

EXHIBIT 51

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EXHIBIT 51

UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION

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OFFICE OF INVESTIGATIONS

INTERVIEW

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IN THE MATTER OF: :

INNOVATIVE WEAPONRY, INC. :

INTERVIEW OF : Docket No. N/A

KENNETH E. WILSON :

-----X

Thursday, October 19, 1995

Innovative Weaponry, Inc.

337 Eubank, Northeast

Albuquerque, New Mexico

The above-entitled interview was conducted at
10:00 a.m.

BEFORE:

VIRGINIA J. VAN CLEAVE, Investigator

DENNIS BOAL, Investigator

NEAL R. GROSS & CO., INC. EXHIBIT 51
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1 APPEARANCES:

2 On behalf of the Witness and the Licensee,

3 Innovative Weaponry, Inc.

4 HERBERT M. JACOBI, ESQ.

5 8 West 38th Street, 9th Floor

6 New York, New York 10018

P R O C E E D I N G S

MS. VAN CLEAVE: On the record. For the record,
this is an interview of Kenneth E. Wilson, [REDACTED]

[REDACTED] date of birth, [REDACTED]
[REDACTED]

THE WITNESS: '41.

MS. VAN CLEAVE: '41, thank you. -- who is self-
employed. The date is October the 19th, 1995 and the time
is approximately 10:00 a.m. Present at this interview are
myself, Virginia Van Cleave, NRC Senior Investigator;
Dennis Boal, NRC Investigator; Herbert M. Jacobi, attorney
representing Mr. Wilson; and Mr. Wilson.

This interview is being tape recorded by court
reporter Carrie Gansle. Mr. Wilson, if you would please
stand and raise your right hand?

WHEREUPON,

KENNETH E. WILSON

having been called as a witness in the above-entitled
proceedings, was sworn and testified as follows:

BY MS. VAN CLEAVE:

Q Mr. Wilson, I was here back in June of this year
and I spoke with you at that time. Some of this
information I probably got from you then, but I would like
to put just a little information on the record about your
background and how you became involved with Innovative

1 Weaponry, Inc.

2 What is your background, Mr. Wilson, employment
3 background?

4 A How far back?

5 Q Just briefly. Oh, maybe the last ten years or
6 so.

7 A Well, I've worked as a consultant for various
8 companies in the last ten years.

9 Q What would you -- how would you characterize your
10 employment?

11 A As a consultant.

12 Q And in what capacity?

13 MR. JACOBI: Are you asking what kind of
14 consultancy?

15 MS. VAN CLEAVE: Yes.

16 THE WITNESS: Financial.

17 BY MS. VAN CLEAVE:

18 Q Financial consultant. And how did you become
19 involved with IWI?

20 A I was asked by the previous president to help him
21 save his company.

22 Q And the previous president was?

23 A Barry Mowry.

24 Q When was this, approximately?

25 A First time probably in March '94.

1 Q Where did you meet Mr. Mowry?

2 A I was introduced to him by a man by the name of
3 Phil Ortega.

4 Q And Mr. Mowry, you said, wanted you to help him
5 save his company.

6 Does that mean he was in financial difficulties?

7 A Financial difficulties.

8 Q What did he ask you to do specifically?

9 A His company was in Chapter 11 and a federal judge
10 had given him about 30 days. We're now speaking in July of
11 '94 instead of March. March was the first time I met him.
12 In July, he called me and asked me to meet and see if I had
13 any ideas of how to save IWI.

14 Q And after you spoke with him, you decided to try
15 to help him --

16 A Yes.

17 Q -- get involved with IWI?

18 What did you do to assist him with his request?

19 A Well, there was various things that I've done,
20 but most important, we did a plan of reorganization,
21 submitted it to the federal judge.

22 Q And what has been your position with IWI? Have
23 you just been a consultant all along?

24 A All along.

25 Q And have you ever had any type of corporate

1 position with IWI?

2 A No, ma'am.

3 Q When did Mr. Mowry leave IWI?

4 A I'm not sure of the exact date. It was probably
5 a year ago, November, October.

6 Q Of 1994?

7 A Yes.

8 Q And did the corporate structure change at that
9 time?

10 A Yes.

11 Q Who became the president?

12 A David Gregor.

13 Q What about other corporate officers? Were there
14 any?

15 A Patricia Wilson.

16 Q And her position?

17 A Executive vice president.

18 Q And other corporate officers?

19 A I think Richard Bates was nominated as a vice
20 president.

21 Q Any others?

22 A There are two companies. Fred Rausch from Kansas
23 was acting as the president of the public company at the
24 time.

25 Q Okay. And is that a holding company?

1 A Yes.

2 Q And what was the name of that?

3 A First National Holding Group.

4 Q And if I understand, you incorporated IWI into
5 IWI of Nevada; is that correct?

6 MR. JACOBI: Could you rephrase that question?
7 Technically it's not an incorporation.

8 MS. VAN CLEAVE: It's not an incorporation?

9 MR. JACOBI: Well, you don't incorporate one
10 company into another company. You may acquire, you may
11 merge, you may do all kinds of things, but ther is, as I
12 understand it -- I don't want to be the witness here -- but
13 there's a company sited in Nevada, a public company named
14 -- what was the name of it again?

