

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA
CASE NO.: 20-cv-81205-RAR

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

COMPLETE BUSINESS SOLUTIONS GROUP,
INC. d/b/a/ PAR FUNDING, *et al.*,

Defendants.

PLAINTIFF SECURITIES AND EXCHANGE COMMISSION'S NOTICE
OF FILING EXHIBITS IN SUPPORT OF ECF NO. 887

Plaintiff Securities and Exchange Commission hereby files the below exhibits cited in ECF No. 887. The Opposition Statement (ECF 887), inadvertently identifies the Deposition Transcripts of James Klenk and Phil Rutledge as the same exhibit numbers. While the Statement identifies the transcripts by name as well as number so that the references are clear, a redline of the Statement that changes the exhibit numbers of the Rutledge transcript (from 1 & 2, to 11 & 12) is attached as Exhibit A, for the convenience of the Court.

1. Full Deposition of James Klenk, Volume I
2. Full Deposition of James Klenk, Volume II
3. Full Deposition of Joel Glick
4. Exhibit 7 to Deposition of James Klenk
5. Declaration of Renee Meyer
6. Par Funding Letter Regarding Insurance
7. Composite Exhibit Regarding Par Funding Finder Cistone
8. Full Deposition of Victoria Villarose
9. Composite Exhibit Regarding Declarant Anthony Bernato
10. Declaration of Authentication
11. Full Deposition of Phil Rutledge, Volume I
12. Full Deposition of Phil Rutledge, Volume II

Dated October 29, 2021

Respectfully submitted,

By: Amie Riggle Berlin
Amie Riggle Berlin
Senior Trial Counsel
Florida Bar No. 630020
Direct Dial: (305) 982-6322
Email: berlina@sec.gov
Attorney for Plaintiff

SECURITIES AND EXCHANGE
COMMISSION
801 Brickell Avenue, Suite 1800
Miami, Florida 33131
Telephone: (305) 982-6300
Facsimile: (305) 536-4154

1. **Disputed.** No evidence cited in support by Defendants.
2. **Undisputed.**
3. **Undisputed.**
4. Sentence 1: **Disputed.** ECF No. 774-1, Expert Report of Melissa Davis, at 15, ¶36 (showing, for example, that Par Funding maintained its accounting records of merchant cash advance fundings, repayments, and rollover transactions in software known as MCA Suites). Par Funding internally prepared various spreadsheets including but not limited to a Funding Analysis report. See Exhibit 3, CBSG Funding Analysis Report.
Sentences 2 and 3: **Undisputed.**
5. **Disputed.** Exhibit 1, Volume I of Deposition Testimony of James Klenk, at 6:21-24 & 8:15-25 (Klenk is a Certified Public Accountant and has been the Controller of Full Spectrum Processing since 2018) and at 99:7-25 (Klenk testifying that Cole prepared these reports); Exhibit 2, Volume II of Mr. Klenk's Testimony, at 252:15-255:15 (Klenk testifying that Cole told him how he, Cole, prepared these reports); Exhibit 3, Testimony Defense Expert Joel Glick, at _ (based on Mr. Klenk's testimony, he understands that Cole drafted the reports).
6. **Undisputed** in part, and **Disputed** in part. As to whether the Funding Analysis purported to summarize the metrics set forth in this proposed Fact: **Undisputed.** As to whether the Funding Analysis results were an accurate, actual summary of the merchant cash advance accounts: **Disputed.** ECF No. 774-1, Davis Expert Report, at 29-30, ¶65 (the Wire Total was overstated in the Funding Analysis); Exhibit 1, Volume I of Deposition Testimony of James Klenk, at 6:21-24 & 8:15-25 (Klenk is a Certified Public Accountant and has been the Controller of Full Spectrum Processing since 2018); Exhibit 2, Volume II of Deposition Testimony of James Klenk, at 260:17-267:8 (the figures reported in the Financial Analysis Report were misleading; testifying under cross examination about Financial Analysis Report (deposition exhibit 7)); Exhibit 4, Financial Analysis Report introduced as exhibit 7 during Mr. Klenk's deposition); Exhibit 3, Deposition of Joel Glick, at 35:18-36:13 (defense expert assumed Par Funding's numbers were accurate and did not verify them: "We have not audited or otherwise independently verified the accuracy. I'm not saying it's accurate, but I am relying on it.") and 294:15-16-295:8 (Defendant's expert's testimony that he does not know if the Financial Analysis Report accurately reflects the uncollectible accounts receivable).

7. **Undisputed.**

8. **Disputed.** Evidence cited does not establish this proposed fact. Additionally, In the same deposition Defendants cite, Mr. Klenk went on to admit under cross examination that:

- He did not prepare these reports;
- He has no personal knowledge as to how the reports were prepared;
- His testimony was based on a conversation he had with Defendant Joseph Cole Barleta in 2018 about how a report was prepared at that time (hearsay);
- He had no information, based on hearsay or otherwise, about the reports or how they were prepared after the date of his conversation with Cole in 2018.

[Exhibit 2, Klenk Testimony, Volume 2, at 252:7-260:3].

9. **Disputed.**

As to sentence 1: ECF No. 774-1, Davis Expert Report, at 29, ¶65(a) (the Wire Total listed in the report was inaccurate because the cash actually wired to the merchants was often less than the amount listed in the factoring agreement; The Wire Total did not represent the cash funded to the merchant per the terms of the contractual agreement).

