

1 CARA PETERSEN, DC Bar #476990
Deputy Enforcement Director for Litigation
2 R. GABRIEL D. O'MALLEY, MA Bar # 651432
(E-mail: gabriel.o'malley@cfpb.gov)
3 (Phone: 202-435-9747)
4 JAN SINGELMANN, DC Bar # 999087
(E-mail: jan.singelmann@cfpb.gov)
5 (Phone: 202-435-9670)
6 AMY RADON, CA Bar # 277727
(E-mail: amy.radon@cfpb.gov)
7 (Phone: 202-435-9142)
1700 G Street NW
Washington, DC 20552
8 Fax: (202) 435-7722

9 Consumer Financial Protection Bureau
10 1700 G Street NW
11 Washington, DC 20552

12 KENT KAWAKAMI, CA Bar # 149803 – Local Counsel
(Phone: 213-894-4858)
13 (E-mail: Kent.Kawakami@usdoj.gov)
United States Attorney's Office
14 Central District of California - Civil Division
300 North Los Angeles Street, Room 7516
15 Los Angeles, CA 90012
16 Fax: (213) 894-2380

17 Attorneys for Plaintiff
18 Consumer Financial Protection Bureau

19 **UNITED STATES DISTRICT COURT**
20 **CENTRAL DISTRICT OF CALIFORNIA**

21 Consumer Financial Protection Bureau,

22 Plaintiff,

23 v.

24 Morgan Drexen, Inc.,
25 and
26 Walter Ledda, individually, and as
owner, officer, or manager of Morgan
27 Drexen, Inc.,
28 Defendants.

Case No. SACV13-01267 JLS (JEMx)

DECLARATION OF JAN SINGELMANN

HON. JOSEPHINE L. STATON

Courtroom 10-A (Santa Ana)

EXHIBIT A

From Article at GetOutOfDebt.org

1 IN THE UNITED STATES DISTRICT COURT
2 FOR THE CENTAL DISTRICT OF CALIFORNIA

3
4 CONSUMER FINANCIAL PROTECTION)
5 BUREAU,)
6 Plaintiffs,) Case No.
7 vs.) 8:13-CV-01267-JLW-JEM
8 MORGAN DREXEN and WALTER LEDDA,)
9 Defendants.)
10 -----)

11
12 *****CONTAINS CONFIDENTIAL INFORMATION*****

13
14 Wednesday, September 2, 2015

15
16 Consumer Financial Protection Bureau
17 1625 Eye Street, N.W.
18 Washington, D.C. 20006

19
20
21 The above-entitled matter came on for
22 investigational hearing, pursuant to notice, at
23 10:00 a.m.

24
25

Ledda

CFPB v. Morgan Drexen, et al.

9/2/2015

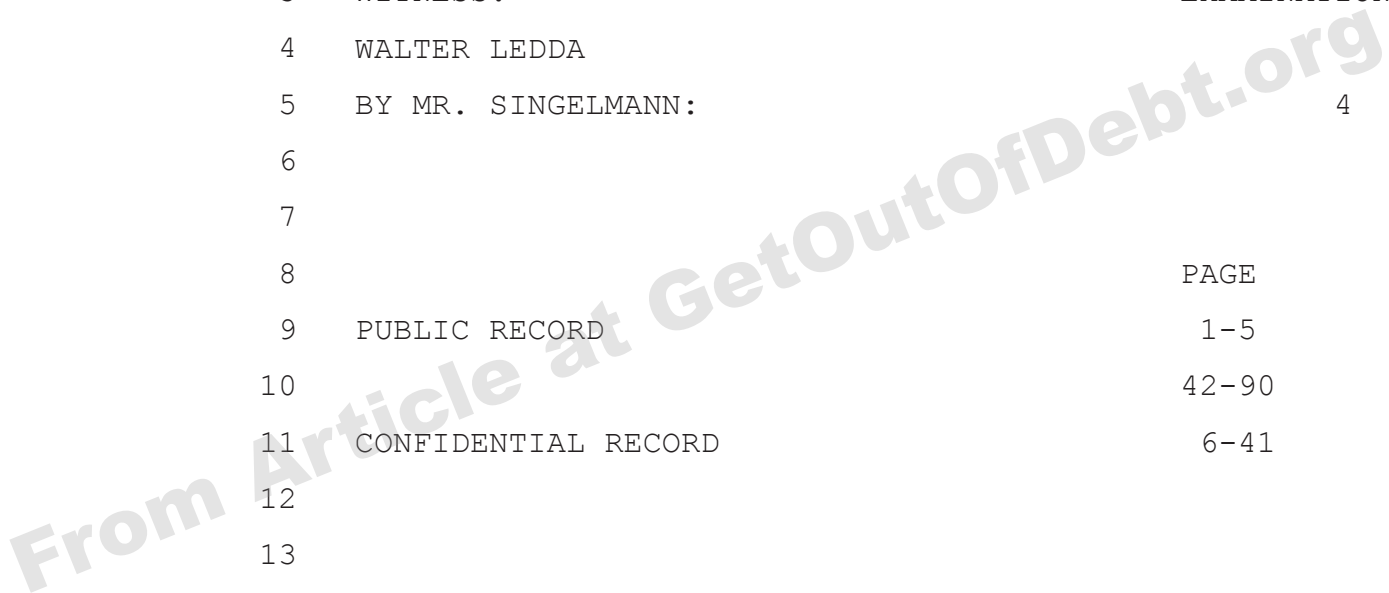
1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