15 THE WITNESS: First National Holding Group.

16 MR. JACOBI: And there is a company that was in
17 bankruptcy in this state, in New Mexico. Somehow there was
18 a conglomeration made between these two companies,
19 something happens. That's not a re-incorporation of any
20 kind. That's maybe an acquisition, maybe a merger, maybe a
21 --

22 MS. VAN CLEAVE: See, I had misunderstood. I
23 thought that IWI of Nevada, Incorporated, but now you're
24 saying the holding company then merged with --

25 MR. JACOBI: I'm not saying anything.

1 MS. VAN CLEAVE: -- IWI?

2 MR. JACOBI: I'm saying that I don't understand
3 the use of the word "incorporated."

4 MS. VAN CLEAVE: I guess that's my question.
5 What happened?

6 MR. JACOBI: What happened, Ken?

7 THE WITNESS: IWI put out a plan of
8 reorganization.

9 MR. JACOBI: When you say IWI, you're referring
10 to the New Mexico corporation?

11 THE WITNESS: The New Mexico corporation. --
12 compiled a plan of reorganization in which First National
13 Holding Group would acquire -- (brief interruption).

14 MS. VAN CLEAVE: For the record, that was just a
15 brief interruption by Mr. Gregor.

16 THE WITNESS: -- where First National Holding
17 Group would pay to creditors stock for the debt.

18 MR. JACOBI: Creditors of IWI?

19 THE WITNESS: Of IWI of New Mexico, and First
20 National Holding Group would acquire the stock of IWI of
21 New Mexico.

22 MR. JACOBI: That seems to be a description of an
23 acquisition pursuant to which IWI became a wholly-owned
24 subsidiary of the Nevada company; is that correct?

25 THE WITNESS: That's correct.

1 BY MS. VAN CLEAVE:

2 Q What is your current involvement with IWI?

3 A I'm consulting them on financial matters.

4 Q How often do you interact with IWI as far as
5 acting as a consultant? Do you office here? Do you come
6 here on a weekly basis, or is it just sporadic, as needed
7 type of arrangement?

8 A Well, I travel quite a bit. I'm in New York
9 City, I'm in Oklahoma City, I'm in Dallas, Texas. There is
10 a table that I sit at when I'm here and a phone for my use.
11 Since I am married to one of the officers, I interact with
12 her quite a bit.

13 Q Do you have other consulting businesses --

14 A Yes, I do.

15 Q -- that you're also involved in at the present
16 time?

17 A Yes, I do.

18 Q When Mr. Mowry left approximately a year ago, was
19 his departure friendly?

20 A No.

21 MR. JACOBI: Ken, take your time before you
22 answer.

23 THE WITNESS: Okay.

24 BY MS. VAN CLEAVE:

25 Q Was he asked to leave?

1 MR. JACOBI: Are you asking Mr. Wilson if Mr.
2 Wilson asked him to leave or if he's aware of somebody else
3 asking him to leave?

4 MS. VAN CLEAVE: Well, either way.

5 MR. JACOBI: Well, they're very separate
6 questions.

7 MS. VAN CLEAVE: Okay.

8 BY MS. VAN CLEAVE:

9 Q Mr. Wilson, did you ask Mr. Mowry to leave?

10 A No.

11 MR. JACOBI: That assumes that he would have had
12 the ability to ask Mr. Mowry to leave.

13 THE WITNESS: No, I did not.

14 BY MS. VAN CLEAVE:

15 Q Do you know if any documentation was drawn up
16 asking Mr. Mowry to step down from his position as
17 president?

18 A I think Mr. Mowry had a discussion with his
19 attorney and some corporate bankruptcy attorneys and they
20 concluded that he would leave. That's what I'm aware of.

21 Q All right. How familiar are you with the day-to-
22 day operations of IWI?

23 A Outside of financial activities and the stock
24 information and acquisitions of other companies, I don't
25 have anything to do with the day-to-day operations.

1 Q How familiar were you with the NRC license of
2 IWI?

3 A I'm still not familiar with it.

4 Q Did you read it?

5 A I've attempted to.

6 Q When you first became involved with IWI and, I
7 guess, the corporate officers changed, did you read the NRC
8 license at approximately that time? We're talking about a
9 year ago now.

10 A I read the license, understood somewhat of it.

11 MR. JACOBI: You weren't asked whether you
12 understood it. You were asked if you read it.

13 THE WITNESS: Yes.

14 BY MS. VAN CLEAVE:

15 Q And you kind of -- I thought perhaps you were
16 implying that you found the license hard to understand.

17 Now, what was your understanding of the license?
18 You said you read it. Can you just briefly tell me if you
19 had an understanding of what type of gun sights were to be
20 or could be sold under the license and what type of tritium
21 could be used?

