

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

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
SOUTHERN DIVISION AT SANTA ANA
HONORABLE JOSEPHINE L. STATON, JUDGE PRESIDING
CERTIFIED TRANSCRIPT

CONSUMER FINANCIAL PROTECTION)
BUREAU,)
)
PLAINTIFF,)
)
VS.) SACV NO. 13-01267-JST
) VOLUME I
MORGAN DREXEN, INC., AND WALTER)
LEDDA, INDIVIDUALLY, AND AS OWNER,)
OFFICER, OR MANAGER OF MORGAN)
DREXEN, INC.,)
)
DEFENDANTS.)
_____)

REPORTER'S TRANSCRIPT OF PROCEEDINGS
SANTA ANA, CALIFORNIA
TUESDAY, FEBRUARY 10, 2015
8:58 A.M.

DEBORAH D. PARKER, CSR 10342
OFFICIAL COURT REPORTER
UNITED STATES DISTRICT COURT
411 WEST FOURTH STREET
SUITE 1-053
SANTA ANA, CALIFORNIA 92701
(657) 229-4305
TRANSCRIPTS@DDPARKER.COM

1 APPEARANCES OF COUNSEL:

2 FOR THE PLAINTIFF, CONSUMER FINANCIAL PROTECTION
3 BUREAU:

4 R. GABRIEL D. O'MALLEY
5 JAN SINGELMANN
6 AMY RADON
7 DEPUTY ENFORCEMENT ATTORNEYS
8 CONSUMER FINANCIAL PROTECTION BUREAU
9 1700 G STREET NW
10 WASHINGTON, D.C. 20552
11 (202) 435-9747

12 FOR THE DEFENDANTS, MORGAN DREXEN, INC., AND
13 WALTER LEDDA, INDIVIDUALLY, AND AS OWNER, OFFICER,
14 OR MANAGER OF MORGAN DREXEN, INC.:

15 GERALD A. KLEIN, P.C.
16 KLEIN & WILSON
17 326 OLD NEWPORT BOULEVARD
18 NEWPORT BEACH, CALIFORNIA 92683
19 (949) 631-3300

20 JEFFREY KATZ
21 GENERAL COUNSEL
22 MORGAN DREXEN
23 675 ANTON BOULEVARD
24 COSTA MESA, CALIFORNIA 92626
25 (877) 462-1221

ALSO PRESENT:

TORREY JEFFERSON, I.T. DEPARTMENT, CONSUMER
FINANCIAL PROTECTION BUREAU

JILLIAN REYES, I.T. DEPARTMENT,
MORGAN DREXEN, INC.

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

I N D E X

PLAINTIFF'S WITNESSES:	DIRECT	CROSS	REDIRECT	RECROSS
RITA AUGUSTA	9	58		
LINH TRAN	79	105		
WALTER LEDDA	107	110	119	121

DEFENDANTS' WITNESSES:	DIRECT	CROSS	REDIRECT	RECROSS
LAURA WIEGMAN	122			

E X H I B I T S

PLAINTIFF'S EXHIBITS:	IDENTIFICATION	EVIDENCE
14-19; 20-30; 33; 44, PAGE 7; 102-106; 108-110 AND 112-128		6

E X H I B I T S

DEFENDANTS' EXHIBITS:	IDENTIFICATION	EVIDENCE
3 PORTION OF ABM MANUAL		129
13 EXHIBIT LIST		123
31 E-MAIL		114
45 REPORT		119

1 SANTA ANA, CALIFORNIA; TUESDAY, FEBRUARY 10, 2015; 8:58 A.M.

2 -000-

3 THE CLERK: CALLING CALENDAR ITEM NO. 1,
4 SACV 13-1267-JLS, CONSUMER FINANCIAL PROTECTION BUREAU
5 VERSUS MORGAN DREXEN, INC., ET AL.

6 COUNSEL, YOUR APPEARANCES, PLEASE.

7 MR. O'MALLEY: GOOD MORNING, YOUR HONOR.

8 GABRIEL O'MALLEY FOR THE BUREAU.

9 WITH ME TODAY ARE MY COLLEAGUES, JAN SINGELMANN
10 AND AMY RADON.

11 THE COURT: GOOD MORNING.

12 MR. KLEIN: GOOD MORNING, YOUR HONOR.

13 GERRY KLEIN, KLEIN & WILSON, ON BEHALF OF
14 DEFENDANTS, AND JEFFREY KATZ IS MY CO-COUNSEL.

15 THE COURT: GOOD MORNING.

16 ALL RIGHT. WE'RE HERE ON THE EVIDENTIARY HEARING
17 REGARDING PLAINTIFF'S MOTION FOR SANCTIONS. I INDICATED I
18 THOUGHT IT WOULD GO ONLY UNTIL ABOUT THE NOON HOUR. LOOKING
19 AT THE TIME ESTIMATES, WE MAY HAVE A LITTLE BIT OF OVERLAP
20 INTO THE AFTERNOON. FOR THAT REASON, I HAVE CONTINUED
21 CRIMINAL TRIAL THAT WAS ORIGINALLY -- WELL, THAT I HAD
22 SCHEDULED TO START THIS AFTERNOON TO TOMORROW MORNING. SO
23 WE WILL HAVE SOME TIME THIS AFTERNOON, ALTHOUGH I'VE FILLED
24 UP THE LATER HOURS WITH SOME OTHER MATTERS.

25 SO WITH THAT, IS THE PLAINTIFF READY TO PROCEED?

1 MR. O'MALLEY: WE ARE, YOUR HONOR.

2 THERE ARE A COUPLE OF JUST HOUSEKEEPING ITEMS THAT
3 I WOULD LIKE TO ADDRESS: FIRST, MR. KLEIN AND I HAVE AGREED
4 ON A NUMBER OF THE EXHIBITS. I'VE PRESENTED A LIST TO
5 MS. GUERRERO. AND I WOULD LIKE TO JUST READ INTO THE RECORD
6 THE EXHIBITS TO WHICH THERE'S NO DISPUTE ABOUT AUTHENTICITY
7 AND ADMISSIBILITY AND REQUEST THAT THESE EXHIBITS BE ENTERED
8 INTO EVIDENCE, PRIOR TO THE PROCEEDING.

9 THE COURT: LET ME MAKE SURE THAT THE LIST THAT
10 YOU'RE READING FROM IS THE SAME LIST THAT I HAVE.

11 IS THIS THE ONE THAT WAS FILED FEBRUARY 7TH, THAT
12 IS DOCUMENT NO. 269; OR IS THERE SOMETHING MORE RECENT THAN
13 THAT?

14 MR. O'MALLEY: THAT'S IT, YOUR HONOR.

15 THE COURT: ALL RIGHT. AND SO, DOES THAT LIST --
16 CORRECTLY IDENTIFY WHICH OF THE EXHIBITS ARE STIPULATED TO
17 AS TO AUTHENTICITY AND ADMISSIBILITY?

18 MR. O'MALLEY: IT DOES.

19 THE COURT: SO AS YOU ARE READING THROUGH, I
20 SHOULD SEE THE RESPONSES "YES" AND "YES" IN EACH OF THOSE
21 COLUMNS?

22 MR. O'MALLEY: YES.

23 THE COURT: ALL RIGHT. YOU MAY PROCEED, THEN.

24 MR. O'MALLEY: FIRST EXHIBIT IS EXHIBIT 14.
25 EXHIBIT 15. EXHIBIT 16. EXHIBIT 17. EXHIBIT 18.

1 EXHIBIT 19. EXHIBITS 20 THROUGH 27.

2 THE COURT: LOOKS LIKE EXHIBITS 20 THROUGH 30, IS
3 IT NOT?

4 MR. O'MALLEY: YES. I FLIPPED THE PAGE, AND
5 YOU'RE RIGHT. 20 THROUGH 30. EXHIBIT 33. EXHIBIT 44, ON
6 PAGE 7. EXHIBITS 102 THROUGH 106. EXHIBITS 108 THROUGH
7 110. EXHIBITS 112 THROUGH 128.

8 THE COURT: IT APPEARS CORRECT TO THE COURT.
9 ANY OBJECTIONS, MR. KLEIN?

10 MR. KLEIN: NO OBJECTION.

11 THE COURT: ALL RIGHT. THE EXHIBITS JUST
12 IDENTIFIED ON THE RECORD WILL BE ADMITTED.

13 *(PLAINTIFF'S EXHIBITS 14-19; 20-30; 33; 44,*
14 *PAGE 7; 102-106, 108-110 AND 112-128 RECEIVED IN*
15 *EVIDENCE.)*

16 MR. O'MALLEY: YOUR HONOR, JUST ANOTHER
17 HOUSEKEEPING MATTER. THERE ARE A NUMBER OF WITNESSES WHO
18 ARE HERE TODAY. WE WOULD REQUEST THAT ANYBODY WHO IS GOING
19 TO BE TESTIFYING BE SEQUESTERED AND NOT IN THE COURTROOM
20 WHILE OTHER TESTIMONY IS OCCURRING, OTHER THAN MR. LEDDA,
21 WHO'S A DEFENDANT IN THIS ACTION.

22 THE COURT: ALL RIGHT. THAT REQUEST WOULD BE
23 GRANTED.

24 AND ANYONE WHO IS HERE WHO ANTICIPATES TESTIFYING
25 OR HAS BEEN CALLED TO TESTIFY NEEDS TO LEAVE. IF ANYONE

1 COMES IN, I LEAVE THAT TO THE PARTIES TO BRING TO THE
2 COURT'S ATTENTION. IF ONE OF YOUR WITNESSES COMES IN AND
3 YOU LET THEM SIT HERE, THEN THEY MAY BE PRECLUDED FROM
4 TESTIFYING. SO MAKE SURE THAT YOU KEEP TRACK OF THAT,
5 BECAUSE I'M NOT GOING TO KNOW WHO THEY ARE.

6 MR. KLEIN: YOUR HONOR, WE DO HAVE AN UNUSUAL
7 SITUATION. I RECOGNIZE THIS IS AN UNUSUAL HEARING, BUT
8 MR. KATZ IS MY CO-COUNSEL.

9 THE COURT: YES. I UNDERSTAND THAT. BUT I THINK
10 HE'S A PRIMARY WITNESS IN THIS CASE, AND HE'S NOT A PARTY TO
11 THE CASE, SO HE NEEDS TO BE EXCLUDED.

12 AND WHAT I WOULD ASK, THOUGH, IS THAT -- DO YOU --
13 ONE MOMENT BEFORE YOU'RE EXCLUDED.

14 WHEN DID -- WHO INTENDS TO CALL HIM? DO YOU
15 INTEND TO CALL HIM?

16 MR. KLEIN: I DO.

17 THE COURT: ALL RIGHT. WHAT I MAY DO, THOUGH, I
18 MAY TAKE MR. KATZ -- I HAVE THE NAME RIGHT, CORRECT? --

19 MR. KLEIN: CORRECT.

20 THE COURT: -- OUT OF ORDER SO THAT HE CAN TESTIFY
21 AND THEN -- IF YOU'RE PREPARED TO EXAMINE HIM NOW, SO HE CAN
22 TESTIFY AND THEN COME BACK IN LATER ON AND ACT AS
23 CO-COUNSEL.

24 MR. KLEIN: MY PREFERENCE WOULD BE NOT TO DO THAT,
25 BECAUSE UNTIL I HAVE FOUNDATION FROM MR. KATZ, IT'S NOT

1 GOING TO MAKE SENSE.

2 THE COURT: THAT'S FINE. THAT'S FINE. I WANTED
3 TO GIVE YOU THAT OPTION.

4 MR. KLEIN: I APPRECIATE IT.

5 THE COURT: THAT WAS THE ONLY OTHER ALTERNATIVE I
6 COULD COME UP WITH.

7 ALL RIGHT. VERY WELL.

8 MR. O'MALLEY: OKAY. THE BUREAU IS READY.

9 THE COURT: ALL RIGHT. THEN, YOU MAY CALL YOUR
10 FIRST WITNESS.

11 MR. O'MALLEY: WE CALL RITA AUGUSTA.

12 THE COURT: ONE MOMENT. FOR SOME REASON, DONE
13 SUCH A GOOD JOB OF CLEANING UP MY BENCH THAT I HAVE
14 ABSOLUTELY NO PADS OF PAPER LEFT AND THAT'S HOW I TAKE
15 NOTES.

16 SO IF WE COULD RECTIFY --

17 (PAUSE.)

18 THE CLERK: PLEASE STEP FORWARD.

19 (PAUSE.)

20 THE CLERK: YOU CAN STOP. RAISE YOUR RIGHT HAND
21 TO BE SWORN.

22 RITA AUGUSTA, PLAINTIFF'S WITNESS, SWORN

23 THE WITNESS: I DO.

24 THE CLERK: STEP FORWARD.

25 (PAUSE.)

1 THE COURT: IF YOU CAN, PLEASE, STATE YOUR FULL
2 NAME, SPELLING YOUR LAST FOR THE RECORD.

3 THE WITNESS: RITA AUGUSTA, A-U-G-U-S-T-A.

4 THE CLERK: THANK YOU.

5 THE COURT: WHEN YOU'RE READY, YOU MAY INQUIRE.

6 MR. O'MALLEY: THANK YOU, YOUR HONOR.

7 LET'S LET THE WITNESS GET A LITTLE BIT OF
8 WATER FIRST.

9 (PAUSE.)

10 DIRECT EXAMINATION

11 BY MR. O'MALLEY:

12 Q GOOD MORNING, MS. AUGUSTA.

13 A GOOD MORNING.

14 Q ARE YOU FAMILIAR WITH A COMPANY NAMED "MORGAN DREXEN"?

15 A I AM.

16 Q HOW ARE YOU FAMILIAR WITH MORGAN DREXEN?

17 A I PREVIOUSLY WORKED FOR THEM.

18 Q WHEN DID YOU START WORKING FOR MORGAN DREXEN?

19 A AT ITS INCEPTION IN 2007.

20 Q ARE YOU CURRENTLY EMPLOYED BY MORGAN DREXEN?

21 A NO.

22 Q WHEN DID YOU CEASE TO BE EMPLOYED BY MORGAN DREXEN?

23 A NOVEMBER 2014.

24 Q DURING THE TIME PERIOD WHEN YOU WERE EMPLOYED BY
25 MORGAN DREXEN, WHAT JOB TITLES, IF ANY, DID YOU HOLD?

1 A DIRECTOR OF OPERATIONS AND CHIEF OPERATIONS OFFICER.

2 Q AS THE COO, WHAT WERE YOUR RESPONSIBILITIES?

3 A OVERSEE THE DAY-TO-DAY OPERATIONS AND OVERSEE SOME
4 PARTICULAR DEPARTMENTS DIRECTLY: THE MAIL ROOM FACILITIES;
5 PROCESSING; HUMAN RESOURCE, AT SOME POINT; CALL CENTER;
6 CLIENT SERVICES; SETTLEMENT AND PREFERRED CREDITORS, TO SOME
7 EXTENT.

8 Q AND IN ADDITION TO HAVING DIRECT OVERSIGHT OF CERTAIN
9 DEPARTMENTS, WHAT INDIRECT OVERSIGHT, IF ANY, DID YOU HAVE
10 OF OTHER DEPARTMENTS AT MORGAN DREXEN?

11 THE COURT: BEFORE YOU ANSWER, CAN YOU PLEASE MOVE
12 THE MICROPHONE A LITTLE CLOSER TO YOU, MR. O'MALLEY, FOR THE
13 BENEFIT OF OUR COURT REPORTER.

14 MR. O'MALLEY: CORRECT. THANK YOU.

15 THE COURT: THANK YOU.

16 THE WITNESS: I'M SORRY. COULD YOU REPEAT THAT?
17 BY MR. O'MALLEY:

18 Q LET ME ASK THAT QUESTION, AGAIN: IN ADDITION TO YOUR
19 RESPONSIBILITIES OF DIRECTLY OVERSEEING CERTAIN DEPARTMENTS,
20 WHAT INDIRECT OVERSIGHT, IF ANY, DID YOU HAVE OVER OTHER
21 DEPARTMENTS AT MORGAN DREXEN?

22 A I WOULD INTERACT WITH MANAGERS, EMPLOYEES WITH ANY
23 ISSUES THAT MIGHT COME UP THAT THEY HAD QUESTIONS ABOUT,
24 WHETHER THEY WERE OPERATIONAL OR HOW TO HANDLE A SITUATION,
25 SO THEY WOULD OFTEN COME SEE ME TO TRY TO HELP RESOLVE

1 THINGS.

2 Q OTHER THAN ACTING AS THE CHIEF OPERATING OFFICER AT
3 MORGAN DREXEN; WHAT OTHER ROLES, IF ANY, DID YOU HOLD AT THE
4 COMPANY?

5 A I SAT ON THE BOARD OF DIRECTORS AND I WAS SECRETARY OF
6 THE COMPANY, AS WELL AS A SHAREHOLDER.

7 Q AN AT WHAT TIME PERIOD DID YOU SERVE AS A MEMBER OF THE
8 BOARD OF DIRECTORS?

9 A FROM 2007 THROUGH SEPTEMBER 2014.

10 Q DURING THAT TIME, WERE THERE ANY OTHER BOARD MEMBERS?

11 A YES.

12 Q WHO WERE THE OTHER BOARD MEMBERS?

13 A WALTER LEDDA.

14 Q NOW, YOU INDICATED THAT YOU WERE A SHAREHOLDER IN THE
15 COMPANY?

16 A YES.

17 Q AS OF THE TIME YOU CEASED TO BE EMPLOYED BY THE
18 COMPANY, WHAT OWNERSHIP STAKE DID YOU HAVE IN THE COMPANY?

19 A APPROXIMATELY, 4 PERCENT. 4.1 PERCENT.

20 Q EXCUSE ME.

21 CURRENTLY, WHAT IS YOUR OWNERSHIP STAKE IN THE
22 COMPANY?

23 A THE SAME.

24 Q YOU MENTIONED BEING A MEMBER OF THE BOARD, BEING A
25 SHAREHOLDER, WHAT OTHER ROLES, IF ANY, DID YOU HAVE AT

1 MORGAN DREXEN WHILE YOU WERE EMPLOYED THERE?

2 A I WAS THE SECRETARY OF THE COMPANY.

3 Q ARE YOU FAMILIAR WITH THE EXECUTIVE COMMITTEE AT
4 MORGAN DREXEN?

5 A YES.

6 Q WHAT IS THE FUNCTION OF THE EXECUTIVE COMMITTEE?

7 A IT WAS FORMED TO HELP WITH THE COMMUNICATION TO
8 DETERMINE INITIATIVES, DISCUSS ISSUES THAT WERE COMING UP,
9 OR DIRECTION OF THE COMPANY.

10 Q WERE YOU A MEMBER OF THE EXECUTIVE COMPANY?

11 A YES, I WAS.

12 Q HOW LONG WERE YOU A MEMBER OF THE EXECUTIVE COMMITTEE
13 FOR?

14 A SINCE ITS INCEPTION, WHICH WAS I BELIEVE 2009.

15 Q WERE YOU A MEMBER OF THE EXECUTIVE COMMITTEE THROUGHOUT
16 THE TIME PERIOD OF 2014 THAT YOU WERE EMPLOYED BY THE
17 COMPANY?

18 A YES.

19 Q AT SOME POINT, DID YOU BECOME AWARE THAT MORGAN DREXEN
20 RECEIVED A DOCUMENT REQUEST IN THIS LITIGATION FROM THE
21 BUREAU?

22 A YES.

23 Q AND WHAT WAS YOUR UNDERSTANDING OF WHETHER OR NOT
24 MORGAN DREXEN PRODUCED DOCUMENTS TIMELY TO THAT DOCUMENT
25 REQUEST?

1 A I DON'T KNOW ABOUT ALL THE DOCUMENTS. I JUST -- I KNOW
2 THAT THERE WAS SOME DATES THAT WERE MISSED FOR PARTICULAR
3 DOCUMENTS AND THERE WAS A BIG ISSUE.

4 Q HOW DID YOU LEARN THAT SOME DATES WERE MISSED?

5 A SPECIFICALLY, I REMEMBER HAVING A DISCUSSION WITH
6 JEFF KATZ ABOUT IT.

7 Q WHAT, IF ANYTHING, DID MR. KATZ SAY IN THIS DISCUSSION?

8 A IT WAS A DISCUSSION WHEN HE CALLED -- HE CONTACTED ME.
9 HE CALLED ME ON MY EXTENSION, AND -- AT THE OFFICE. AND HE
10 STATED THAT HE WAS -- IN THE OFFICE WITH NANCY JIN; THAT HE
11 HAD A PROJECT THAT HE NEEDED SOME ASSISTANCE WITH AND
12 THAT -- THAT THERE WERE DOCUMENTS THAT -- BANKRUPTCY
13 PETITIONS, ACTUALLY, HE SPECIFICALLY SAID, THAT NEEDED TO BE
14 PRODUCED; THAT THEY HAD NOT PREVIOUSLY BEEN PRODUCED TO THE
15 CFPB AND THE COURT HAD ORDERED IT TO BE DONE. SO HE NEEDED
16 ASSISTANCE GETTING THAT DONE.

17 Q AND WHAT, IF ANYTHING, DID HE SAY ABOUT WHAT ASSISTANCE
18 HE WAS SEEKING?

19 A HE WAS -- HE ASKED ME IF I COULD ASSIGN SOME PROCESSORS
20 TO HELP NANCY JIN PRODUCE THE PETITIONS. HE STATED THAT
21 THEY WOULD NEED TO GO THROUGH THE FILES AND IF THERE WAS NO
22 PETITION THERE, THAT THEY WOULD NEED TO CREATE A PETITION;
23 AND IF THERE WERE PETITIONS, IF THEY COULD GO THROUGH THE
24 FILE WITH THE LOG NOTES, ANY DOCUMENTS THAT WERE NOT
25 PROCESSED ALREADY AND ADD ANY INFORMATION THAT THEY COULD

1 EXTRACT FROM THAT INTO THE PETITION.

2 Q WHAT, IF ANYTHING, DID MR. KATZ SAY TO YOU ABOUT WHY HE
3 WANTED YOU TO DO THIS PROJECT?

4 A HE STATED THAT IT NEEDED TO APPEAR LIKE MORGAN DREXEN
5 WAS DOING THE WORK THAT WE PURPORTED THAT WE STATED THAT WE
6 WERE; THAT THERE NEEDED TO BE WORK PRODUCT TO JUSTIFY THE
7 FEES THAT WERE CHARGED. THAT'S -- YOU KNOW, THAT'S,
8 GENERALLY, WHAT HE SAID.

9 Q WHAT, IF ANYTHING, DID MR. KATZ SAY ABOUT WHEN HE
10 WANTED THIS PROJECT TO BE COMPLETED BY?

11 A HE STATED THAT IT NEEDED TO BE DONE BY JULY 3RD,
12 BECAUSE IT WAS DUE THAT FOLLOWING MONDAY, WHICH WAS THE 7TH.
13 AND IT WAS -- IT WAS ABOUT TWO WEEKS.

14 AND I HAD ASKED HIM -- HE JUST GOTTEN THIS REQUEST
15 FOR THE DOCUMENTS. AND HE SAID, NO, THAT THEY HAD IT FOR
16 ABOUT A MONTH. I, THEN, ACTUALLY, THOUGHT IT WOULD HAVE
17 BEEN NICE TO KNOW IN ADVANCE THAT -- IF THE DOCUMENTS NEEDED
18 TO BE DONE, BUT -- SO I SAID, OKAY.

19 I ASKED HIM WHAT EXACTLY, YOU KNOW, WOULD THEY BE
20 WORKING ON. WOULD THEY BE WORKING ON, LIKE -- WHAT FILES?

21 HE SAID THAT NANCY HAD THAT LIST; THAT SHE WOULD
22 BE BRINGING IT AND DISCUSSING IT FURTHER. SHE KNEW
23 EVERYTHING THAT WAS GOING ON, ALL THE DETAILS, RATHER.

24 AND STATED THAT -- I ASKED HIM, *IS IT ONLY*
25 *BANKRUPTCY FILES?*

1 HE STATED THAT THEY WERE A MIX OF DIFFERENT FILES.
2 IT WAS JUST A RANDOM SAMPLING AND SOME OF THEM MAY BE
3 CANCELED. AND I ASKED IF WE NEEDED TO WORK ON THOSE ONES AS
4 WELL. AND HE SAID, *YES, BUT THEY'RE NOT TO CONTACT THOSE*
5 *CONTACTS/CLIENTS.*

6 I SAID, *OKAY.*

7 THEN, HE ASKED NANCY, BECAUSE SHE WAS THERE AND I
8 WAS SPEAKERPHONE, *HOW LONG -- LIKE WHEN WOULD SHE COME SEE*
9 *ME.*

10 SHE SAID RIGHT AFTER SHE'S DONE WITH JEFF, SHE'D
11 COME DOWN AND DISCUSS IT WITH ME.

12 Q IN THIS CONVERSATION WITH MR. KATZ AND MS. JIN WHAT, IF
13 ANYTHING, DID MR. KATZ SAY ABOUT HOW FILES THAT WERE
14 CANCELED WERE TO BE TREATED?

15 A BESIDES NOT CONTACTING THE CLIENT, IT WAS AT THAT --
16 DURING THAT CONVERSATION, IT WAS THAT THEY WERE TO BE
17 TREATED THE SAME WAY AS ANY -- EVEN AN ACTIVE CLIENT. JUST
18 TO GO IN AND GET THE INFORMATION THAT MAY BE INSIDE THE
19 FILE, AGAIN, LIKE WHETHER IT'S FOR LOG NOTES, DOCUMENTS THAT
20 WERE NOT PROCESSED, CREDIT REPORT, OR ORIENTATION, OR
21 INITIAL ENGAGEMENT NOTES. THOSE TYPE OF THINGS.

22 Q DID YOU EVER MEET WITH MS. JIN, AFTER THIS CONVERSATION
23 WITH MR. KATZ?

24 A YES.

25 Q AND WHAT, IF ANYTHING, DID YOU DISCUSS WITH MS. JIN

1 ABOUT THIS PROJECT?

2 A WE -- WELL, SHE PROVIDED ME THE LIST, WHICH -- WHEN I
3 SAW THAT, I ASKED, *WHO CHOSE THE LIST?* AND SAID -- BECAUSE
4 IT WAS PRETTY HORRIBLE, AS FAR AS THE SAMPLING.

5 Q WHAT DO YOU MEAN WHEN YOU SAY "IT WAS PRETTY HORRIBLE"?

6 A THE STATUSES -- WHEN I FIRST LOOKED AT THE REPORT, I
7 COULD TELL BY THE STATUSES, AND -- LIKE THE CURRENT ACTIVE
8 STATUS, BANKRUPTCY STATUS, AS WELL AS THE PETITION PROCESSES
9 STATUS. THERE ARE TWO DIFFERENT STATUSES THAT WERE IN THE
10 SYSTEM, AND THEY WERE PRINTED OUT ON THIS REPORT. WHEN I,
11 LIKE, COMPARED THOSE TO THE FEES THAT HAD BEEN COLLECTED, IT
12 WAS OBVIOUS THAT THERE WAS A LOT OF FILES THAT WORK HADN'T
13 BEEN DONE ON. NOT SIGNIFICANT WORK, ANYWAYS. SO IF I WAS
14 GOING TO PICK A LIST, IT JUST WOULDN'T HAVE BEEN THAT LIST,
15 SO THAT'S WHY I WAS REFERRING TO IT LIKE THAT.

16 Q SO AFTER YOU SAW THE LIST, WHAT DISCUSSION, IF ANY, DID
17 YOU HAVE WITH MS. JIN ABOUT HOW TO PERFORM THIS PROJECT?

18 A WELL, I ASKED HER HOW WE WERE GOING TO SPLIT IT UP
19 BETWEEN HER STAFF AND MY STAFF; WHAT WAS THE MOST IMPORTANT
20 ONES; YOU KNOW, HOW WE SHOULD PRETTY MUCH ATTACK, I GUESS,
21 THE PROJECT, SINCE IT WAS SUCH A LIMITED TIME ON IT.

22 AND SHE STATED THAT IT WAS IMPORTANT FOR US TO GO
23 THROUGH BY THE CANCELED ONES THAT HAD PAID THE HIGHEST FEES,
24 BECAUSE THOSE ONES NEEDED TO HAVE THE MOST COMPLETE
25 BANKRUPTCY PETITION DONE. SO THAT WAS THE FIRST ONES. AND

1 SO I SAID OKAY.

2 AND WHEN I DID END UP DISBURSING THEM TO THE
3 PROCESSORS THAT ASSISTED, THAT'S HOW -- THE ORDER THAT I
4 WENT IN. I WENT FROM THE HIGHEST FEES COLLECTED, CANCELED,
5 AND I JUST WORKED MY WAY DOWN.

6 Q WHEN YOU SAY "CANCELED," WHAT ARE YOU REFERRING TO?

7 A THEY'RE NO LONGER ACTIVE ENGAGEMENT. SO I MEAN, IT MAY
8 BE CANCELED -- THERE COME OTHER STATUSES IN THE PROGRAM
9 THAT, YOU KNOW -- ACH SUSPENSION, FORMAL ACTIVE ONLY -- THEY
10 ALL REPRESENTED CANCELED STATUSES, AS FAR AS WORKING ON THE
11 FILE, OR ANYTHING LIKE THAT. I MEAN, THERE'S NO MORE
12 ENGAGEMENT OR FEES BEING COLLECTED.

13 Q OKAY. SO AFTER YOU DISCUSSED WITH MS. JIN THE LISTS
14 AND THE PRIORITY OF FILES TO WORK ON WHAT, IF ANYTHING, ELSE
15 DID YOU DISCUSS IN THAT MEETING ABOUT THIS PROJECT?