I N D E X

WITNESS: EXAMINATION:
WALTER LEDDA
BY MR. SINGELMANN: 4

PAGE
PUBLIC RECORD 1-5
42-90
CONFIDENTIAL RECORD 6-41

EXHIBITS	DESCRIPTION	FOR ID
Number 1	Ledda Response and Support	6
Number 2	Supplemental Response	7
Number 3	Howard Declaration	81



Ledda

CFPB v. Morgan Drexen, et al.

9/2/2015

1 APPEARANCES:

2

3 ON BEHALF OF THE CONSUMER FINANCIAL PROTECTION BUREAU:

4 JAN SINGELMANN, ESQ.

5 AMY RADON, ESQ.

6 Consumer Financial Protection Bureau

7 1625 Eye Street, N.W.

8 Washington, DC 20006

9 (202) 435-9670

10 jan.singelmann@cfpb.gov

11

12 ON BEHALF OF THE WITNESS (via teleconference):

13 GERALD A. KLEIN, ESQ.

14 Klein & Wilson

15 326 Old Newport Boulevard

16 Newport Beach, California 92663

17 (949) 631-3300

18 klein@kleinandwilson.com

19

20 ALSO PRESENT:

21 Tim Hanson, CFPB Forensic Accountant

22 (Via teleconference)

23

24

25

Ledda

CFPB v. Morgan Drexen, et al.

9/2/2015

1 P R O C E E D I N G S

2 - - - - -

3 Whereupon--

4 WALTER LEDDA

5 a witness, called for examination, having been first
6 duly sworn, was examined and testified as follows:

7 EXAMINATION

8

9 BY MR. SINGELMANN:

10 Q. Can you please state your name for the record.

11 A. Walter Joseph Ledda.

12 Q. My name is Jan Singelmann, I'm an enforcement
13 attorney here at the Consumer Financial Protection
14 Bureau. I know this is now the third time that we will
15 be taking testimony from you, but I'm just going to go
16 over some preliminary considerations so that we're all
17 clear on them, and if you have any questions, you can
18 let me know.

19 Again, in order to maintain a clear record, I'm
20 just going to ask that one of us speaks at a time. I'll
21 ask that you please let me finish my question before you
22 begin answering. If you don't understand a question,
23 please let me know and I'll try to rephrase it. If you
24 do answer the question, my understanding will be that
25 you understood the question. If you later realize that

Ledda

CFPB v. Morgan Drexen, et al.

9/2/2015

1 you didn't answer a question completely or accurately,
2 please let me know and I will give you every opportunity
3 to clarify and provide complete and accurate answers.

4 If your attorney objects to a question that I
5 ask, you must answer the question unless your attorney
6 instructs you not to. The court reporter will be
7 recording my questions and your answers, so I'm just
8 going to ask that you verbalize all responses, so no
9 head shrugs and that type of thing.

10 Do you understand all of these instructions?

11 A. Yes, I do.

12 Q. If at any point you need to take a break, just
13 let me know, I will just ask that you answer the
14 question that's pending. Do you understand that you are
15 under oath and that your testimony here has the same
16 force and effect as if you were giving it in a court of
17 law?

18 A. Yes, I do.

19 Q. Is there any reason you can't give truthful and
20 accurate testimony today?

21 A. There is not.

22 Q. And you are represented by counsel today, are
23 you not?

24 A. Yes.

25 Q. Mr. Klein, could you please identify yourself

Ledda

CFPB v. Morgan Drexen, et al.