22 Did you read it that carefully? Were you
23 involved, I guess, that much with IWI?

24 A Well, there's about five questions there.

25 Q I know.

1 A Okay.

2 Q You were looking kind of puzzled. I was trying
3 to explain kind of the direction my questions were heading.

4 A Okay. Do I understand it completely? No. Did I
5 read it? Yes. Do I understand it today? No. Do I
6 understand what sights are covered in it? No.

7 Q When you read it --

8 MR. JACOBI: When he read it in 1994?

9 BY MS. VAN CLEAVE:

10 Q -- when you read the license -- I'm talking about
11 in the past. I'm sure we've had multiple readings of the
12 license since then, but back a year ago, when you read it
13 back approximately a year ago, what was your understanding,
14 if you had one, of the type of gun sights that were
15 authorized to be distributed by IWI?

16 A My understanding was that IWI could do any sight
17 that come into this building. I understood that there was
18 ambiguous license, and that we needed to get it amended.
19 And when I read the license is when I was in Washington or
20 Maryland, Rockford, Maryland --

21 Q Rockville.

22 A -- Rockville, Maryland sitting in the conference
23 room with Susan Greene and the two attorneys. At that
24 time, we went through the license and I come away more
25 confused than I was when I went and didn't understand

1 entirely what sights we could sell.

2 Q The license lists a number of sights, Smith &
3 Wesson, Glock, Sig, and it also specifies mounted and
4 unmounted.

5 Did you understand what that meant?

6 MR. JACOBI: I'm a little confused about where
7 we're going here. Mr. Wilson has told you under oath that
8 he's a consultant, financial, for this company. Mr. Wilson
9 has testified that he's a financial consultant to this
10 company, and though he has told you that he happens to be
11 married to one of the officers in the company and
12 "interacts" with her, whatever that means, he has
13 specifically disqualified knowledge of day-by-day
14 operations of this company, and even if he had, what
15 difference would that make?

16 Meaning, why are you asking him questions about
17 his understanding of a license when he is not involved in
18 the licensing procedure, unless there is something that I
19 misunderstand from his testimony that you're aware of.

20 MS. VAN CLEAVE: Well, he met with the NRC. He
21 said he did meet with the NRC --

22 MR. JACOBI: Yes.

23 MS. VAN CLEAVE: -- and discussed the license.
24 So if he was involved to the point of meeting with the NRC
25 to discuss the license, he said also that he knew the

1 license had to be amended. I would like to know what his
2 understanding of the license is after that discussion, and
3 this is the license. I have it here.

4 MR. JACOBI: Well, I guess my question is, what
5 difference is his understanding? Let's assume that they
6 had called me up in 1994 and they had said, "Mr. Jacobi,
7 read this license and decide whether you think we ought to
8 have it amended."

9 And I said, "I don't know anything about gun
10 licenses or NRC licenses or anything else, but I'll read
11 it," and came to the conclusion that it should be amended
12 and went to Washington or to Rockville and met with
13 somebody named Susan Greene and two attorneys and said, "I
14 want this amended," what's the difference what my
15 understanding is based on?

16 MS. VAN CLEAVE: Then I would ask you -- if it
17 was you, I would also ask you whether or not -- what your
18 understanding was of the license and whether you conveyed
19 this understanding to the employees of IWI.

20 MR. JACOBI: That's a fair question. Accept
21 that. Okay. Why don't you just ask him that?

22 MS. VAN CLEAVE: Because I wanted to know what
23 his understanding of the license was and then follow up to
24 ask --

25 MR. JACOBI: Then I want a predecessor question

1 if possible, and that question is going to be, did you --
2 if you communicated information about your understanding of
3 the license to the company, did they ask you, did you
4 advise them on what they could or could not do pursuant to
5 that license?

6 That's a very different concept. You're asking
7 him maybe whether he told them how to operate on a day-by-
8 day basis or pursuant to the license as opposed to whether
9 the license needs amending. I'm drawing a very finite
10 distinction here as far as I'm concerned, but having said
11 that, please go ahead and ask.

12 BY MS. VAN CLEAVE:

13 Q Mr. Wilson, let me back up a minute. Why did you
14 go to the NRC to discuss the license?

15 A There was an administrative hearing for Barry
16 Mowry and IWI, and I was advised by an attorney there that
17 if I would show up, and since Barry Mowry had resigned,
18 maybe we could work this thing out and do away with the
19 administrative hearing.

20 Q You were advised by an attorney where?

21 A In NRC.

22 Q Oh, the NRC?

23 A Yes.

24 Q Do you know who that individual was?

25 A Katherine Marco.

1 Q Oh, okay.

2 A And one of her assistants. I talked to her
3 assistant his name is escaping me. I don't know. I talked
4 to both of them.