16 A SHE ASKED WHO WOULD -- WHO I WOULD ASSIGN TO DO IT.
17 AND I HAD SAID, I E-MAILED DEDE AND DEANNA BUSH TO SEE IF
18 THEY COULD WORK SOME OVERTIME AND DEANNA SAID SHE WAS ABLE
19 TO, SO I CALLED DEANNA TO COME INTO THE OFFICE.

20 AND AT THAT TIME, THEN NANCY DISCUSSED WITH HER
21 WHAT WOULD BE EXPECTED. AND I SAT AT MY DESK AND DID SOME
22 WORK.

23 Q AND WHAT DID MS. JIN STATE TO MS. BUSH WAS EXPECTED OF
24 HER IN PERFORMING THIS PROGRAM?

25 A WELL, SHE REITERATED A LOT OF WHAT I HEARD FROM JEFF

1 THAT THERE WAS -- THEY NEEDED TO PRODUCE THE PETITIONS FOR
2 THE CFPB. THEY NEEDED TO GO THROUGH THE FILES AND PULL OUT
3 ANY INFORMATION THAT WASN'T PREVIOUSLY ENTERED INTO ABM AND
4 PRODUCE A REDACTED PETITION.

5 SO DEANNA HAD TO -- YOU KNOW, A COUPLE OF
6 QUESTIONS OF: WOULD THIS BE DONE, LIKE, IN ADDITION TO HER
7 WORK, BECAUSE THEY'RE COMMISSION-ONLY EMPLOYEES.

8 SO, AT WHICH TIME, I HAD SAID THAT I WOULD CREATE
9 USERS SO THAT WE COULD TRACK THEIR TIME THAT THEY WORKED ON
10 THE PROJECT, SINCE WE DIDN'T WANT THEM DOING IT IN LIEU OF
11 WHAT THEIR NORMAL WORK WAS.

12 SO THEN SHE ASKED, *WHAT FILE WOULD THEY BE?*

13 I TOLD HER THAT WE WOULD, YOU KNOW, SEND THEM OVER
14 TO HER. AND WHEN SHE HAD COMPLETED THE LIST THAT WE GAVE
15 HER, THEN WE WOULD GIVE HER MORE.

16 AND SHE ASKED IF ANYBODY ELSE WAS GOING TO BE
17 ASSISTING ON IT, TOO.

18 AND I SAID, *I'VE ASKED DEDE TO, BUT UNTIL WE*
19 *KNOW --*

20 MR. KLEIN: YOUR HONOR, I'VE NOT MADE ANY MOTIONS,
21 BUT WE'RE GOING BEYOND THE QUESTION.

22 MOTION TO STRIKE.

23 THE COURT: SUSTAINED.

24 WELL, THE ANSWER WON'T BE STRICKEN SO FAR, BUT I'M
25 JUST GOING TO ASK YOU TO MOVE ON AND ASK YOUR NEXT QUESTION.

1 AND, YOU KNOW, THIS IS DIFFERENT FROM NORMAL
2 CONVERSATION WHEN A QUESTION IS ASKED. YOU'LL JUST ANSWER
3 THE QUESTION THAT'S ASKED; AND THEN, IF HE WANTS TO FOLLOW
4 UP, HE'LL DO SO.

5 THE WITNESS: OKAY.

6 BY MR. O'MALLEY:

7 Q WHAT, IF ANYTHING, DID MS. JIN SAY TO MS. BUSH ABOUT
8 WHETHER OR NOT MS. BUSH COULD CONTACT CONSUMERS?

9 MR. KLEIN: NO FOUNDATION AS TO PERSONAL
10 KNOWLEDGE. CALLS FOR HEARSAY.

11 THE COURT: OVERRULED ON HEARSAY.

12 MAKE SURE THAT THE QUESTION IS CABINED TO WHAT
13 SHE -- WHAT SHE SAID WHILE SHE WAS THERE OR WHAT SHE HEARD
14 BEING SAID. I THINK, AS TO HEARSAY IT QUALIFIES AS A
15 ADMISSION.

16 BY MR. O'MALLEY:

17 Q DURING THIS CONVERSATION THAT YOU WITNESSED BETWEEN
18 MS. JIN AND MS. BUSH WHAT, IF ANYTHING, DID MS. JIN SAY TO
19 MS. BUSH ABOUT WHETHER OR NOT MS. BUSH COULD CONTACT
20 CONSUMERS TO SOLICIT INFORMATION?

21 MR. KLEIN: I RENEW THE HEARSAY OBJECTION.
22 MS. JIN IS NOT AN EMPLOYEE OF MORGAN DREXEN.

23 THE COURT: OVERRULED.

24 THE WITNESS: SHE STATED THAT AS LONG AS THEY WERE
25 STILL ACTIVE THAT THEY COULD BE CONTACTED. NOT TO CONTACT

1 ANY CANCELED CLIENTS BY PHONE. BUT THE ACTIVE ONES, THEY
2 WOULD -- THEY WERE INSTRUCTED ACTUALLY TO CONTACT -- TRY TO
3 CONTACT IF THEY COULD TO GET MORE INFORMATION THAT MAY HAVE
4 BEEN MISSING.

5 BY MR. O'MALLEY:

6 Q YOU INDICATED THAT AT SOME POINT DEDE WAS ASSIGNED TO
7 THIS PROJECT AS WELL.

8 IS THAT DEDE KNOX?

9 A YES, IT IS.

10 Q AND WHO ASSIGNED MS. KNOX TO THIS PROJECT?

11 A I DID.

12 Q WHEN DID YOU ASSIGN MS. KNOX TO THE PROJECT?

13 A WELL, I ASKED HER AND DEANNA BUSH IN AN E-MAIL
14 IMMEDIATELY AFTER I SPOKE TO JEFF AT THE SAME TIME, SO I --
15 BUT DEANNA WAS THE FIRST ONE TO BE ABLE TO WORK ON THE
16 PROJECT. THEN DEDE, A DAY OR TWO LATER, BEGAN WORKING ON
17 THE PROJECT.

18 Q AND WHAT INSTRUCTION DID YOU PROVIDE MS. KNOX, IF ANY,
19 ABOUT HOW SHE WAS SUPPOSED TO PERFORM THIS PROJECT?

20 A INITIALLY, I TOLD HER THAT SHE COULD SPEAK TO NANCY,
21 BECAUSE NANCY WAS THE ONE WITH THE INFORMATION AND THAT
22 SINCE SHE WASN'T PRESENT IN THE MEETING WITH NANCY AND
23 DEANNA, JUST TO SPEAK TO NANCY, AND IF SHE HAD ANY OTHER
24 QUESTIONS, SHE COULD SEE ME.

25 Q DO YOU KNOW IF MS. KNOX EVER SPOKE TO MS. JIN?

1 A YES, SHE DID.

2 Q WERE YOU PRESENT FOR THAT MEETING?

3 A NO, I WAS NOT.

4 Q WHO, IF ANYONE ELSE, WAS ASSIGNED TO THIS PROJECT?

5 A ON THE LATTER PART OF IT, DESIREE PEREZ.

6 Q HOW DO YOU KNOW THAT MS. PEREZ WAS ASSIGNED TO THE
7 PROJECT?

8 A DEDE KNOX REQUESTED THAT SHE BE ABLE TO ASSIST, BECAUSE
9 THEY WERE -- STILL HAD QUITE A FEW FILES TO GO THROUGH.

10 Q WHAT SPECIFIC SOURCES OF INFORMATION WERE PROCESSORS
11 SUPPOSED TO REVIEW AS PART OF THIS PROJECT?

12 A ANYTHING THAT WAS -- ANY DOCUMENTS THAT WERE IN THE
13 FILE KIT: FINANCIAL INFORMATION, SUCH AS PAY STUBS, BANK
14 STATEMENTS. ANY CREDITOR INFORMATION. THE CREDIT REPORT.
15 THOSE TYPES OF DOCUMENTS.

16 Q YOU MENTIONED A "KIT." WHAT IS A "KIT"?

17 A IT'S A QUESTIONNAIRE THAT'S SENT OUT TO CLIENTS UPON --
18 JUST AFTER ENGAGEMENT, AND IT HAS A -- IT'S ABOUT
19 40-SOME-ODD PAGES, 42 PAGES. AND IT'S FULL OF INFORMATION
20 THAT IT WOULD BE USED IN ORDER TO POPULATE THE PETITION.

21 Q ARE YOU FAMILIAR WITH THE MDCS SYSTEM?

22 A YES.

23 Q WHAT IS THAT SYSTEM?

24 A IT'S PART OF THE PROPRIETY PROGRAM. IT'S LIKE A CRM.
25 IT GIVES THE WORK FLOW AND MONITORS CLIENT FILES AND THE

1 STATUS AND THE PROGRESS OF EACH FILE.

2 Q WHAT TYPES OF DOCUMENTS, IF ANY, ARE HOUSED IN THE MDCS
3 SYSTEM?

4 A I'M NOT SURE I UNDERSTAND THE QUESTION.

5 Q WHAT TYPES OF DOCUMENTS ARE -- ACTUALLY EXIST WITHIN
6 THAT MDCS SYSTEM, IF YOU KNOW?

7 A AS FAR AS FOR CLIENTS? FOR EMPLOYEES? I'M NOT --

8 Q EXCUSE ME. FOR CONSUMERS.

9 A ANY DOCUMENTS THAT THEY SEND IN. ANY DOCUMENTS THAT WE
10 PRODUCE AND PROVIDE TO THEM A COPY IS UPLOADED TO THEIR
11 FILE. THE PETITION. SETTLEMENTS. ANYTHING. ANY DOCUMENT
12 THAT HAS TO DO WITH THE FILE. IT'S LIKE A PAPER FILE, BUT
13 IT'S ELECTRONICALLY SENT.

14 Q HOW, IF AT ALL --

15 THE COURT: BEGIN YOUR QUESTION AGAIN, PLEASE.

16 HOW --

17 BY MR. O'MALLEY:

18 Q HOW, IF AT ALL, WERE PROCESSORS SUPPOSED TO REVIEW THE
19 INFORMATION IN THE MDCS SYSTEM AS PART OF THIS PROJECT?

20 A THEY HAD AN UPLOAD FACTS REPORT THAT WHEN DOCUMENTS
21 CAME IN, IT WAS UPLOADED THROUGH THE MAIL ROOM. AND
22 DEPENDING ON WHAT STATUS THE FILE WAS IN, IT WOULD GO TO A
23 PARTICULAR AREA IN THE COMPANY. SO ALL THOSE VIEW
24 DOCUMENTS, THEY WOULD BE IN THERE. THAT'S HOW, TYPICALLY,
25 IT WOULD HAPPEN WHEN THEY WERE ACTIVE. WHEN THEY WERE

1 CANCELED, THOSE WOULD BE SUPPRESSED, SO COULDN'T SEE THAT.

2 THEY COULDN'T WORK ON THAT, TYPICALLY.

3 Q ARE YOU FAMILIAR WITH LOG NOTES?

4 A YES, I AM.

5 Q WHAT ARE LOG NOTES?

6 A IT'S THE ACTIVITY THAT HAPPENS ON A FILE. SO IF
7 SOMEBODY ENTERS A FILE, IT WILL AUTOMATICALLY LOG A NOTE, OR
8 LOG THEIR NAME ON IT. THERE'S SOME AUTO STAMPS THAT JUST
9 TELLS SOME GENERIC, BASIC INFORMATION, REPETITIVE
10 INFORMATION. IF THERE IS -- IF A CLIENT CALLS IN AND THERE
11 IS SOMETHING, YOU KNOW, OF DETAIL -- THEY'RE SUPPOSED TO PUT
12 NOTES IN ALL THE TIME, EVERY TIME THE CLIENT CALLS IN, AND
13 THEY ACCESS THE FILE.

14 SO ANYTHING SPECIFIC THE CLIENT MIGHT RELAY TO ONE
15 OF THE REPRESENTATIVES WOULD BE PUT IN THERE OR IF THERE WAS
16 A SETTLEMENT OFFER, THEY MIGHT PUT IN, YOU KNOW, TO TRY TO
17 CONTACT THE CREDITOR. SO IT'S JUST FULL OF ALL THE
18 DIFFERENT ACTIVITY THAT HAPPENS IN THE FILE.

19 Q WERE PROCESSORS INSTRUCTED TO REVIEW LOG NOTES AS PART
20 OF THIS PROJECT?

21 A YES.

22 Q WHEN PROCESSORS FOUND INFORMATION RELATING TO THE
23 CONSUMER FILES, WHAT WERE THEY SUPPOSED TO DO WITH IT?

24 A ENTER IT INTO ABM, WHICH IS THE PROGRAM THAT WOULD
25 PRODUCE THE PETITION.

1 Q AND HOW DID THEY ACTUALLY ENTER THIS INFORMATION INTO
2 ABM?

3 A IT'S A DATA ENTRY. YOU KNOW, THEY TYPE IT IN, JUST
4 LIKE A COURT REPORTER DOES.

5 Q SO IF THEY FOUND INFORMATION IN A LOG NOTE, THEY WOULD
6 MANUALLY --

7 A EXACTLY.

8 Q -- TYPE THAT INFORMATION INTO THE ABM SYSTEM?

9 A CORRECT.

10 Q AND THAT WOULD BE TRUE FOR ALL THE SOURCES OF
11 INFORMATION THAT WERE TRANSFERRED TO ABM, TO YOUR KNOWLEDGE?

12 A NOT ALL OF IT. SOME OF IT WOULD PULL THROUGH, SUCH AS
13 THE CLIENT'S NAME, ADDRESS. SOME INFORMATION OFF THE CREDIT
14 REPORT; NOT ALL OF IT.

15 Q DO YOU KNOW IF PROCESSORS FOLLOWED THESE INSTRUCTIONS
16 AND SEARCHED INFORMATION AND INPUT IT INTO THE ABM SYSTEM?

17 A YES, THEY DID.

18 Q HOW DO YOU KNOW THIS?

19 A THEY PROVIDED ME A SPREADSHEET THAT HAD THE INFORMATION
20 THAT OUTLINED THE FILE AND WHAT WORK HAD BEEN DONE ON IT.

21 Q AND WHAT, IF ANYTHING, HAPPENED AFTER ALL THIS
22 INFORMATION WAS INPUT INTO THE ABM SYSTEM?

23 A A REDACTED PETITION WAS THEN RAN -- I'M SORRY, A
24 PETITION WAS RAN AND REDACTED AND THEN UPLOADED TO A SHARE
25 FILE TO BE PRODUCED TO THE CFPB.

1 Q AND WERE THOSE PETITIONS PRODUCED TO THE CFPB?

2 A TO MY KNOWLEDGE, YES.

3 MR. O'MALLEY: TORREY, COULD YOU PULL UP
4 EXHIBIT 102, PLEASE.

5 *(THE EXHIBIT WAS DISPLAYED ON THE SCREEN.)*

6 BY MR. O'MALLEY:

7 Q MS. AUGUSTA, YOU HAVE A SCREEN BEFORE YOU. YOU ALSO
8 HAVE TWO BINDERS BEFORE YOU. IF IT'S YOUR PREFERENCE TO
9 LOOK AT THE BINDERS, YOU CAN LOOK AT EXHIBIT 102 IN THE
10 BINDER; OTHERWISE, YOU CAN TAKE A LOOK AT THE SCREEN.

11 A *(WITNESS SO COMPLIES.)*

12 Q THERE ARE A NUMBER OF PAGES TO THIS EXHIBIT.

13 THE COURT: ACTUALLY, I'M JUST GOING TO ASK THAT
14 UNLESS THERE'S A REASON TO START SEARCHING THROUGH THE
15 BINDERS, THAT THEY JUST LOOK AT THE SCREEN.

16 MR. O'MALLEY: SURE.

17 THE COURT: IF YOU CAN'T SEE IT, OR IF YOU HAVE
18 TROUBLE -- IF YOU HAVE ANY TROUBLE, THEN, PLEASE, GO AHEAD
19 AND LOOK AT THE BINDER, IF THAT WOULD HELP. BUT OTHERWISE
20 JUST TAKES A LOT OF TIME TO FIND THINGS.

21 THE WITNESS: IF YOU COULD JUST LIKE -- IT'S NOT
22 AS CLEAR AS THIS ONE. I CAN SEE IT. I CAN SEE IT NOW.

23 THE COURT: MAKE SURE EVERYTHING IS ON THE SCREEN,
24 PLEASE; THAT NOTHING IS OFF THE EDGE OF THE SCREEN. I'M
25 ASSUMING THAT IT LOOKS LIKE IT IS, BUT MAYBE I'M INCORRECT.

1 THERE IS A WORD THAT'S --

2 THE WITNESS: IS IT OKAY IF I LOOK AT THIS ONE?
3 IT'S A LITTLE CLEANER.

4 THE COURT: WE'VE GONE BETWEEN TOO BIG TO TOO
5 SMALL.

6 THE WITNESS: RIGHT.

7 MR. O'MALLEY: MAYBE I COULD JUST START BY KEEPING
8 THE TEXT AT THIS SIZE. RUNNING THROUGH, I WOULD LIKE TO ASK
9 THE WITNESS IF SHE RECOGNIZES THE DOCUMENT; AND THEN, WE
10 COULD FOCUS --

11 THE COURT: CERTAINLY.

12 MR. O'MALLEY: TORREY, IF WE COULD SCROLL JUST
13 THROUGH THIS DOCUMENT SLOWLY FOR MS. AUGUSTA AND ALLOW HER
14 TO LOOK AT IT, I WOULD APPRECIATE IT.

15 *(THE EXHIBIT WAS DISPLAYED ON THE SCREEN.)*

16 BY MR. O'MALLEY:

17 Q MS. AUGUSTA, DO YOU RECOGNIZE THIS DOCUMENT?

18 A I DO.

19 Q WHAT IS IT?

20 A IT'S AN E-MAIL CHAIN BETWEEN MYSELF, DEANNA BUSH,
21 DEDE KNOX AND NANCY JIN.

22 MR. O'MALLEY: TORREY, IF YOU COULD GO UP ONE
23 PAGE, PLEASE.

24 BY MR. O'MALLEY:

25 Q YOU'LL SEE THERE'S A YELLOW CHART HERE, MS. AUGUSTA.

1 A YES.

2 Q WHAT DO YOU UNDERSTAND THIS CHART TO REFLECT?

3 A THIS WAS THE PROGRESS THAT DEANNA BUSH HAD PROVIDED ME,
4 UP UNTIL THIS POINT, OF WHAT SHE HAD DONE ON THE FILES.

5 Q PLEASE TAKE A LOOK AT THE LINES THAT -- THE TOP LINE
6 WITH THE RED OUTLINE.

7 A CAN YOU TELL ME THE FILE NUMBER?

8 Q IT ENDS IN 777. ON THE SCREEN, THERE IS A RED OUTLINE.
9 IT'S THE TOP, FIRST RED OUTLINE.

10 A I SEE IT.

11 Q SO LOOKING AT THESE ROWS, WHAT DOES THE NUMBER ENDING
12 IN 777 REPRESENT?

13 A THE MDIS FILE NUMBER. IT'S A UNIQUE NUMBER THAT'S
14 ASSIGNED TO EACH CLIENT.

15 Q AND WHAT, IF ANYTHING, DOES THIS CHART REFLECT ABOUT
16 WHEN THAT CONSUMER ENROLLED IN A PROGRAM SUPPORTED BY
17 MORGAN DREXEN?

18 A WELL, BECAUSE I KNOW WHAT THIS DOCUMENT IS, IT'S
19 5/13/2011. I'M NOT SURE THAT THAT'S CLEAR TO ANYBODY ELSE.

20 Q HOW IS IT THAT YOU KNOW THAT 5/13/2011 IS THE
21 ENROLLMENT DATE?

22 A BECAUSE I BELIEVE AT THE TOP THERE MIGHT BE SOME
23 COLUMNS THAT HAVE THE HEADER ON IT. OTHERWISE, THEY'RE IN
24 THE OTHER SPREADSHEETS. BECAUSE THIS IS A REPORT THAT I
25 LOOKED AT MANY TIMES.

1 MR. O'MALLEY: TORREY, CAN YOU JUST SCROLL UP SO
2 WE CAN SEE THE TOP COLUMN HEADINGS, PLEASE. JUST BRIEFLY.
3 BY MR. O'MALLEY:

4 Q WHAT, IF ANYTHING, DOES THIS CHART REFLECT ABOUT WHAT
5 PROGRAM THIS CONSUMER ENROLLED IN?

6 A CAN YOU SCROLL BACK DOWN, PLEASE?

7 THEY WERE ENGAGED IN THE DUAL MODEL BANKRUPTCY
8 NONFORMAL.

9 Q AND HOW DO YOU KNOW THAT?

10 A IT STATES IT: BANKRUPTCY NONFORMAL SERVICES.

11 Q WHAT, IF ANYTHING, DOES THIS CHART INDICATE ABOUT THE
12 STATUS OF THE FILE AT THE TIME THAT THE BANKRUPTCY PETITION
13 CREATION PROJECT BEGAN?

14 A THAT IT WAS A CANCELED FILE.

15 Q WHAT DOES THAT MEAN?

16 A IT WAS NO LONGER ACTIVE. THE DOCUMENTS WERE BEING
17 SUPPRESSED. THERE WAS NO FEES BEING COLLECTED. IT STATES
18 "FORMAL ACTIVE ONLY."

19 IT'S ONE OF A FEW TERMS THAT WERE USED TO
20 REPRESENT A FILE THAT WAS NO LONGER BEING WORKED ON.

21 Q WHAT, IF ANYTHING, DOES THIS CHART INDICATE ABOUT HOW
22 MUCH THE CONSUMER PAID IN BANKRUPTCY FEES?

23 A COULD YOU SCROLL TO --

24 MR. KLEIN: OBJECTION. IRRELEVANT.

25 THE COURT: OVERRULED.

1 THE WITNESS: IT SHOWS THAT THEY PAID \$3,499.52.

2 BY MR. O'MALLEY:

3 Q HOW YOU DO KNOW THAT?

4 A AT THE TOP -- IF YOU SCROLL BACK UP TO THE TOP, THAT'S
5 THE HEADER. THIS IS A REPORT THAT WAS PRODUCED BY
6 AVI GUPTA.

7 Q AND WHICH HEADER INDICATES --

8 A IT SAYS "TOTAL PAYMENT" AT THE TOP OF THIS REPORT OR
9 SCREENSHOT.

10 Q WHAT, IF ANYTHING, DOES THIS REPORT -- CHART INDICATE
11 ABOUT THE WORK PERFORMED ON THE CONSUMER'S PETITION DURING
12 THE BANKRUPTCY PETITION CREATION PROJECT?

13 A COULD YOU SCROLL BACK DOWN TO THAT, PLEASE?

14 AND CAN YOU REPEAT THE QUESTION, PLEASE?

15 Q SURE. WHAT, IF ANYTHING, DOES THIS CHART INDICATE
16 ABOUT THE WORK PERFORMED ON THIS CONSUMER'S FILE, DURING THE
17 BANKRUPTCY PETITION CREATION PROJECT WE'VE BEEN DISCUSSING
18 THIS MORNING?

19 MR. KLEIN: IRRELEVANT.

20 THE COURT: OVERRULED.

21 THE WITNESS: COULD YOU SCROLL TO THE LEFT,
22 BECAUSE THE INFORMATION OF WHAT'S --

23 THE COURT: YOU KNOW, IT MIGHT BE EASIER FOR YOU
24 TO JUST PULL OUT THE BINDER, BECAUSE --

25 THE WITNESS: SORRY.

1 THE COURT: I UNDERSTAND THE SCROLLING AND ALL OF
2 THAT. SO IF YOU WOULD LIKE TO JUST PULL OUT THE BINDER AND
3 LOOK AT EXHIBIT 102 --

4 THE WITNESS: I APOLOGIZE.

5 THE COURT: NO, IT'S NOT YOUR FAULT.

6 MR. O'MALLEY: UNFORTUNATELY, THE BINDER HAS
7 PRETTY SMALL TYPE, SO HOPEFULLY --

8 BY MR. O'MALLEY:

9 Q IT SHOULD BE IN THE BUREAU'S EXHIBITS, EXHIBIT 102.

10 A OKAY. IT SHOWS THAT THERE WAS NO KIT OR FINANCIALS IN
11 THE FILE; MEANING, NONE OF THE DOCUMENTS HAD BEEN RETURNED.
12 THERE WAS NO -- THERE WAS A BAD PHONE NUMBER AND ADDRESS, SO
13 THERE WAS NO WAY OF CONTACTING THE CLIENT AS WELL.

14 SO THE PROCESSOR USED ANY INFORMATION THAT WAS
15 PHONED IN MDCS, SUCH AS LOG NOTES. I'M NOT SURE THE
16 ORIENTATION WAS DONE. ANYTHING THAT WAS GATHERED AT THE
17 TIME OF ENGAGEMENT, ON 5/13/2011, FROM THE FINANCIAL
18 PROFILE, THAT INFORMATION WOULD HAVE BEEN USED TO POPULATE
19 AS MUCH AS THEY COULD OF THAT PETITION.

20 Q DO YOU SEE THE LANGUAGE *RAN MEANS TEST WITH INCOME AS*
21 *PER MDCS/AS SAME EVERY MONTH?*

22 A YES.

23 Q WHAT'S YOUR UNDERSTANDING OF WHAT THAT REFERS TO?

24 A IT REFERS TO THE MEANS TEST TO DETERMINE WHETHER OR NOT
25 THE CLIENT FIT THE CRITERIA OR GUIDELINES TO FILE FOR

1 BANKRUPTCY AND SO THEY USED INFORMATION THAT WAS OUTDATED.
2 TYPICALLY, IT HAS TO BE WITHIN THE LAST SIX MONTHS, THE LAST
3 SIX MONTHS OF BANK STATEMENTS, OR PAY STUBS, SO FORTH. SO
4 SINCE THEY DIDN'T HAVE THAT TO THE DATE THAT THEY RAN THE
5 MEANS TEST FOR, THEN THEY JUST USED PREVIOUS INFORMATION AND
6 JUST FILLED -- LIKE FRONT-FILLED -- I'M NOT SURE EXACTLY HOW
7 TO SAY IT, BUT JUST BROUGHT THAT INFORMATION FORWARD,
8 REPLICATED IT.

9 Q FROM THIS CHART, IS THERE ANYTHING -- WHAT, IF
10 ANYTHING, ELSE CAN YOU TELL ABOUT WHAT WORK WAS DONE TO
11 CREATE THIS PETITION?

12 A I'M NOT SURE THAT I DIDN'T ANSWER IT ALREADY.

13 Q OKAY. LET'S TAKE A LOOK AT THE NEXT BRACKETED SET OF
14 LINES DOWN BELOW. IT'S THE FILE ENDING IN 106?

15 A YES, I SEE IT.

16 Q WHAT, IF ANYTHING, DOES THIS CHART REFLECT ABOUT WHEN
17 THIS CONSUMER ENROLLED IN A PROGRAM SUPPORTED BY
18 MORGAN DREXEN?

19 A THEY ENGAGED ON 10/24/2012.

20 Q WHAT, IF ANYTHING, DOES THIS CHART INDICATE ABOUT WHAT
21 PROGRAM THE CONSUMER ENROLLED IN?

22 A AGAIN, IT WAS A DUAL MODEL OF BANKRUPTCY NONFORMAL.

23 Q AND WHAT, IF ANYTHING, DOES THIS CHART INDICATE ABOUT
24 THE STATUS OF THE FILE AT THE TIME THE BANKRUPTCY CREATION
25 PROJECT BEGAN?

1 A THAT THEY HAD CANCELED, BUT THEY HAD COMPLETED SOME OF
2 THE SETTLEMENTS OF THE UNSECURED DEBT. SO IT WAS SOME OF
3 THE ACCOUNTS. MOST LIKELY HALF OF THEM, AT LEAST, WERE
4 SETTLED.

5 Q WHAT DOES "PARTIALLY COMPLETED" REFER TO?

6 A I'M SORRY. IT REFERS TO THE DEBT SETTLEMENT SIDE. SO
7 IT'S REFERRING TO THE FACT THAT SOME OF THE ACCOUNTS, THE
8 NON- -- THE UNSECURED ACCOUNTS THAT WERE ENROLLED TO BE
9 NEGOTIATED WERE ACTUALLY NEGOTIATED AND SETTLED.

10 Q WHAT, IF ANYTHING, DOES THIS CHART REFLECT ABOUT
11 BANKRUPTCY FEES PAID BY THIS CONSUMER?

12 A I'M GOING TO HAVE TO LOOK DOWN HERE, IF I CAN SEE IT.
13 IT SHOWS THAT THERE WAS 2,400 -- I APOLOGIZE. I'M SORRY.
14 I'M LOOKING AT THE WRONG ONE. \$3,371 COLLECTED.

15 Q WHAT, IF ANYTHING, DOES THE CHART INDICATE ABOUT THE
16 WORK PERFORMED ON THIS CONSUMER'S PETITION AFTER THE
17 PETITION PROJECT STARTED?

18 A AGAIN, THIS STATES THAT THERE WAS NO FINANCIALS. NO
19 KIT. SO THE CLIENT NEVER RETURNED TO THE QUESTIONNAIRE OR
20 PROVIDED ANY FINANCIALS. THERE WERE SOME UNPROCESSED
21 DOCUMENTS IN THE FILE THAT THEY WENT THROUGH. IT LOOKS LIKE
22 A 1099-C, WHICH IS A FORGIVENESS OF DEBT FROM A CREDITOR.
23 THEY UPDATED SCHEDULE A. THEY USED THE CREDIT REPORT AS
24 THEIR SOURCE OF DATA. RAN THE MEANS TEST WITH INCOME FROM
25 MDCS AGAIN. SO IT WAS INFORMATION -- INCOME THAT WAS LIKELY

1 GATHERED AT THE TIME OF ENGAGEMENT, WHICH WAS 10/24/2012.

2 Q I SHOULD HAVE ASKED YOU THIS BEFORE, BUT WHAT, IF
3 ANYTHING, DOES THIS CHART REFLECT ABOUT HOW FAR ALONG THE
4 CONSUMER'S BANKRUPTCY WAS AT THE TIME THAT THE CREATION
5 PROJECT BEGAN?