As to sentence 2: ECF No. 774-1, Davis Expert Report, at 29-30, ¶65 (the Report does not accurately portray the Exposure Percentage and is not an accurate portrayal of the default rate); ECF No. 774-1, Davis Expert Report, at 30, ¶65(c) and (d) (because the Wire Total was overstated, that resulted in the Exposure Percentage being understated).

As to sentence 3: The evidence cited by Defendants states only that “Written off deals are referred to as deals in default as reflected in the Default tab of CBSG’s Deposit Log,” and does not state that the data is the same.

10. As to sentence 1: **Undisputed** that the column in the Funding Analysis Report labeled “exposure percentage” is the quotient of the figure in the Exposure column divided by the figure in the Wire Total column. **Disputed** that the calculation is an accurate portrayal of the Funding Analysis. ECF No. 774-1 at 29-30, ¶65 (the Report does not accurately portray the Exposure Percentage and is not an accurate portrayal of a “default rate”); *Id.* at 30, ¶65(c) and (d) (because the Wire Total was overstated, that resulted in the Exposure Percentage being understated).

As to sentence 2: **Disputed.** The Defendants cite no evidence in support of this purported Fact and therefore fail to establish it and no counter evidence is required.

11. As to sentence 1: **Disputed.** The Defendants cite nothing other than a single monthly Report itself and apparently ask the Court to interpret it and find that in the Court's opinion it is a clear presentation. This is precisely what is prohibited on summary judgment. The analysis should stop here. To the extent the Court interprets the Chart, there is counter evidence showing the Report is opaque, misleading, and not easily understood, thus preventing Defendants' Fact 11 from being deemed undisputed. *See* ECF No. 649-8, July 13, 2021 Declaration of Joel Glick, at ¶17(j) and footnote 8 (The Defendants hired an expert, Joel Glick, to decipher the Report; even Mr. Glick had to use different terms to explain the Exposure Percentage); Exhibit 2, Volume II of Deposition Testimony of James Klenk, at 260:17-267:8 (testimony by Par Funding's controller that the figures reported in the Financial Analysis Report were misleading; testifying under cross examination about Financial Analysis Report (deposition exhibit 7)); Exhibit 4, Financial Analysis Report (introduced as exhibit 7 during Mr. Klenk's deposition).

As to sentence 2: **Undisputed** in part, **Disputed** in part. It is **Undisputed** that the single Report Defendants cite as Exhibit 3 to their Statement includes a footnote stating this. It is **Disputed** whether this language is clear and accurate. *See* Responses to Defendants' Facts 6-11 above.

As to sentence 3: **Disputed.** Defendants cite no evidence. Also, *See*, e.g., Exhibit 5, Declaration of Renee Meyer, at ¶ 26 & Exh. E thereto at pp4-6 (representation that the Financial Analysis chart (ex.E to Ms. Meyer's declaration) shows the default rate); Defendants' Exhibit (ECF 823-7), at ¶ 5 (Mr. Limaye indicating he understood Funding Analysis to reflect default rate).

12. As to sentence 1: **Disputed.** The Defendants cite nothing other than the Report itself and apparently ask the Court to interpret it and find that in the Court's opinion it is a clear presentation. This is precisely what is prohibited on summary judgment. The analysis should stop here. To the extent the Court interprets the Chart, there is counter evidence showing the Report is opaque, misleading, and not easily understood, thus preventing Defendants' Fact 11 from being deemed **Undisputed.** ECF No. 649-8, July 13, 2021 Declaration of Joel Glick, at ¶17(j) and FN 8 (The Defendants hired an expert, Joel Glick, to decipher the Report; even Mr. Glick had to use different terms to explain the Exposure Percentage); Exhibit 2, Volume II of Deposition Testimony of James Klenk, at 260:17-267:8 (testimony by Par Funding's controller that the figures reported in the Financial Analysis Report were misleading; testifying under cross examination about Financial Analysis Report (deposition exhibit 7)); Exhibit 4, Financial Analysis Report introduced as exhibit 7 during Mr. Klenk's deposition).

As to sentence 2:. **Undisputed** that Defendants' Exhibit 3, a single monthly Financial Analysis Report, has this footnote, which is all the evidence Defendants cite shows.

As to sentence 3: **Disputed**. Defendants cite no evidence in support of this fact and therefore fail to prove it. Also, See, e.g., Exhibit 5, Declaration of Renee Meyer, at ¶ 26 & Exh. E thereto at pp4-6 (representation that the Financial Analysis chart (ex.E to Ms. Meyer's declaration) shows the default rate); Defendants' Exhibit (ECF 823-7), at ¶ 5 (Mr. Limaye indicating he understood Funding Analysis to reflect default rate); Defendants's Exhibit 8 (Alves Declaration (ECF 823-8), paragraphs not numbered, second page, first bullet (indicating he understood Funding Analysis to reflect default rate)

13. Disputed. As to sentence 1: The evidence Defendants cite does not prove that the Report (Defense Exhibit 3) was routinely provided to investors, let alone prior to investing (which is the only way this fact could conceivably be relevant). Defense Exhibit 5 is unauthenticated and Defendants present no evidence that the recipients are, as Defendants merely state, investors. Exhibits 6-9 cannot be considered as the Defendants withheld this evidence from discovery (see Response brief). Even if the Court considers Exhibits 6-9, they show at best that four people received something called a "Funding Analysis" – a document not attached to the Declarations, and thus there is no evidence the Declarants are referring to what Defendants identify as the Funding Analysis they file as Defense Exhibit 3. Mr. Cistone (Defendants' declarant exhibit 5) is, it turns out, a Par Funding finder who received commissions from the note sales to investors). (Composite Exhibit 7 hereto). His credibility should be considered by the jury.