5 MR. JACOBI: Katherine Marco was an NRC attorney?

6 THE WITNESS: Yes.

7 MS. VAN CLEAVE: Yes.

8 BY MS. VAN CLEAVE:

9 Q Did you meet with Ms. Marco, also, when you went?

10 A Yes.

11 Q And who attended this meeting?

12 A Ms. Marco, the other attorney, and Susan Greene.

13 Q And what was your capacity as related to IWI at
14 that meeting?

15 A Consultant. I told them I was a consultant.

16 Q What was discussed during that meeting?

17 MR. JACOBI: Was there anybody else in the
18 meeting besides Ms. Greene, Ms. Marco, and you?

19 THE WITNESS: And another attorney.

20 MR. JACOBI: But nobody else --

21 THE WITNESS: No.

22 MR. JACOBI: -- from New Mexico?

23 THE WITNESS: No.

24 MR. JACOBI: Thank you.

25 BY MS. VAN CLEAVE:

1 Q And what was discussed during the meeting?

2 A Quite a number of things. That I needed to
3 request the officers of New Mexico, the corporation, IWI,
4 to submit an amendment to the application or to the license
5 because they informed me that the license was very narrow;
6 and that in order to compete with Trijicon and Meprolight
7 and their licenses, there would have to be an amendment to
8 the license.

9 Q Did they specify what they meant by very narrow?

10 A She give me one or two --

11 MR. JACOBI: She who?

12 THE WITNESS: Susan Greene give me several
13 examples of the various sights that we could probably
14 manufacture, and that they were limited, and that we needed
15 to go to -- when we say "we," the company needed to submit
16 a license and specify instead of sight names, to go to
17 minimum and maximum tolerances.

18 BY MS. VAN CLEAVE:

19 Q The NRC license names nine different removal
20 sights manufactured by the licensee, which is IWI.

21 Did you and any of the individuals during this
22 meeting discuss these sights that were listed on the
23 license?

24 A No.

25 Q You did not discuss what meaning this list had

1 regarding IWI's ability to distribute sights?

2 A We did not go through the license indicating the
3 various sights, the types of sights. They spent most and
4 considerable time on quality control and the procedures of
5 quality control.

6 Q Was there any additional discussion as to what
7 IWI was allowed to distribute under the NRC license?

8 A I was informed in that meeting that if I would
9 relate to Dave Gregor several facts, that he could amend
10 the license and it would be a broad license.

11 Q Do you recall what those facts were?

12 A It had to do with quality control, it had to do
13 with minimum and maximum tolerances, it had to do with
14 instead of the license saying steel, that it could say any
15 substance, plastic, get very general. I was told that the
16 various colors were not an issue, just that the series
17 needed to be with minimum and maximum tolerances.

18 Q Was there any discussion as to what specifically
19 IWI could distribute until the license was amended? You
20 said that she stated it was narrow, a narrow license.

21 A I think the statement was that we could operate
22 and send in this amendment application to them and they
23 would get right on it, that they'd had this file on their
24 desk for two years and they wanted to get rid of it and
25 they'd work real close with us or with IWI to get the

1 license amended.

2 Q Okay. But what about -- what could you sell in
3 the meantime before the license was amended?

4 A I'm not even sure what we could sell today, so I
5 don't think it was discussed.

6 Q Well, it would be the same thing because IWI is
7 still operating under this license.

8 A Okay.

9 Q So that it was not discussed?

10 A No.

11 Q Other than that it was narrow and --

12 A As I said, they discussed that we needed to go,
13 instead of specific sights -- and we didn't name the
14 sights, the brand name, like Smith & Wesson, like you
15 named. They said instead of naming certain sights, they
16 needed to go strictly to three things.

17 One, minimum and maximum tolerances. They needed
18 to be broad in the type of substance that the tritium would
19 be inserted, whether it be steel, plastic, any other
20 substance, as long as the minimum and maximum tolerances
21 were approved by their review board. And that the colors
22 didn't matter. They wanted to go to a bar, double bar,
23 triple bar, two dot, one dot, and those would be the
24 series. That's what was discussed.

25 Q You've stated three things that you brought back

1 to Mr. Gregor.

2 Was there any discussion with Mr. Gregor about
3 the license being narrow, that Susar, Ms. Greene, had said
4 the license was narrow?

5 A Well, I never -- what I said is, if you want my
6 exact statement, "I think that Barry designed this license
7 or typed up an application without the help of a consultant
8 or anybody that knew what they were doing and the license
9 had to be amended," and that Mr. Gregor needed to figure
10 out the maximum and minimum tolerances of each sight and
11 resubmit it to Susan Greene and the license would be
12 amended.