9/2/2015

1 MR. KLEIN: Vague.

2 THE WITNESS: I believe so.

3 BY MR. SINGELMANN:

4 Q. Were there any Morgan Drexen officers or
5 directors who also served as officers or directors at
6 Howard Law or Williamson & Howard?

7 A. Yes.

8 Q. Who?

9 A. David Walker was the CFO of Morgan Drexen, and
10 the managing director of Williamson & Howard. I don't
11 know how official his managing director role was.

12 Q. To your knowledge, was Jeffrey Katz an officer
13 or director of Williamson & Howard or Howard Law?

14 MR. KLEIN: Vague as to time, no foundation as
15 to personal knowledge.

16 THE WITNESS: I thought he was a member of
17 Williamson & Howard; however, I later found out that he
18 was not.

19 BY MR. SINGELMANN:

20 Q. When did you find out that Mr. Katz is not a
21 member of Williamson & Howard?

22 A. Some time around the bankruptcy time.

23 Q. So, around April or May of 2015?

24 A. Yes.

25 Q. And what led you to learn that Mr. Katz was not,

Ledda

CFPB v. Morgan Drexen, et al.

9/2/2015

1 member of Williamson & Howard. And my understanding was
2 that he was either going to resign or remove himself
3 from Williamson & Howard.

4 Q. Moving on from Mr. Katz for now, since 2010, had
5 there been any individuals who were -- who
6 simultaneously worked for both Morgan Drexen and either
7 Howard Law or Williamson & Howard?

8 A. I don't know if it's simultaneous, and I don't
9 know if they received two paychecks. I do know that,
10 according to a settlement agreement in the state of
11 Minnesota, that there was two or three legal intake
12 specialists that were Williamson & Howard and not Morgan
13 Drexen. To that extent, but I don't know if they
14 were -- I believe they were paid by Williamson & Howard.
15 If that's what you mean by simultaneous.

16 Q. Did Mr. Howard or anybody from Howard Law or
17 Williamson & Howard supervise Morgan Drexen employees
18 directly?

19 A. Yes.

20 Q. Who?

21 A. Nancy Jin. She's supervisory bankruptcy liaison
22 group.

23 Q. So, Nancy Jin worked for Williamson & Howard?

24 A. Yes.

25 Q. And she supervised the --

Ledda

CFPB v. Morgan Drexen, et al.

9/2/2015

1 A. The bankruptcy petition --

2 Q. Processors?

3 A. Processors, it wasn't the petition processors,
4 but similar, they were called bankruptcy liaisons. They
5 were --

6 Q. And the bankruptcy liaisons were Morgan Drexen
7 employees?

8 A. I think so. I may be wrong.

9 Q. Aside from Ms. Jin, are there any other Howard
10 Law or Williamson & Howard employees who supervised
11 Morgan Drexen employees?

12 A. Yes, there were. I think Laura Weigman may have
13 been a Williamson & Howard employee. I believe that
14 Desmond Adams and his whole group were Williamson &
15 Howard employees.

16 Q. Was Laura Wiegman ever a Morgan Drexen employee?

17 A. I would imagine so, yes.

18 Q. But your understanding is that at some point she
19 was also -- she became a Williamson & Howard employee.
20 Is that correct?

21 A. Yes.

22 Q. Do you recall approximately when Ms. Wiegman
23 would have become a Williamson & Howard employee?

24 A. I don't know when, and I'm not even sure if she
25 was.

Ledda

CFPB v. Morgan Drexen, et al.

9/2/2015

1 Q. Okay.

2 A. But to the best of my recollection, she was, and
3 that was a product of what should be done by a law firm
4 and not a service provider to a law firm.

5 Q. You mentioned Mr. Adams was also a Williamson &
6 Howard employee?

7 A. Yes.

8 Q. Was Mr. Adams at one point a Morgan Drexen
9 employee?

10 A. Yes.

11 Q. And do you recall approximately when Mr. Adams
12 became a Williamson & Howard employee?

13 A. A year ago.

14 Q. And how long had Mr. Adams worked for Morgan
15 Drexen prior to becoming a Williamson & Howard employee?

16 A. Since 2007.

17 Q. So, Mr. Adams was a Morgan Drexen employee for
18 seven years, approximately, and then you think about a
19 year ago in 2014 he became a Williamson & Howard
20 employee. Is that correct?