6 A IT SHOWS THAT IT WAS ITEM -- IT SAYS, "TWO DASH ITEMS
7 PENDING." THAT MEANS THAT IT HAD -- IT WAS STILL IN
8 PHASE 2. IT HAD NOT BEEN --

9 IT WAS STILL IN PHASE 2. IT HAD NOT COMPLETED
10 PHASE 2 YET, SO IT HAD NOT BEEN RTN'D. SO A PETITION HAD
11 NOT BEEN CREATED -- A BANKRUPTCY PETITION HAD NOT BEEN
12 CREATED IN ANY FORM YET.

13 MR. O'MALLEY: TORREY, IF YOU COULD GO TO THE LAST
14 PAGE ON THE EXHIBIT.

15 BY MR. O'MALLEY:

16 Q MS. AUGUSTA, I WOULD LIKE YOU TO FOCUS ON THAT, THE
17 LAST TWO LINES THAT ARE OUTLINED IN RED.

18 WHAT, IF ANYTHING, DOES THIS CHART INDICATE AS TO
19 THE CONSUMER WHOSE FILE ENDS IN -4777 ABOUT WHEN THAT
20 CONSUMER ENROLLED IN A PROGRAM SUPPORTED BY MORGAN DREXEN?

21 A THEY ENGAGED ON 5/26/2011.

22 Q AND WHAT, IF ANYTHING, DOES THIS CHART INDICATE ABOUT
23 WHAT PROGRAM THE CONSUMER ENROLLED IN?

24 A IT WAS THE DUAL MODEL, AGAIN. BANKRUPTCY AND
25 NONFORMAL.

1 Q WHAT, IF ANYTHING, DOES THIS CHART INDICATE ABOUT THE
2 STATUS OF THE FILE AT THE TIME THAT THE BANKRUPTCY PETITION
3 CREATION PROJECT WE'VE DISCUSSED THIS MORNING BEGAN?

4 A THAT IT WAS A CANCELED FILE. IT STATES "FORMAL ACTIVE
5 ONLY." ANOTHER CANCELLATION STATUS.

6 Q WHAT DO YOU MEAN WHEN YOU SAY IT'S "A CANCELED FILE"?

7 A AGAIN, IT'S THE SAME THING I STATED BEFORE THAT THERE'S
8 NO MORE WORK BEING DONE ON THE FILE. NO MORE FEES WERE
9 BEING COLLECTED. DOCUMENTS HAD BEEN SUPPRESSED.

10 Q WHAT, IF ANYTHING, DOES THIS CHART INDICATE ABOUT HOW
11 MUCH THIS CONSUMER PAID IN BANKRUPTCY FEES?

12 A IT STATES THAT THERE WAS \$1,705 PAID.

13 Q WHAT, IF ANYTHING, DOES THIS CHART INDICATE ABOUT HOW
14 FAR ALONG, IF AT ALL, A BANKRUPTCY PETITION WAS AT THE TIME
15 THAT THIS PROJECT STARTED?

16 A AGAIN, THIS FILE WOULD NOT HAVE HAD A PETITION PRODUCED
17 AT THIS POINT. IT WAS ITEMS -- THERE WAS TWO ITEMS PENDING
18 WHICH HAD NOT BEEN RTN'D. THE KIT HADN'T BEEN RECEIVED, SO
19 THERE WAS NO WAY OF GATHERING THAT INFORMATION NECESSARILY
20 TO CREATE THE PETITION. SO VERY LITTLE WORK I WOULD SAY
21 PROBABLY WAS DONE ON THIS ONE.

22 Q AND WHAT, IF ANYTHING, DOES THIS CHART INDICATE ABOUT
23 THE WORK THAT MORGAN DREXEN DID TO ADD INFORMATION TO THE
24 CONSUMER'S FILE, PRIOR TO GENERATING A BANKRUPTCY PETITION?

25 A WELL, THERE WAS NO KIT OR FINANCIALS ON FILE, SO THEY

1 HAD TO USE INFORMATION OUT OF THE PROGRAM IN DCS, IN ORDER
2 TO PRODUCE A PETITION. THEY HAD TO UPDATE THE SCHEDULE F
3 WITH OPEN DATES IN CONSIDERATION, NOT REALLY SURE WHAT THAT
4 IN REFERS TO, BUT -- RAN MEANS TEST DONE WITH INCOME
5 PROVIDED AT INTAKE. SO, AGAIN, THE INFORMATION OF WHAT THE
6 "LIS" GATHERED ON 5/26/2011 OR AROUND THAT TIME WAS WHAT WAS
7 USED TO RUN THE MEANS TEST THAT WAS RAN AT -- THAT WAS RAN
8 LATER.

9 MR. O'MALLEY: TORREY, IF YOU COULD SCROLL UP TO
10 THE MIDDLE E-MAIL IN THIS CHAIN FROM NANCY JIN, DATED
11 JUNE 23, AT 2:07 P.M.

12 BY MR. O'MALLEY:

13 Q MS. AUGUSTA, DO YOU RECOGNIZE THIS E-MAIL?

14 A I DO.

15 Q MS. JIN WROTE: *PLEASE SELECT THE CORRECT FORMS, BASED*
16 *ON LAST CLEARED POSITIVE ACH?*

17 DO YOU SEE THAT?

18 A I DO.

19 Q AND THEN, BELOW THERE SEEMS TO BE A SCREENSHOT.

20 DO YOU SEE THAT?

21 A YES.

22 Q WHAT DID YOU UNDERSTAND MS. JIN TO BE REFERRING TO WHEN
23 SHE WROTE: "PLEASE SELECT THE CORRECT FORM BASED ON THE
24 LAST CLEARED POSITIVE ACH (PH)"?

25 A THAT PARTICULAR WINDOW WAS CREATED FOR THIS PROJECT.

1 IT HAD THE DIFFERENT VERSIONS OF THE PETITION, BASED OFF OF
2 THE DATE RANGE. SO WHAT SHE WAS INSTRUCTING DEANNA TO DO IS
3 ENSURE THAT THE VERSION OF THE PETITION WAS IN LINE WITH THE
4 LAST ACH DATE, NOT THE MOST CURRENT VERSION OF A PETITION.

5 Q SO YOU'LL SEE IN THIS SCREENSHOT, THERE ARE A NUMBER OF
6 COLORED BOXES.

7 WHAT DO THEY REFLECT?

8 A DIFFERENT DATE RANGES, LIKE THE ONE SELECTED. IT
9 STATES: 4/1/2013 THROUGH 11/31/2013, I BELIEVE. SO THAT'S
10 THE VERSION THAT WAS APPROPRIATE FOR THAT TIME.

11 Q DO YOU KNOW IF PROCESSORS SELECTED PETITION FORMS BASED
12 ON THE LAST CLEARED POSITIVE ACH PAYMENT?

13 A YES, THAT'S MY UNDERSTANDING.

14 Q AND HOW DO YOU COME BY THAT UNDERSTANDING?

15 A WELL, SHE INSTRUCTED THEM TO DO SO, AND THEY RESPONDED
16 THAT THEY WOULDN'T IN FACT DO IT. SO THEY AFFIRMED WHAT SHE
17 HAD INSTRUCTED.

18 MR. O'MALLEY: TORREY, IF YOU COULD SCROLL DOWN
19 JUST A TINY BIT. THAT'S FINE.

20 BY MR. O'MALLEY:

21 Q MS. AUGUSTA, YOU'LL SEE MS. JIN ALSO WROTE: *THE*
22 *ATTORNEY SHOULD ALWAYS BE DEFAULTED TO THE LOCAL COUNSEL.*

23 AND THERE'S ANOTHER SCREENSHOT BELOW THAT.

24 A YES.

25 Q WHAT DID YOU UNDERSTAND MS. JIN TO MEAN WHAT SHE WROTE:

1 THE ATTORNEY SHOULD ALWAYS BE DEFAULTED TO THE LOCAL
2 COUNSEL?

3 A JUST EXACTLY WHAT IT SAYS. THAT IF THE ATTORNEY WASN'T
4 THE LOCAL COUNSEL, WHO WAS LICENSED IN THAT STATE -- THAT'S
5 TYPICALLY THE ATTORNEY THAT'S LICENSED IN THE STATE THAT THE
6 CLIENT RESIDES IN -- THEN THEY NEED TO SELECT THAT ONE. IN
7 THIS CASE, IT WAS NOT DEFAULTED TO THE LOCAL COUNSEL, SO
8 SHE'S POINTING THAT OUT.

9 Q IS THIS SCREENSHOT FROM THE ABM SYSTEM?

10 A YES, IT IS.

11 MR. O'MALLEY: IF YOU COULD SCROLL DOWN A TINY
12 BIT, TORREY.

13 BY MR. O'MALLEY:

14 Q MS. JIN THEN WROTE: PLEASE MAKE SURE WHEN YOU CHANGE
15 ATTORNEY NAME, ATTORNEY INFORMATION ON STATEMENT OF
16 FINANCIAL AFFAIRS NO. 9 IS THE SAME. SEE BELOW. I CHANGED
17 TO TIMOTHY PRIEBE AND --

18 MR. O'MALLEY: SCROLL BACK, TORREY. THE OTHER
19 WAY. NO, THERE'S MORE. EXCUSE ME. IF YOU CAN SCROLL.
20 KEEP GOING, PLEASE.

21 BY MR. O'MALLEY:

22 Q -- AND NOW STATEMENT OF FINANCIAL AFFAIRS HAS A
23 DIFFERENT ATTORNEY NAME. THE ATTORNEY NAMES MUST BE
24 CONSISTENT THROUGHOUT THE PETITION.

25 WHAT DID YOU UNDERSTAND MS. JIN TO MEAN WHAT SHE

1 WROTE THOSE WORDS?

2 A THAT SHE HAD, IN FACT, SELECTED THE LOCAL COUNSEL
3 TIMOTHY PRIEBE AND WHEN SHE DID SO ON THIS STATEMENT OF
4 FINANCIAL AFFAIRS, IT DIDN'T FOLLOW THROUGH, SO IT DIDN'T
5 POPULATE AUTOMATICALLY. SO YOU HAD TO GO IN THERE AND ENTER
6 THE CORRECT INFORMATION.

7 Q NEXT, MS. JIN WRITES: "SCHEDULE G APPEARS INCOMPLETE."

8 DID YOU SEE THAT?

9 A YES, I DO.

10 Q WHAT IS YOUR UNDERSTANDING WHAT MS. JIN WAS REFERRING
11 TO THERE?

12 MR. KLEIN: CALLS FOR SPECULATION. NO FOUNDATION
13 AS TO PERSONAL KNOWLEDGE.

14 THE COURT: SUSTAINED.

15 YOU CAN ASK HER MORE BASIC QUESTIONS, LIKE "WHAT
16 IS SCHEDULE G?" "WHEN IS IT COMPLETE?"

17 I THINK ASKING HER WHAT THE OTHER WRITER OF THE
18 E-MAIL MEANS MAY BE A LITTLE TOO BROAD AND CALLS FOR
19 SPECULATION.

20 MR. O'MALLEY: YOUR HONOR, MY QUESTION WAS TO
21 MS. AUGUSTA'S UNDERSTANDING OF THE E-MAIL.

22 AM I PERMITTED TO ASK THAT LINE OF QUESTIONS?

23 THE COURT: WELL, HER UNDERSTANDING OF WHAT
24 SOMEONE ELSE WROTE MAY BE OF LIMITED RELEVANCE, SO LET'S
25 START WITH THE MORE BASIC.

1 MR. O'MALLEY: OKAY.

2 THE COURT: I MEAN, GENERALLY, SHE UNDERSTANDS THE
3 SYSTEM, SO IT IS HELPFUL FOR ME, BUT LET'S START WITH ASKING
4 HER JUST THE BASIC QUESTIONS AND THEN WE MAY NOT NEED
5 ANYTHING MORE.

6 BY MR. O'MALLEY:

7 Q WHAT IS SCHEDULE G, MS. AUGUSTA?

8 THE COURT: I THINK, AGAIN, IF YOU CAN SCROLL WHEN
9 THEY'RE REFERENCING SOMETHING. I KNOW YOU'RE -- AND I'M
10 SORRY. IF YOU COULD --

11 I DON'T KNOW THAT YOU INTRODUCED -- IS THIS AN
12 I.T. PERSON?

13 MR. O'MALLEY: IT IS. I APOLOGIZE.

14 THE COURT: AND I DON'T LIKE TO CALL THAT PERSON
15 AN I.T. PERSON.

16 MR. O'MALLEY: MR. JEFFERSON.

17 THE COURT: MR. JEFFERSON.

18 ALL RIGHT. AND I KNOW YOU'RE LISTENING, AND I
19 KNOW IT'S NOT ALWAYS EASY TO FOLLOW WHAT COUNSEL IS SAYING.
20 BUT TO THE EXTENT YOU CAN, KIND OF, SCROLL -- AND YOU'VE
21 BEEN TRYING, I KNOW -- SCROLL TO WHERE HE IS WHEN HE'S
22 TALKING, THAT'S VERY HELPFUL.

23 AND IF HE DOESN'T DO IT, PLEASE, JUST ASK THAT THE
24 DOCUMENT BE SCROLLED AS YOU'VE DONE.

25 YOU MAY CONTINUE, MR. O'MALLEY.

1 MR. O'MALLEY: THANK YOU, YOUR HONOR.

2 BY MR. O'MALLEY:

3 Q MS. JIN REFERENCES A SCHEDULE G. WHAT IS A SCHEDULE G,
4 MS. AUGUSTA?

5 A IT'S A PART OF THE BANKRUPTCY PETITION.

6 Q AND BELOW THAT SHE WRITES: "MEANS TEST HAS THE
7 INCORRECT APPLICABLE PERIOD. LAST CLEARED POSITIVE ACH WAS
8 4/30/12. PLEASE LET ME KNOW IF YOU HAVE ANY QUESTIONS ON
9 THIS."

10 DO YOU SEE THAT?

11 A YES.

12 Q WHAT DOES "POSITIVE ACH" MEAN?

13 A WELL, ACH IS AUTOMATIC CHECK HANDLING. IT'S THE LAST
14 WITHDRAWAL FROM THE CLIENT'S ACCOUNT THAT DIDN'T NSF. SO
15 SHE'S STATING THAT THE LAST ONE CLEARED WAS ON 4/3/2012, SO
16 THAT'S THE DATE THAT MUST BE USED FOR PERFORMING THE
17 MEANS TEST.

18 Q SO IS IT FAIR TO SAY THAT 4/3/2012 IS THE LAST TIME THE
19 CONSUMER MADE A PAYMENT?

20 A YES.

21 Q UNDER THIS PROGRAM?

22 A YES.

23 MR. O'MALLEY: PLEASE SCROLL UP, TORREY, TO THE
24 FIRST E-MAIL.

25 ////

1 BY MR. O'MALLEY:

2 Q THIS LOOKS TO BE AN E-MAIL FROM MS. BUSH TO MS. JIN,
3 MS. KNOX AND YOU, MS. AUGUSTA, DATED JUNE 23RD, 2014.

4 A YES.

5 Q IN THE SECOND LINE, SHE REFERENCES: *LAST ACH 5/31/12.*
6 WHAT DOES THAT REFERENCE?

7 A SHE'S STATING THAT THAT WAS THE LAST ACH. THAT DOESN'T
8 MEAN THAT THAT ACH DIDN'T NSF, THOUGH. I WOULD SAY BY
9 NANCY'S RESPONSE BELOW THAT THE LAST POSITIVE ONE WAS IN
10 APRIL.

11 Q GENERALLY SPEAKING, UPON READING THIS E-MAIL, WHAT WAS
12 YOUR UNDERSTANDING OF WHAT MS. BUSH WAS REPORTING, IF
13 ANYTHING?

14 A WELL, WHAT SHE WAS REPORTING WAS THAT THE ITEMS THAT
15 NANCY HAD GONE DOWN AND GONE THROUGH -- IT LOOKS LIKE WHEN
16 DEANNA GAVE THE LIST OF THINGS THAT WERE COMPLETED, NANCY
17 WENT THROUGH SOME OF THOSE FILES TO DETERMINE IF EVERYTHING
18 WAS THE WAY THAT SHE HAD INSTRUCTED. SO SHE STATED AREAS
19 THAT NEEDED TO BE REVIEWED BY DEANNA -- NANCY, I'M SORRY,
20 STATED THAT. AND THEN, DEANNA WAS RESPONDING TO HER LINE --
21 ITEM BY ITEM THAT SHE'S DONE THAT, THAT SHE CORRECTED IT.

22 MR. O'MALLEY: TORREY, IF YOU COULD PULL UP
23 EXHIBIT 103, WHICH HAS BEEN ENTERED INTO EVIDENCE.

24 SCROLL DOWN, TORREY. I WOULD LIKE TO FOCUS ON THE
25 E-MAIL FROM NANCY JIN, DATED JUNE 23, AT 1:50 P.M.

1 THANK YOU.

2 THE COURT: I'M GOING TO STOP YOU FOR JUST A
3 MOMENT. I'M GOING TO ASK WHETHER THE WITNESS LIST THAT YOU
4 GAVE ME AND THE TIME ESTIMATES YOU GAVE ME WERE INTENDED TO
5 INCLUDE ALL EXAMINATION OF THE WITNESS OR ONLY THE DIRECT
6 EXAMINATION OF THE WITNESS.

7 MR. O'MALLEY: DIRECT, YOUR HONOR.

8 THE COURT: THAT'S NOT VERY HELPFUL NOW, IS IT?
9 DOES IT INDICATE IN THERE THAT YOU INTEND THAT THIS IS JUST
10 THE DIRECT?

11 MR. O'MALLEY: MY APOLOGIES.

12 THE COURT: THIS TIME ESTIMATE WOULD BE ENTIRELY
13 OFF, AS FAR AS I CAN TELL, THEN. SO YOU'RE GOING TO HAVE TO
14 SPEED UP. LET ME JUST PUT IT THAT WAY. WE'RE NOT GOING TO
15 DOUBLE THIS, OR -- AND I'M NOT SAYING THAT CROSS-EXAMINATION
16 IS GOING TO BE AS LONG AS THE DIRECT. IT TYPICALLY ISN'T.
17 IT MAY BE RELATIVELY SHORT, BUT IT SHOULD HAVE BEEN
18 INCLUDED. SO WE'LL TAKE A BREAK AFTER THIS WITNESS.

19 YOU'RE GOING TO REVISE IT. YOU'RE GOING TO
20 INCLUDE YOUR ANTICIPATED CROSS-EXAMINATIONS; AND THEN,
21 YOU'RE GOING TO GIVE ME THE SCHEDULE BACK. IT NEEDS TO BE
22 SOMEWHAT CONSISTENT WITH WHAT I'VE TOLD YOU THE TIME
23 ESTIMATES ARE GOING TO BE. AND YOU NEED TO -- TO THE EXTENT
24 IT'S TOO LENGTHY, YOU'RE GOING TO NEED TO JUST CUT DOWN ON
25 YOUR DIRECT EXAMINATIONS AS WELL, ALL RIGHT?

1 MR. O'MALLEY: MY APOLOGIES, YOUR HONOR. THE
2 OTHER TWO WITNESSES WE HAVE ARE FAIRLY SHORT.

3 THE COURT: OKAY.

4 BY MR. O'MALLEY:

5 Q MS. AUGUSTA, I'M GOING TO ASK YOU TO LOOK AT THE TEXT
6 THAT BEGINS "PLEASE" AND THEN THERE ARE FIVE NUMBERED POINTS
7 AFTER THAT.

8 DO YOU SEE THAT?

9 A YES.

10 Q HAVE YOU SEEN THIS BEFORE?

11 A I HAVE.

12 Q WHAT DO YOU RECOGNIZE IT TO BE?

13 A NANCY JIN'S INSTRUCTIONS TO THE -- TO THE PROCESSORS TO
14 ENSURE THAT THESE ITEMS WERE BEING DONE ON EACH FILE.

15 Q LET'S LOOK AT PARAGRAPH ONE. IT READS: "CONFIRM IF
16 THE DISTRICT IS CORRECT." THAT'S THE BEGINNING.

17 WHAT IS THE "DISTRICT"?

18 A THE BANKRUPTCY COURT.

19 Q OKAY. AND PARAGRAPH TWO, THERE'S A REFERENCE TO AN
20 "ATTORNEY COMPENSATION FORM."

21 DO YOU SEE THAT?

22 A I DO.

23 Q WHAT IS THAT?

24 A IT'S -- THE ATTORNEY HAS TO DISCLOSE HOW MUCH MONEY
25 THEY RECEIVED FROM THE CLIENT WHEN FILING FOR BANKRUPTCY.

1 Q AND PARAGRAPH THREE, THERE IS A REFERENCE TO "STATEMENT
2 OF INTENT."

3 WHAT DOES THAT MEAN?

4 A IF THEY INTEND TO RETAIN THE PROPERTY THAT -- SOME
5 PROPERTY THAT THEY HAVE. YOU KNOW, THERE MIGHT BE SPECIFIC
6 PROPERTY THEY'RE GOING TO ADD THAT THEY'RE GOING TO NOT PUT
7 INTO THE BANKRUPTCY.

8 MR. O'MALLEY: TORREY, COULD YOU SCROLL UP TO THE
9 FIRST E-MAIL.

10 BY MR. O'MALLEY:

11 Q THIS IS AN E-MAIL FROM DEANNA BUSH TO MS. JIN, MS. KNOX
12 AND YOURSELF, DATED JUNE 23RD.

13 HAVE YOU SEEN THIS BEFORE?

14 A I HAVE.

15 Q WHEN YOU RECEIVED THIS, WHAT DID YOU UNDERSTAND
16 MS. BUSH TO BE INDICATING?

17 A AGAIN, SHE IS INFORMING NANCY JIN THAT SHE DID THE
18 UPDATES, MADE THE CORRECTIONS TO THE PETITION THAT WERE
19 REQUESTED.

20 MR. O'MALLEY: TORREY, COULD WE, PLEASE, HAVE
21 EXHIBIT 105, PLEASE.

22 THIS HAS BEEN ENTERED INTO EVIDENCE.

23 BY MR. O'MALLEY:

24 Q MS. AUGUSTA, I'M GOING TO ASK YOU TO LOOK AT AN E-MAIL
25 FROM YOU TO MR. KATZ, DATED JULY 2ND, 2014, AT 5:55.

1 YOU WROTE: WE HAVE COMPLETED THE REQUIRED PORTION
2 FULLY REDACTED. WE HAVE RECEIVED EVERY DAY CHANGE REQUESTS
3 FROM NANCY, WHICH I'M HAPPY TO SEND TO YOU. SO I HAVE
4 HESITATED TO UPLOAD THEM AS, THIS HAS CAUSED UNDUE CONFUSION
5 THAT I DID NOT WANT TO PERPETUATE.

6 DO YOU SEE THAT?

7 A I DO.

8 Q WHAT DID YOU MEAN WHEN YOU SAID THAT "WE HAVE COMPLETED
9 THE REQUIRED PORTION FULLY REDACTED."

10 DO YOU SEE THAT?

11 A YES, I DO.

12 Q WHAT DID YOU MEAN BY THAT?

13 A THAT -- WHAT WAS REQUIRED BY NANCY AND JEFF IN THE
14 PROJECT HAD BEEN COMPLETED AND THEY WERE REDACTED. AGAIN, I
15 DIDN'T WANT TO SEND THEM, BECAUSE I DIDN'T KNOW IF ANY NEW
16 CHANGES WERE GOING TO COME DOWN THE PIPELINE.

17 Q YOU REFERENCE "EVERY DAY CHANGE REQUESTS"?

18 A UH-HUH.

19 Q WHAT WERE YOU REFERRING TO?

20 A JUST THE THINGS THAT NANCY WOULD THEN STATE FOR THE
21 PROCESSORS TO EITHER OMIT OR ADD TO THE PETITION, WHAT
22 NEEDED TO BE DONE.

23 AGAIN, ONE EXAMPLE IN ONE OF THEM THAT HAD SAID
24 THEY DON'T HAVE TO DO THE SSN STATEMENT. PREVIOUSLY THEY
25 WERE DOING THAT. SO THEY WERE NOW HAVING TO RERUN IT

1 WITHOUT THAT.

2 MR. O'MALLEY: TORREY, COULD YOU, PLEASE, PULL UP
3 EXHIBIT 106, WHICH HAS BEEN ENTERED INTO EVIDENCE.

4 BY MR. O'MALLEY:

5 Q THIS IS AN E-MAIL FROM MS. BUSH, DATED JUNE 18TH, 2014.

6 HAVE YOU SEEN THIS E-MAIL BEFORE?

7 A I HAVE.

8 Q WHAT WAS YOUR UNDERSTANDING OF WHY MS. BUSH WAS SENDING
9 THIS E-MAIL TO MS. JIN?

10 A THIS WAS TO -- AGAIN, THE MEANS TEST WAS BEING
11 PERFORMED OR WAS BEING RUN, BUT THE INFORMATION AVAILABLE
12 WAS OUTDATED. SO WHEN THE PETITION PROCESSORS WERE
13 PRODUCING THAT INFORMATION, THEY HAD TO BRING IT FORWARD.
14 DEANNA CREATED AN EXCEL CALCULATION THAT SHE COULD DO IT
15 WHERE IT WOULD JUST DUPLICATE THAT INFORMATION, SO SHE COULD
16 HAVE IT FOR THE RIGHT DATE RANGE, ACCORDING TO THE -- THE
17 LAST POSITIVE ACH THAT NANCY HAD INSTRUCTED AND SHE WAS
18 SHOWING HER THAT THIS WAS WHAT SHE HAD CREATED.

19 Q IS THAT WHAT THE "PAY STUB CALCULATOR" IS?

20 A THAT'S CORRECT.

21 MR. O'MALLEY: TORREY, COULD YOU, PLEASE, PULL UP
22 EXHIBIT 108.

23 BY MR. O'MALLEY:

24 Q AND, MS. AUGUSTA, I WOULD LIKE TO KNOW IF YOU'VE SEEN
25 THIS BEFORE?

1 A YES, I HAVE. I'M SORRY. YES, I HAVE.

2 Q WHAT IS THIS?

3 A THIS IS A SPREADSHEET FROM DEDE KNOX THAT OUTLINES THE
4 FILE SHE WORKED ON AND WHAT SHE HAD DONE ON EACH FILE.

5 Q THERE ARE A NUMBER OF SHEETS IN THIS EXCEL FILE,
6 CORRECT?

7 A THAT'S CORRECT.

8 Q WHAT DO THE DIFFERENT SHEETS REFLECT?

9 A LET ME JUST REVIEW IT, QUICKLY.

10 IT REFLECTS ALL THE FILES THAT DEDE HAD BEEN
11 ASSIGNED. IT'S SPLIT UP, IT LOOKS LIKE, BY THE WAY IN WHICH
12 I, LIKE -- I HANDED THEM OUT. I SPLIT THEM UP AND GAVE THEM
13 TO HER. BECAUSE I WOULD SPLIT THEM UP INTO, LIKE, IN GROUPS
14 OF 10 AND SO FORTH, JUST TO MAKE IT A LITTLE EASIER FOR
15 THEM.

16 Q WHO CREATED THIS DOCUMENT?

17 A I'M NOT SURE WHO CREATED THIS ONE. MOST LIKELY DEDE
18 DID. BUT IT COULD HAVE BEEN SOMETHING WHERE I CUT AND PASTE
19 FROM THE REPORT THAT WAS PROVIDED FROM MDCS AND SENT THAT TO
20 HER, SO IT COULD HAVE BEEN ME THAT CREATED THE REPORT, BUT
21 I'M NOT SURE. I WOULD HAVE TO SEE.

22 Q LET'S TAKE A LOOK AT SHEET TWO. JUST LOOK AT ONE
23 EXAMPLE. I WOULD LIKE YOU TO FOCUS ON ROWS 7 THROUGH 9,
24 PLEASE.

25 A (WITNESS SO COMPLIES.)

1 Q MS. AUGUSTA, YOU'LL SEE ON ROW 7 THE NUMBERS:
2 1189801778.

3 DO YOU SEE THAT?

4 A I DO.

5 Q WHAT DOES THAT REFER TO?

6 A THAT'S THE CLIENT FILE NUMBER, THE MDS FILE NUMBER.

7 Q WHAT, IF ANYTHING, DO ROWS 7 THROUGH 9 INDICATE FOR
8 THIS CONSUMER ABOUT THE DATE ON WHICH THE CONSUMER ENROLLED
9 IN A PROGRAM?

10 A THEY ENROLLED ON 8/18/2011.

11 Q AND WHAT, IF ANYTHING, DOES THIS CHART REFLECT ABOUT
12 THE PROGRAM -- WHICH PROGRAM THE CONSUMER ENROLLED IN?

13 A IT WAS THE DUAL MODEL BANKRUPTCY, AND -- IT'S KIND OF
14 CUT OFF, BUT I CAN SEE. IT SAYS "BANKRUPTCY AND" --

15 OKAY. IT SAYS "BANKRUPTCY AND NONFORMAL DUAL
16 MODEL."

17 Q WHAT, IF ANYTHING, DOES THIS CHART REFLECT FOR THIS
18 CONSUMER ABOUT THE STATUS OF CONSUMER'S FILES AT THE TIME
19 THAT THE BANKRUPTCY PETITION PROJECT BEGAN?

20 A IT WAS CANCELED.

21 Q WHAT, IF ANYTHING, DOES THIS CHART REFLECT FOR THIS
22 CONSUMER ABOUT HOW MUCH THIS CONSUMER PAID IN BANKRUPTCY
23 FEES?