13 Q Did you have any further meetings with anyone
14 from the NRC?

15 A Not that I'm aware of.

16 Q You met with me.

17 A Oh, okay. I'm sorry. Yes, I met with you.

18 Q In June of this year. So other than meeting with
19 me --

20 A Yes.

21 Q -- have you had any other meetings with any NRC
22 representatives?

23 A No.

24 Q Have you had any conversations with any NRC
25 representatives again excepting myself in June?

1 A No. I called Katherine Marco once, but that was
2 to get an address, is what the conversation was.

3 Q Was there any reason why you went to NRC rather
4 than Mr. Gregor as the president of IWI?

5 A I had to be in Washington, D.C. for other
6 matters, and since I was going to be there, I thought that
7 I could go in and meet the people.

8 Q How would you characterize your involvement with
9 the NRC and the NRC regulations after that meeting?
10 Minimal?

11 A Very minimal. In fact, I took your advice and
12 hired a consultant.

13 Q I don't know if that was my advice.

14 A Oh, okay.

15 Q I remember you asking me. I put you in touch
16 with Susan Greene.

17 Are you aware of the source of the tritium
18 inserts that are named on the materials license from the
19 NRC?

20 A I don't understand the question.

21 Q The source of the tritium inserts, the little --

22 A Yeah, I understand what those are. Are you
23 saying where they come from?

24 Q That's right.

25 A Yes. From Canada.

1 Q Okay. And was that your understanding that that
2 was what was on the NRC license?

3 A Oh, absolutely.

4 Q It is my understanding that at some point in
5 time, IWI determined to locate another source of tritium.

6 Do you know is that correct?

7 A Yes.

8 Q Did you have any involvement in that decision?

9 A I consulted with them that the following needed
10 to happen, that they needed to find another source of
11 tritium.

12 Q Why did you advise them of that?

13 A Because Brian Pullen approached me.

14 Q And Brian Pullen is?

15 A With Saunders-Roe in Canada.

16 Q Okay.

17 A And told me, in essence, that he was going to put
18 IWI out of business.

19 Q How was he going to do that? Did he specify
20 that?

21 A Yes. Number one, that he was going to go into
22 competition and make night sights, and that he had a
23 license with the NRC, and that he was going to distribute
24 these sights throughout the world.

25 In addition to that, he had the best of both

1 worlds. One, he could sell lights to IWI and two, he would
2 be in competition with them, and he laughed and thought it
3 was quite funny.

4 Q Do you remember approximately when that was?

5 A January of 1995.

6 Q Under what circumstances did you discuss that?

7 A He was at the SHOT show where I was at the SHOT
8 show, and he seeked my person out and had this discussion
9 with me. He's involved with SRB Technologies. Apparently
10 he's the president, vice president. He runs it. I'm not
11 sure of his title.

12 Q And that was the source of tritium for IWI?

13 A Yes, it was.

14 Q Following that conversation, did you take any
15 action?

16 A Did I take any action?

17 Q Yes.

18 A No. There happened to be a couple gentlemen I
19 met that were from South Africa that said they would be
20 interested in supplying IWI with their tritium.

21 Q And who were they?

22 A I don't remember their names.

23 Q Do you remember the names of the companies?

24 A Lumitech.

25 Q Was it one company or two companies?

1 A Well, I talked to the people from Lumitech, and I
2 believe his name was George.

3 Q And that was a South African company?

4 A Yes.

5 Q After you spoke with them, you said that you had
6 advised IWI that they needed to find another source.

7 Did you suggest the South African source to IWI?

8 A I told them it was a possibility. I didn't just
9 narrow them. I said there may be tritium in Russia and the
10 other country. Well, there's another country that was
11 supplying tritium the way Canada was and I said they ought
12 to seek all three of them out.

13 I even suggested to Mr. Gregor that he may call
14 some places in the United States that had stockpiles of
15 tritium and see if they processed it the way Canada did.

16 Q When did IWI become involved with the company in
17 South Africa?

18 MR. JACOBI: I'm not sure I understand what the
19 word "involved" means.

20 BY MS. VAN CLEAVE:

21 Q When did they enter into discussions directly
22 with the company in South Africa?

23 A I think Dave entered into discussions in January.

24 Q Was this during this same --

25 A Same year, '95.

1 Q -- SHOT show?

2 A Yes. Interest on both parts were displayed at
3 that time, and I think in March of '95 -- I'm not sure of
4 the dates, so I won't testify to that. Sometime in '95,
5 Mr. Gregor made a trip to South Africa to meet with
6 Lumitech.

7 Specifications and samples of the way Canada
8 processed the tritium, I think, were discussed; that the
9 tritium would be processed the same as it was in Canada.
10 If I understood right, Lumitech was similar as the Atomic
11 Energy Corp. here, so I figured that they knew what they
12 were doing. That's all I had to do with the discussions.

13 Q Then did you have any discussions with them as
14 far as actually purchasing the tritium?

15 A No.

16 Q Did you have any further discussions with anyone
17 from Lumitech after that SHOT show in January of 1995?

18 A I met a gentleman that come into Albuquerque
19 sometime in June. I met with him for a cup of coffee and a
20 cigarette and some pleasantries. That was about it.