As to sentence 2: Not supported by evidence cited.

14. Disputed. The evidence Defendants cite does not show that CBSG routinely provided all investors with a copy of the report every month. The testimony Defendants cite in the Cole transcript makes no mention of this occurring every month. Defense Exhibit 5 is unauthenticated and Defendants present no evidence that the recipients are, as Defendants claim in this proposed Fact, investors. Defense Exhibits 6-9 cannot be considered as the Defendants withheld this evidence (see Response brief). Even if the Court considers these declarations, the declarations fail to attach what they received and therefore Defendants cannot prove what document or version of Exhibit 3, if any, these people received. Mr. Cistone (Defendants' declarant exhibit 5) is, it turns out, a Par Funding finder who received commissions from the note sales to investors). (Composite Exhibit 7 hereto). His credibility should be considered by the jury.

15. Sentence 1: **Undisputed** as to what the evidence Defendants cite shows – namely, that sometimes investors would call Cole and occasionally he would speak with them and these are the types of questions they would ask.

Sentence 2 (beginning “When asked...”): **Disputed** to the extent Defendants are claiming all investors inquired and Cole said this each time. His testimony Defendants rely on is that sometimes investors would call and he would respond.

Sentence 3: **Disputed**. There is evidence that Defendants told potential investors the chart reflects the default rate. *See, e.g.*, Exhibit 5, Declaration of Renee Meyer, at ¶ 26 & Exh. E thereto at pp4-6 (representation that the Financial Analysis chart (ex.E to Ms. Meyer’s declaration) shows the default rate); Defendants’ Exhibit (ECF 823-7), at ¶ 5 (Mr. Limaye indicating he understood Funding Analysis to reflect default rate); Defendants’ Exhibit 8 (Alves Declaration (ECF 823-8), paragraphs not numbered, second page, first bullet (indicating he understood Funding Analysis to reflect default rate)

16. Sentence 1: **Undisputed**.

Sentence 2: **Undisputed** in part, and **Disputed** in part. **Disputed** that Mr. Abbonizio “routinely provided” any report to investors: The evidence Defendants cite does not discuss, let alone prove, that Mr. Abbonizio provided investors with any report whatsoever and therefore they fail to prove this fact. If they did, this would support the SEC’s claim that Defendants distributed this chart and told potential investors the default rate was about 1% based on it. **Undisputed** that Mr. Abbonizio told investors that there was 1.2% default rate on the MCA loans.

17. **Disputed**. Defense Exhibit 15 shows only that Alexis Abbonizo of Par Funding sent Defendant Dean Vagnozzi an email attaching “marketing materials.” There is no evidence that these materials were disseminated by Perry Abbonizio – or anyone for that matter – to investors.

18. **Disputed** in its entirety. Exhibit 3, Deposition of Joel Glick, at 35:18-36:13 (defense expert assumed Par Funding’s numbers were accurate and did not verify them: “We have not audited or otherwise independently verified the accuracy. I'm not saying it's accurate, but I am relying on it.”) and 294:15-16-295:8 (Defendant’s expert’s testimony that he does not know if the Financial Analysis Report accurately reflects the uncollectible accounts receivable); Defense Summary Judgment Exhibit 11, at Footnote 7 and at ¶19 (Mr. Glick stating he did not perform his own, independent analysis and simply accepted Par Funding’s Funding Analysis Report without opining on the accuracy or reliability of the data and performed calculations based on that data; stating Mr.

Glick offered no opinion on the accuracy of the Factoring Losses which drives the calculation of the Exposure Percentage).

19. Disputed in its entirety. ECF No. 774-1, Davis Expert Report (Showing the Commission’s expert performed extensive analysis to demonstrate the Exposure percentage, the Funding Exposure, and the Factoring Losses as reported by Par Funding were consistently inaccurate and/or understated, and that Glick’s analyses were flawed). *Id.* at ¶65(c) (The Funding Exposure was the difference between the actual cash advanced to the merchant and the actual cash collected from the merchant for the merchant advance transactions that Par Funding’s management haphazardly deemed to be uncollectible and were included in the Factoring Losses. This amount was understated for the same reasons as Factoring Losses because it only included the merchant cash advance receivables that Par Funding’s management deemed to be uncollectible); *Id.* at ¶122 (The Factoring Losses were understated because they did not include merchant cash advance receivables with historical cash losses and millions of dollars in merchant cash advance receivables remaining to be collected); *Id.* at ¶123 (The merchant cash advance receivables included a significant number classified as “active” but whose merchants had not made payments during the eight weeks prior to the Receivership and in some cases a longer period, yet they were not included in the Factoring Losses; in addition certain merchant cash advance receivables that Par Funding considered active had generated significant cash losses on a historical basis, many of which were not then-currently performing but were not included in Par Funding’s calculation of Factoring Losses).