24 A THEY -- THEY PAID \$1,205.39.

25 Q AND WHAT, IF ANYTHING, DOES THIS CHART REFLECT ABOUT

1 WHAT WORK HAD BEEN PERFORMED, IF ANY, ON A BANKRUPTCY
2 PETITION, PRIOR TO MORGAN DREXEN'S PROJECT THAT WE'VE
3 DISCUSSED THIS MORNING?

4 A IT SHOWS THAT THERE WAS A MISSED ORIENTATION
5 APPOINTMENT WHICH IS REQUIRED IN ORDER TO RTN A FILE AT
6 WHICH TIME A PETITION WOULD BE CREATED. SO THAT HAD NOT
7 BEEN DONE, SO NO PETITION HAD BEEN CREATED FOR THIS FILE
8 PRIOR TO THE PROJECT.

9 Q WHAT, IF ANYTHING, DOES THIS CHART INDICATE FOR THIS
10 CONSUMER THAT WE'RE FOCUSED ON ABOUT WHAT WORK, IF ANY, WAS
11 DONE DURING THIS BANKRUPTCY PETITION CREATION PROJECT?

12 A IT LOOKS LIKE A PETITION WAS STARTED IN BEST CASE. AND
13 SO, THEY KEYED THE -- IT STATES THAT THEY DID THE DATA
14 ENTRY. THEY TRANSFERRED THE INFORMATION MANUALLY INTO ABM.
15 AND IT SAYS, "WITH INFO OFF." LET'S SEE. I DON'T
16 KNOW. OH, "OFF STATEMENTS ON FILE." SO ANY CREDITOR
17 STATEMENTS FOR THE UNSECURED DEBT.

18 AND THEN, IT SAYS: THERE'S NO LEGAL ACCOUNTS. NO
19 PRIOR BK. NO ORIENTATION DONE TO USE NOTES FROM AND USE
20 FINANCIAL PROFILE WORKSHEET AND CREDIT REPORT, AS WELL AS
21 SSI INCOME TO CREATE -- TO DO THE MEANS TEST -- TO PERFORM
22 THE MEANS TEST.

23 THE COURT: YOU'VE USED THE WORD OR THE ACRONYM
24 "RTN" SEVERAL TIMES. MAYBE YOU CLARIFIED AND I MISSED THAT.
25 BUT IF YOU COULD SAY WHAT THE ACRONYM STANDS FOR.

1 THE WITNESS: I APOLOGIZE. READY TO NEGOTIATE.

2 THE COURT: THANK YOU.

3 MR. O'MALLEY: TORREY, CAN YOU, PLEASE, TURN TO
4 EXHIBIT 109.

5 THIS HAS BEEN MARKED AS AN EXHIBIT INTO EVIDENCE.
6 BY MR. O'MALLEY:

7 Q HAVE YOU SEEN THIS BEFORE, MS. AUGUSTA?

8 A YES, I HAVE.

9 Q WHAT IS IT?

10 A THIS IS THE SPREADSHEET THAT DESIREE PEREZ KEPT SHOWING
11 THE PROGRESS THAT SHE HAD MADE ON THE FILES.

12 Q OKAY. WE'RE JUST GOING TO LOOK AT ONE EXAMPLE HERE.
13 LET'S FOCUS ON ROWS TWO AND THREE ON SHEET ONE.

14 A OKAY.

15 Q WHAT, IF ANYTHING, DO THESE ROWS INDICATE ABOUT WHICH
16 CONSUMER IS BEING REFERRED TO?

17 A I'M NOT SURE I UNDERSTAND THE QUESTION.

18 Q THAT WAS A BAD QUESTION.

19 THERE'S A NUMBER, 1193268778. DO YOU SEE THAT?

20 A I DO.

21 Q WHAT DOES THAT REFER TO?

22 A THAT'S A CLIENT FILE NUMBER FOUND IN MBA.

23 Q WHAT, IF ANYTHING, DOES THIS SPREADSHEET REFLECT ABOUT
24 WHEN THE CONSUMER ENROLLED?

25 A I'M NOT SURE IF IT SHOWS WHEN THEY WERE ENROLLED,

1 BECAUSE IT SAYS "ACH" AT THE TOP, SO THAT WOULD TELL ME THAT
2 WAS THE LAST ACH DATE.

3 Q WHEN YOU SAY "THE LAST ACH DATE," WHAT ARE YOU
4 REFERRING TO?

5 A WHAT NANCY HAD INSTRUCTED THE LAST CLEARED ACH DATE.

6 Q WHAT, IF ANYTHING, DOES THIS SPREADSHEET INDICATE ABOUT
7 WHAT WORK WAS PERFORMED FOR THIS CONSUMER IN THE CREATION OF
8 A BANKRUPTCY PETITION?

9 A THAT ONE WAS CREATED. ALTHOUGH SCHEDULE B, F AND I
10 WERE UPDATED, RAN AND SAVED IN THE FOLDER. BUT AT THAT
11 TIME, THE PETITION WASN'T PRINTED AND IT DOESN'T SHOW THAT
12 THE MEANS TEST WAS RUN YET.

13 Q WHAT IS SCHEDULE -- WHAT DOES SCHB REFER TO?

14 A SCHEDULE.

15 Q WHAT IS SCHEDULE B?

16 A OH. IT'S ONE OF THE SCHEDULES THAT ARE WITHIN THE
17 PETITION.

18 Q AND ARE SCHEDULES F AND I ALSO SCHEDULES WITHIN THE
19 BANKRUPTCY PETITION?

20 A YES.

21 MR. O'MALLEY: TORREY, COULD YOU PLEASE TURN TO
22 EXHIBIT 110, PLEASE.

23 BY MR. O'MALLEY:

24 Q DO YOU RECOGNIZE THIS SPREADSHEET?

25 A YES, I DO.

1 Q WHAT IS IT?

2 A THIS IS THE SPREADSHEET THAT DEANNA BUSH KEPT OR
3 PROVIDED SHOWING THE WORK THAT SHE DID ON THE FILES.

4 Q THERE ARE A NUMBER OF DIFFERENT TABS ON THIS PAGE.
5 WHAT DO THEY REFLECT?

6 A THEY STATE: FIRST 10, SECOND 10, THIRD 10, SO FORTH.
7 THAT WAS THE GROUPS. AS I HAD STATED BEFORE, I GAVE THEM
8 GROUPS OF 10, SO SHE KEPT THEM IN A SPREADSHEET IN THAT
9 ORDER.

10 MR. O'MALLEY: TORREY, IF WE COULD GO TO THE THIRD
11 10 SPREADSHEET. I GUESS THAT'S WHERE WE ARE.

12 BY MR. O'MALLEY:

13 Q LET'S FOCUS ON ROWS 7 AND 8, PLEASE.

14 YOU'LL SEE TO THE LEFT THERE'S A NUMBER,
15 1364874778.

16 DO YOU SEE THAT?

17 A I DO.

18 Q WHAT DOES THAT REFER TO?

19 A THE CLIENT FILE AND MDIS.

20 Q AND NEXT TO THAT, YOU SEE 5/15/2013.

21 WHAT DOES THAT REFER TO?

22 A THAT'S WHEN THEY WERE ENGAGED.

23 Q NEXT, YOU'LL SEE BANKRUPTCY AND NONFORMAL SERVICES.

24 WHAT DOES THAT MEAN?

25 A THE TYPE OF PROGRAM THAT THEY WERE ENGAGED IN.

1 Q WHAT PROGRAM IS THAT?

2 A THE DUAL MODEL.

3 Q NEXT, YOU'LL SEE "CANCELED-EASTERN CA."

4 WHAT DOES THAT REFER TO?

5 A THAT THEY -- THEY'RE A CANCELED CLIENT. AND I'M GOING
6 TO HAVE TO GUESS, BUT I THINK THAT'S OUT OF THE EASTERN
7 DISTRICT, BUT I -- YOU CAN'T TELL FROM THIS.

8 Q LET'S LOOK OVER -- WHAT, IF ANYTHING, DOES THIS CHART
9 REFLECT ABOUT WHAT WORK HAD BEEN DONE AT A BANKRUPTCY
10 PETITION, IF ANY, PRIOR TO THIS PROJECT THAT MORGAN DREXEN
11 ENGAGED IN?

12 A WELL, IT SHOWS THAT THERE WAS NO PETITION CREATED AT
13 THAT TIME, BECAUSE IT WAS STILL PHASE 2 ITEMS PENDING. SO
14 THEN, IT WASN'T RTN -- READY TO NEGOTIATE -- AT WHICH TIME
15 THIS PETITION WOULD HAVE BEEN CREATED.

16 Q AND WHAT, IF ANYTHING, DOES THIS CHART REFLECT ABOUT
17 WHAT WORK WAS DONE BY MORGAN DREXEN IN THIS PETITION
18 CREATION PROJECT FOR THIS CONSUMER?

19 A THAT A PETITION WAS EVENTUALLY CREATED; THAT THEY RAN
20 THE MEANS TEST, BUT THEY HAD TO USE INFORMATION THAT THEY
21 EXTRACTED FROM THE NOTES AND SO FORTH, BECAUSE THERE WAS NO
22 KIT OR FINANCIALS ON FILE. IT WAS ONLY A DISCLOSURE
23 STATEMENT. SO, REALLY, A KIT WAS NEVER RETURNED. SO THERE
24 WAS NO SUBSTANTIAL INFORMATION.

25 Q OKAY. WHAT DISCUSSIONS, IF ANY --

1 I'M MOVING ON FROM THE EXHIBIT NOW, MS. AUGUSTA --

2 A OKAY.

3 THE COURT: I'LL GIVE YOU ABOUT FIVE MORE MINUTES,
4 PERHAPS.

5 MR. O'MALLEY: THAT'S MORE THAN WHAT I NEED.

6 THE COURT: GOOD. DON'T TAKE IT, IF YOU DON'T
7 NEED IT.

8 BY MR. O'MALLEY:

9 Q WHAT DISCUSSIONS, IF ANY, DID YOU HAVE WITH MR. LEDDA
10 ABOUT THIS BANKRUPTCY CREATION PROJECT?

11 A I SPOKE WITH HIM ABOUT BEING CONCERNED THAT WE MAY MISS
12 THE DOCUMENT PRODUCTION DEADLINE AGAIN, AND I ALSO SPOKE TO
13 HIM REGARDING THE PAY -- THE PAY FOR THE PROCESSORS' WORK
14 THAT THEY HAD PERFORMED ON THE PROJECT.

15 Q AND WHAT SPECIFICALLY DID YOU DISCUSS ABOUT THE PAYMENT
16 FOR THE PROCESSORS?

17 A I HAD A SPREADSHEET, AND I REVIEWED IT WITH HIM THAT IF
18 A FILE HAD NOT BEEN PREVIOUSLY RTN'D AND THE PROCESSOR GOT
19 IT TO THAT STATUS PRODUCING A PETITION AND SO FORTH THAT
20 THEY WOULD EARN THE ENTIRE COMMISSION THAT THEY WOULD
21 NORMALLY EARN OFF OF A FILE, WHETHER IT WAS CANCELED OR
22 ACTIVE -- WELL, IT WAS CANCELED. IF IT WAS ACTIVE AND IT
23 WAS THEIR FILE, THEN THEY WOULDN'T EARN AN ADDITIONAL,
24 BECAUSE THEY WOULDN'T EARN IT THROUGH THEIR TYPICAL
25 COMMISSIONS REPORT. BUT IF IT WAS A DIFFERENT PROCESSOR'S

1 FILE, THEN THEY WOULD. EARN THE FULL COMMISSION; AND THEN,
2 THEY WOULD EARN A LITTLE BIT LIKE LESS, DEPENDING ON
3 DIFFERENT VARIOUS STAGES.

4 Q WHAT, IF ANYTHING, DID MR. LEDDA SAY IN RESPONSE TO
5 YOUR DESCRIPTION OF THIS PAYMENT PROCESS?

6 A HE SAID THAT AS LONG AS THEY GOT IT TO A -- WHAT WAS
7 REQUIRED FOR RTN-ING, THAT IT SEEMED REASONABLE.

8 MR. O'MALLEY: TORREY, COULD YOU, PLEASE, PULL UP
9 EXHIBIT 100.

10 BY MR. O'MALLEY:

11 Q MS. AUGUSTA, YOU SIGNED TWO DECLARATIONS IN THIS CASE,
12 CORRECT?

13 A YES, I HAVE.

14 Q MR. JEFFERSON IS GOING TO PULL UP ONE OF THEM AND I
15 WOULD LIKE YOU TO TAKE A LOOK AT IT AND DIRECT YOUR
16 ATTENTION TO PARAGRAPH 24.

17 ACTUALLY, I SHOULD ASK YOU --

18 MR. O'MALLEY: EXCUSE ME, TORREY.

19 BY MR. O'MALLEY:

20 Q JUST TAKE A LOOK AT IT THIS. I WOULD LIKE TO KNOW IF
21 THIS IS YOUR SIGNATURE ON THE LAST PAGE?

22 MR. O'MALLEY: TORREY, IF YOU CAN GO TO THE LAST
23 PAGE, PLEASE.

24 THE WITNESS: YES, IT IS.

25 ////

1 MR. O'MALLEY: ALL RIGHT. LET'S GO BACK TO
2 PARAGRAPH 24, PLEASE, ON PAGE 6.

3 BY MR. O'MALLEY:

4 Q AT THE BEGINNING OF THAT PARAGRAPH, YOU WROTE: *WHEN*
5 *PROCESSORS WORKED ON BANKRUPTCY PETITIONS TO BE PRODUCED TO*
6 *THE BUREAU, THEY BACKDATED THE DATE ON THE PETITION TO MAKE*
7 *IT LOOK LIKE IT HAD BEEN CREATED OR MODIFIED IN AN EARLIER*
8 *TIME.*

9 DO YOU SEE THAT?

10 A I DO.

11 Q WHAT DID YOU MEAN WHEN YOU WROTE THAT?

12 A IT REFERS TO -- IF YOU RECALL IN THE E-MAIL THAT NANCY
13 SENT ABOUT THE VERSION THAT THEY WOULD HAVE TO SELECT,
14 THAT'S WHAT THAT REFERS TO, AS WELL AS THE -- WELL, THAT
15 SENTENCE ITSELF REFERS TO THAT.

16 Q SO WHEN YOU'RE REFERRING TO "BACKDATING," ARE YOU
17 REFERRING TO THE DATE OF THE ACTUAL PETITION THAT'S SIGNED
18 BY A CONSUMER OR ATTORNEY?

19 A WELL, THESE WEREN'T GOING TO BE SIGNED BY THE CONSUMER
20 OR ATTORNEY, BECAUSE THEY WEREN'T FILES THAT WERE BEING
21 FILED WITH THE COURT. AND THEY WERE JUST -- MOST -- A LOT
22 OF CASES, THEY WERE CANCELED CLIENTS SO, NO, THAT WASN'T
23 WHAT I WAS INTENDING.

24 Q PLEASE TAKE A LOOK AT PARAGRAPH 26, BEGINNING -- YOU
25 WROTE, OR YOUR DECLARATION STATES: *EACH OF THE PROCESSORS*

1 WAS GIVEN A NEW, UNIQUE USERNAME UNDER WHICH THEY WERE TO
2 PERFORM WORK RELATED TO THIS PROJECT.

3 THEN DOWN BELOW, YOU STATE: MORGAN DREXEN DID
4 THIS FOR TWO REASONS. SECOND, MORGAN DREXEN ALTERED THE
5 DOCUMENT RETENTION SYSTEM IN SUCH A WAY THAT THE LOG NOTES
6 IN A CONSUMER'S FILE DID NOT REFLECT THAT A PROCESSOR USING
7 HIS OR HER UNIQUE USER NAME HAD CREATED A PETITION OR
8 ALTERED INFORMATION IN A PETITION ALREADY IN THE FILE.

9 WHAT DID YOU MEAN WHEN YOU -- BY THIS?

10 A WELL, WHEN I CREATED THE USERS, THE -- IT WAS SPECIAL
11 PROJECT ONE -- OR JUST SPECIAL PROJECT AND SPECIAL PROJECT
12 TWO, IT WAS AN ATTEMPT TO BE SURE TO BE ABLE TO TRACK THEIR
13 TIME, BECAUSE WE DIDN'T WANT THEM WORKING ON THIS DURING
14 REGULAR BUSINESS HOURS. THEY HAD TO BE DOING THEIR TYPICAL
15 WORK. YOU KNOW, JEFF HAD ACTUALLY -- AND NANCY HAD MADE
16 THAT CLEAR THAT WE HAD TO CONTINUE ON THE WORK PRODUCT FOR
17 THE OTHER FILES DURING THIS, BECAUSE IT WAS GOING TO BE OVER
18 TWO WEEKS IT WAS GOING TO TAKE. AND SO, THAT'S WHAT -- WHY
19 I CREATED IT.

20 AND THEN, ADDITIONALLY, AFTER IT WAS CREATED, IT
21 WAS DETERMINED THAT -- I WAS TOLD -- IT WAS MY UNDERSTANDING
22 THAT THEY WERE GOING TO SUPPRESS THE LOG NOTES OR ENTRIES BY
23 THE SPECIAL PROJECT USERS.

24 Q HOW DID YOU COME TO HAVE THAT UNDERSTANDING?

25 A THAT'S WHAT NANCY HAD STATED TO ME.

1 Q LET'S LOOK AT PARAGRAPH 27. THE SECOND FULL SENTENCE
2 READS: TO HIDE THE FACT THAT MORGAN DREXEN HAD CREATED
3 AND/OR ALTERED BANKRUPTCY PETITIONS THAT IT PRODUCED TO THE
4 BUREAU, AFTER IT RECEIVED THE BUREAU'S DOCUMENT REQUEST,
5 KATZ DIRECTED A MORGAN DREXEN EMPLOYEE AND SHAREHOLDER NAMED
6 AVI GUPTA TO DELETE OR, QUOTE, SUPPRESS ENTRIES IN THE LOG
7 NOTES, SHOWING THAT MORGAN DREXEN HAD CREATED OR ALTERED
8 BANKRUPTCY PETITIONS AFTER RECEIVING THE BUREAU'S DOCUMENT
9 REQUEST.

10 HOW DID YOU COME TO HAVE THAT UNDERSTANDING?

11 A AGAIN, THAT'S WHAT NANCY HAD DISCUSSED WITH ME.

12 MR. KLEIN: I'M GOING TO MOVE TO STRIKE THAT
13 TESTIMONY AS BEING ALL HEARSAY.

14 THE COURT: SUSTAINED. THE TESTIMONY WILL BE
15 STRICKEN -- THAT LAST ANSWER.

16 MR. O'MALLEY: YOUR HONOR, NO FURTHER QUESTIONS.

17 THE COURT: CROSS-EXAMINATION.

18 MR. KLEIN: THANK YOU, YOUR HONOR.

19 CROSS-EXAMINATION

20 BY MR. KLEIN:

21 Q JUST AS LONG AS WE'RE ON THE SUBJECT, LET'S TAKE A LOOK
22 AT THAT PARAGRAPH 24. I'M GOING TO READ TO YOU *WHEN*
23 *PROCESSORS WORKED ON BANKRUPTCY PETITIONS TO BE PRODUCED TO*
24 *THE BUREAU, THEY BACKDATED THE DATE ON THE PETITION TO MAKE*
25 *IT LOOK LIKE IT HAD BEEN CREATED OR MODIFIED AT AN EARLIER*

1 TIME.

2 THAT WAS SOMETHING YOU SWORE TO UNDER PENALTY OF
3 PERJURY; IS THAT CORRECT?

4 A YES. YES.

5 Q AND THEN, WE FILED AN OPPOSITION. YOU'RE AWARE OF
6 THAT, RIGHT?

7 A I AM.

8 Q AND WE SAID NOT A SINGLE ONE OF THE PETITIONS HAD BEEN
9 BACKDATED; IS THAT CORRECT?

10 A THAT'S CORRECT.

11 Q AND SO NOW YOUR TESTIMONY IS: YOU MEANT SOMETHING
12 DIFFERENT; IS THAT RIGHT?

13 A NO. THAT'S WHAT I INTENDED, BUT I CAN UNDERSTAND WHY
14 IT MAY NOT BE CLEAR.

15 Q SPEAKING OF NOT CLEAR, LET'S GO TO THE NEXT PART.
16 PARAGRAPH 26 --

17 A OKAY. I DON'T HAVE IT IN FRONT OF ME RIGHT NOW.

18 Q THAT'S ALL RIGHT. I'LL READ IT TO YOU.

19 A OKAY.

20 Q HE SAID THAT -- SO MR. O'MALLEY SUGGESTED YOU WROTE
21 THIS DECLARATION. ISN'T IT TRUE MR. O'MALLEY WROTE THIS
22 DECLARATION?

23 A THAT'S CORRECT. THAT HE CREATED IT, REVIEWED IT WITH
24 ME MULTIPLE TIMES.

25 Q SO YOU HAD AN OPPORTUNITY TO SAY, YES, THIS IS NOT

1 TRUE?

2 A ABSOLUTELY.

3 Q AND IN PARAGRAPH 26, YOU SWORE TO THE FOLLOWING: EACH
4 OF THE PROCESSORS WAS GIVEN A NEW UNIQUE USER NAME, UNDER
5 WHICH THEY WERE TO PERFORM WORK RELATED TO THIS PROJECT.
6 MORGAN DREXEN DID THIS FOR TWO REASONS.

7 YOU DIDN'T INDICATE THAT THE PERSON WHO CREATED A
8 SPECIAL PROJECTS FILE AND A SPECIAL PROJECTS USER NAME WAS
9 YOU?

10 A OKAY.

11 Q DID YOU TELL MR. O'MALLEY, *WELL, TO BE MORE ACCURATE --*

12 A I WASN'T --

13 Q EXCUSE ME.

14 A I WASN'T THE ONLY --

15 Q I HAVE A QUESTION PENDING.

16 A SORRY.

17 Q DID YOU TELL MR. O'MALLEY, *TO BE MORE ACCURATE, WE*
18 *SHOULD SAY I DID THIS, NOT MORGAN DREXEN?*

19 A I DON'T RECALL IF I DID OR NOT.

20 Q BEFORE I GET INTO MY PREPARED CROSS, YOU AND I MET
21 BEFORE?

22 A I DON'T THINK SO.

23 Q I DID WANT TO HAVE AN OPPORTUNITY TO ME WITH YOU,
24 DIDN'T I?

25 A YES, YOU DID.

1 Q HOW MANY TIMES DID I LEAVE A MESSAGE ON YOUR CELL PHONE
2 OR YOUR TELEPHONE AT HOME, ASKING TO MEET WITH YOU?

3 A I THINK I HAD ONE OR TWO MESSAGES.

4 Q DID YOU CALL ME BACK?

5 A NO, I DID NOT.

6 Q DID I MAKE IT CLEAR IN THOSE MESSAGES I WANTED TO GO
7 THROUGH YOUR DECLARATION AND TALK TO YOU ABOUT IT?

8 A YES, YOU DID.

9 Q AND DID THE CFPB TELL YOU THAT IF YOU DIDN'T WANT TO
10 TALK TO ME, YOU DIDN'T HAVE TO?

11 A NO, THEY DID NOT.

12 Q YOU JUST DECIDED NOT TO TALK TO ME?

13 A THEY SAID IF I WANTED TO SPEAK --

14 Q EXCUSE ME. YOU DECIDED NOT TO TALK TO ME?

15 A I WAS REPRESENTED BY COUNSEL. AND I THOUGHT YOU KNEW
16 THAT.

17 Q YOU'RE REPRESENTED BY COUNSEL IN THIS MATTER?

18 A WHEN IT CAME TO MORGAN DREXEN AND YOU REPRESENTED
19 MORGAN DREXEN, I DIDN'T REALLY KNOW AND I THOUGHT THAT SINCE
20 YOU KNEW I WAS REPRESENTED BY COUNSEL, YOU WOULD HAVE
21 CONTACTED MY ATTORNEY FIRST.

22 Q DID YOU HAVE YOUR ATTORNEY CONTACT ME?

23 A I SENT AN E-MAIL TO BOTH OF YOU.

24 Q YOU SENT ME AN E-MAIL?

25 A I DID SEND YOU AN E-MAIL.

1 Q YOU HAVE THAT E-MAIL?

2 A I CAN GET IT FOR YOU. ABSOLUTELY.

3 Q I'M GOING TO LOOK FOR THAT.

4 A OKAY.

5 Q NOW, YOU'RE ANGRY WITH MORGAN DREXEN, RIGHT?

6 A I'M NOT SURE I UNDERSTAND.

7 Q IS THERE ANY AMBIGUITY WITH THE QUESTION?

8 YOU'RE ANGRY WITH MORGAN DREXEN, HOW THEY TREATED
9 YOU?

10 A I WOULDN'T SAY "ANGRY."

11 Q HOW ABOUT JEFF KATZ?

12 A WHAT ABOUT HIM?

13 Q ANGRY AT HIM?

14 A NOT ANGRY WITH HIM.

15 Q DID YOU BLAME JEFF KATZ FOR FORCING YOU ON
16 ADMINISTRATIVE LEAVE?

17 A I DON'T THINK I BLAMED JEFF KATZ. I THINK I REFERENCED
18 HIM AS THE PART OF THE CAUSE.

19 Q DID YOU TELL MR. LEDDA, *YOU ALLOWED JEFF TO MISTREAT ME*
20 *ON MULTIPLE OCCASIONS AND THE NOW IT APPEARS TO BE A CRUSADE*
21 *AGAINST ME?*

22 DO YOU REMEMBER SAYING THAT TO MR. LEDDA?

23 MR. O'MALLEY: OBJECTION, YOUR HONOR.

24 THE COURT MADE CLEAR AT THIS TIME LAST WEEK THAT
25 IT WAS NOT INTERESTED IN A WITCH HUNT INTO MS. AUGUSTA'S

1 MOTIVATION.

2 THE COURT: HE'S DIRECTING IT TOWARDS CREDIBILITY
3 ISSUES, ET CETERA. I'M GOING TO -- SINCE I'VE ALLOWED THE
4 EVIDENTIARY HEARING, I'M GOING TO ALLOW THAT TO COME IN.

5 THE WITNESS: COULD YOU, PLEASE, REPEAT THAT?

6 BY MR. KLEIN:

7 Q DO YOU REMEMBER TELLING MR. LEDDA, *YOU ALLOWED JEFF --*
8 *AS IN JEFF KATZ -- TO MISTREAT ME ON MULTIPLE OCCASIONS AND*
9 *NOW LEAD WHAT APPEARS TO BE A CRUSADE AGAINST ME?*

10 A THAT'S CORRECT.

11 Q AND IN NOVEMBER WHEN YOU WERE PLACED ON ADMINISTRATIVE
12 LEAVE, THE NEXT THING YOU DID IN DECEMBER, YOU WENT TO THE
13 CFPB; IS THAT CORRECT?

14 A NO, THAT'S NOT CORRECT.

15 Q MR. O'MALLEY HAS REPRESENTED THAT YOU WENT TO THEM IN
16 DECEMBER.

17 DID YOU GO TO THEM IN DECEMBER OR NOT?

18 A THEY CONTACTED ME FIRST.

19 Q THEY CONTACTED YOU OUT OF THE BLUE?

20 A I DON'T KNOW IF IT WAS OUT OF THE BLUE. I DON'T KNOW
21 HOW THEY CAME ABOUT TO GET ME AS A CONTACT.

22 Q HAD YOU TOLD THEM THAT YOU WERE A DIRECTOR OF THE
23 COMPANY?

24 A AT THE TIME, I WASN'T WHEN THEY CONTACTED ME.

25 Q DO YOU KNOW HOW MR. O'MALLEY WOULD HAVE KNOWN THAT AT

1 THAT TIME?

2 MR. O'MALLEY: OBJECTION. CALLS FOR SPECULATION.

3 THE COURT: SUSTAINED.

4 BY MR. KLEIN:

5 Q ISN'T IT TRUE THAT WHEN YOU TALKED TO THE CFPB, IT WAS
6 YOUR GOAL TO PUNISH MORGAN DREXEN AND PARTICULARLY
7 JEFFREY KATZ?

8 A NO, THAT'S NOT TRUE.

9 Q HOW MANY TIMES DID YOU ATTEND LITIGATION MEETINGS WHERE
10 I WAS PRESENT?

11 A I DON'T THINK ANY.

12 Q AND IS IT ACCURATE -- I THINK YOU SAID THIS TO
13 MR. O'MALLEY -- THAT AT THE TIME YOU GOT THIS ASSIGNMENT,
14 YOU DIDN'T EVEN KNOW WHAT REQUESTS WERE AT ISSUE?

15 A I DIDN'T SEE WHAT THE COURT ORDER -- THERE WAS A COURT
16 ORDER TO PRODUCE DOCUMENTS. I WAS NOT SHOWED THAT.

17 Q WHAT YOU KNEW IS THAT DATES HAD BEEN MISSED; IS THAT
18 RIGHT?

19 A THAT'S CORRECT. THAT'S CORRECT.

20 Q AND ACCORDING TO YOU, WHAT YOU TOLD MR. O'MALLEY ON
21 DIRECT, IS THAT THE COURT ORDERED PETITIONS TO BE PRODUCED;
22 IS THAT RIGHT?