21 A. Yes.

22 Q. And what was Mr. Howard's position when he was
23 still at Morgan Drexen?

24 A. Adams?

25 Q. I'm sorry, what was Mr. Adams' position when he

Ledda

CFPB v. Morgan Drexen, et al.

9/2/2015

1 was still at Morgan Drexen?

2 A. He managed the settlement officers, and that
3 entire group became an activity that Morgan Drexen could
4 no longer provide, law firms, so Williamson & Howard
5 took over that activity and so Mr. Adams and that entire
6 group became Williamson & Howard employees.

7 Q. Was that the creditor relations department?

8 A. Yes.

9 Q. And you mentioned Mr. Adams and the entire
10 creditor relations department, how many other employees
11 or how many other individuals worked in the credit
12 relations department, approximately?

13 A. Twenty.

14 Q. And you stated, if I have this correctly, that
15 the creditor relations group performed work that Morgan
16 Drexen could no longer provide. So, Williamson & Howard
17 stepped in to continue providing those services to law
18 firms. Is that accurate?

19 A. Yes.

20 Q. Why could Morgan Drexen no longer provide that
21 service?

22 A. After the administrative decision in Wisconsin,
23 after reviewing the order, from the Administrative Law
24 Judge, it became clear that in order to safely provide
25 these services, that Morgan Drexen could not provide

For The Record, Inc.

(301) 870-8025 - www.ftrinc.net - (800) 921-5555

Ledda

CFPB v. Morgan Drexen, et al.

9/2/2015

1 that particular service, negotiating directly with
2 creditors.

3 Q. Were there other departments, or excuse me, were
4 there other services -- let me start over. Talking
5 about the period prior to when Morgan Drexen filed for
6 bankruptcy, were there other services or other
7 departments that -- I guess other services that Morgan
8 Drexen stopped offering to law firms?

9 A. Yes, marketing. Services. I believe in the
10 last few months, even intake services, Morgan Drexen was
11 no longer providing.

12 Q. When did Morgan Drexen stop providing marketing
13 services?

14 A. Maybe a year and a half ago. It would have been
15 at the inception of the MDRX Marketing.

16 Q. And you mentioned in the last few months, Morgan
17 Drexen stopped providing intake. Is that correct?

18 A. Yes.

19 Q. Do you know, to the extent you know, do you know
20 how the attorneys for whom Morgan Drexen provided
21 services, how did they do intake?

22 A. Williamson & Howard took over intake services.

23 Q. You've mentioned the credit relations group that
24 Desmond Howard led.

25 A. Um-hmm.

Ledda

CFPB v. Morgan Drexen, et al.

9/2/2015

1 Q. You've mentioned intake services, and both of
2 those were services that Morgan Drexen stopped providing
3 and then Williamson & Howard stepped in and started
4 providing those services. Is that correct?

5 A. That's correct.

6 Q. Are there other services that Williamson &
7 Howard stepped in to start providing that Morgan Drexen
8 had previously provided?

9 A. Many years ago, trust services.

10 Q. Approximately what year?

11 A. I don't know. It may have -- it may have
12 preceded the CFPB initial CID.

13 Q. Any other services?

14 A. I feel like I'm missing some, but I -- nothing
15 comes to mind right now.

16 Q. Let me see if I can make this easier for you. I
17 went through some old CID responses where Morgan Drexen
18 had listed specific departments.

19 A. Okay.

20 Q. And so I'm just going to go through these
21 departments and if you can tell me if, at any time,
22 Morgan Drexen stopped providing these services and
23 Williamson and Howard began to providing those services.
24 Accounting?

25 A. Accounting either remains with Morgan Drexen or

Ledda

CFPB v. Morgan Drexen, et al.

9/2/2015

1 went to MDRX Services, Business Services.

2 Q. Client services?

3 A. No.

4 Q. IT?

5 A. No.

6 Q. Law firm liaisons?

7 A. Maybe.

8 Q. Media and corporate relations?

9 A. No.

10 Q. Facilities?

11 A. No.

12 Q. Mail room?

13 A. No.

14 Q. Preferred creditors?

15 A. Yes.

16 Q. So, the preferred creditors department moved
17 over to Williamson & Howard?

18 A. Yes.

19 Q. Approximately when did that occur?

20 A. I believe that was consistent with our creditor
21 relations group.

22 Q. Okay. Processing?

23 A. No.

24 Q. Quality control?

25 A. Yes.

Ledda

CFPB v. Morgan Drexen, et al.