20. Sentences 1 and 2: Undisputed.

Sentence 3: Disputed. The evidence cited does not show that Rod Ermel was given access to all books and records (only Quickbooks), and therefore the Defendants fail to demonstrate this proposed fact. To the extent relevant to any issue, the SEC does not dispute that Par Funding Quickbooks records were put on a portal Rod Ermel had access to at one point in time.

21. Sentence 1: Undisputed.

Sentence 2: Undisputed that this accurately states the Cole testimony transcript.

Sentences 3 and 4: Undisputed.

22. Disputed. Defense Exhibit 17 is an unauthenticated document and is hearsay, and therefore it cannot support the Defendants’ proposed fact on summary judgment that Rod Ermel made findings. Even if Exhibit 17 was authenticated and was not hearsay (which is not the case) and

could therefore be considered on summary judgment, the exhibit purports to discuss only procedures used in 2013, 2014, and 2015, and therefore shows nothing about the relevant time period of this case.

23. Sentence 1: Disputed. The evidence cited by Defendants makes no reference to any assurances given. Therefore, the Defendants fail to demonstrate this proposed Fact.

Quoted language from Bernato Declaration: Disputed that this Fact provides the complete quote from Mr. Bernato's Declaration. The Defendants omitted language from the Declaration they quote. Specifically, Mr. Bernato identifies and testifies in his Declaration about two specific complaint allegation paragraphs, Complaint ¶¶ 205-206 (Defense Ex. 25 at ¶5).¹ Otherwise, **Undisputed** that these words appear in the Bernato Declaration at paragraphs 5 and 6 therein.

24. Undisputed.

25. Sentence 1: Disputed. The evidence Defendants cite [ECF No. 823-25 ¶7] does not prove Mr. Bernato secured insurance coverage for Par Funding through Euler Hermes; it only shows that Mr. Bernato "approached" Euler Hermes. To the extent Defendants intended to cite to other paragraphs about what Euler Hermes supposedly did and did not do, this is hearsay and the Declaration provides no evidence that Mr. Bernato has any personal knowledge about what the insurance company did and did not do internally.

Sentence 2: Disputed. The evidence Defendants cite [ECF No. 823-25 ¶7] does not even address this proposed Fact, that Euler did not extend coverage until its own underwriting process was satisfied. Therefore, Defendants fail to prove this fact. Further, there is no evidence that Mr. Bernato, who does not even claim to work for Euler, has any personal knowledge to testify about what Euler Hermes did with respect to underwriting and its coverage decision in connection with underwriting, and is hearsay.

Sentence 3: Disputed. Hearsay.

Sentence 4: Disputed. No evidence cited in support.

26. Disputed. Not supported by evidence cited.

¹ Defendants proposed Fact is only that Bernato's Declaration includes these two paragraphs. In the additional facts section of the Response, the SEC provides facts to demonstrate that these and other portions of Bernato's Declaration are false.

27. Sentence 1: **Undisputed** that Mr. Rutledge was retained in January 2018; **Disputed** that Mr. Rutledge was retained “shortly after” Pennsylvania Regulators issued a subpoena (no evidence cited that supports this).

Sentence 2: **Disputed** that Mr. Valz was the general counsel of Par Funding because it is not supported by the evidence cited (which says only that Mr. Valz provided “general counsel-type advice”) and relies on hearsay because Mr. Rutledge is testifying about what Mr. Valz told him.

28. **Undisputed.**

29. **Undisputed.**

30. **Undisputed.**

31. **Undisputed.**

32. Sentence 1: **Disputed**. Not supported by the evidence cited, which discusses only the cessation of payments to finders.

Sentence 2: **Disputed**. No evidence cited to support this.

Sentence 3: **Undisputed.**

33. Sentence 1: **Disputed** because no evidence cited to support this

Sentence 2: **Undisputed** that Mr. Rutledge argued this; **Disputed** as concerns the February 5 letter, which is not cited or filed

34. Sentence 1: **Disputed**. The evidence cited does not support this or even reference these facts. *But see* Exhibit 12, Rutledge Deposition Transcript, Volume II, at 233:13-25 (testifying he made the argument but “[t]hat does not mean that we prevailed in the argument.”)

Sentence 2: **Disputed** as what Mr. Rutledge; **Undisputed** as to what Mr. Rutledge argued in the Pennsylvania securities case.

Sentence 3: **Disputed**. Evidence cited concerns Mr. Rutledge’s letter to Pennsylvania regulators and discussion with Cole about those arguments regarding exemption. [Exhibit 12, Volume II of Rutledge Transcript, at 206:7-12, 233:13-234:14, 349:19-25].

35. **Undisputed.**

36. Sentence 1: **Disputed**; no evidence cited

Sentence 2: **Disputed**; no evidence cited

Sentence 3: **Disputed**; evidence cited does not support proposed fact. See also Exhibit 12, Rutledge Volume II, at 257:2-20 (Cole never directed him to review or revise the note or security agreement, and he did not do so)

Sentence 4: Undisputed

37. Sentence 1: **Disputed** in part. Undisputed that the testimony cited by Defendants (Exhibit 12, Volume II or Rutledge Testimony, at 192-193) shows Mr. Rutledge was aware Par Funding was selling to pooled investment vehicles; disputed that the testimony includes selling to PIVs being in place of using finders or sales agents (as opposed to selling to PIVs and not to individuals).