23 A THAT WAS WHAT JEFFREY KATZ HAD TOLD ME.

24 Q SO JEFFREY KATZ TOLD YOU THAT THERE WAS A COURT ORDER
25 SAYING THAT PETITIONS HAD TO BE PRODUCED; IS THAT RIGHT?

1 A THAT'S CORRECT.

2 Q AND HE TOLD YOU THAT HE WANTED TO MAKE IT LOOK LIKE
3 WORK WAS BEING DONE; IS THAT CORRECT?

4 A HE WANTED TO ENSURE THAT -- THAT'S WHAT IT APPEARED TO
5 BE.

6 Q AND HE TOLD YOU AND JIN TO DO A MEANS TEST; IS THAT
7 RIGHT?

8 A NO, HE DIDN'T. HE DIDN'T TELL ME TO. HE ASKED ME TO
9 ASSIGN A PROCESSOR TO IT. I DON'T WORK ON PETITIONS.

10 Q IN YOUR PRESENCE, HE TOLD YOU AND CHIN TO HAVE YOUR
11 GROUPS, YOUR SEPARATE GROUPS DO MEANS TESTS, RIGHT?

12 A I'M NOT SURE HE SPECIFICALLY SAID MEANS TEST.

13 Q ISN'T IT TRUE THAT THE ONLY GROUP THAT DID MEANS TESTS
14 WAS YOUR GROUP?

15 A NO, THAT'S NOT MY UNDERSTANDING. MY GROUP IS THE ONLY
16 ONE WHO KEPT DETAILED NOTES.

17 Q WAS IT YOUR GROUP -- SO IF NANCY JIN DID NOT CONDUCT
18 ANY MEANS TESTS, SHE WAS DISREGARDING WHAT MR. KATZ TOLD
19 HER, CORRECT?

20 A AGAIN --

21 Q YES OR NO?

22 A I NEVER SAID THAT MR. KATZ STATED TO DO A MEANS TEST.

23 Q ISN'T IT TRUE THAT WHAT MR. KATZ TOLD YOU IS: GET ALL
24 THE INFORMATION THAT WE HAVE ON CLIENTS, ACTIVE, INACTIVE,
25 FROM WHEREVER WE CAN GET IT?

1 THAT'S WHAT HE SAID, RIGHT?

2 A THAT'S ONE PARAPHRASE OF WHAT HE SAID.

3 Q AND I WANT TO TALK TO YOU A LITTLE BIT ABOUT ABM?

4 A YES.

5 Q AND THERE'S SOMETHING CALLED --

6 MR. KLEIN: CAN WE PULL UP 102 FOR A MOMENT. IS
7 THAT 102?

8 BY MR. KLEIN:

9 Q IF YOU TAKE A LOOK ON THE SCREEN, THERE'S A REFERENCE
10 TO THE ENTRY ENDING "-778."

11 A THAT'S CORRECT.

12 Q AND THERE'S A REFERENCE TO "BEST CASE"?

13 A THAT'S CORRECT.

14 Q IS BEST CASE AND ABM THE EXACT SAME THING?

15 A I DON'T KNOW WHAT YOU MEAN BY "EXACT SAME THING."

16 THEY'RE TWO DIFFERENT PROGRAMS. THEY BOTH DO --

17 Q THAT'S OKAY. IF YOU DON'T KNOW, THAT'S ALL YOU NEED TO
18 SAY.

19 A OKAY.

20 Q DO YOU KNOW, BASED ON YOUR EXPERIENCE, THAT BEST CASE
21 IS SOMETHING THAT MORGAN DREXEN USED PRIOR TO ABM?

22 A YES. THAT'S TRUE.

23 Q AND INFORMATION IN BEST CASE WOULD NOT BE IN ABM,
24 RIGHT?

25 A THAT'S NOT NECESSARILY TRUE.

1 Q COULD BE TRUE?

2 A COULD BE TRUE.

3 Q SO IF YOU WANT ALL THE INFORMATION FROM BEST CASE INTO
4 ABM, YOU GOT TO LOAD IT INTO ABM. TRUE OR FALSE?

5 A IF YOU WANT IT -- I'M NOT SURE WHY --

6 MR. O'MALLEY: OBJECTION. VAGUE AS TO WHAT THE
7 TERM "LOADED" MEANS.

8 BY MR. KLEIN:

9 Q I'LL REPHRASE. IF YOU WANT INFORMATION THAT'S IN BEST
10 CASE BUT NOT IN ABM, WHAT YOU HAVE TO DO TO GET IT INTO ABM
11 IS LOAD IT UP INTO ABM, CORRECT?

12 MR. O'MALLEY: OBJECTION, AGAIN. THE TERM
13 "LOADED" IS VAGUE.

14 THE COURT: OVERRULED. THE WITNESS CAN SAY IF SHE
15 DOESN'T UNDERSTAND.

16 THE WITNESS: I GUESS -- I UNDERSTAND WHAT THE
17 WORD "LOADED" MEANS. I DON'T HAVE A PROBLEM WITH THAT. I
18 DON'T UNDERSTAND THE QUESTION OF WHY YOU WOULD BE PUTTING IT
19 INTO ABM INSTEAD OF JUST CREATING --

20 BY MR. KLEIN:

21 Q I'M NOT ASKING WHY. I'M JUST ASKING IF YOU WANT TO DO
22 IT, REGARDLESS OF THE REASONS. JUST FOR CHUCKLES.

23 A YES. IF YOU WANT TO DO IT, YOU WOULD HAVE TO HAVE -- I
24 MEAN, YES.

25 Q NOW, IS IT TRUE -- I JUST WANT TO CONFIRM THIS -- THAT

1 MR. KATZ SAID, *DON'T CONTACT CANCELED CLIENTS*, RIGHT?

2 A THAT'S CORRECT.

3 Q NOW, ONE OF THE THINGS YOU WENT THROUGH WAS ALL OF THE
4 INFORMATION THAT HAD TO BE ADDED, AND I THINK YOU TALKED
5 ABOUT WHO THE LAWYER WAS AND SOME OTHER INFORMATION; IS THAT
6 RIGHT? DO YOU REMEMBER THAT WHEN YOU WERE TALKING TO
7 MR. O'MALLEY?

8 A I'M SORRY. JUST IN EXAMINATION?

9 Q YEAH. WHEN HE WAS ASKING YOU QUESTIONS ABOUT ALL THE
10 THINGS THAT YOU PUT INTO THE -- INTO THE ABM SYSTEM. DO YOU
11 REMEMBER TALKING ABOUT THAT?

12 A I REMEMBER. I'M NOT -- I MEAN, OKAY. I REMEMBER THE
13 CONVERSATION.

14 Q ISN'T IT TRUE THAT IF YOU WANT TO GENERATE A PETITION
15 AND PRINT IT OUT THAT IF CERTAIN INFORMATION ISN'T INPUTTED
16 INTO THE SYSTEM, YOU CAN'T DO IT?

17 A CERTAIN INFORMATION?

18 Q TRUE OR FALSE?

19 A THAT'S CORRECT.

20 Q NOW, IN THE MIDDLE OF THE 2014, ONE OF THE THINGS YOU
21 SAID YOU WERE AWARE OF, IS THAT THERE HAD BEEN A COURT ORDER
22 ISSUED; IS THAT RIGHT?

23 A THAT WAS MY UNDERSTANDING.

24 Q WOULD YOU AGREE THAT THERE WAS A GENERAL SENSE OF PANIC
25 AT MORGAN DREXEN ABOUT HOW ARE YOU GOING TO GET ALL THIS

1 STUFF DONE IN THE TIME REMAINING? YES OR NO?

2 A I'M NOT AWARE OF A GENERAL PANIC. I WASN'T INVOLVED IN
3 THE PRODUCTION OF -- BESIDES HAVING BEEN REQUESTED TO DO
4 THIS PROJECT, I WASN'T INVOLVED IN IT, SO --

5 Q LET'S TALK ABOUT THAT. OTHER THAN BEING ASKED TO DO A
6 SPECIFIC ASSIGNMENT THAT MR. KATZ ASKED YOU, YOU WEREN'T
7 INVOLVED, WERE YOU?

8 A NOT IN THE PRODUCTION FOR THE CFPB CASE. THAT WASN'T
9 MY JOB.

10 Q SO IN MID-JUNE 2014, MR. KATZ CAME TO YOU AND ASKED FOR
11 HELP; IS THAT RIGHT?

12 A THAT'S CORRECT.

13 Q AND WOULD YOU DESCRIBE YOUR RELATIONSHIP WITH MR. KATZ
14 AS FRIENDLY AT THAT TIME?

15 A I DON'T KNOW WHAT YOU MEAN BY "FRIENDLY."

16 Q YOU COULDN'T STAND HIM AND HE COULDN'T STAND YOU,
17 RIGHT?

18 A WELL, THAT'S WHAT I COULDN'T STAND, BUT HE DIDN'T --
19 THANKS FOR TELLING ME HE COULDN'T STAND ME.

20 Q IF YOU DON'T KNOW, YOU DON'T KNOW.

21 A WE BUMPED HEADS AT TIMES.

22 Q BUT HE CAME TO YOU AND SAID *I NEED YOUR HELP AND THE*
23 *HELP OF YOUR GROUP*, RIGHT?

24 A YES. THAT'S CORRECT.

25 Q AND LET'S BE VERY CLEAR ON WHAT HE ASKED YOU TO DO. HE

1 SAID, WE NEED TO GET INFORMATION INTO THE ABM SYSTEM SO WE
2 CAN GENERATE PETITIONS FOR 480 FILES.

3 TRUE OR FALSE?

4 A NO, THAT'S NOT HOW HE SAID IT.

5 Q AND HE SAID, MAKE SURE THAT WHEREVER YOU CAN FIND
6 INFORMATION, GET IT INTO THE SYSTEM.

7 TRUE OR FALSE?

8 A THAT'S -- THAT'S NOT HOW HE STATED.

9 Q YOU THOUGHT HE WAS FABRICATING EVIDENCE, DIDN'T YOU?

10 A NO, I DIDN'T -- I DIDN'T REALLY THINK MUCH OF IT AT THE
11 MOMENT HE WAS ASKING ME.

12 Q SO DID YOU THINK HE WAS FABRICATING EVIDENCE OR NOT?
13 JUST TELL ME WHICH WAY.

14 MR. O'MALLEY: OBJECTION. ASKED AND ANSWERED.

15 THE COURT: SUSTAINED.

16 BY MR. KLEIN:

17 Q DID YOU DO WHAT HE ASKED YOU TO DO?

18 A I ASSIGNED PETITION PROCESSORS TO THE PROJECT, YES.

19 Q DID YOU COMPLAIN TO MR. LEDDA, I THINK MR. KATZ IS
20 TRYING TO FABRICATE EVIDENCE?

21 A I --

22 Q YES OR NO?

23 A WALTER WAS AWARE OF THE PROJECT, SO I DON'T --

24 MR. KLEIN: STRIKE. NONRESPONSIVE.

25 ////

1 BY MR. KLEIN:

2 Q DID YOU COMPLAIN TO MR. LEDDA THAT --

3 (COUNSEL AND WITNESS SPEAKING SIMULTANEOUSLY; NOT
4 REPORTED.)

5 THE COURT: LET ME STOP YOU.

6 IF YOU MOVE TO STRIKE AS NONRESPONSIVE, YOU NEED
7 TO WAIT FOR ME TO EITHER GRANT OR DENY THAT MOTION. IF
8 YOU'D RATHER JUST RE-ASK THE QUESTION, GO AHEAD AND DO THAT,
9 BUT DON'T MOVE AND THEN ASK A QUESTION WITHOUT WAITING.

10 MR. KLEIN: I APPRECIATE THAT. SORRY.

11 THE COURT: ALL RIGHT. LET'S JUST GO AHEAD AND
12 ASK THE QUESTION AGAIN AND GET THE ANSWER. AND WE'LL DO IT
13 ALSO SO THAT NO ONE IS SPEAKING OVER EACH OTHER, BECAUSE THE
14 COURT REPORTER CANNOT TAKE DOWN TWO PEOPLE SPEAKING AT THE
15 SAME TIME.

16 MR. KLEIN: I APOLOGIZE TO THE REPORTER.

17 BY MR. KLEIN:

18 Q I ASK YOU, YES OR NO, DID YOU COMPLAIN TO WALTER LEDDA
19 AND SAY, *JEFF KATZ IS TRYING TO FABRICATE EVIDENCE?*

20 A NO, I DID NOT.

21 Q DURING THE TIME YOU WERE THIS CHIEF OPERATING OFFICER
22 OF MORGAN DREXEN, DID YOU BELIEVE YOUR COMPANY WAS DOING
23 SHAM BANKRUPTCY SERVICES? IS THAT WHAT YOU'RE SAYING?

24 A I DON'T BELIEVE THAT THAT WAS OUR MAIN SOURCE OF FOCUS.

25 MR. KLEIN: I'M GOING TO MOVE TO STRIKE AS

1 NONRESPONSIVE.

2 THE COURT: SUSTAINED.

3 BY MR. KLEIN:

4 Q I'M GOING TO ASK IT AGAIN: AT THE TIME YOU SERVED AS
5 THE CHIEF OPERATING OFFICER OF MORGAN DREXEN, WAS IT YOUR
6 BELIEF THAT THIS WAS A COMPANY THAT WAS PROVIDING SHAM
7 BANKRUPTCY SERVICES TO THE PUBLIC?

8 MR. O'MALLEY: OBJECTION, YOUR HONOR. THIS GOES
9 OUTSIDE THE SCOPE OF MY UNDERSTANDING OF WHAT THIS HEARING
10 IS FOR, WHICH CONCERNS THE MANUFACTURING AND DESTRUCTION OF
11 EVIDENCE AS ALLEGED BY THE BUREAU.

12 MR. KLEIN: YOUR HONOR, MR. O'MALLEY WENT INTO
13 GREAT DETAIL AS TO HOW MUCH WORK WAS DONE. I OBJECTED TO
14 THIS. THIS IS MY ONLY QUESTION ON THAT POINT.

15 THE COURT: I'LL ALLOW IT.

16 THE WITNESS: CAN YOU EXPLAIN WHAT YOU MEAN BY
17 "SHAM"?

18 BY MR. KLEIN:

19 Q MAKE BELIEVE. NOT REAL BANKRUPTCY SERVICES. IS THAT
20 WHAT YOUR COMPANY WAS DOING WHILE YOU WERE CHIEF OPERATING
21 OFFICER?

22 A I'M KIND OF CONFUSED AS TO WHAT YOU MEAN BY "SHAM."
23 I'M NOT TRYING TO BE DIFFICULT. I JUST DON'T UNDERSTAND
24 EXACTLY WHAT YOU MEAN BY THAT IN THE SENSE -- BANKRUPTCY
25 SERVICES THAT WE WERE SUPPORTING ATTORNEYS FOR? IS THAT

1 WHAT YOU MEAN?

2 Q YES.

3 A WAS FOR THE CREATION OF A PETITION. PREPARATION OF A
4 PETITION.

5 Q LET'S TALK ABOUT THAT. DOES MORGAN DREXEN TRACK HOW
6 MUCH BANKRUPTCY WORK IS DONE FOR A PARTICULAR CLIENT?

7 A YES.

8 Q AND IT DOES IT THROUGH PHASES; IS THAT RIGHT?

9 A THAT'S CORRECT. YES, THAT'S CORRECT.

10 Q AND YOU LOOK AS TO WHETHER A CONSUMER AND MORGAN DREXEN
11 HAS GOTTEN TO PHASE 1, PHASE 2, PHASE 3, PHASE 4.

12 IS THAT HOW THE BANKRUPTCY WORK IS TRACKED?

13 A IT STARTS AT PHASE 2, TYPICALLY.

14 MR. O'MALLEY: OBJECTION, YOUR HONOR. IT'S THE
15 SAME OBJECTION AS LAST TIME. MR. KLEIN REPRESENTED HE ONLY
16 HAD ONE QUESTION ON THIS TOPIC. HE'S NOW GONE DOWN THAT
17 ROAD AGAIN.

18 THE COURT: THAT'S BECAUSE THE WITNESS SAID SHE
19 DIDN'T UNDERSTAND WHAT HE MEANT BY "SHAM," SO I'M ALLOWING
20 HIM TO EXPLORE.

21 THE WITNESS: IT STARTS AT PHASE 2, BUT THAT'S
22 CORRECT.

23 BY MR. KLEIN:

24 Q AND PROCESSORS ARE ACTUALLY PAID, BASED ON THE
25 MILESTONES THEY ACHIEVE IN DOING BANKRUPTCY WORK?

1 A THAT'S CORRECT. OKAY. THAT'S CORRECT.

2 Q AND HOW FAR THE WORK GETS DONE IS SPECIFICALLY
3 REFLECTED IN THE MORGAN DREXEN COMPUTERS?

4 A THAT'S CORRECT.

5 Q SO YOU CAN LOOK AT THE COMPUTERS AND YOU SEE WHETHER A
6 CONSUMER HAS GOTTEN TO PHASE 1, PHASE 2, PHASE 3, OR
7 PHASE 4; RIGHT?

8 A STARTING AT PHASE 2, THAT'S CORRECT.

9 Q AND THE LOG NOTES SET FORTH IN DETAIL EXACTLY WHAT WORK
10 IS DONE ON A BANKRUPTCY PROJECT, CORRECT?

11 A THAT'S CORRECT.

12 Q ARE THE PROCESSORS PAID, BASED ON HOW MANY PETITIONS
13 ARE GETTING PRINTED OUT?

14 A THEY'RE -- WELL, THEY HAVE TO PRINT THE PETITION OUT IN
15 ORDER TO GET COMMISSIONS.

16 Q SO THEY'RE PAID BASED ON HOW MANY PETITIONS THEY PRINT
17 OUT?

18 IS THAT YOUR TESTIMONY?

19 A THEY WERE PRINTED -- THEY PRINT A FILE. THEY UPLOAD A
20 PETITION. THAT'S PART OF ONE OF THE REQUIREMENTS FOR
21 RTN-ING. AND THAT'S IF IT'S A BANKRUPTCY OR A DUAL MODEL.
22 THERE'S OTHER WAYS IN WHICH THEY GET A COMMISSION AS WELL.

23 Q AND IN YOUR TESTIMONY WITH MR. O'MALLEY, I DIDN'T HEAR
24 ANY TESTIMONY THAT MR. KATZ DIRECTED YOU TO CHANGE
25 MILESTONES IN THE COMPUTER, RIGHT?

1 A NO.

2 Q DID HE TELL YOU TO GET RID OF ALL THE LOG NOTES THAT
3 ARE THERE, RIGHT?

4 A NO.

5 Q AND YOU DON'T EVEN KNOW IF ALL THE LOG NOTES ARE STILL
6 PRESENT?

7 A NO, I DON'T. I'M NOT SURE WHETHER THEY ARE, OR THEY'RE
8 NOT.

9 Q AS FAR AS YOU KNOW, EVERY BIT OF EVIDENCE THAT WAS IN
10 THE COMPUTERS AS OF JUNE 15, 2014, IS STILL THERE TODAY. IS
11 THAT TRUE OR FALSE?

12 MR. O'MALLEY: OBJECTION. CALLS FOR SPECULATION.

13 THE COURT: SUSTAINED.

14 BY MR. KLEIN:

15 Q DO YOU HAVE ANY KNOWLEDGE -- STRIKE THAT.

16 HEADING SOMEWHERE ELSE. DID MR. KATZ AUTHORIZE
17 YOU TO DELETE LOG ENTRIES THAT WERE IN THE COMPUTER?

18 A NO, I DON'T HAVE THE ABILITY TO DO THAT.

19 Q IN FACT, THE ONLY PERSON AT MORGAN DREXEN TO YOUR
20 KNOWLEDGE THAT HAS THE ABILITY TO DO THAT IS AVI GUPTA?

21 A OR SOMEONE ON HIS TEAM.

22 Q PARDON ME? I DIDN'T HEAR THAT.

23 A OR SOMEONE ON HIS TEAM, OR ONE OF THE OTHER DEVELOPERS.

24 Q DID YOU TELL JEFFREY KATZ OR NANCY JIN THAT YOU WEREN'T
25 GOING TO LET THE CFPB BRING YOUR COMPANY DOWN?

1 A NO.

2 MR. KLEIN: JILLIAN, COULD YOU PUT UP EXHIBIT 126,
3 PLEASE.

4 *(THE EXHIBIT WAS DISPLAYED ON THE SCREEN.)*

5 BY MR. KLEIN:

6 Q NOW, I'VE ASKED -- I'VE PUT UP ON THE SCREEN
7 EXHIBIT 126.

8 AND THERE'S A DATE THERE.

9 A FOR THE SIGNATURE, YES, I SEE THAT.

10 Q NO DATE WAS BACKDATED, RIGHT?

11 A NO.

12 Q NO DATE AT ALL, RIGHT?

13 A THAT'S CORRECT.

14 Q AND IF WE WENT THROUGH THE 480 PETITIONS, THAT'S WHAT
15 WE SEE, WOULDN'T WE?

16 MR. O'MALLEY: OBJECTION. CALLS FOR SPECULATION.

17 THE COURT: SUSTAINED.

18 BY MR. KLEIN:

19 Q DID YOU GO THROUGH THE 480 PETITIONS?

20 A NO.

21 Q DID YOU SEE ANY EXAMPLES OF WHERE THERE WAS A DATE ON
22 THAT LINE?

23 A NO. NO.

24 MR. KLEIN: PUT UP EXHIBIT 8, PLEASE.

25 *(THE EXHIBIT WAS DISPLAYED ON THE SCREEN.)*

1 THE CLERK: EXCUSE ME, COUNSEL. WHAT NUMBER?

2 MR. KLEIN: EXHIBIT 8. SORRY.

3 BY MR. KLEIN:

4 Q NOW, DO YOU RECOGNIZE EXHIBIT 8 AS LOG NOTES?

5 A I DO.

6 Q AND THESE ARE THE DETAILED LOG NOTES THAT MORGAN DREXEN
7 KEEPS FOR EVERY CUSTOMER; IS THAT RIGHT?

8 MR. O'MALLEY: OBJECTION. CALLS FOR SPECULATION.

9 THE COURT: OVERRULED.

10 IF YOU KNOW, YOU CAN ANSWER.

11 THE WITNESS: IS THIS AN EXAMPLE OF LOG NOTES THAT
12 ARE KEPT?

13 BY MR. KLEIN:

14 Q YES.

15 A YES. THIS IS AN EXAMPLE.

16 Q AND YOU'RE FAMILIAR WITH THE PROCESS THAT IF SOMETHING
17 HAPPENS ON A CUSTOMER'S FILE, IT MUST BE LOGGED IN THE LOG
18 NOTES, CORRECT?

19 A THAT'S -- THAT'S CORRECT. I MEAN, TO SOME EXTENT.

20 Q ARE THERE THINGS -- LET'S GO THROUGH IT. FOR EXAMPLE,
21 IF A MILESTONE IS REACHED, ISN'T THAT AUTOMATICALLY ENTERED
22 IN THE LOG NOTES?

23 A IT IS. I DON'T SEE ONE ON HERE.

24 Q I JUST WANT TO KNOW IF THAT'S A PROCESS. THIS IS JUST
25 AN EXAMPLE.

1 A YES.

2 Q AND IF A CONSUMER ASKS FOR A MEETING WITH AN ATTORNEY,
3 THAT'S SUPPOSED TO BE ENTERED INTO THE LOG NOTES AS A MATTER
4 OF COURSE, CORRECT?

5 A THAT'S SUPPOSED TO BE, YES.

6 Q AND SO, THE WHOLE HISTORY OF THE RELATIONSHIP BETWEEN
7 THE ATTORNEY, MORGAN DREXEN AND THE CONSUMER IS DOCUMENTED
8 THROUGH THOSE LOG NOTES; IS THAT CORRECT?

9 A AND THE CREDITORS, TOO, AS WELL, YES.

10 MR. KLEIN: CAN YOU GIVE ME ONE SECOND,
11 YOUR HONOR, PLEASE?

12 THE COURT: YES.

13 (PAUSE.)

14 MR. O'MALLEY: I HAVE NOTHING FURTHER, YOUR HONOR.

15 THE COURT: ALL RIGHT. ANYTHING ON REDIRECT?

16 MR. O'MALLEY: YOUR HONOR, IF I COULD JUST HAVE
17 ONE MOMENT, PLEASE.

18 (PAUSE.)

19 MR. O'MALLEY: NO, YOUR HONOR.

20 THE COURT: ALL RIGHT. MAY THIS WITNESS BE
21 EXCUSED --

22 MR. O'MALLEY: YES, YOUR HONOR.

23 THE COURT: -- FROM THIS PROCEEDING?

24 MR. KLEIN: YES, YOUR HONOR.

25 THE COURT: ALL RIGHT. YOU MAY STEP DOWN. YOU'RE

1 EXCUSED.

2 WE'RE GOING TO TAKE OUR MORNING RECESS AT THIS
3 TIME, AND WE'LL TAKE ABOUT 15 MINUTES. DURING THAT RECESS,
4 THOUGH, AS I INDICATED, I WANT YOU TO REVISE YOUR WITNESS
5 LIST. KEEP IN MIND WE'LL GO UNTIL NOON TODAY; AND THEN,
6 WE'LL PICK UP AGAIN AT 1:30. AND IF WE NEED TO GO UP UNTIL
7 ABOUT 3:00 O'CLOCK OR SO, THAT'S FINE. YOU MAY HAVE TO
8 ADJUST YOUR TIMING TO ACCOMMODATE THAT.

9 MR. KLEIN: THANK YOU, YOUR HONOR.

10 MR. O'MALLEY: THANK YOU, YOUR HONOR.

11 THE COURT: ALL RISE.

12 *(RECESS TAKEN FROM 10:42 A.M. TO 10:56 A.M.)*

13 THE COURT: ALL RIGHT. YOU MAY CALL YOUR NEXT
14 WITNESS.

15 MR. SINGELMANN: THANK YOU, YOUR HONOR.

16 THE BUREAU CALLS LINH TRAN.

17 *(PAUSE.)*

18 THE CLERK: PLEASE RAISE YOUR RIGHT HAND TO BE
19 SWORN.

20 LINH TRAN, PLAINTIFF'S WITNESS, SWORN

21 THE WITNESS: I DO.

22 THE CLERK: THANK YOU. WOULD YOU STATE YOUR FULL
23 NAME, SPELLING YOUR LAST FOR THE RECORD.

24 THE WITNESS: LINH THUY TRAN. LAST NAME IS
25 T-R-A-N.

1 THE COURT: YOU MAY INQUIRE.

2 MR. SINGELMANN: THANK YOU, YOUR HONOR.

3 DIRECT EXAMINATION

4 BY MR. SINGELMANN:

5 Q GOOD MORNING, MS. TRAN.

6 A GOOD MORNING.

7 Q YOU'RE THE ASSOCIATE GENERAL COUNSEL FOR MORGAN DREXEN,
8 CORRECT?

9 A YES, I AM.

10 Q AND HOW LONG HAVE YOU WORKED FOR MORGAN DREXEN?

11 A I STARTED THERE IN FEBRUARY OF 2009. I TOOK A BREAK
12 FOR THE BAR EXAM AND THEN I CAME BACK IN OCTOBER OF 2009.

13 Q AND YOU SUBMITTED A DECLARATION TO THIS COURT, DATED
14 JANUARY 30, 2015, CORRECT?

15 A YES.

16 Q AND IN YOUR DECLARATION, YOU DESCRIBED YOUR ROLE IN
17 PROVIDING MORGAN DREXEN'S RESPONSES TO THE BUREAU'S DOCUMENT
18 REQUEST, CORRECT?

19 A FROM WHAT I RECALL, YES.

20 Q AND YOU WORKED WITH MORGAN DREXEN'S TRIAL COUNSEL,
21 MR. KLEIN, TO RESPOND TO THE BUREAU'S DOCUMENT REQUEST,
22 CORRECT?

23 A YES.

24 Q AND YOU AND MR. KLEIN PARTICIPATED IN CONFERENCE CALLS
25 WITH MR. O'MALLEY TO DISCUSS THE BUREAU'S DISCOVERY REQUEST,

1 CORRECT?

2 A YES.

3 Q AND YOU ALSO INCLUDED AN E-MAIL BETWEEN MR. KLEIN AND
4 MR. O'MALLEY AND SOMETIMES OTHERS RELATED TO THE BUREAU'S
5 DOCUMENT REQUEST, CORRECT?

6 A YES.

7 Q AND ON THESE CONFERENCE CALLS AND THESE E-MAILS, THEY
8 INCLUDED DISCUSSIONS OF THE CONSUMER FILES THE BUREAU HAD
9 REQUESTED, CORRECT?

10 A YES.

11 Q AND THERE WERE SOME ISSUES THAT THE PARTIES NEEDED TO
12 RESOLVE BEFORE MORGAN DREXEN WOULD PRODUCE THE CONSUMER
13 FILES.

14 DO YOU RECALL THAT?

15 A I DO RECALL HAVING SOME ISSUES, YES.

16 Q AND ONE OF THOSE ISSUES WAS MORGAN DREXEN'S CONCERN
17 ABOUT MAINTAINING CONSUMERS' CONFIDENTIALITY AND THE
18 ATTORNEY-CLIENT PRIVILEGE, CORRECT?

19 A I BELIEVE THAT WAS THE CONVERSATION THAT MR. KLEIN HAD
20 WITH MR. O'MALLEY AND HE -- THAT HE RELAYED THE MESSAGE OVER
21 TO ME.

22 Q OKAY. SO YOU WERE AWARE OF THAT ISSUE?

23 A YES.

24 Q BUT THE PARTIES RESOLVED THIS ISSUE IN APRIL 2014 BY
25 AGREEING THAT MORGAN DREXEN WOULD REDACT CONSUMERS' NAMES

1 AND PERSONAL IDENTIFIER INFORMATION, CORRECT?

2 A THAT'S WHAT I RECALL, YES.

3 Q AND THEN, ANOTHER ISSUE WITH THE CONSUMER FILES THAT
4 THE PARTIES NEEDED TO RESOLVE WAS THE PRODUCTION OF THE LOG
5 NOTES, CORRECT?

6 A YES.

7 Q AND THE BUREAU HAD SPECIFICALLY REQUESTED THIS DATA,
8 CORRECT?

9 A WELL -- SO PART OF THE CFPB'S REQUESTS, THEY REQUESTED
10 ANY AND ALL DOCUMENTS. NOW, THE LOG NOTES WAS --
11 ESSENTIALLY, ALMOST LIKE AN ELECTRONICALLY STORED
12 INFORMATION, SORT OF, WITHIN THE MDIS SOFTWARE. AND SO, I
13 FELT THAT THE LOG NOTES WERE RESPONSIVE AS SUCH IDENTIFIED
14 FOR PRODUCTION.