21 Q Did you have any discussions about purchasing --

22 A No.

23 Q -- tritium from Lumitech?

24 What about Ramrod? I understand that they're a
25 distributor or a supplier for Lumitech. Are you familiar

1 with them?

2 A I know the name Ramrod.

3 Q Have you spoken with any employees or
4 representatives from Ramrod?

5 A There was a gentleman here from Ramrod and I
6 don't remember his name. I met him. Bought a knife from
7 him.

8 Q Did you have a discussion about tritium with him?

9 A No.

10 Q If you know, who in IWI handled the purchase of
11 tritium --

12 A Who?

13 Q -- from Lumitech?

14 MR. JACOBI: Do you know?

15 THE WITNESS: No, I don't know.

16 BY MS. VAN CLEAVE:

17 Q You do not know?

18 A No.

19 Q Do you know when IWI first received tritium --

20 A No.

21 Q -- from Lumitech or Ramrod?

22 A No.

23 Q Do you know how much they have received?

24 A No.

25 Q Do you know how many shipments they've received?

1 A No.

2 Q Were you aware that IWI's New Mexico possession
3 license only authorized tritium from SRB Technologies?

4 A No, I did not.

5 MR. JACOBI: Would you repeat that question? I'm
6 not sure I understood. I'm sure he did, but I didn't.

7 MS. VAN CLEAVE: I was asking Mr. Wilson if he
8 was aware that IWI's New Mexico possession license -- they
9 have a license to possess the tritium and NRC licenses the
10 distribution.

11 MR. JACOBI: As long as I didn't mishear New
12 Mexico. Now I understand.

13 MS. VAN CLEAVE: Okay.

14 THE WITNESS: The only involvement I had with
15 this was I had advised Mr. Gregor and Ms. Wilson that they
16 submit an application to New Mexico to switch tritium
17 carriers, if they were going to switch.

18 BY MS. VAN CLEAVE:

19 Q Then if you advised them that, you must have
20 known --

21 A Well, it's on the license.

22 Q Well, this is the NRC license. You've already
23 said that you knew it was on the NRC license.

24 A Okay. I know it's on the New Mexico license.

25 Q Okay. Did you personally take any steps to

1 change the New Mexico license other than what you just
2 stated, mentioning to Mr. Gregor and to Ms. Wilson that
3 they might want to do that?

4 A I don't know what you mean by steps. I didn't
5 type it up, I didn't --

6 Q Did you sign anything?

7 A No.

8 Q Did you call the State of New Mexico to ask what
9 needed to be done to change that?

10 A I did call the man from New Mexico and his name
11 is the one on the license back there.

12 Q And what did you discuss with him?

13 A What needed to be done.

14 Q Do you recall when that was?

15 A April sometime.

16 Q That's of this year, 1995?

17 A Yes.

18 Q Do you recall what he told you needed to be done?

19 A Submit an application that he faxed to us.

20 Q And was that when you spoke with Ms. Wilson and
21 Mr. Gregor?

22 A I don't know the exact date that I spoke to them,
23 but it was in that time period.

24 Q Did IWI, to your knowledge, ever receive an
25 amended license from the State of New Mexico?

1 A Yes.

2 Q Do you know when that was?

3 A No.

4 Q Do you know if it was relatively recent?

5 A No, I don't know when it was. I remember seeing
6 the license and it had South African tritium on it and it's
7 posted on the bulletin board back there.

8 MR. JACOBI: Can I interrupt and ask him a
9 question? I know it's your record, but I have an obnoxious
10 New York habit of thinking that a record is clearer if
11 questions that I would normally ask rehabilitation-wise
12 later could come in here. Would it bother you if I did
13 that?

14 MS. VAN CLEAVE: Well, as long as it's kept to a
15 minimum.

16 MR. JACOBI: It's a single question. I think it
17 falls cleanly into where you have been for the last 15
18 minutes.

19 MS. VAN CLEAVE: All right.

20 MR. JACOBI: Mr. Wilson, considering that you
21 have prior testified that you are a financial consultant,
22 for the last ten minutes or so, you have been discussing
23 why you advised -- that you advised Ms. Wilson and Mr.
24 Gregor about expanding their tritium sources to South
25 Africa or somewhere else, that doesn't sound like financial

1 consultancy unless I misunderstand.

2 THE WITNESS: I think you do misunderstand.

3 MR. JACOBI: Perhaps you could explain.

4 THE WITNESS: Since I am concerned about the
5 financial state of IWI and its shareholders, and
6 shareholders were investing a considerable amount of money
7 into this corporation, and I was just told by their sole
8 tritium, raw tritium source that, in essence, he was going
9 to put IWI out of business, financially, I was concerned
10 and I advised them they needed to get new tritium sources.

11 The Security and Exchange, in some of their
12 applications that they submit to broker-dealers, one of the
13 questions in the form is, "Is the company in any way
14 dependent upon a sole source for its raw materials." I was
15 quite concerned that that answer was going to have to be
16 yes, and questionable at best.