Sentence 2: Undisputed

38. Undisputed that Mr. Rutledge testified that Mr. Cole told him this. Hearsay as used by Defendants.

39. Undisputed.

40. Undisputed except to the extent Defendants are trying to prove Mr. Rutledge understood the Pooled Investment Fund note buyers were “Agent Funds” as that term is defined in the Complaint and TRO Motion. If so, disputed, as the evidence cited for this proposed Fact does not support a finding that Mr. Rutledge knew the PIVs would operate with Par Funding the way the pleadings allege.

41. Undisputed.

42. Sentence 1: Disputed; testimony cited does not include this detail; undisputed that, as the testimony cited states, Mr. Rutledge told Cole the accreditation forms were not acceptable because they were not completed properly. [Exhibit 12, Volume II of Rutledge Deposition, at 277:12-278:8].

Sentence 2: Disputed. [Exhibit 12, Volume II of Rutledge Deposition, at 277:12-279:6]

Sentence 3: Disputed. Evidence cited does not support proposed fact. Mr. Rutledge testified in portion Defendants cite that it was best practice to get written confirmation from potential investor of accredited status, but it is not the exclusive way to obtain verification of accredited investor status. [Exhibit 12, Volume II, Rutledge Deposition, at 226:19-227:6].

43. First sentence: Disputed in part and undisputed in part. Disputed as to “On November 8, 2018, after receiving this email that Mr. Cole was gathering documents certifying that its new noteholders,” as no evidence is cited to support this in proposed Fact 43. Undisputed that Deposition Exhibit 135 was authenticated by Mr. Rutledge and that he makes these arguments to the Pennsylvania regulators in this letter.

Sentence 2: Disputed. Defendants cite no evidence to support this proposed fact.

44. Undisputed

45. Undisputed that the evidence cited by Defendants states what it states.

46. Disputed as written. Defendants' use of "Agent Funds" inserts a fact not included in the evidence they cite, and Agent Funds has a specific meaning in this case beyond just a pooled investment vehicle that bought notes from Par Funding, which is what Mr. Rutledge testified about in the excerpt Defendants cite. Exhibit [12](#), Rutledge Volume II, at 270:20-271:9.

Remaining sentences: undisputed

47. Sentence 1: Undisputed

Sentence 2: Disputed. Mr. Rutledge did not know that the pooled investment vehicles buying notes from Par Funding and selling them to investors, and being compensated through the difference between the interest paid by Par Funding on its notes and the interest paid by the PIVs on their notes; he did not know that Par Funding and Perry Abbonizio and other Par-related Defendants were involved in soliciting investors to invest in the PIVs, and he was not given all the information about the fact that PIVs were compensation and the integration of the Par Funding offering and the PIVs' offerings; had he known this, it would have impacted his opinions and his letter to the Pennsylvania letter in which he stated Par Funding was no longer compensating people to raise money through the offer and sell of securities. [Exhibit [11](#), Rutledge Volume I, at 41:12-44:19, 50:3-15, 58:13-59:23; [Exhibit 12](#), Rutledge Volume II, at 382:6-20, 386:5-387:13, 388:20-391:16].

Sentence 3: Disputed. Defendants cite no evidence to support this fact. As set forth above, Mr. Rutledge was never told all the facts. See cites above provided for Sentence 2.

48. Undisputed that he raised it for the first time then; disputed to the extent Defendants imply he was asked for legal advice about this before then. [Exhibit [12](#), Rutledge Volume 2 at 380:24-381:12, 382:6-20]

49. Sentence 1: Disputed. Not supported by evidence cited.

Sentence 2: Disputed. Defendants cite no evidence.

50. Undisputed

51. Sentence 1: undisputed

Sentence 2: proposed fact not support by evidence cited

52. Disputed. No evidence cited or filed in support of this proposed fact

53. Disputed. No evidence cited or filed in support of this proposed fact

54. Disputed. No evidence cited or filed in support of this proposed fact

55. Disputed. No evidence cited or filed in support of this proposed fact

56. Sentence 1: disputed. 535-1 at p.13 (paragraph 39) states only that according to a chart found on “CRM” it appears 17% were approved, and that this would “demonstrate [Par Funding] *has an underwriting process*” – with no reference made to nature or character of the underwriting done (emphasis added).

Sentence 2: disputed. [Exhibit 3, Glick Deposition, at 138:9-139:23 (admitting that the reports he relied on, which are based on polls of about 240 people or less, are actually not “authoritative” and that they do not reliably demonstrate the approval rate)

57. First sentence: Disputed. No evidence cited or filed in support of this proposed fact

Second and third sentences: undisputed that Metro Site Inspections was the company that did on-site inspections when they were done. Disputed that the underwriting process always included an on-site inspection. See, e.g., Exhibit 8, Villarose Deposition Transcript, at 69:15-74:6, 75:16-79:16.