15 Q SO YOU UNDERSTOOD THE BUREAU WANTED THE LOG NOTES TO BE
16 PRODUCED, CORRECT?

17 A THEY NEVER OBJECTED TO ME PRODUCING THE LOG NOTES SO,
18 YES.

19 Q BUT THEY WERE DISCUSSIONS ABOUT THE LOG NOTES WITH THE
20 BUREAU?

21 A YES, THERE WAS.

22 Q AND MORGAN DREXEN EXPLAINED TO THE BUREAU HOW THE DATA
23 FOR THE LOG NOTES WOULD BE PULLED AND PRODUCED TO THE
24 BUREAU, CORRECT?

25 A YES.

1 Q MORGAN DREXEN EXPLAINED THAT THE LOG NOTES WOULD NEED
2 TO BE EXPORTED FOR MORGAN DREXEN'S MDIS SYSTEM FIRST INTO AN
3 EXCEL FORMAT, CORRECT?

4 A IT'S IN A DOT CFG FILE, SO I ASSUME IT'S SIMILAR TO
5 EXCEL.

6 Q OKAY.

7 MR. KLEIN: YOUR HONOR, COULD I REQUEST THAT THE
8 WITNESS PULL THE MICROPHONE DOWN A LITTLE CLOSER TO HER, SO
9 I CAN HEAR BETTER?

10 THE COURT: ARE YOU HAVING SOME TROUBLE? YES.

11 MR. KLEIN: AGE DOES THAT. THANK YOU.

12 THE WITNESS: IS THAT BETTER?

13 BY MR. SINGELMANN:

14 Q AND MORGAN DREXEN ALSO EXPLAINED TO THE BUREAU THAT
15 THESE FILES, ONCE THEY WERE EXPORTED, WOULD NEED TO BE
16 CONVERTED INTO A PDF SO THAT MORGAN DREXEN COULD REDACT
17 CONSUMERS' NAME AND OTHER PERSONAL IDENTIFIABLE INFORMATION,
18 CORRECT?

19 A I BELIEVE THAT I PROVIDED THE BUREAU WITH THREE
20 DIFFERENT OPTIONS ON HOW WE CAN DO IT. THE ONE I PREFERRED
21 WAS TO CONVERT IT TO PDF BECAUSE IT'S THE EASIEST WAY.

22 Q LET'S TAKE A LOOK AT THOSE OPTIONS.

23 MR. SINGELMANN: TORREY, CAN YOU, PLEASE, PULL UP
24 EXHIBIT 23.

25 *(THE EXHIBIT WAS DISPLAYED ON THE SCREEN.)*

1 BY MR. SINGELMANN:

2 Q CAN YOU SEE THIS ALL RIGHT, MS. TRAN?

3 A IT'S A LITTLE BLURRY, ACTUALLY. THAT'S --

4 Q THIS IS AN E-MAIL YOU SENT TO MR. KLEIN AND COPIED
5 MR. KATZ, ON JUNE 3RD, 2014; CORRECT?

6 A YES.

7 Q AND IN THE E-MAIL, YOU WRITE: *JERRY, I HAVE A FEW*
8 *QUESTIONS FOR YOU.*

9 AND YOU'RE REFERRING TO MR. KLEIN; IS THAT
10 CORRECT?

11 A YES.

12 Q AND THEN, LET'S JUST LOOK AT SECTION 1) A.

13 DO YOU SEE THAT?

14 A YES.

15 Q YOU'RE DISCUSSING THE PRODUCTION OF LOG NOTES, CORRECT?

16 A YES.

17 Q AND, PLEASE, TAKE A LOOK AT --

18 MR. SINGELMANN: TORREY, IF YOU COULD PULL IT UP.

19 BY MR. SINGELMANN:

20 Q -- THE SENTENCE IN THE MIDDLE THAT BEGINS IN THE MIDDLE
21 OF THE THIRD ROW "IN THE PAST," THE NEXT FEW SENTENCES.

22 DO YOU SEE THAT? YOU WRITE: *IN THE PAST, WE DO*
23 *NOT PROVIDE THESE LOG NOTES, AS IT IS OUR UNDERSTANDING THE*
24 *LOG NOTES ARE ATTORNEY WORK PRODUCT. HOWEVER, IN MY LAST*
25 *CONVERSATION WITH YOU AND JEFF, YOU INDICATED THAT THESE LOG*

1 NOTES SHOULD BE PROVIDED; IS THAT CORRECT?

2 A YES. THAT'S WHAT IT STATED.

3 Q AND YOU WANTED TO SURE THAT THE LOG NOTES WOULD BE
4 PRODUCED, BECAUSE --

5 THE COURT: SLOW DOWN A LITTLE, PLEASE.

6 BY MR. SINGELMANN:

7 Q SORRY. YOU WANTED TO BE SURE THAT THE LOG NOTES WOULD
8 BE PRODUCED BECAUSE PREVIOUSLY MORGAN DREXEN HAD ASSERTED
9 THEY WERE ATTORNEY WORK PRODUCT, CORRECT?

10 A READING THIS, THAT'S MY RECOLLECTION ALSO.

11 Q AND YOU WANTED TO BE SURE THAT YOU, MR. KATZ AND
12 MR. KLEIN WERE ALL ON THE SAME PAGE, CORRECT?

13 A YES.

14 Q YOU THEN STATE IN THE NEXT SENTENCE: *AS SUCH, I JUST*
15 *WANT TO MAKE YOU AWARE OF A FEW THINGS AND GET YOUR*
16 *INSTRUCTIONS ON HOW TO PROCEED.*

17 DO YOU SEE THAT?

18 A YES.

19 Q AND THEN IN LITTLE ROMAN ONE BELOW, YOU EXPLAIN TO
20 MR. KLEIN HOW THE LOG NOTES WILL BE EXPORTED, CORRECT?

21 A YES.

22 Q AND YOU ALSO EXPLAINED TO MR. KLEIN HOW THIS EXPORT
23 METHOD WOULD AFFECT THE META DATA.

24 DO YOU SEE THAT?

25 A YES, I DO.

1 Q AND THEN, IN LITTLE NUMBER TWO, YOU REQUESTED ADVICE
2 FROM MR. KLEIN ON WHAT OPTION TO USE TO REDACT CONSUMERS'
3 CONFIDENTIAL INFORMATION FROM THE LOG NOTES; IS THAT
4 CORRECT?

5 A YES.

6 Q AND THEN, YOU HAVE THE THREE OPTIONS THAT YOU DISCUSSED
7 EARLIER; IS THAT CORRECT?

8 A CORRECT.

9 Q AND FOR OPTION ONE, YOU EXPLAINED THAT IT IS
10 TIME-CONSUMING, CORRECT?

11 A YES.

12 Q AND FOR OPTION TWO, THAT'S THE QUICKER OPTION; IS THAT
13 CORRECT?

14 A YES.

15 Q AND THAT'S THE OPTION YOU PREFERRED, CORRECT?

16 A THAT'S THE ONE I PREFER, CORRECT.

17 Q AND THEN, YOU OFFERED A THIRD OPTION AS WELL; IS THAT
18 CORRECT?

19 A YES.

20 Q AND THEN, IF WE LOOK BELOW TO THE SECTION B:

21 *RECORDINGS OF CONSUMER.*

22 MR. SINGELMANN: CAN YOU PULL THAT UP, PLEASE,
23 TORREY.

24 BY MR. SINGELMANN:

25 Q ON THIS SECTION, YOU JUST DISCUSS ANOTHER ISSUE WITH

1 THE CONSUMER FILES, HOW TO REDACT THE RECORDINGS OF
2 CONSUMERS, CORRECT?

3 A YES.

4 Q AND YOU DISCUSSED SOFTWARE THAT WILL MUTE OUT THE
5 PORTION OF THE RECORDING WHERE THE CONSUMER RECITES HIS OR
6 HER PERSONAL INFORMATION, CORRECT?

7 A YES.

8 Q AND THEN, YOU ASK MR. KLEIN, *IS THAT ACCEPTABLE TO YOU;*
9 *AND IF NOT, DO YOU HAVE A SUGGESTION AS TO HOW I SHOULD*
10 *COMPLETE THIS,* CORRECT?

11 A YES.

12 Q AND THEN DOWN BELOW, FOR SECTION -- BIG SECTION TWO,
13 YOU DISCUSS META DATA, CORRECT?

14 A YES.

15 Q OKAY. AND I'D LIKE TO DIRECT YOUR ATTENTION TO THE
16 SENTENCE THAT BEGINS ON THE LAST LINE OF THE FIRST PAGE WITH
17 *HAVE YOU HAD AN OPPORTUNITY TO DISCUSS* AND IT CONTINUES ON
18 TO THE NEXT PAGE.

19 DO YOU SEE THAT SENTENCE?

20 A YES.

21 Q AND YOU WRITE: *HAVE YOU HAD AN OPPORTUNITY TO DISCUSS*
22 *THIS WITH GABRIEL O'MALLEY TO SEE WHAT SPECIFIC METADATA HE*
23 *IS LOOKING FOR SO THAT I CAN TRY TO WORK WITH MD'S*
24 *I.T. DEPARTMENT, VENERABLE, AND MICKY TO SEE IF THERE IS*
25 *SOME WORK AROUND TO PROVIDE GABRIEL WITH WHAT HE NEEDS WHILE*

1 BALANCING TO MEET TIMELY PRODUCED DOCUMENTS?

2 DO YOU SEE THAT?

3 A YES.

4 Q SO, AGAIN, YOU IDENTIFIED AN ISSUE, CORRECT?

5 A YES.

6 Q AND YOU WERE SEEKING GUIDANCE FROM MR. KLEIN, CORRECT?

7 A YES.

8 Q AND YOU WANTED TO KNOW IF HE HAD DISCUSSED THAT ISSUE
9 WITH MR. O'MALLEY, CORRECT?

10 A YES.

11 Q AND YOU UNDERSTAND THAT MR. KLEIN LATER FORWARDED YOUR
12 E-MAIL TO MR. O'MALLEY, CORRECT?

13 A YES.

14 Q AND MR. O'MALLEY PROVIDED FEEDBACK TO MR. KLEIN AND
15 MORGAN DREXEN ABOUT HOW MORGAN DREXEN SHOULD PRODUCE THE LOG
16 NOTES, CORRECT?

17 A YES. I BELIEVE WE HAD A TELECONFERENCE BETWEEN MYSELF,
18 MR. O'MALLEY AND MR. KLEIN.

19 Q RIGHT. AND HE AGREED TO YOUR SECOND QUICKER OPTION FOR
20 REDACTING THE LOG NOTES, CORRECT?

21 A YES, HE DID.

22 Q AND HE ALSO AGREED THAT MORGAN DREXEN WOULD NOT NEED TO
23 PRODUCE METADATA FOR DOCUMENTS THAT MORGAN DREXEN ONLY HAD
24 IN THE PDF FORMAT, CORRECT?

25 A THAT'S CORRECT.

1 Q SO TO BE CLEAR, WHEN THE BUREAU WANTED DATA FROM THE
2 CONSUMER FILES, THE BUREAU SPECIFICALLY IDENTIFIED THE DATA
3 THE PARTIES IDENTIFIED LOG NOTES (SIC), CORRECT?

4 A THERE WERE OTHER ITEMS BEING REQUESTED BESIDES LOG
5 NOTES BUT LOG NOTES WAS ONE OF THEM.

6 Q AND YOU DISCUSSED WITH MR. KLEIN WHETHER MORGAN DREXEN
7 WOULD AGREE TO PRODUCE THE LOG NOTES, CORRECT?

8 A I MEAN, I BELIEVE MR. KLEIN INSTRUCTED ME. THERE'S NOT
9 A WHOLE LOT OF DISCUSSION.

10 Q RIGHT. AND YOU DISCUSSED WITH MR. KLEIN THE TIMING AND
11 FORMAT OF THE PRODUCTION OF THE LOG NOTES, CORRECT?

12 A YES.

13 Q AND YOU DISCUSSED WITH MR. KLEIN HOW THE FORMAT FOR
14 EXPORTING LOG NOTES WOULD AFFECT THE METADATA, CORRECT?

15 A CORRECT.

16 Q AND THEN, MR. KLEIN DISCUSSED THESE ISSUES WITH
17 MR. O'MALLEY AT THE BUREAU, CORRECT?

18 A IT'S MY UNDERSTANDING THAT HE DID.

19 Q AND THEN, THE BUREAU PROVIDED FEEDBACK ON THAT ISSUE AS
20 WELL, CORRECT?

21 A DURING THE TELECONFERENCE, MR. O'MALLEY HAD PROVIDED
22 HIS FEEDBACK ON THE METADATA ISSUE.

23 Q THEN, A THIRD ISSUE WITH THE CONSUMER FILES WAS THE
24 BUREAU'S DEMAND THAT A NEUTRAL THIRD PARTY OVERSEE THE
25 SELECTION OF THE 480 CONSUMER FILES, CORRECT?

1 MR. KLEIN: MAY I HAVE THAT QUESTION BACK? I'M
2 SORRY.

3 THE COURT: IF YOU COULD JUST READ IT BACK.

4 (RECORD READ.)

5 MR. KLEIN: I THINK THAT MISSTATES EVIDENCE.

6 THE COURT: SHE CAN SAY IF IT DOES.

7 THE WITNESS: I DON'T KNOW WHO SUGGESTED IT. I
8 JUST KNOW THAT MR. KLEIN -- WHEN HE AND I FIRST DISCUSSED
9 IT, HE HAD MENTIONED THAT THERE MAY BE A NEUTRAL ATTORNEY --
10 OR AT LEAST THAT WAS THE INTENT, TO HAVE A THIRD PARTY
11 OVERSEE THE PROCESS, YES.

12 BY MR. SINGELMANN:

13 Q RIGHT. SO, YEAH. I WAS LESS CONCERNED ABOUT WHO WAS
14 DEMANDING IT.

15 THE COURT: JUST ASK A --

16 BY MR. SINGELMANN:

17 Q YOU UNDERSTOOD --

18 MR. SINGELMANN: I APOLOGIZE, YOUR HONOR.

19 BY MR. SINGELMANN:

20 Q YOU UNDERSTAND THAT THERE WAS AN ISSUE THAT AT SOME
21 POINT THE PARTIES HAD DISCUSSED THAT A NEUTRAL THIRD PARTY
22 WOULD SELECT THE 480 CONSUMER FILES TO BE PRODUCED, CORRECT?

23 A I WAS MADE AWARE THAT, I WOULD SAY, MID-TO-LATE APRIL
24 PRIOR TO PULLING ANY DOCUMENTS FOR THIS PARTICULAR REQUEST.

25 Q YOU RECALL, DON'T YOU, THAT BY EARLY MAY 2013, THE

1 PARTIES HAD YET TO IDENTIFY A NEUTRAL THIRD PARTY, CORRECT?

2 A CORRECT.

3 Q AND YOU WERE CONCERNED ABOUT THAT, WEREN'T YOU?

4 A YES.

5 Q BECAUSE YOU NEEDED TO START THE PROCESS OF REDACTIONS,
6 CORRECT?

7 A YES.

8 Q AND YOU NEEDED TO APPROPRIATELY DETERMINE WHAT
9 MORGAN DREXEN'S STAFFING WOULD BE TO COMPLETE THE PROJECT,
10 CORRECT?

11 A CORRECT.

12 Q AND SO, YOU REACHED OUT TO MORGAN DREXEN'S TRIAL
13 COUNSEL, MR. KLEIN, ABOUT THIS ISSUE, CORRECT?

14 A YES, I DID.

15 Q AND YOU EXPRESSED YOUR ALTERNATIVES TO MR. KLEIN THAT A
16 NEUTRAL THIRD PARTY HAD YET TO BE IDENTIFIED, CORRECT?

17 A LET ME BACKTRACK. I DON'T RECALL IF I DIRECTLY REACHED
18 OUT TO MR. KLEIN, OR IF I SPOKE TO MR. KATZ ABOUT IT AND
19 ASKED IF HE COULD INQUIRE WITH MR. KLEIN. I DON'T RECALL
20 WHICH ONE IT WAS. BUT, EVENTUALLY, THE INFORMATION GOT
21 RELAYED, ONE WAY OR ANOTHER.

22 MR. SINGELMANN: TORREY, CAN YOU, PLEASE, PULL UP
23 EXHIBIT 120 AND GO TO PAGE 7, I BELIEVE, PARAGRAPH 18?

24 EXHIBIT 120 HAS ALREADY BEEN ENTERED INTO
25 EVIDENCE.

1 AND ACTUALLY, TORREY, CAN WE TAKE A STEP BACK?
2 CAN YOU SHOW THE COVER PAGE FOR -- THE FIRST PAGE FOR
3 EXHIBIT 120.

4 *(THE EXHIBIT WAS DISPLAYED ON THE SCREEN.)*

5 BY MR. SINGELMANN:

6 Q THIS IS THE DECLARATION YOU SUBMITTED TO THE COURT ON
7 JANUARY 30, 2015, CORRECT?

8 A YES.

9 MR. SINGELMANN: OKAY. TORREY, PLEASE, TURN TO
10 PAGE 7, I BELIEVE.

11 BY MR. SINGELMANN:

12 Q LOOKING AT PARAGRAPH 18, YOU STATE IN THERE THAT YOU
13 REACHED OUT TO MR. KLEIN --

14 A YES.

15 Q -- CORRECT?

16 A YES.

17 Q AND YOU EXPRESS YOUR CONCERNS TO MR. KLEIN AND
18 REQUESTED THAT HE REACH OUT TO THE CFPB TO EXPEDITE THE
19 PROCESS OF APPOINTING A NEUTRAL THIRD PARTY ATTORNEY,
20 CORRECT?

21 A YES.

22 Q AND THEN IN PARAGRAPH 19, YOU STATE THAT AFTER YOU
23 EXPRESSED YOUR CONCERNS TO MR. KLEIN, YOU WERE NOTIFIED THAT
24 THE CFPB NO LONGER REQUIRED A NEUTRAL THIRD PARTY, CORRECT?

25 A YES.

1 Q AND MR. KLEIN THEN INSTRUCTED YOU TO IMMEDIATELY BEGIN
2 PULLING RESPONSIVE DOCUMENTS, CORRECT?

3 A YES.

4 Q SO, AGAIN, YOU IDENTIFIED AN ISSUE. YOU RAISED IT WITH
5 MR. KLEIN AND HE IN TURN REACHED OUT TO THE BUREAU TO
6 DETERMINE HOW TO RESOLVE THE ISSUE, CORRECT?

7 A CORRECT.

8 Q AND BY EARLY MAY, YOU WERE READY TO BEGIN PULLING THE
9 DOCUMENTS AND LOG NOTES FOR THE REQUESTED CONSUMER FILES,
10 CORRECT?

11 A YES.

12 MR. SINGELMANN: TORREY, COULD YOU, PLEASE, TURN
13 TO PAGE 16 OF EXHIBIT 120.

14 BY MR. SINGELMANN:

15 Q THIS IS AN E-MAIL YOU SENT TO WALTER LEDDA AND
16 AVI GUPTA, ON MAY 9TH, 2014, CORRECT?

17 A YES.

18 Q AND IN THIS E-MAIL, YOU REQUEST THAT MR. GUPTA PULL ALL
19 THE DOCUMENTS FOR 300 CONSUMER FILES, CORRECT?

20 A YES.

21 Q AND ALSO REQUEST THAT MR. GUPTA PULL THE LOG NOTES FOR
22 THE CONSUMER FILES, CORRECT?

23 A CORRECT.

24 Q I BELIEVE IN YOUR DECLARATION, YOU ALSO EXPLAINED
25 THAT -- YOU LATER DETERMINED OR AT SOME POINT DETERMINED

1 THAT THE BUREAU WAS ACTUALLY REQUESTING 480 CONSUMER FILES;
2 IS THAT CORRECT?

3 A CORRECT. I -- I DON'T RECALL EXACTLY WHAT HAPPENED.
4 IN THE INITIAL CONVERSATION WITH MR. KLEIN, IT WAS 300, AND
5 WE TALLIED UP THE NUMBERS AND DID EVERYTHING, AND IT TURNED
6 OUT TO BE 480.

7 Q OKAY.

8 MR. SINGELMANN: PLEASE TURN TO PAGE 17 OF
9 EXHIBIT 120, TORREY.

10 THANK YOU.

11 *(THE EXHIBIT WAS DISPLAYED ON THE SCREEN.)*

12 BY MR. SINGELMANN:

13 Q LOOKING AT THIS E-MAIL, THE TOP E-MAIL IS MR. GUPTA'S
14 RESPONSE TO YOUR MAY 9TH, 2014 E-MAIL, CORRECT?

15 A YES.

16 Q AND HE RESPONDS THE SAME DAY, CORRECT?

17 A YES.

18 Q AND HE STATES THAT ALL OF THE REQUESTED FILES ARE
19 AVAILABLE WITH A FOLDER AND PROVIDES YOU WITH A FILE PATH,
20 CORRECT?

21 A YES.

22 Q AND HE HAS CREATED 480 --

23 THE COURT: SLOW DOWN A LITTLE BIT.

24 MR. SINGELMANN: I APOLOGIZE, YOUR HONOR. I
25 APOLOGIZE TO THE COURT REPORTER.

1 BY MR. SINGELMANN:

2 Q MR. GUPTA CREATED 480 SEPARATE FOLDERS, CORRECT?

3 A HE DID.

4 Q AND THAT WAS A FOLDER FOR EACH OF THE REQUESTED
5 CONSUMER FILES, CORRECT?

6 A YES.

7 MR. SINGELMANN: TORREY, CAN YOU, PLEASE, TURN TO
8 PAGE 8 OF EXHIBIT 120. I'M GOING TO LOOK AT PARAGRAPH 22,
9 PLEASE.

10 BY MR. SINGELMANN:

11 Q IF YOU COULD, PLEASE, DIRECT YOUR ATTENTION TO
12 PARAGRAPH 22 OF YOUR DECLARATION.

13 DO YOU SEE THAT, MS. TRAN?

14 A YES, I DO.

15 Q YOU STATE THAT BY LATE MAY OR EARLY JUNE, YOU'RE
16 PREPARING TO BEGIN PRODUCING THE CONSUMER FILES TO THE
17 BUREAU, CORRECT?

18 A YES.

19 Q AND THEN, MR. KATZ STOPPED YOU, DIDN'T HE?

20 A MR. KATZ ADVISED ME THAT THERE WAS ADDITIONAL
21 INFORMATION CONTAINED IN ABM. AND SO, I WAS ASKED TO HOLD
22 OFF ON THE PRODUCTION SO THAT WE CAN PRODUCE ENTIRE FILES,
23 YES.

24 Q AND IF WE LOOK DOWN AT PARAGRAPH 23, MR. KATZ ALSO TOLD
25 YOU THAT NANCY JIN AND RITA AUGUSTA WOULD HANDLE THE

1 PRODUCTION OF THE BANKRUPTCY PETITIONS, CORRECT?

2 A YES.

3 Q AND YOU GAVE MS. JIN THE FILE NUMBERS FOR THE 480
4 CONSUMERS, CORRECT?

5 A YES.

6 Q AND AT SOME POINT THE NEWLY CREATED BANKRUPTCY
7 PETITIONS WERE DELIVERED TO YOU, CORRECT?

8 A IT WAS DELIVERED TO A DRIVE THAT I HAD ACCESS TO.

9 Q OKAY. THANK YOU FOR CLARIFYING.

10 AND DID YOUR TEAM REDACT THE BANKRUPTCY PETITIONS
11 THAT WERE IN THIS SHARED DRIVE?

12 MR. KLEIN: VAGUE AS TO "YOUR TEAM."

13 THE COURT: SUSTAINED.

14 BY MR. SINGELMANN:

15 Q WERE YOU INVOLVED IN THE REDACTIONS OF THE PETITIONS?

16 A I DID NOT PERSONALLY REDACT THE PETITIONS, BUT I DID
17 IDENTIFY WHAT INFORMATION WOULD NEED TO BE REDACTED.

18 Q OKAY. SO ASIDE FROM IDENTIFYING THE INFORMATION THAT
19 NEEDED TO BE REDACTED FROM THE PETITIONS, DID YOU HAVE ANY
20 INVOLVEMENT IN THE CREATION OR ALTERATION OF ANY BANKRUPTCY
21 PETITIONS THAT WERE PRODUCED TO THE BUREAU?

22 A NO.

23 Q BUT YOU KNEW THAT MORGAN DREXEN WAS CREATING BANKRUPTCY
24 PETITIONS THAT DID NOT PREVIOUSLY EXIST, CORRECT?

25 A I WAS INFORMED BY MR. KATZ THAT THERE IS INFORMATION

1 CONTAINED WITHIN ABM AND THAT THE INFORMATION NEEDED TO BE
2 EXPORTED FROM THERE AND THAT IT WOULD BE EXPORTED IN A
3 PETITION FORMAT.

4 Q SO GOING BACK TO MY ACTUAL QUESTION: YOU KNEW THAT
5 MORGAN DREXEN WAS CREATING BANKRUPTCY PETITIONS THAT DID NOT
6 PREVIOUSLY EXIST. YES OR NO?

7 A YES.

8 Q AND YOU KNEW THAT MORGAN DREXEN PRODUCED THESE
9 BANKRUPTCY PETITIONS TO THE BUREAU, CORRECT?

10 A YES.

11 Q AND YOU KNEW THAT THE CREATION OF THESE BANKRUPTCY
12 PETITIONS HAD DELAYED MORGAN DREXEN'S PRODUCTION OF CONSUMER
13 FILES TO THE BUREAU, CORRECT?

14 A YES.

15 Q AND YOU KNEW THAT AS A RESULT, MORGAN DREXEN COULD NOT
16 MEET COURT DEADLINES FOR PRODUCING THE CONSUMER FILES,
17 CORRECT?

18 A I DON'T KNOW IF THE FAILURE TO MEET THE DEADLINE WAS A
19 RESULT OF THE PETITION ALONE. FROM WHAT I RECALL, I DON'T
20 THINK WE WOULD HAVE BEEN ABLE TO MAKE THE DEADLINE ANYWAYS.

21 Q BUT THE PETITIONS PLAYED A PART IN MORGAN DREXEN'S
22 INABILITY TO MEET THE COURT'S DEADLINE FOR PRODUCTION OF THE
23 CONSUMER FILES, CORRECT?

24 A IT DID PLAY A PART, YES.

25 Q IN YOUR DECLARATION, YOU EXPLAINED WHY MORGAN DREXEN

1 ONLY PRODUCED LOG NOTES THROUGH MAY 9TH, 2014, CORRECT?

2 A YES.

3 Q AND YOU HAD REQUESTED THAT MR. GUPTA PULL ALL THE LOG
4 NOTES ON MAY 9TH, 2014, CORRECT?

5 A CORRECT.

6 Q AND IN YOUR DECLARATION, YOU EXPLAINED THAT'S WHY THE
7 LOG NOTES WERE ONLY CURRENT THROUGH MAY 9, 2014, CORRECT?

8 A TO THE BEST OF MY RECOLLECTION, YES.

9 Q AND SO GIVEN THE --

10 MR. SINGELMANN: I WILL REPEAT AND SLOW DOWN.

11 BY MR. SINGELMANN:

12 Q GIVEN THAT THE LOG NOTES WERE ONLY CURRENT THROUGH MAY
13 9TH, 2014, THERE WAS NO WAY THE BUREAU COULD HAVE KNOWN BY
14 LOOKING AT THE LOG NOTES THAT THE BANKRUPTCY PETITIONS THAT
15 MORGAN DREXEN PRODUCED TO THE BUREAU HAD BEEN CREATED IN
16 JUNE AND JULY 2014, CORRECT?

17 A CAN YOU REPEAT THAT?

18 Q SURE. SINCE THE LOG NOTES WERE ONLY CURRENT THROUGH
19 MAY 9TH, 2014, RIGHT?

20 A YES.

21 Q SO THERE WAS NO WAY THAT IF THE BUREAU LOOKED AT THE
22 LOG NOTES THAT THE BUREAU WOULD HAVE BEEN ABLE TO DETERMINE
23 THAT THE BANKRUPTCY PETITIONS THAT WERE PRODUCED IN JUNE AND
24 JULY HAD BEEN CREATED IN JUNE AND JULY OF 2014?

25 A NOT BY LOOKING AT THE LOG NOTES.

1 Q OKAY. IN JULY 2014, DO YOU RECALL THE BUREAU FILING A
2 MOTION FOR LITIGATION SANCTIONS AGAINST MORGAN DREXEN?

3 A YES.

4 Q AND YOU SUBMITTED A DECLARATION TO THE COURT AS PART OF
5 MORGAN DREXEN'S OPPOSITION TO THE BUREAU'S MOTION FOR
6 LITIGATION SANCTIONS, CORRECT?

7 A CORRECT.

8 Q AND YOU PROVIDED EXTENSIVE DETAIL ABOUT THE REASONS WHY
9 MORGAN DREXEN WAS UNABLE TO MEET ITS PRODUCTION DEADLINES,
10 CORRECT?

11 A FROM WHAT I RECALL, IT WAS -- I THINK THIS WAS
12 EXTENSIVE. I GOT TO TAKE A LOOK AT THE DECLARATION AGAIN.

13 Q I CAN SHOW IT TO YOU, IF IT WILL HELP YOU REMEMBER.

14 A HOW MANY PAGES DID WE HAVE?

15 MR. SINGELMANN: YOUR HONOR, MAY I REFRESH THE
16 WITNESS' RECOLLECTION WITH EXHIBIT 134?

17 THE COURT: I'M NOT SURE THAT THAT'S NECESSARY.

18 MR. SINGELMANN: OKAY.

19 THE COURT: THE EXHIBIT WILL SPEAK FOR ITSELF.

20 MR. SINGELMANN: OKAY.

21 BY MR. SINGELMANN:

22 Q DO YOU RECALL EXPLAINING IN YOUR DECLARATION THAT THERE
23 WERE -- SOME OF THE REASONS FOR MORGAN DREXEN'S INABILITY TO
24 MEET THE COURT'S PRODUCTION DEADLINES WERE CONFLICTING
25 INSTRUCTIONS ABOUT THE SCOPE OF THE PRODUCTION?