17 MR. JACOBI: Thank you. Thank you for letting me
18 ask it.

19 MS. VAN CLEAVE: All right. I'll take a minute
20 to figure out where I was with my thoughts here.

21 MR. JACOBI: You had just been asking him about
22 contact that he had made with New Mexico and what he had
23 done, had he spoken to anybody.

24 MS. VAN CLEAVE: Right.

25 MR. JACOBI: He had responded that he spoke to a

1 man and an application had been faxed in here and that's
2 when I was indiscreet enough to interrupt you and you were
3 nice and polite.

4 BY MS. VAN CLEAVE:

5 Q If I recall, you said you did not know when the
6 license was amended; is that correct?

7 A I don't know.

8 Q Do you know if any steps were taken by IWI to
9 amend the NRC license?

10 A I've seen a memorandum laying around to a Bruce
11 Casner and I believe that was addressing that issue. I
12 don't know when or how they attempted to do that.

13 Q So you don't know when this might have been
14 brought up.

15 Did you have any discussions --

16 A No.

17 Q -- with anyone at the NRC, such as during that
18 meeting that you attended, about purchasing from another
19 source besides SRB Technologies?

20 A No.

21 Q Do you know whether or not IWI has sold any night
22 sights with tritium inserts received from South Africa?

23 A Personally I do not know that.

24 Q Do you have any input as a consultant as to what
25 inserts they might use?

1 MR. JACOBI: You mean the source of the inserts?

2 MS. VAN CLEAVE: Yes.

3 THE WITNESS: No.

4 BY MS. VAN CLEAVE:

5 Q Did you ever recommend to Mr. Gregor or Ms.
6 Wilson or tell them that they could use South African
7 tritium inserts in their night sights?

8 A No.

9 Q I spoke with Dale Kreisman, who is with Miniature
10 Machine Corporation, and he said that you had mentioned to
11 him that IWI had some additional permitting to do before
12 you could accept tritium from South Africa, and that was in
13 approximately March or April of 1995.

14 What did you mean by additional permitting?

15 A I don't remember that conversation.

16 Q You don't remember that conversation?

17 A No.

18 Q All right. Do you recall discussing tritium,
19 receiving tritium from South Africa with Mr. Kreisman?

20 A I discussed with Dale, in March or April, the
21 possibility of the two companies doing business. He had
22 advised me that he had researched and was determining
23 whether or not they would seek a license from the NRC to do
24 the same thing.

25 MR. JACOBI: Same thing as?

1 THE WITNESS: IWI did. He asked what the
2 possibility of the supply of tritium would be. I had
3 advised him that at the same SHOT show that I met Brian
4 Pullen, I met Mr. Dale Kreisman, and there was a
5 conversation about Brian Pullen's attitude.

6 That was his concern of whether or not we would
7 continue to do business with Canada. I don't remember
8 advising him that -- anything about the license. I just
9 said that there were some steps that the company, I think,
10 were going to take and I don't know if they had determined
11 to use South Africa or Russia and they were looking at
12 possible sites (the U.S. to buy tritium from.

13 He asked me the availability of tritium in the
14 United States and internationally, and at that point, I
15 could barely spell tritium, and I advised him I didn't know
16 what stockpiles were in the U.S. or outside of the U.S.

17 BY MS. VAN CLEAVE:

18 Q When you were discussing this issue with Mr.
19 Kreisman, was that also to see if IWI could sell the
20 inserts? I guess I'm kind of confused.

21 How did you get involved with MMC and Mr.
22 Kreisman?

23 A I was in Dallas on some financial matters and Mr.
24 Kreisman or Keisman, or however you say his name, called me
25 at the Clarion Hotel and asked if he could have dinner with

1 me.

2 He asked me about the financial state of IWI and
3 the possibility of them staying in business, what I thought
4 would happen to IWI, and what did I think about the
5 availability of tritium. That's how it started.

6 Q Had IWI been in any type of negotiations with him
7 or with MMC to sell sights or inserts to them, do you know?

8 A I do not have that knowledge.

9 Q How did he know that you were in Dallas, do you
10 know?

11 A No, I do not know. I assumed that he called here
12 and they told him I was at the Clarion.

13 Q Had --

14 A I don't know.

15 Q Had you had any discussions with him between the
16 SHOT show, where you said you initially met him, and this
17 time in March or April of 1995?

18 A No.

19 Q No?

20 A No.

21 Q Are you familiar with IWI sales to MMC?

22 A No.

23 Q Do you know if they have even sold anything to
24 MMC?

25 A I do know they have.

1 Q Do you know what they have sold to MMC?

2 A No, I do not.

3 Q Do you know what MMC's product line is?

4 A No, I do not.

5 Q Do you know what type of gun sight they sell?

6 A I heard they sell a variety of gun sights, Glock,
7 Colt, Smith & Wesson.

8 Q Are you familiar with any IWI customers? Did you
9 have any other dealings with any other IWI customers,
10 roughly, other than MMC?