58. First sentence: Undisputed that Par Funding did not always perform on-site inspections, disputed whether it was based on “principled underwriting guidelines,” which the evidence cited does not discuss. Exhibit 8 at 70 (no discussion of there being principled underwriting guidelines)

Sentences 2 and 3: Undisputed that Par Funding did not do on-site inspections. Exhibit 8 at 69:15-74:6, 75:16-79:16.

59. Disputed. No evidence cited that the SEC accuses Par Funding of not meeting any “underwriting standards” that the SEC created. The SEC has alleged that Par Funding did not do what they told potential investors they would do. [ECF No 119]. Evidence cited by Defendants for this proposed Fact addresses whether on-site inspections were done pre-approval vs pre-funding; however, the undisputed evidence shows that they were not always done, period – before approval and also before funding. Exhibit 8 at 69:15-74:6, 75:16-79:16.

60. Undisputed that these three specific items do not appear in the Par Funding brochure Defendants cite (debt schedules, profit margins, or expenses).

SEC'S FACTS IN OPPOSITION

Rutledge

61. Phil Rutledge, Esq. sent the February 2018 letter on behalf of Par Funding to the Pennsylvania securities regulators, stating that Par Funding had discontinued the practice of paying finder to locate investors. [Exhibit 11, Rutledge Transcript 1, at 41:12-41:20].
62. Rutledge made the representation set forth in proposed Fact 61, based on what Cole told him; when Rutledge sent the February 2018 letter he did not know Par Funding was utilizing investment funds to raise money for Par Funding through the offer and sale of the investment funds' promissory notes. [Exhibit 11, Rutledge Transcript 1, at 41:12-44:19].
63. When Rutledge made the representation set forth in proposed Fact 61, he did not know that Par Funding's finders/sales agents had been invited to create investment funds through which they would continue raising money for Par Funding, albeit through investment fund offerings of promissory notes. *Id.* at 50:3-15.
64. Rutledge would not have made the representation to the Pennsylvania securities regulators that Par Funding was no longer providing compensation (set forth in proposed Fact 61) had he known that Par Funding was compensating people at the investment funds for raising money for CBSG through the offer and sale of promissory notes. *Id.* at 58:13-59:23.
65. Cole told Rutledge that Par Funding was no longer compensating anyone in connection with the offer and sale of promissory notes. *Id.*
66. Mr. Rutledge testified that the arguments to regulators were just that, arguments, and that he told Mr. Cole at the outset that the notes were securities, and he told Cole at the time of settlement with the Pennsylvania Regulators that Par Funding should stop arguing this because it was a losing argument. Exhibit 12, Rutledge Deposition Transcript, Volume II, at 233:13-234:15.
67. Mr. Rutledge's positions in letters to Pennsylvania regulators were his arguments, and not necessarily his opinions about the notes not being securities. [Exhibit 12, Volume II, at 206:7-12, 233:13-234:14, 349:19-25]
68. Par Funding never sought advice from Mr. Rutledge about using the pooled investment vehicles as agents for Par Funding to raise money from investors until after the Texas Securities Regulators issued a February 2020 cease and desist Order against Par Funding for this violation. [Exhibit 12, Rutledge Volume 2 at 380:24-381:12]

69. Mr. Rutledge did not know that there was a difference between what Par Funding paid as interest to the pooled investment funds and what the PIVs paid as interest to their investors, resulting in compensation or profit to the pooled investment fund. [*Id.* at 382:6-20]

70. Mr. Rutledge told Cole he needed to obtain information about accredited investors *before* they invested in the notes. *Id.* at 386:5-387:13 (emphasis added)

71. When Mr Rutledge was told Par Funding was going to sell to PIVs instead of investors in 2018, he told Par Funding that it had to remain independent, could not participate in those offerings, could not send investors to them, and the PIVs had to be completely independent. *Id.* at 388:20-391:16

72. To this day, no one at Par Funding has disclosed to Mr. Rutledge that Par Funding was paying the PIVs by offering more in its interest rate than the PIVS were paying to their investors (a “Spread”). *Id.*

73. Mr. Rutledge’s advice about Par Funding’s disclosures was based on what he was told. No one told him that Par Funding participated in the PIVs or that Par Funding was paying the PIVs. Had he known this, it would have affected his opinions. *Id.*

74. Mr. Rutledge was not told Joseph LaForte had involvement in the company, Par Funding’s other external lawyer told Mr. Rutledge about LaForte’s convictions in March 2020, and Rutledge asked Cole about LaForte’s involvement in Par Funding but Cole told Rutledge that LaForte did not have involvement. Exhibit 11 at 36:16-39:22.

75. No one at Par Funding told Mr. Rutledge that the agent funds had been invited to be formed to raise money for Par Funding, Exhibit 11 at 50:3-11; and Rutledge was only hired on an as-needed basis between 2018 and 2020, Exhibit 12 at 377:10-15

Bernato

76. Bernato’s Declaration is also false for the following sworn statements in it that the Defendants did not cite in their motion: “I have never previously heard the name Joe or Joseph LaForte, Mack, or Macki. My dealings were always with Anthony Zingarelli.” [Composite Exhibit 9: December 20, 2018 email from Bernato to LaForte about insurance; November 2018 email to Bernato and “Joe Mack” stating Bernato already knows him.