1 A YES.

2 Q AND YOU THOUGHT THAT, INITIALLY, THAT THE PRODUCTION OF
3 DOCUMENTS WOULD BE FAIRLY SMALL, CORRECT?

4 A CORRECT.

5 Q AND THAT TURNED OUT NOT TO BE THE CASE, CORRECT?

6 A CORRECT.

7 Q AND THEN YOU ALSO DISCUSSED THE EFFORTS MORGAN DREXEN
8 HAD UNDERTAKEN TO STAFF UP FOR THE PRODUCTION, CORRECT?

9 A YES.

10 Q MORGAN DREXEN HIRED A NUMBER OF PARALEGALS, CORRECT?

11 A MORGAN DREXEN HIRED ONE PARALEGAL AND SOME ADDITIONAL
12 JUST TEMPORARY EMPLOYEES.

13 Q OKAY. AND YOU ALSO DISCUSSED THE COURT'S JUNE 13TH,
14 2014 ORDER, REQUIRING MORGAN DREXEN TO PRODUCE ALL
15 RESPONSIVE DOCUMENTS EXCEPT AS TO DOCUMENT REQUEST 29 BY
16 JUNE 20TH, 2014.

17 DO YOU RECALL THAT?

18 A I BELIEVE DOCUMENT REQUEST 29, AS WELL AS 20 AND 25.
19 THAT'S WHAT I RECALL.

20 Q OKAY. AND DO YOU RECALL HAVING A DISCUSSION WITH
21 MR. KLEIN ABOUT THE COURT'S JUNE 13TH, 2014 ORDER?

22 A I THINK WE MAY HAVE HAD ONE DISCUSSION.

23 Q ISN'T IT TRUE THAT YOU DISCUSSED THE COURT'S JUNE 13TH,
24 2014 ORDER WITH MR. KLEIN AND YOU TOLD HIM IT WOULD BE
25 IMPOSSIBLE FOR MORGAN DREXEN TO PRODUCE EVERYTHING REQUIRED

1 TO THE COURT BY JUNE 20TH, 2014?

2 A YES.

3 Q AND THIS INCLUDED THE PRODUCTION OF THE 480 CONSUMER
4 FILES, CORRECT?

5 A CORRECT.

6 Q DID YOU EXPLAIN TO MR. KLEIN WHY MORGAN DREXEN COULD
7 NOT PRODUCE THE 480 CONSUMER FILES BY JUNE 20TH?

8 A I DON'T RECALL EXACTLY IF I DID, BUT I PROBABLY DID.

9 Q DID YOU TELL MR. KLEIN THAT MORGAN DREXEN WAS CREATING
10 BANKRUPTCY PETITIONS FOR THE 480 CONSUMER FILES?

11 A I DON'T REMEMBER THE EXACT -- WHAT WAS STATED DURING
12 THE CONVERSATION. I KNOW THAT WE HAD A CONVERSATION. I WAS
13 ON VACATION AT THE TIME. AND I KNOW THAT HE CALLED ME AT
14 12:00 O'CLOCK FOR -- TIME OR SOMETHING. AND WE HAD A
15 CONVERSATION, BUT I DON'T REMEMBER EXACTLY WHAT WAS STATED.

16 Q DO YOU RECALL IN YOUR DECLARATION TELLING THE COURT
17 THAT MORGAN DREXEN COULDN'T PRODUCE THE 480 CONSUMER FILES,
18 BECAUSE IT HAD -- IT WAS -- HAD BEEN BUSY CREATING NEW
19 BANKRUPTCY PETITIONS FOR THOSE 480 CONSUMER FILES?

20 A NO.

21 Q YOU DIDN'T TELL THE COURT THAT, DID YOU?

22 A NO.

23 Q AT THIS POINT, MORGAN DREXEN HAD ALREADY VIOLATED THE
24 JUNE 13TH AND JUNE 20TH COURT ORDERS, CORRECT?

25 A I'M NOT SURE WHAT POINT YOU'RE TALKING ABOUT, WHAT

1 POINT IN TIME.

2 Q AT THE POINT IN TIME WHEN YOU FILED YOUR DECLARATION.

3 A THE ONE WITH THE JULY MOTION?

4 Q YES.

5 A YES.

6 Q AND AT THIS POINT -- AT THE TIME YOU FILED YOUR
7 JULY 2014 DECLARATION, MORGAN DREXEN WAS FACING LITIGATION
8 SANCTIONS, CORRECT?

9 A YES.

10 Q BUT YOU DIDN'T TELL THE COURT THAT THE -- AMONG THE
11 MANY REASONS WHY MORGAN DREXEN COULDN'T PRODUCE THE CONSUMER
12 FILES BY THE COURT'S DEADLINES WAS THAT IT WAS CREATING
13 BANKRUPTCY PETITIONS, CORRECT?

14 A AS I STATED EARLIER, THE PRODUCTION OF THE 480 FILES
15 WERE -- THEY WERE GOING TO BE LATE. IT WAS GOING TO BE
16 LATE, REGARDLESS. I DON'T THINK I SPECIFICALLY SAID *IT'S*
17 *BECAUSE WE DIDN'T REDACT THE LOG NOTES YET*, OR *IT'S BECAUSE*
18 *WE HADN'T DONE THE RECORDINGS YET*, OR -- I WOULDN'T HAVE
19 BROKEN IT DOWN. IT WASN'T GOING TO BE DONE.

20 Q LET'S LOOK BACK AT YOUR JANUARY 30TH, 2015 DECLARATION.

21 MR. SINGELMANN: TORREY, CAN YOU PULL UP PAGE 13,
22 PLEASE?

23 THE COURT: AGAIN, I DON'T KNOW WHAT PORTION OF
24 THE 35 MINUTES WAS YOURS --

25 MR. SINGELMANN: OKAY.

1 THE COURT: -- BUT YOU'VE USED ALMOST 30 OF THE 35
2 ALREADY.

3 MR. KLEIN: 20 WAS HIS, YOUR HONOR.

4 THE COURT: ALL RIGHT. SO I THINK I NEED TO KNOW
5 THEN NOT JUST THE TOTAL TIME, BUT WHAT THE BREAKDOWN IS.
6 BECAUSE YOU'RE OVER WHATEVER TIME YOU'VE ALREADY ALLOTTED.

7 MR. SINGELMANN: OKAY. LET ME TAKE A MOMENT TO
8 DETERMINE WHAT, IF ANYTHING, FURTHER.

9 THE COURT: THANK YOU.

10 (PAUSE.)

11 THE COURT: AND YOU'LL HAVE YOUR FULL 15 MINUTES
12 THEN, MR. KLEIN.

13 MR. KLEIN: I ONLY ASKED FOR 10 AND I'M HOPING TO
14 DO IT IN SIX.

15 THE COURT: ALL RIGHT.

16 MR. SINGELMANN: I'LL TAKE TWO MINUTES,
17 YOUR HONOR. JUST WRAP UP.

18 BY MR. SINGELMANN:

19 Q MS. TRAN, IF YOU THOUGHT THAT -- IF YOU HAD ANY
20 CONCERNS ABOUT THE SCOPE OF A DOCUMENT REQUEST, YOU WOULD
21 DISCUSS THAT WITH MR. KLEIN, WOULDN'T YOU?

22 A YES.

23 Q AND IF YOU THOUGHT THAT MORGAN DREXEN WOULDN'T BE ABLE
24 TO PRODUCE RESPONSIVE DOCUMENTS IN A TIMELY MANNER, YOU
25 WOULD ALSO DISCUSS THAT WITH MR. KLEIN, WOULDN'T YOU?

1 A YES, I WOULD.

2 Q AND YOU WOULD EXPECT MR. KLEIN TO RAISE THOSE ISSUES
3 WITH THE BUREAU, WOULDN'T YOU?

4 A I'M NOT SURE I HAD ANY EXPECTATIONS, BUT I WOULD HAVE
5 NOTIFIED HIM.

6 Q BUT IT WAS YOUR HOPE IF YOU HAD A CONCERN ABOUT THE
7 SCOPE OF A DOCUMENT REQUEST THAT MR. KLEIN WOULD CONVEY YOUR
8 CONCERNS TO THE BUREAU; IS THAT CORRECT?

9 A WELL, IF I FIGURED HE WOULD. I MEAN, I'M NOT SURE HE
10 WOULD HOLD ON TO THAT INFORMATION.

11 Q SO YOU EXPECTED HE WOULD RAISE YOUR CONCERNS WITH THE
12 BUREAU?

13 A YES.

14 Q ALL RIGHT. BECAUSE YOU WANTED TO KNOW WHAT
15 MORGAN DREXEN NEEDED TO PRODUCE, CORRECT?

16 A YES.

17 Q YOU NEEDED TO KNOW HOW MUCH STAFF YOU NEEDED, CORRECT?

18 A CORRECT.

19 Q AND IF MORGAN DREXEN WASN'T ON THE SAME PAGE AS THE
20 BUREAU ABOUT WHAT NEEDED TO BE PRODUCED, YOU WANTED TO KNOW
21 THAT, CORRECT?

22 A YES.

23 Q AND IF MORGAN DREXEN WASN'T ON THE SAME PAGE AS
24 MR. KLEIN ABOUT WHAT NEEDED TO BE PRODUCED, YOU WANTED TO
25 KNOW THAT AS WELL, CORRECT?

1 A YES.

2 MR. SINGELMANN: THAT'S ALL I HAVE, YOUR HONOR.

3 CROSS-EXAMINATION

4 BY MR. KLEIN:

5 Q LET'S START WITH THERE, AND I'LL BE VERY QUICK.

6 HOW OFTEN WERE YOU AND I IN COMMUNICATION WITH THE
7 BUREAU?

8 A YOU AND I DIRECTLY WITH THE BUREAU?

9 Q YES.

10 A I DON'T RECALL BUT IT WAS VERY OFTEN.

11 Q HOW OFTEN -- HOW MUCH OF YOUR TIME WAS SPENT IN MAY AND
12 JUNE TRYING TO GET THIS DOCUMENT PRODUCTION DONE?

13 A I WOULD SAY, PROBABLY, ABOUT 80 PERCENT.

14 Q AND IS IT AN OVERSTATEMENT TO SAY I WAS HOUNDING YOU
15 THAT WE HAD TO GET THIS DONE ON ALMOST A DAILY BASIS?

16 A NO. THAT'S NOT AN OVERSTATEMENT.

17 Q AND DID WE HAVE MULTIPLE DISCUSSIONS WITH MR. O'MALLEY
18 TO SEE HOW HE WANTED DOCUMENTS DELIVERED AND WHAT WE COULD
19 DO TO NARROW THE SCOPE?

20 A YES.

21 Q AND WAS HIS USUAL RESPONSE, *GIVE ME EVERYTHING*?

22 A FROM WHAT I --

23 MR. SINGELMANN: OBJECTION, YOUR HONOR. HEARSAY.

24 MR. KLEIN: SHE WAS ON THE CALLS. SHE WAS ON THE
25 E-MAILS.

1 THE COURT: I DO TREAT THIS AS A DIRECT
2 EXAMINATION, NOT A CROSS EXAMINATION IN TERMS OF YOUR
3 LEADING QUESTIONS, PLEASE.

4 MR. KLEIN: YES, YOUR HONOR.

5 BY MR. KLEIN:

6 Q WHEN DID YOU DELIVER -- STRIKE THAT.

7 WHEN DID MORGAN DREXEN COMPLETE ITS DISCOVERY
8 RESPONSE ON DOCUMENTS?

9 DO YOU HAVE AN ESTIMATED DATE?

10 A I BELIEVE IT'S SOMEWHERE IN JULY. SO IN ORDER TO
11 COMPLY BY JULY 7TH -- WE DIDN'T MAKE THAT JULY 7TH DEADLINE,
12 BUT I THINK BY THE END OF JULY WE HAD COMPLETED OUR
13 PRODUCTION.

14 Q AND BETWEEN JULY AND TODAY, HAVE WE EVER GOTTEN A
15 REQUEST FROM THE CFPB TO PRODUCE WHATEVER LOG NOTES HAD NOT
16 BEEN PRODUCED AFTER A CERTAIN DATE?

17 A NO.

18 MR. KLEIN: I HAVE NOTHING FURTHER, YOUR HONOR.

19 THE COURT: THANK YOU.

20 ANYTHING ON REDIRECT?

21 MR. SINGELMANN: NO, YOUR HONOR.

22 THE COURT: MAY THIS WITNESS BE EXCUSED?

23 MR. SINGELMANN: YES, YOUR HONOR.

24 MR. KLEIN: YES, YOUR HONOR.

25 THE COURT: YOU'RE EXCUSED. YOU MAY STEP DOWN.

1 THANK YOU.

2 YOU MAY CALL YOUR NEXT WITNESS, PLEASE. PLEASE
3 IDENTIFY WHO YOU'LL BE CALLING.

4 MR. SINGELMANN: I APOLOGIZE.

5 THE BUREAU CALLS WALTER LEDDA TO THE STAND.

6 MR. KLEIN: FOR THE COURT'S INFORMATION,
7 YOUR HONOR, I BELIEVE THE BUREAU SAID THEY HAVE ABOUT EIGHT
8 MINUTES FOR MR. LEDDA, AND I HAVE ABOUT 15.

9 THE COURT: THANK YOU.

10 THE CLERK: SIR, IF YOU WILL, PLEASE, JUST STOP
11 AND RAISE YOUR RIGHT HAND TO BE SWORN.

12 WALTER LEDDA, PLAINTIFF'S WITNESS, SWORN

13 THE WITNESS: I DO.

14 THE CLERK: PLEASE STEP FORWARD.

15 (PAUSE.)

16 THE CLERK: STATE YOUR FULL NAME AND SPELL YOUR
17 LAST FOR THE RECORD.

18 THE WITNESS: MY NAME IS WALTER LEDDA, L-E-D-D-A.

19 THE CLERK: THANK YOU.

20 THE COURT: YOU MAY INQUIRE.

21 MR. SINGELMANN: THANK YOU, YOUR HONOR.

22 TORREY, CAN YOU, PLEASE, PULL UP EXHIBIT 122?

23 (THE EXHIBIT WAS DISPLAYED ON THE SCREEN.)

24 ////

25 ////

1 DIRECT EXAMINATION

2 BY MR. SINGELMANN:

3 Q MR. LEDDA, I'M SHOWING YOU EXHIBIT 122, WHICH HAS BEEN
4 ADMITTED INTO EVIDENCE.

5 THIS IS THE DECLARATION YOU SUBMITTED TO THE COURT
6 AS PART OF DEFENDANT'S OPPOSITION TO THE BUREAU'S MOTION FOR
7 SANCTIONS, CORRECT?

8 A CORRECT.

9 MR. SINGELMANN: TORREY, PLEASE, PULL UP
10 PARAGRAPH SIX ON PAGE 2.

11 BY MR. SINGELMANN:

12 Q MR. LEDDA, I'M GOING TO DIRECT YOUR ATTENTION TO
13 PARAGRAPH SIX OF YOUR DECLARATION. YOU STATE THAT YOU WERE
14 ASKED BY MORGAN DREXEN'S IN-HOUSE ATTORNEYS, KATZ AND
15 LIHN TRAN, TO HELP FACILITATE THE REDACTION PROCESS BY
16 AUTOMATING IT, IF POSSIBLE.

17 DO YOU SEE THAT?

18 A I DO.

19 Q WHAT WERE YOU REFERRING TO BY "THE REDACTION PROCESS"?

20 A THERE WAS A REDACTION PROJECT. ACTUALLY, I BECAME
21 AWARE THAT THERE WAS ISSUES WITH HELP FAST. THEY WERE ABLE
22 TO REDACT AND THEY WERE LOOKING FOR AN AUTOMATED WAY TO
23 REDACT. I BECAME AWARE OF THAT AND PROCEEDED TO PUT
24 NANCY JIN AND TUAN IN DEVELOPMENT SO THAT THEY CAN COME UP
25 WITH A METHOD.

1 Q OKAY. I WANTED TO DIRECT YOUR ATTENTION TO THE SECOND
2 SENTENCE IN PARAGRAPH SIX. YOU SAY: *IT WAS MY*
3 *UNDERSTANDING THAT THE PROJECT -- REDACTION PROJECT WOULD*
4 *CONTAIN A CURRENT PETITION WITH A CURRENT SNAPSHOT OF ALL*
5 *BANKRUPTCY INFORMATION, INCLUDING A REPRESENTATION OF ALL*
6 *DATA FROM ALL SOURCES THAT MORGAN DREXEN HAD IN ITS*
7 *POSSESSION.*

8 THIS IS REFERRING TO THE NEWLY CREATED BANKRUPTCY
9 PETITIONS, CORRECT?

10 A THAT IS CORRECT.

11 Q AND YOU UNDERSTOOD THAT THESE BANKRUPTCY PETITIONS HAD
12 NOT BEEN CREATED IN THE ORDINARY COURSE OF BUSINESS,
13 CORRECT?

14 A ABSOLUTELY.

15 Q AND YOU UNDERSTOOD THAT MORGAN DREXEN WAS CREATING
16 THESE PETITIONS TO PRODUCE THEM TO THE BUREAU, CORRECT?

17 A CORRECT.

18 Q AND, PLEASE, TURN YOUR ATTENTION TO PARAGRAPH FOUR, AND
19 I'LL ASK TORREY TO PULL THAT UP FOR YOU.

20 IN PARAGRAPH FOUR, YOU LIST VARIOUS PLACES WHERE
21 THE CONSUMER INFORMATION IS HOUSED. AND I JUST WANTED TO
22 ASK YOU: THESE WERE ALL THE SOURCES OF THE CONSUMER
23 INFORMATION THAT WAS INPUT INTO THE NEW BANKRUPTCY
24 PETITIONS, CORRECT?

25 A THESE ARE ALL THE POSSIBLE SOURCES WHERE FRAGMENTED

1 DATA MAY HAVE RESIDED AND, YES, THEY WERE TO BE PUT INTO THE
2 PETITION.

3 Q LET'S TURN TO PARAGRAPH EIGHT OF YOUR DECLARATION. AND
4 IN THIS PARAGRAPH, YOU DISCUSSED THE CONVERSATION YOU HAD
5 WITH MS. AUGUSTA ABOUT THE COMPENSATION FOR THE PROCESSORS,
6 CORRECT?

7 A THAT IS CORRECT.

8 Q SHE CAME TO YOU TO TALK ABOUT HOW THE PROCESSORS WOULD
9 BE COMPENSATED FOR THE WORK THEY WERE DOING POPULATING
10 BANKRUPTCY PETITIONS, CORRECT?

11 A THAT IS TRUE.

12 Q THESE WERE THE BANKRUPTCY PETITIONS, AGAIN, THAT WOULD
13 BE PRODUCED TO THE BUREAU, CORRECT?

14 A THESE ARE THOSE PETITIONS.

15 Q AND SOME OF THESE PETITIONS WERE FOR CANCELED
16 BANKRUPTCY FILES, CORRECT?

17 A THAT WAS THE ISSUE SHE WAS BRINGING TO MY ATTENTION.

18 Q SO YOU KNEW IN JUNE 2014 THAT MORGAN DREXEN WAS
19 POPULATING BANKRUPTCY PETITIONS, INCLUDING FOR CONSUMERS WHO
20 HAD CANCELED THEIR BANKRUPTCY SERVICES, CORRECT?

21 A I DID.

22 Q AND YOU WORKED OUT A COMPENSATION PLAN FOR THE
23 PROCESSORS WHO WERE CREATING THESE NEW BANKRUPTCY PETITIONS,
24 CORRECT?

25 A I APPROVED THE METHODOLOGY IN WHICH THE BANKRUPTCY --

1 EXCUSE ME, IN WHICH THE WORK THAT THEY PERFORMED WHICH WAS
2 OUT OF THE ORDINARY COURSE OF BUSINESS WOULD BE COMPENSATED.

3 MR. SINGELMANN: THAT'S ALL I HAVE, YOUR HONOR.

4 CROSS-EXAMINATION

5 BY MR. KLEIN:

6 Q WHAT'S BEEN YOUR ROLE IN RESPONDING TO DISCOVERY IN
7 THIS CASE?

8 A I -- I APPROVED THE OPEN KIMONO POLICY. I APPROVED THE
9 METHOD IN WHICH COMPENSATION WOULD BE PAID TO PETITION
10 PROCESSORS. AND I ASSISTED WITH ANY TECHNOLOGY ISSUES.

11 Q WHO WAS THE PERSON OF MORGAN DREXEN WHO IS CHARGED WITH
12 THE RESPONSIBILITY OF COMPLYING WITH DISCOVERY?

13 A IT WOULD BE JEFFREY KATZ IN THE LEGAL DEPARTMENT.

14 Q WHAT WAS YOUR EXPECTATION THAT MR. KATZ AND MY FIRM AND
15 VENABLE WOULD COMPLY WITH ALL DISCOVERY RULES?

16 A I EXPECTED THAT YOU AND MR. KATZ AND THE ENTIRE LEGAL
17 TEAM WOULD FOLLOW EVERY DISCOVERY RULE.

18 Q WHAT WAS YOUR ROLE IN RESPONDING TO THE DOCUMENT
19 REQUEST AT ISSUE IN THIS MOTION?

20 A ASIDE FROM APPROVING THE OPEN KIMONO POLICY, I ASSISTED
21 WITH THE TECHNOLOGY ISSUES RELATED TO THE DESIRED USE OF AN
22 AUTO REDACTION PROCESS AND THE COMPENSATION FOR PETITION
23 PROCESSORS THAT WOULD BE PERFORMING WORK FOR THE LEGAL TEAM
24 THAT WOULD BE OUTSIDE OF THE NORMAL COURSE OF BUSINESS.

25 Q AND LET'S GO THROUGH THE TECHNOLOGY ISSUES FIRST. WHAT

1 WAS YOUR ROLE IN ITS ENTIRETY?

2 A I ASSISTED THE I.T. DEPARTMENT IN FORMULATING SOQL
3 STATEMENTS THAT WERE THEN PULLED FOR REQUEST FOR NO. 34,
4 DISCOVERY REQUEST NO. 34.

5 I ALSO ASSISTED THE I.T. DEPARTMENT IN TRYING TO
6 DEAL WITH THE ISCII CODES WHICH WERE NOT PRESENT IN OUR
7 SYSTEM.

8 Q WOULD YOU SPELL ISCII CODES FOR THE REPORTER, PLEASE,
9 IF YOU KNOW?

10 A I-S-C-I-I.

11 Q WHAT'S AN ISCII CODE?

12 A MY LIMITED UNDERSTANDING OF THAT, IT IS A
13 WATERMARK-TYPE IMPRESSION PUT ON THE ADVERTISEMENT THAT
14 WOULD -- THAT WOULD BE AIRED IN MANY MARKETING COMPANIES --
15 LIKE KOVEL/FULLER WHO WE USE -- WOULD KEEP TRACK.
16 MORGAN DREXEN DID NOT KEEP TRACK OF ISCII CODES. IT WAS A
17 PARTICULAR PROBLEM DURING THIS CASE.

18 Q DID YOU HAVE ANY OTHER ROLE THAN WHAT YOU'VE DISCUSSED
19 SO FAR IN RESPONDING TO DISCOVERY?

20 A NONE.

21 Q WAS IT EVER YOUR POLICY TO HIDE INFORMATION FROM THE
22 CFPB?

23 A NO, NO. QUITE THE REVERSE.

24 Q YOU MENTIONED THIS OPEN KIMONO POLICY. WHAT'S THAT?

25 A YOUR PREDECESSOR VENABLE TOOK A POSITION TO OBJECT TO

1 ALMOST ALL, IF NOT ALL, OF THE DISCOVERY. AFTER I MET WITH
2 YOU, MR. KLEIN, AND WE DISCUSSED THE ISSUE, IT WAS -- IT WAS
3 CLEAR THAT WE WERE GOING TO TAKE WHAT YOU HAVE CLONED AS AN
4 OPEN KIMONO POLICY. AND WE PULLED BACK ALL OF OUR
5 OBJECTIONS. WE FELT THAT WE HAD NOTHING TO HIDE. AS A
6 MATTER OF FACT, WE WENT AS FAR AS INVITING THE CFPB TO COME
7 TO THE OFFICES OF MORGAN DREXEN TO SEE THE OPERATIONS, ASK
8 ANY QUESTIONS.

9 Q I'VE PUT UP EXHIBIT 31. THERE'S A LOWER E-MAIL FROM
10 YOU TO ME.

11 IS THIS AN E-MAIL THAT YOU SENT TO ME?

12 A IT IS.

13 Q IS THIS THE CONVEYANCE OF AN INVITATION TO THE CFPB TO
14 COME BY MORGAN DREXEN, LOOK UNDER THE HOOD?

15 A ABSOLUTELY.

16 Q DID YOU AUTHORIZE ME TO SEND IT TO THE CFPB?

17 A I DID.

18 Q AND TAKE A LOOK AT THE UPPER E-MAIL. IS IT YOUR
19 UNDERSTANDING THIS E-MAIL WAS SENT DIRECTLY TO MR. O'MALLEY
20 TO EXTEND THAT INVITATION?

21 A IT WAS.

22 Q WHAT WAS THE CFPB'S RESPONSE?

23 A THEY DECLINED.

24 MR. KLEIN: I WOULD LIKE TO MOVE EXHIBIT --
25 EXHIBIT 31 INTO EVIDENCE.

1 MR. SINGELMANN: YOUR HONOR, OBJECT. RELEVANCE.
2 THIS IS AN E-MAIL THREE OR FOUR MONTHS AFTER THE RELEVANT
3 ISSUES THAT WE'RE SUPPOSED TO BE ENTERING EVIDENCE INTO
4 TODAY.

5 THE COURT: OVERRULED. FOR WHATEVER RELEVANCE IT
6 HAS, I WILL ADMIT IT.

7 (DEFENDANTS' EXHIBIT 31 RECEIVED IN EVIDENCE.)

8 BY MR. KLEIN:

9 Q WHEN WAS THE FIRST TIME YOU HAD ANY INVOLVEMENT IN THE
10 PETITIONS AT ISSUE IN THIS MOTION?

11 A JEFFREY KATZ APPROACHED ME. HE TOLD ME HE WAS RUNNING
12 BEHIND IN WHAT HE CONSIDERED THE REDACTION PROJECT, AND HE
13 ASKED ME IF IT WOULD BE OKAY TO ASK RITA AND THE PETITION
14 PROCESSORS TO ASSIST. I APPROVED IT.

15 Q WHEN IS THE NEXT TIME YOU HAD ANY INVOLVEMENT IN THE
16 PETITION ISSUE?

17 A RITA BROUGHT TO MY ATTENTION THE ISSUE REGARDING
18 COMPENSATION FOR HER PETITION PROCESSORS FOR DOING THIS
19 WORK.

20 Q WHAT HAPPENED IN THAT REGARD?

21 A SHE BROUGHT TO MY ATTENTION THE ISSUE REGARDING THE
22 NONACTIVE FILES THAT -- WHAT WOULD BE THE CANCELED FILES AND
23 HOW THE SYSTEM WAS LOCKED DOWN WHERE THE MILESTONES WITHIN
24 THE BANKRUPTCY STATUS COULD NOT BE ADVANCED AND THE PETITION
25 PROCESSORS' COMPENSATION IS BASED ON THAT ADVANCING

1 MILESTONE. SHE WANTED IT UNLOCKED. I TOLD HER THAT THAT
2 WOULD NOT BE APPROPRIATE.

3 Q WHY DIDN'T YOU UNLOCK THEM?

4 A THAT WOULD HAVE REFLECTED WORK THAT WOULD HAVE BEEN
5 DONE OUTSIDE THE COURSE OF NORMAL BUSINESS, AND -- IT JUST
6 DIDN'T SEEM APPROPRIATE.

7 Q WHAT WAS YOUR NEXT INVOLVEMENT IN DISCOVERY IN THE CASE
8 AROUND JUNE 23RD?

9 MR. O'MALLEY: OBJECTION.

10 MR. SINGELMANN: OBJECTION, YOUR HONOR. LEADING.

11 THE COURT: OVERRULED.

12 THE WITNESS: JUNE 23RD, WE HAVE A MANAGEMENT
13 COMMITTEE MEETING. I BELIEVE THAT WAS ON A MONDAY. THERE'S
14 22 MEMBERS OF MY MANAGEMENT STAFF THERE. I WAS INFORMED BY
15 NANCY JIN THAT SHE WAS HAVING ISSUES WITH THE REDACTION
16 PROCESS. AND WE HAD AN EXCHANGE WHERE IT WAS DETERMINED
17 THAT I FELT THAT THE I.T. DEPARTMENT WOULD BE ABLE TO
18 FACILITATE AN AUTOMATED METHOD OF REDACTING. THAT WAS THE
19 LAST TIME I -- THAT WAS THE NEXT TIME I HAD INVOLVEMENT.
20 BY MR. KLEIN:

21 Q WHEN DID YOU HAVE ANY OTHER INVOLVEMENT?

22 A I DIDN'T.

23 Q WHAT WAS YOUR EXPECTATION AS TO HOW THESE PETITIONS
24 WOULD ULTIMATELY BE PRODUCED?

25 A I EXPECTED THAT THE CFPB WOULD HAVE BEEN NOTIFIED OF

1 THESE PETITIONS AS THEY WERE CREATED OUTSIDE THE NORMAL
2 COURSE OF BUSINESS.

3 Q WHAT WAS YOUR ROLE IN MAKING SURE THAT HAPPENED?

4 A NONE.

5 Q DID YOU HAVE ANY DISCUSSION WITH MR. KATZ AS TO WHETHER
6 THE FACT THAT THESE PETITIONS WERE CREATED FOR DISCOVERY
7 PURPOSES OR WAS GOING TO BE CALLED OUT TO THE CFPB?