9/2/2015

1 Q. So, the quality control department moved over to
2 Williamson & Howard at some point?

3 A. I -- yes. I believe so.

4 Q. About how many Morgan Drexen employees worked in
5 the quality control department?

6 A. Between nine and 12.

7 Q. Okay. For the employees who were working for
8 Morgan Drexen and then became employees of Williamson &
9 Howard, did they have to move office space when they
10 became Williamson & Howard employees?

11 A. Sometimes.

12 Q. Were there occasions when they stayed in the
13 same office they had been occupying as Morgan Drexen
14 employees and continued their work as Williamson &
15 Howard employees?

16 A. Yes.

17 Q. To your knowledge, for the employees who moved
18 over from Morgan Drexen to Williamson Howard, was the
19 day-to-day work they were performing the same when they
20 moved over to Williamson & Howard as it had been when
21 they were working for Morgan Drexen?

22 A. Yes.

23 Q. I may have already asked you this question, if
24 so I apologize. When was your last day at Morgan
25 Drexen?

Ledda

CFPB v. Morgan Drexen, et al.

9/2/2015

1 A. It was May 21st.

2 Q. Approximately is fine.

3 A. Approximately.

4 Q. May 21st, 2015?

5 A. Yes.

6 Q. And at the time you left Morgan Drexen, how many
7 Morgan Drexen employees remained with the company?

8 A. I think there was 185, but I am -- that was the
9 total head count. That may include Williamson & Howard
10 employees.

11 Q. Do you have any understanding of whether any
12 Morgan -- any individuals who were employed by Morgan
13 Drexen at the time you left the company in around May
14 21st of this year have since become Williamson & Howard
15 employees?

16 A. Can you restate the question, please?

17 Q. Sure. My question was whether -- from the time
18 that you left Morgan Drexen around May 21st, 2015, do
19 you have any understanding as to whether some of the
20 employees of Morgan Drexen, at that point in time, have
21 since become employees of Williamson & Howard?

22 A. No, I do not. I have -- I have a recollection
23 of individuals that were Williamson & Howard. I assume
24 that they continued to be, but I don't even know who was
25 working at Williamson & Howard.

Ledda

CFPB v. Morgan Drexen, et al.

9/2/2015

1 Q. So, just to -- so I understand, you're
2 testifying today that there were people working in the
3 office and you didn't know whether they were Morgan
4 Drexen employees or Williamson & Howard employees? Is
5 that fair?

6 A. That would be fair.

7 Q. Since the date you left Morgan Drexen, have you
8 had any conversations that we haven't discussed already
9 with Mr. Walker?

10 MR. KLEIN: Vague and overbroad.

11 THE WITNESS: No.

12 BY MR. SINGELMANN:

13 Q. So, the only conversations you had with
14 Mr. Walker were the three to four conversations related
15 to a potential sale of LegalSoft. Is that correct?

16 A. They were LegalSoft related, there was -- it was
17 conversations during the Chapter 11 period, when I
18 already resigned, and ACH Services went down during the
19 transition to Chapter 11, so they had me come back in
20 and assist. So, I was having intermittent conversations
21 with Mr. Walker in his role working for the trustee.
22 Yet after it was converted to a Chapter 7, my
23 conversations with him were LegalSoft related regarding
24 the payment, and as I disclosed previously.

25 Q. Okay, so just to make sure I have this right.

Ledda

CFPB v. Morgan Drexen, et al.

9/2/2015

1 You had the three or four conversations we talked about
2 earlier with Mr. Walker related to LegalSoft, and then
3 at some point when the ACH Services went down during
4 Morgan Drexen's transition from a Chapter 7 to a Chapter
5 11 bankruptcy, you came back in to assist, and during --
6 and you talked to Walker during that time period about
7 the project on which you were assisting?

8 A. Yes.

9 Q. And other than those two sets of circumstances,
10 have you had any other conversations with Mr. Walker
11 since you left Morgan Drexen?

12 A. It was all regarding the bankruptcy, but once
13 the bankruptcy became a 7, it was over. So, that's why
14 I -- I don't know how many conversations I've had with
15 him. I do know that after the 7 was -- it was made a 7,
16 and then everyone was essentially let go, that was
17 pretty much the end.

18 Q. Since you left Morgan Drexen, in any of your
19 conversations with Mr. Walker, did you ever discuss
20 Williamson & Howard or Howard Law stepping in to
21 continue providing debt relief services?