11 A Yes.

12 Q And who would that be?

13 A I do not remember the companies, but several of
14 them were delinquent in paying bills and they asked me to
15 give them a call and see if they would pay their back
16 invoices.

17 Q Okay. They asked you. Who is they?

18 A Either Dave or Patricia or Cliff Rounds.

19 Q And Cliff Rounds is?

20 A He has resigned and gone, but he at the time was
21 in the accounting department.

22 Q What is IWI's status right now, do you know, as
23 far as selling product? Are they currently still in
24 business?

25 A Barely.

1 Q Do you know what they're selling?

2 A Not much.

3 Q Why not?

4 A I think you'll have to ask Dave Gregor that. I
5 don't know. I just know that they're not selling much.

6 Q Do you have any idea how much product IWI has
7 sold in the last year as far as how many night sights they
8 may have sold?

9 A In the last year?

10 Q Yes. I believe you said that was really when Mr.
11 Mowry left.

12 MR. JACOBI: You mean the number of night sights?

13 MS. VAN CLEAVE: Yes.

14 THE WITNESS: No.

15 BY MS. VAN CLEAVE:

16 Q You don't know?

17 A I can give you a dollar amount, but I don't know
18 how much.

19 Q I was asking about the number, not the dollar
20 amount.

21 A I deal in dollars.

22 Q All right.

23 MS. VAN CLEAVE: I don't have anything right now.
24 Dennis, did you have some questions?

25 MR. BOAL: Sure.

1 BY MR. BOAL:

2 Q Mr. Wilson, what is your association with the
3 First National Holding Company in Nevada?

4 A Consultant.

5 MR. JACOBI: Is there still a First National
6 Holding Company in Nevada?

7 THE WITNESS: Well, it's a different name, but
8 it's the same corporation.

9 MR. JACOBI: It's not known as First National
10 Holding anymore?

11 THE WITNESS: No.

12 BY MR. BOAL:

13 Q What is its name now?

14 A Well, it was changed to Innovative Weaponry of
15 Nevada, 21st Century Technologies.

16 Q Do you know who the owners of that corporation
17 are?

18 MR. JACOBI: This is the public corporation?
19 What do you mean by owned by?

20 MR. BOAL: The officers of the corporation.

21 THE WITNESS: David Gregor and Patricia Wilson,
22 Richard Bates. Fred Rausch is a director, along with the
23 other people that I mentioned.

24 BY MR. BOAL:

25 Q Do you know how 21st Century Technologies

1 interfaces with IWI? I'm sorry. It's IWI of Nevada now,
2 right?

3 A No. The name is 21st Century Technologies today.

4 Q Okay. How is it related to IWI?

5 A It's a shareholder.

6 MR. JACOBI: Whoa, whoa, whoa. Do you understand
7 the legal implication of the question?

8 THE WITNESS: No. I don't understand the
9 question, so I guess I shouldn't have answered.

10 MR. JACOBI: I'm not trying to limit his answer.
11 I'm not sure he's an attorney who understands the
12 relationship or if he does, perhaps the question should be
13 rephrased and he can give you a more substantive answer.
14 Do you know what the relationship is between these two
15 companies, IWI of New Mexico and 21st Century? What's the
16 relationship of one to the other?

17 THE WITNESS: One owns the other one.

18 MR. JACOBI: So IWI -- is one a wholly-owned sub
19 of the other?

20 THE WITNESS: Yes.

21 MR. JACOBI: Which one is the owner of the
22 wholly-owned sub?

23 THE WITNESS: 21st Century.

24 MR. JACOBI: So it's the only shareholder?

25 THE WITNESS: Yes.

1 MR. BOAL: I don't have any more questions.

2 MS. VAN CLEAVE: Mr. Wilson, I don't have any
3 other questions right now, but I do have three questions
4 that we ask at the conclusion of every interview.

5 BY MR. BOAL:

6 Q Mr. Wilson, have I or Mr. Boal threatened you in
7 any manner or offered you any rewards in return for your
8 statement?

9 A No, ma'am.

10 Q Have you given the statement freely and
11 voluntarily?

12 A Yes.

13 Q Is there anything further you care to add for the
14 record?

15 A No.

16 MR. JACOBI: We care to make no statements at
17 this point, nor do I have any rehabilitating questions.

18 MS. VAN CLEAVE: Thank you very much. We'll go
19 off the record now.

REPORTER'S CERTIFICATE

This is to certify that the attached proceedings before the United States Nuclear Regulatory Commission in the matter of: Innovative Weaponry, Inc.

INTERVIEW OF KENNETH E. WILSON

at Albuquerque, New Mexico, were held as herein appears, and that this is the original transcript thereof for the file of the United States Nuclear Regulatory Commission taken by me and thereafter reduced to typewriting by me or under the direction of the court reporting company, and that the transcript is a true and accurate record of the foregoing proceedings.

Court Reporter