8 A REGRETTABLY NONE.

9 Q IN MID-JUNE DURING THE TIME THIS PRODUCTION WAS
10 HAPPENING, DID YOUR COMPANY FACE A FINANCIAL CRISIS?

11 A YES, IT DID.

12 Q WHAT WAS IT?

13 A OUR --

14 Q I'M GOING TO ASK YOU TO PULL THE MIKE A LITTLE BIT AWAY
15 SO THAT THERE'S NO FEEDBACK.

16 GO AHEAD.

17 A I APOLOGIZE.

18 JUNE 16TH OR 17TH, OUR PRIMARY SOURCE OF
19 FUNDING -- A COURT FINANCIAL RECEIVED ITS SUBPOENA FROM THE
20 CFPB. THEY IMMEDIATELY TOLD US THAT THEIR LOAN TO US WAS
21 DUE AND PAYABLE AND THAT WAS A CRISIS THAT I HAD TO DEAL
22 WITH.

23 Q WHY WAS THAT A PROBLEM?

24 A IT WAS OUR SOLE SOURCE OF FUNDING. AND IF WE COULDN'T
25 WORK OUT A REPAYMENT PLAN THAT WOULD ALLOW US TO HAVE CASH

1 FLOW TO CONTINUE OPERATIONS, IT WOULD HAVE RESULTED IN A
2 SHUTDOWN.

3 Q WAS THAT ISSUE THE FOCUS OF YOUR ATTENTION IN
4 JUNE 2014?

5 A ABSOLUTELY.

6 Q WHEN DID YOU FIRST LEARN THAT THERE WERE ISSUES
7 REGARDING THE METHODOLOGY OF HOW DOCUMENTS WERE PRODUCED IN
8 THIS CASE?

9 A IT'S WHEN YOU PHONED ME AND TOLD ME THAT THERE WAS
10 METADATA ISSUES WITH REGARDS TO THOSE PETITIONS.

11 Q NOW, ONE OF THE THINGS CFPB HAS ALLEGED IN THIS CASE IS
12 THAT A MEANS TEST WAS RUN ON ALL OF THE PETITIONS AT ISSUE.

13 DID YOU AND MR. GUPTA RUN A REPORT TO FIND OUT
14 JUST HOW MANY MEANS TESTS WERE RUN?

15 A WE RAN A REPORT TO FIND OUT FILES THAT HAD CONSUMER
16 MEDIAN INCOME DATA PLACED IN --

17 MR. SINGELMANN: YOUR HONOR, I OBJECT. HE'S
18 PROVIDING INFORMATION ON A SUMMARY EXHIBIT. WE HAVEN'T BEEN
19 GIVEN THE UNDERLYING DATA FOR THIS.

20 THE COURT: AND NOTHING SHOULD BE PUBLISHED TO THE
21 COURT THAT HASN'T -- AT LEAST AT THIS POINT, SO IT SHOULD BE
22 OFF THE SCREEN.

23 MR. KLEIN: TAKE IT OFF. TAKE IT OFF.

24 THE COURT: THAT'S FINE.

25 REPEAT YOUR OBJECTION.

1 MR. SINGELMANN: THEY'RE OFFERING A SUMMARY REPORT
2 WHEN THEY HAVE NOT PROVIDED THE BUREAU WITH THE UNDERLYING
3 DATA.

4 THE COURT: RESPONSE.

5 BY MR. KLEIN:

6 Q YOU CAN LOOK AT EXHIBIT 45 IN YOUR NOTEBOOK AND TELL ME
7 HOW THAT REPORT WAS PREPARED.

8 A NO. 45?

9 Q YES.

10 A SORRY. I'M HAVING -- I'M HAVING ISSUES FINDING 45.

11 Q IT'S IN THE OTHER BINDER.

12 A YES. SORRY.

13 Q FIRST, DO YOU HAVE A COMPUTER SYSTEM THAT KEEPS DATA IN
14 THE ORDINARY COURSE OF BUSINESS?

15 A YES.

16 Q HOW DOES IT DO SO?

17 A IT -- IT MAINTAINS A LOG OF EVERY USER AND THE ACTIVITY
18 THAT THE USER PERFORMS.

19 Q ARE YOU ABLE TO RUN A COMPUTER REPORT WHICH WOULD TELL
20 YOU HOW MANY MEANS TESTS WERE RUN ON THE 480 PETITIONS AT
21 ISSUE IN THIS MATTER?

22 A YES.

23 Q DID YOU RUN SUCH A REPORT?

24 A YES.

25 Q IS IT A SUMMARY REPORT?

1 A IT LOOKS LIKE A DETAILED REPORT.

2 Q IS IT EXHIBIT 45, THAT REPORT?

3 A YES.

4 MR. KLEIN: I WOULD LIKE TO MOVE IT INTO EVIDENCE.

5 MR. SINGELMANN: NO OBJECTION, YOUR HONOR.

6 THE COURT: NO OBJECTION, THEN IT IS ADMITTED:

7 EXHIBIT 45.

8 *(DEFENDANTS' EXHIBIT 45 RECEIVED IN EVIDENCE.)*

9 BY MR. KLEIN:

10 Q WHAT IS EXHIBIT 45?

11 A IT IS A DETAIL OF THE 480 CLIENTS THAT HAD CMI DATA,
12 AND WE WERE ABLE TO TRACK THE LOG-IN BY SPECIAL PROJECT, AS
13 THAT WAS THE USER ID LOG-IN THAT RITA'S GROUP USED. AND WE
14 WERE ABLE TO THEN SURMISE. THE REST OF THEM WERE NOT.

15 Q HOW MANY MEANS TESTS WERE RUN ON CANCELED CLIENTS?

16 A ON CANCELED CLIENTS, IF YOU WERE TO ADD THESE UP, IT IS
17 73.

18 Q HOW MANY OF THEM WERE ON RITA AUGUSTA'S TEAM?

19 A 72.

20 MR. KLEIN: NOTHING FURTHER.

21 THE COURT: ANYTHING ON REDIRECT?

22 MR. SINGELMANN: YES, YOUR HONOR.

23 REDIRECT EXAMINATION

24 BY MR. SINGELMANN:

25 Q MR. LEDDA, AS SOON AS -- WE'RE PULLING UP EXHIBIT 103.

1 A YES.

2 (THE EXHIBIT WAS DISPLAYED ON THE SCREEN.)

3 BY MR. SINGELMANN:

4 Q MR. LEDDA, CAN YOU SEE THIS PORTION OF EXHIBIT 103?

5 A YES, I CAN.

6 Q DO YOU SEE THE FIRST BOX THAT SAYS: PART 2,
7 CALCULATION OF MONTHLY INCOME FOR SECTION 707(B) (7)
8 EXCLUSION.

9 DO YOU SEE THAT?

10 A I DO SEE THAT.

11 MR. KLEIN: BEYOND THE SCOPE OF MY DIRECT.

12 MR. SINGELMANN: HIS DIRECT ADDRESSED WHETHER
13 MS. AUGUSTA'S GROUP WAS CONDUCTING MEANS TESTS, AND --

14 THE COURT: DO THESE QUESTIONS GO TO MEANS TESTS?

15 MR. SINGELMANN: YES, YOUR HONOR.

16 THE COURT: I'LL ALLOW IT.

17 BY MR. SINGELMANN:

18 Q DO YOU SEE THE PULL-OUT THAT SAYS *IS THE DEBTOR*
19 *MARRIED?* INSIDE IT.

20 A YES.

21 Q AND IT SAYS, *IF THE DEBTOR IS MARRIED, THERE ARE TWO*
22 *SOURCES OF INCOME ENTERED ON THE MEANS TEST.*

23 DO YOU SEE THAT?

24 A I DO.

25 Q AND WHO DID THIS E-MAIL COME FROM?

1 A NANCY JIN.

2 MR. SINGELMANN: THAT'S ALL I HAVE, YOUR HONOR.

3 THE COURT: ANYTHING ON RECROSS?

4 RECROSS-EXAMINATION

5 BY MR. KLEIN:

6 Q HOW MANY MEANS TESTS WERE RUN BY NANCY JIN?

7 A ONE.

8 MR. KLEIN: NOTHING FURTHER.

9 THE COURT: ALL RIGHT. MAY THIS WITNESS STEP
10 DOWN?

11 MR. SINGELMANN: YES, YOUR HONOR.

12 THE COURT: ALL RIGHT. YOU MAY STEP DOWN. THANK
13 YOU.

14 YOU'RE GOING TO GO AHEAD AND CALL THE NEXT
15 WITNESS.

16 WE HAVE A LITTLE OVER 10 MINUTES BEFORE THE BREAK.

17 MR. O'MALLEY: YOUR HONOR, AT THIS TIME, THE
18 BUREAU RESTS ITS CASE. WE MAY NEED TO PUT ON REBUTTAL
19 WITNESSES, BUT I DON'T EXPECT SO, GIVEN THE REPRESENTATIONS
20 BY MR. KLEIN.

21 THE COURT: VERY WELL.

22 MR. KLEIN: MY FIRST WITNESS WILL BE
23 LAURA WIEGMAN, W-I-E-G-M-A-N.

24 THE COURT: THANK YOU.

25 (PAUSE.)

1 THE COURT: AND THEN, THIS AFTERNOON, MAKE SURE
2 ALL WITNESSES ARE IN THE CONFERENCE ROOM CLOSE BY.

3 MR. KLEIN: THEY WERE. I DON'T KNOW WHAT TOOK SO
4 LONG.

5 THE CLERK: STOP AND RAISE YOUR RIGHT HAND TO BE
6 SWORN.

7 LAURA WIEGMAN, DEFENDANTS' WITNESS, SWORN

8 THE WITNESS: YES.

9 THE CLERK: STEP FORWARD.

10 (PAUSE.)

11 THE CLERK: PLEASE STATE YOUR FULL NAME, SPELLING
12 YOUR LAST FOR THE RECORD.

13 THE WITNESS: LAURA WIEGMAN, W-I-E-G-M-A-N.

14 THE COURT: YOU MAY INQUIRE.

15 DIRECT EXAMINATION

16 BY MR. KLEIN:

17 Q MS. WIEGMAN, FOR HOW LONG HAVE YOU BEEN AN ATTORNEY?

18 A I GRADUATED FROM LAW SCHOOL IN 2010.

19 Q WHEN DID YOU JOIN MORGAN DREXEN?

20 A 2011.

21 Q WHAT'S YOUR POSITION THERE?

22 A STAFF COUNSEL.

23 Q WHAT ARE YOUR RESPONSIBILITIES?

24 A I OVERSEE THE LAW FIRM LIAISON DEPARTMENT, THE

25 QC DEPARTMENT, AND I'M PART OF THE TRIAL TEAM IN THIS

1 MATTER.

2 Q AS PART OF YOUR RESPONSIBILITIES AS A MEMBER OF MY
3 TRIAL TEAM, DID YOU PARTICIPATE IN DRAFTING A JOINT EXHIBIT
4 LIST?

5 A YES, I DID.

6 Q DID THE CFPB MARK A SINGLE BANKRUPTCY PETITION IN THAT
7 JOINT EXHIBIT LIST OF ALMOST 1400 EXHIBITS?

8 A THEY MARKED CONSUMER FILES BUT, NO, NOT A SINGLE
9 BANKRUPTCY PETITION SOLELY.

10 Q HOW MANY EXHIBITS -- BANKRUPTCY PETITIONS DID WE MARK?

11 A I THINK, APPROXIMATELY, 15.

12 Q AND OF THE 480 PETITIONS THAT ARE AT ISSUE IN THIS
13 MOTION, HOW MANY OF THOSE 15 WERE PART OF THAT 480?

14 A THERE WAS ONE.

15 Q AND AS TO THE ONE PETITION THAT WE MARKED, WHAT WAS THE
16 LAST DATE ANYBODY WORKED ON IT?

17 A IT WAS CREATED IN 2012 AND IT WAS REDACTED IN 2014.

18 Q LET'S GO TO --

19 MR. KLEIN: I WOULD LIKE TO MOVE THE EXHIBIT LIST
20 INTO EVIDENCE.

21 THE COURT: THE EXHIBIT LIST FROM THE TRIAL?

22 MR. KLEIN: YES.

23 MR. SINGELMANN: YOUR HONOR, IT'S IRRELEVANT. THE
24 BUREAU OBJECTS.

25 THE COURT: AGAIN, I WILL ADMIT FOR WHATEVER

1 RELEVANCE IT MAY HAVE.

2 (DEFENDANTS' EXHIBIT 13 RECEIVED IN EVIDENCE.)

3 BY MR. KLEIN:

4 Q LET'S TAKE A LOOK AT EXHIBIT 202.

5 THE COURT: DOES THAT EXHIBIT LIST HAVE A DOCKET
6 NUMBER, OR ANYTHING TO IDENTIFY IT?

7 MR. KLEIN: IT DOES, YOUR HONOR. IT IS
8 DOCKET NO. 240.

9 THE COURT: ALL RIGHT. THANK YOU.

10 OH, BUT IT'S MARKED HERE AS EXHIBIT 13.

11 MR. KLEIN: CORRECT, YOUR HONOR.

12 THE COURT: ALL RIGHT. EXCUSE ME. I DON'T THINK
13 I HEARD YOU SAY EXHIBIT 13 BEFORE.

14 BY MR. KLEIN:

15 Q I WOULD LIKE YOU TO TAKE A LOOK AT EXHIBIT 202 AND TELL
16 ME WHAT THAT EXHIBIT REFERENCES?

17 A THIS WAS A PETITION MARKED DURING LINDA WHITESIDE'S
18 DEPOSITION.

19 Q AND SHE IS GOING TO BE ONE OF THE REPRESENTATIVE
20 CONSUMERS THAT WILL TESTIFY IN THIS CASE?

21 A YES. THE CFPB HAS IDENTIFIED HER.

22 Q LET'S TAKE A LOOK AT TRIAL EXHIBIT 738, PLEASE.

23 WHAT IS THAT EXHIBIT?

24 A THIS IS AN EXEMPLAR, PHASE 2 PETITION.

25 Q BY THE WAY, DID THE BUREAU OBJECT TO MS. WHITESIDE'S

1 BANKRUPTCY PETITION AS BEING IRRELEVANT?

2 A MAY I SEE IT AGAIN? I BELIEVE THEY DID. I JUST WANT
3 TO CHECK.

4 Q AND LET'S MOVE TO TRIAL EXHIBIT 738. TELL ME WHAT IT
5 IS.

6 A TO ANSWER YOUR 202 QUESTION, YES, THEY DID OBJECT. AND
7 738 IS A BANKRUPTCY PETITION. IT'S A PHASE 2 PETITION.

8 Q WAS THIS ONE OF THE 480 CONSUMERS AT ISSUE IN THIS
9 MOTION?

10 A NO, IT WAS NOT.

11 Q WHAT WAS THE PURPOSE OF MARKING THIS PETITION?

12 A JUST TO SIMPLY SHOW AN EXAMPLE OF WHAT A PHASE 2
13 PETITION MIGHT LOOK LIKE.

14 Q WHEN YOU SAY "PHASE 2," WHAT DOES THAT MEAN?

15 A PHASE 2 OCCURS WHEN THE CONSUMER FILLS OUT A BANKRUPTCY
16 QUESTIONNAIRE AND CONDUCTS AN ORIENTATION APPOINTMENT WITH
17 THE PETITION PROCESSOR AND THAT INFORMATION IS ON THE
18 PETITION.

19 Q TAKE A LOOK AT EXHIBIT 767. IS THIS ANOTHER EXEMPLAR
20 PETITION?

21 A YES, IT IS.

22 Q WHAT WAS IT IDENTIFIED FOR?

23 A THIS ONE WAS JUST AN EXAMPLE OF A PHASE 3 PETITION.

24 Q AND THIS IS ONE THAT -- WAS ONE OF THE 480; IS THAT
25 CORRECT?

1 A THAT'S CORRECT.

2 Q WHAT WAS THE DATE THAT THAT PETITION WAS CREATED?

3 A JANUARY 2012.

4 Q DID THE CFPB OBJECT TO THAT PETITION?

5 A YES, THEY DID.

6 Q ON RELEVANCE?

7 A THAT'S CORRECT.

8 Q LET'S TAKE A LOOK AT EXHIBIT 888.

9 WAS THIS TRIAL EXHIBIT -- WHAT WAS THE PURPOSE OF
10 THIS TRIAL EXHIBIT?

11 A I BELIEVE THIS WAS A FILED BANKRUPTCY PETITION.

12 Q WAS --

13 A I'M SORRY. I MISSPOKE. 888 IS ACTUALLY A PORTION OF A
14 BANKRUPTCY PETITION THAT AN ATTORNEY HAD WRITTEN COMMENTS
15 ON.

16 Q AND WHAT WAS ITS PURPOSE?

17 A JUST TO SHOW HOW ATTORNEYS COMMUNICATE THEIR CHANGES.
18 CAN COMMUNICATE THEIR CHANGES, I SHOULD SAY.

19 Q AND I'M NOT GOING TO GO THROUGH EACH OF THEM, BUT DID
20 THE CFPB OBJECT TO VIRTUALLY ALL OF THEM, EVEN FILED
21 PETITIONS ON RELEVANCE?

22 A YES, THEY DID.

23 Q LET'S TALK ABOUT TRACKING BANKRUPTCY WORK AT
24 MORGAN DREXEN.

25 WERE YOU GOING TO BE CALLED AS A WITNESS AT TRIAL

1 TO TALK ABOUT THAT?

2 A YES, I WAS.

3 Q HOW IS BANKRUPTCY WORK DONE AND TRACKED AT
4 MORGAN DREXEN?

5 MR. SINGELMANN: YOUR HONOR, I OBJECT. RELEVANCE.

6 THIS HEARING IS SUPPOSED TO BE ABOUT THE ISSUES
7 THAT YOU IDENTIFIED AT LAST WEDNESDAY'S HEARING. THEY'RE
8 NOW GOING INTO THEIR SUBSTANTIVE DEFENSE AT TRIAL.

9 THE COURT: TELL ME HOW IT'S RELEVANT TO THE ISSUE
10 IN FRONT OF ME.

11 MR. KLEIN: YES. I THINK ONE OF THE ISSUES -- I
12 THINK THE PRIMARY IS THE MOTIVE TO CREATE PETITIONS. WE'RE
13 GOING TO SHOW YOU EXACTLY HOW -- IT'S BEEN THE BELATED
14 ASSERTION OF THE CFPB THAT SOMEHOW PETITIONS AND HOW FAR
15 ALONG THEY ARE SHOW WHAT WE'RE DOING. THAT ISN'T HOW WE
16 TRACK IT AT ALL. IT'S ALL DONE WITHIN THE COMPUTER, AND WE
17 HAVE SCREENS THAT WILL SHOW WHEN SOMETHING IS AT PHASE 1,
18 WHEN IT'S AT PHASE 2, HOW THE LOG NOTES WILL TRACK, WHAT IS
19 DONE ON THE FAIL. IT'S GOT NOTHING DO WITH THE PETITIONS.
20 THERE'S NO MOTIVATION TO GENERATE THESE DOCUMENTS.

21 MR. SINGELMANN: YOUR HONOR, HE'S JUST ASSERTED
22 WHAT THEIR DEFENSE IS GOING TO BE AT TRIAL. I STILL FAIL TO
23 SEE ANY CONNECTION, WHATSOEVER, TO MOTIVE, WHICH IS THE
24 PROPER SUBJECT FOR TODAY'S HEARING.

25 THE COURT: I'M NOT SURE I DO, BUT I'M GOING TO

1 ALLOW HIM TO ASK THE QUESTION ABOUT HOW THEY TRACK
2 BANKRUPTCY WORK.

3 MR. KLEIN: THANK YOU, YOUR HONOR.

4 BY MR. KLEIN:

5 Q LET'S TAKE A LOOK --

6 MR. KLEIN: DON'T PUT IT UP ON THE SCREEN, YET.

7 BY MR. KLEIN:

8 Q LOOK IN THE NOTEBOOK AT EXHIBIT 3.

9 A OKAY.

10 Q TELL ME WHAT THIS DOCUMENT IS.

11 A THIS WAS A PORTION OF A MANUAL.

12 Q WHAT KIND OF MANUAL?

13 A ABM.

14 Q WHAT IS ABM?

15 A ABM IS THE BANKRUPTCY SOFTWARE THAT MORGAN DREXEN USES.

16 Q AND WAS THE MANUAL PRODUCED TO THE CFPB IN THIS CASE TO
17 SHOW HOW YOU MANAGED BANKRUPTCIES?

18 A YES, IT WAS.

19 Q WERE YOU DEPOSED IN THIS CASE?

20 A YES, I WAS.

21 Q DID THE CFPB ASK YOU A SINGLE QUESTION ABOUT THE ABM
22 MANUAL OR BANKRUPTCY PETITIONS?

23 A NO.

24 Q DOES EXHIBIT 3 DESCRIBE THE PROCESS OF CREATING
25 BANKRUPTCY PETITIONS?

1 A YES, IT DOES.

2 MR. KLEIN: I'D LIKE TO MOVE EXHIBIT 3 INTO
3 EVIDENCE.

4 MR. SINGELMANN: YOUR HONOR, I OBJECT.

5 THIS IS A PORTION OF A DOCUMENT. IT'S NOT EVEN
6 THE ENTIRE DOCUMENT, SO IT'S INCOMPLETE.

7 THE COURT: WAS THE ENTIRE DOCUMENT PRODUCED?

8 MR. KLEIN: YES.

9 THE COURT: ALL RIGHT. I'M GOING TO ALLOW THIS
10 PORTION TO BE ADMITTED FOR PURPOSES OF THIS HEARING. WHAT'S
11 ADMITTED AT THIS HEARING MAY BE DIFFERENT, OBVIOUSLY, FROM
12 WHAT WOULD BE ADMITTED AT ANY TRIAL.

13 *(DEFENDANTS' EXHIBIT 3 RECEIVED IN EVIDENCE.)*

14 MR. KLEIN: YOU CAN PUBLISH.

15 *(THE DOCUMENT WAS PUBLISHED IN OPEN COURT.)*

16 BY MR. KLEIN:

17 Q WE SEE A REFERENCE TO PHASE 1.

18 CAN YOU TELL ME WHAT THAT REFERENCES?

19 A PHASE 1 IS THE FIRST PHASE OF HOW BANKRUPTCY WORK IS
20 DONE AT MORGAN DREXEN AND IT'S WHEN BASIC INFORMATION IS
21 GATHERED FROM THE CONSUMER.

22 Q AND DOES THIS SLIDE ACCURATELY REFLECT WHAT HAPPENS IN
23 PHASE 1 IN PROCESSING A BANKRUPTCY AT MORGAN DREXEN?

24 A I WOULD SAY THE KIT GOES OUT IN PHASE 2 AND NOT
25 PHASE 1, BUT WITHOUT A SIDE, YES.

1 Q LET'S MOVE TO PHASE 2, PLEASE.

2 WILL YOU TELL ME WHAT'S REFERENCED ON THE SCREEN?

3 A YES. THIS IS PHASE 2, THE SECOND PHASE IN HOW
4 MORGAN DREXEN DOES THE BANKRUPTCY, AND THIS -- THAT'S WHAT'S
5 ON THE SCREEN AS WELL AS A BANKRUPTCY STATUS SCREEN.

6 Q LET'S TALK ABOUT THAT BANKRUPTCY STATUS SCREEN FOR A
7 MOMENT.

8 WHAT IS A "BANKRUPTCY STATUS SCREEN"?

9 A AS MORGAN DREXEN PERFORMS BANKRUPTCY WORK, THEY HIT --
10 WE HIT CERTAIN MILESTONES, AND THOSE MILESTONES ARE TRACKED
11 ON THIS BANKRUPTCY STATUS SCREEN.

12 Q SO I SEE THE FIRST ENTRY UNDER "PHASES," THERE'S A DATE
13 OF FEBRUARY 3RD, 2011.

14 WHAT DOES THAT REFLECT?

15 A THE DATE THAT THAT FILE WAS A NEW PHASE 2 SERVICE FILE.

16 Q AND THERE'S A DATE OF JUNE 16, 2011. WHAT DOES THAT
17 DATE REFLECT?

18 A I CAN'T TELL WHETHER THAT'S 15 OR 16. BUT THAT DOES
19 REFERENCE "RECEIVED PHASE 2 KIT."

20 Q AND DO THOSE DATE REFLECT WHEN SOMETHING HAPPENS OR A
21 LANDMARK IS REACHED --

22 A YES.

23 Q -- IN A BANKRUPTCY?

24 A YES, IT DOES.

25 Q IS THAT TRUE FOR EVERY CONSUMER?

1 A YES. TO THE EXTENT THAT THAT CONSUMER HAS SIGNED UP
2 FOR BANKRUPTCY SERVICES.

3 Q HOW DOES THE KIT IN THE FINANCIALS GET INTO A CLIENT'S
4 FILE?

5 A THEY ARE RECEIVED FROM THE MAIL ROOM AND THE MAIL ROOM
6 OPENS THEM AND UPLOADS THEM TO THE PIPELINES.

7 Q AND YOU WERE AT THE HEARING LAST WEEK OR SO MANY DAYS
8 AGO WHERE THERE WAS A REFERENCE TO UNOPENED MAIL. DOES THAT
9 HAPPEN AT MORGAN DREXEN?

10 A NO. ALL MAIL IS OPENED.

11 Q HOW SOON AFTER RECEIPT?

12 A WITHIN 24 HOURS, TO THE BEST OF MY KNOWLEDGE.

13 Q DOES MORGAN DREXEN SOMETIMES GET MAIL ON EVEN INACTIVE
14 FILES?

15 A YES.

16 Q AND WHAT IS DONE WITH THE INACTIVE MAIL?

17 A MAIL RECEIVED FOR ACTIVE FILES AND INACTIVE FILES IS
18 PROCESSED THE SAME WAY.

19 Q WHAT HAPPENS IN PHASE 4?

20 WELL, LET'S GO TO PHASE 3 FIRST. LET'S GO TO THE
21 NEXT ONE.

22 DOES WHAT IS ON THE SCREEN, ENTITLED PHASE 3, TELL
23 YOU WHAT HAPPENS DURING THE PHASE 3 PROCESS?

24 A YES, IT DOES. AND IT'S CONTINUED ON TO THE SECOND
25 PAGE.

1 Q AND DURING THIS PROCESS ARE THE SCREENS UPDATED AS NEW
2 INFORMATION COMES IN AND NEW ACTIVITIES ARE DONE?

3 A YES.

4 Q IS ALL OF THIS MAINTAINED IN THE COMPUTER SYSTEM?

5 A YES, IT IS.

6 Q LET'S MOVE TO PHASE 4. WHAT DOES THE PHASE 4 SCREEN
7 REPRESENT?

8 A PHASE 4, ESSENTIALLY, IS THE FINAL STAGE BEFORE FILING
9 AND INCLUDING FILING OF A BANKRUPTCY PETITION, SO THIS SLIDE
10 DESCRIBES WHAT HAPPENS IN PHASE 4.

11 Q IF I WERE TO GIVE YOU A BANKRUPTCY PETITION THAT WAS
12 GENERATED WHEN THE CONSUMER WAS AT PHASE 2 AND ONE THAT WAS
13 GENERATED WHEN THE CONSUMER WAS AT PHASE 3, WOULD YOU BE
14 ABLE TO LOOK AT IT AND TELL ME WHICH PHASE THE CONSUMER WAS
15 IN AT THAT POINT?

16 A I WOULDN'T.

17 Q OTHER THAN LOOKING AT THE COMPUTER SCREEN, IS THERE ANY
18 WAY TO TELL?

19 A BY LOOKING AT THE BANKRUPTCY STATUS OF THE LOG NOTES.

20 Q I WOULD LIKE TO TALK ABOUT --

21 THE COURT: I'M SORRY. BEFORE YOU GO TO YOUR NEXT
22 QUESTION, WE'RE A LITTLE PAST NOON, SO WE'RE GOING TO
23 RECESS. WE'VE GOT -- WE'VE BEEN WITH THIS WITNESS ABOUT,
24 MAYBE, 12 MINUTES OR SO.

25 ABOUT HOW MUCH MORE DO YOU HAVE?

1 MR. KLEIN: TEN.

2 THE COURT: OKAY. AND I WILL COME BACK. WE'LL
3 FINISH AND HAVE THE CROSS-EXAMINATION AT 1:30.

4 MR. KLEIN: THANK YOU, YOUR HONOR.

5 THE CLERK: ALL RISE.

6 (AT 12:03 P.M., PROCEEDINGS WERE RECESSED AND
7 FURTHER PROCEEDINGS REPORTED BY DEBBIE GALE IN
8 VOLUME II.)

9
10 -000-

11
12 CERTIFICATE

13 I HEREBY CERTIFY THAT PURSUANT TO SECTION 753,
14 TITLE 28, UNITED STATES CODE, THE FOREGOING IS A TRUE AND
15 CORRECT TRANSCRIPT OF THE STENOGRAPHICALLY REPORTED
16 PROCEEDINGS HELD IN THE ABOVE-ENTITLED MATTER AND THAT THE
17 TRANSCRIPT PAGE FORMAT IS IN CONFORMANCE WITH THE
18 REGULATIONS OF THE JUDICIAL CONFERENCE OF THE UNITED STATES.

19
20 DATE: FEBRUARY 10, 2015

21

22

23

/S/DEBORAH D. PARKER
DEBORAH D. PARKER, OFFICIAL REPORTER

24

25