22 A. My last conversation with Howard was in the
23 parking lot when I was resigning, and he told me that,
24 you know, that he was going to continue with his -- with
25 his program, without Morgan Drexen. And my

For The Record, Inc.

(301) 870-8025 - www.ftrinc.net - (800) 921-5555

Ledda

CFPB v. Morgan Drexen, et al.

9/2/2015

1 understanding was that was what Williamson & Howard was
2 going to do. So, where Morgan Drexen could no longer
3 operate, the law firm will continue without Morgan
4 Drexen.

5 Q. The Williamson & Howard law firm?

6 A. It -- yes. Yes. The Williamson & Howard law
7 firm was my understanding of how, or that was my
8 understanding of they were going to continue, according
9 to Mr. Howard.

10 Q. Did you have any understanding of whether
11 Mr. Howard was going to make any changes to the debt
12 relief program for which Morgan Drexen had been
13 providing any services?

14 A. I am unaware of any changes that would have
15 happened. I was not part of those discussions.

16 Q. So, you mentioned that the last time you talked
17 to Mr. Howard was in the parking lot when you left
18 Morgan Drexen, and this would have been in
19 approximately, you think it's May 21st of this year?

20 A. Yes.

21 Q. And that's the last time you spoke with
22 Mr. Howard?

23 A. Yes.

24 Q. Do you have any understanding as to whether
25 Williamson & Howard has, in fact, been able to continue



1700 G Street NW, Washington, DC 20552

CERTIFICATION OF WITNESS

In the Matter of: Morgan Drexen and Walter Ledda
Witness Name: Walter Ledda
Hearing Date: September 2, 2015
Bureau Investigator(s): Jan Singelmann, Amy Radon

I, Walter Ledda, hereby certify that I have read and reviewed the foregoing transcript, and the same is a true, correct, and complete record of testimony given by me. Any additions or corrections, if any, have been noted on the attached errata sheet with a statement of the reasons for making the change, which are incorporated by reference herein.

Walter Ledda Digitally signed by Walter Ledda
DN: cn=Walter Ledda, o, ou,
email=wjledda@outlook.com, c=US
Date: 2015.09.03 22:12:23 +02'00'
Witness Signature

9/3/2015
Date



1700 G Street NW, Washington, DC 20552

ERRATA SHEET FOR CHANGES TO TRANSCRIPT

In the Matter of: Morgan Drexen and Walter Ledda
 Witness Name: Walter Ledda
 Hearing Date: September 2, 2015
 Bureau Investigator(s): Jan Singelmann, Amy Radon

Please note any desired changes in the attached transcript and the corrections thereof on this errata sheet. Include a statement of the reason for any change as required by section 1080.9(a) of Bureau Rules Relating to Investigations, 12 C.F.R. § 1080.9(a). An example of a reason for a change includes "To correct a typographical error." Once complete, please forward, as an attachment to the Certification of Witness, to the Bureau investigator(s) identified above.

Page No.	Line No.	Change/Reason for Change
18	9	\$4,813.51 balance in Legalsoft account
19	13	\$13,056.12 balance at Wellsfargo
19	25	\$13,056.12 Balance at Wellsfargo
20	6	\$4,813.51 Balance in LegalSoft account
27	1	1997 Toyota
29	6	10599 Wilshire Blvd #711
39	11	No. This is the living expense since June 2015.
40	12	ADD: My living expenses used to be 25k per month now it is 14k
73	5	I felt "let down" NOT "deceived"

 Witness Signature

9/3/2015
 Date

EXHIBIT B

From Article at GetOutOfDebt.org

Dated: July 21, 2015

Via email

Ms. Kathleen McCarthy
Law Offices of Thomas H. Casey
22342 Avenida Empresa, Suite 260
Rancho Santa Margarita, CA 92688

Re: Attorney Client Files

Dear Ms. McCarthy:

This letter supplements my letter of July 9, 2015, re the client files of Howard Law, P.C. The Chapter 7 trustee for Morgan Drexen, Inc. ("MD") has posed the following additional inquiry to Howard Law P.C.: When did Howard Law obtain back-up copies of the files of its clients that were formerly stored on MD's computers? These files were obtained on or about June 21, 2015, and they were obtained from Legal Soft, Inc., a third party service that backs-up these files.

Sincerely,

Sean A. O'Keefe

Sean A. O'Keefe,
President,
OKeefe & Associates
Law Corporation, P.C.