77. Bernato admits in his declaration that there was no insurance coverage. Defense Exhibit , ECF No. 823-25, at ¶ 12

78. Complaint ¶ 205 reads: “On June 5, 2018, LaForte also told a potential investor in Maryland that if a merchant defaulted on his loan, Par Funding had insurance to back up investor funds, thus reassuring the investor that her investment was safe and secure.” [ECF No. 119 at ¶ 205 (emphasis added)].

79. Mr. Bernato’s declaration that Mr. LaForte’s *June 5, 2018* representation (ECF No 119 at ¶ 205) was true and that he had secured this insurance for Par Funding by then is false, as he was not even involved then. (823-25 at ¶¶ 5-6; Exhibit 6, Memorandum from Par Funding CCO to Joseph LaForte and Joseph Cole Barleta (“In *November of 2018*, CBSG was referred by ROC Funding to an insurance broker named Anthony Bernato who claimed to have developed a new set of policies that cover the Advance Factoring/Merchant Cash Advance sector through Euler Hermes, a major international insurance carrier.”) (emphasis added).

80. Complaint ¶ 206 reads: “At an event in Florida to solicit investors in RE Income Fund 2 in August 2019, Abbonizio told potential investors that Par Funding’s merchant loans were insured.” [ECF No. 119, at ¶ 206].

81. Mr. Bernato’s claim that Mr. Abbonizio told the truth when he made this August 2019 representation set forth in proposed Fact 80 (823-25 at ¶¶ 5-6) is belied by the evidence. [Exhibit 6 hereto; ECF No 290-14, TRO Exhibit 230 (June 21, 2019 cease and desist letter from insurance company to Par Funding)].

82. By no later than July 2019 (before the Abbonizio representation), Par Funding knew the insurance policy Bernato sold them did not cover their type of business at all [ECF No 290-18 (TRO Ex 234), Declaration of Par Funding Compliance Director Ben Mannes, at ¶¶ 1-6 & Exhibit A thereto]. This fact was discussed with Mr. Abbonizio. *Id.* at ¶¶ 1-5; Exhibit 6 hereto].

83. LaForte touted the success of Par Funding generally, telling about 300 potential investors that “we had such success over the years, it's been -- it's been a big grind to make sure that your capital is safe.” [Exhibit 10 hereto (TRO Exhibit 20) at pdf p 58, Lines 15-17]. He did not disclose that Par Funding was sanctioned twice for raising this investor capital. *Id.*

84. In this same presentation, Mr. LaForte touted the success of Par Funding and linked it directly to there being *no restrictions* on the capital Par Funding raised from investors:

Our success has been being able to innovate and create products *without covenants and restrictions on our capital*. And you guys have helped us do that. Most institutions -- as Dean pointed out – we have good institutions to get

capital. We could have done it. We could have done it several times. We could do it tomorrow. We choose not to. We choose to work with you because you understand the fact that we can do what we need to do, and Dean [Vagnozzi] could come to us, and we could talk about corporate policy in a way that's outside the scope of what Dean talks about -- outside of Wall Street, outside of different types of investments.

Id. at pdf p 59, Lines 8-20.

85. Par Funding was sanctioned twice for violating the laws that place restrictions concerning raising capital from investors. ECF No. 20-6, 20-7.

86. By November 2019, Dean Vagnozzi had been sanctioned by Pennsylvania securities regulators for violating the securities law in connection with raising capital for Par Funding [ECF No. 24-8, Cease and Desist Order entered against Vagnozzi].

87. During the November 2019 dinner set forth in proposed fact 84, LaForte did not disclose the regulatory actions set forth in proposed facts 85 and 86. [TRO Exhibit 20, attached hereto for the Court's convenience at Exhibit 10].

88. LaForte admits the MCA deals are not merchant cash advances. [ECF No. 816-10 at pdf 50, transcript page 16:1-12].

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA

CASE NO. 20-cv-81205-RAR

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

vs.

COMPLETE BUSINESS SOLUTIONS GROUP, INC.
d/b/a PAR FUNDING, et al.,

Defendant.

_____ /

VOLUME I

DEPOSITION OF JAMES KLENK

TAKEN ON BEHALF OF THE DEFENDANT

JULY 26, 2021
9:30 A.M. TO 6:55 P.M.

ALL PARTIES APPEARED REMOTELY
PURSUANT TO
FLORIDA SUPREME COURT ORDER AOSC20-23

REPORTED BY:
GABRIELA ARGENAL, COURT REPORTER
NOTARY PUBLIC, STATE OF FLORIDA



UNIVERSAL
COURT REPORTING

877.291.3376
www.UCRinc.com

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

APPEARANCES OF COUNSEL

ON BEHALF OF THE PLAINTIFF:

GAETAN J. ALFANO, ESQUIRE
PIETRAGALLO, GORDON, ALFANO, BOSICK & RASPANTI, LLP
1818 MARKET STREET SUITE 3402
PHILADELPHIA, PA 19103
(215)320-6200
GJA@PIETRAGALLO.COM
(REMOTELY VIA ZOOM)

AMIE RIGGLE BERLIN, ESQUIRE
U.S. SECURITIES AND EXCHANGE COMMISSION
801 BRICKELL AVE STE 1800
MIAMI, FL 33131-4901
305-982-6322
BERLINA@SEC.GOV
(REMOTELY VIA ZOOM)

ON BEHALF OF THE DEFENDANT:

ALAN S. FUTERFAS, ESQUIRE
LAW OFFICES OF ALAN S. FUTERFAS
565 FIFTH AVENUE, 7TH FLOOR NEW YORK
NEW YORK 10017
(212)684-8400
ASFUTERFAS@FUTERFASLAW.COM
(REMOTELY VIA ZOOM)

BRANDON SCOTT FLOCH, ESQ.
MARCUS NEIMAN RASHBAUM & PINEIRO LLP
2 S BISCAYNE BLVD STE 2530
MIAMI, FL 33131-1806
305-434-4943
BFLOCH@MNRLAWFIRM.COM
(REMOTELY VIA ZOOM)

CHERLY LUCIEN, ESQUIRE
FRIDMAN FELS & SOTO, PLLC
2525 PONCE DE LEON BLVD STE 750
CORAL GABLES, FL 33134-6039
305-569-7701
CLUCIEN@FFSLAWFIRM.COM
(REMOTELY VIA ZOOM)

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

INDEX OF EXAMINATION

WITNESS: James Klenk

PAGE

DIRECT EXAMINATION

By Alan Futerfas, Esquire

6



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

INDEX OF EXHIBITS

EXHIBIT	DESCRIPTION	PAGE
Plaintiff's		
1	Friedman Audit Worksheet	38
2	E-mail chain	45
3	Friedman Year and Adjustments	53
4	E-mail	57
5	E-mail	59
6	CBSG Management Reviewed Financials 2018	81
7	Funding analysis	104
8	Declaration	115
9	Engagement letter from Clifton Larson Allen	139
20	Rod Ermel Associates filing of a 2019 tax return for CBSG	133

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

VOLUME I

VIDEOTAPED DEPOSITION OF JAMES KLENK

JULY 26, 2021

THE COURT REPORTER: If I could have appearances for the record?

MR. ALFANO: Sure. Gaetan Alfano on behalf of the receiver and the witness.

MR. FUTERFAS: Alan Futerfas on behalf of Lisa McElhone.

MR. FLOCH: Brandon Floch on behalf of Defendant, Perry Abanicio.

MS. LUCIEN: Alex Soto and Cherly Lucien of Joseph LaForte.

MS. BERLIN: I'm sorry. This is Amie Berlin from the SEC. Who is the other name for Mr. LaForte, it was Alex Soto and who?

MS. LUCIEN: Cherly Lucien.

MS. BERLIN: Okay. I'm getting echo with Mr. Alfano and the person who is just speaking, I couldn't make out the name. This is Amie Riggle Berlin from the Securities and Exchange Commission.

MR. FERGUSON: David Ferguson, adjuster for Florida. I'm getting echo too.

Thereupon:

JAMES KLENK,



1 was called as a witness, and after having been first
2 duly sworn, testified as follows:

3 DIRECT EXAMINATION

4 BY MR. FUTERFAS:

5 Q Mr. Klenk, good morning. Thank you for --

6 A Good morning.

7 Q -- joining us this morning. My name is Alan
8 Futerfas. I'm the Lawyer for Lisa McElhone and I'll be
9 asking you some questions today.

10 If there's at any point, you don't understand
11 a question that I ask, please feel free to communicate
12 that to me and ask me to rephrase it, you know, that
13 sort of thing.

14 We're striving for, you know, clarity here,
15 and again, if there's anything -- if there's any --
16 anything else that you don't understand, you either --
17 obviously, you have Counsel next to you or you could ask
18 me to rephrase the question or something like that. You
19 understand all that?

20 A Yes, sir.

21 Q Okay. Thank you. So, I just want to start
22 with your -- what's your educational background?

23 A I have a BBA from Temple University and I'm a
24 CPA.

25 Q And when did you graduate that university?

1 A Graduated from Temple May of 1989.

2 Q Okay. And did you go directly into your CPA
3 studies?

4 A Meaning did I study for the CPA exam then?

5 Q Yes?

6 A Yes.

7 Q Okay. And once you got your CPA, what was,
8 just give me -- give us a brief sketch of your
9 employment till you got to CBSG?

10 A Sure. No problem. I worked for seven years
11 in public accounting for a company in Huntington Valley,
12 Pennsylvania.

13 I started there as a staff accountant maybe
14 all the way up to senior accountant. Worked on both
15 personal, corporate, individual taxes, lower financials,
16 audit, compilation and reviews.

17 I left public accounting roughly in November -
18 - October, November of 1997 to work for a startup
19 company in Delaware. That startup company I worked
20 there until December of 1999 and I left that company to
21 work at a company called Corporation Service Company.

22 Q And -- go ahead.

23 A That's fine. I started Corporation Service
24 Company as a senior accountant and after a year was -- I
25 was promoted to Manager of business analysis. I stayed



1 in Corporation Service Company until September of 2008.
2 From there, I left and went to a company called Numoda
3 and I was a Manager there of clinical project
4 accountants for two years -- for a year and a half,
5 excuse me.

6 After working in Numoda, I went to work for a
7 company called Elsevier as a business controller on a
8 contract position. I worked there from roughly February
9 of 2011 through November 2011.

10 I left that company to become the controller
11 at a company called General Flange & Forge from November
12 2011 through February of -- excuse me, December of 2014
13 and from General Flange -- excuse me, from General
14 Flange & Forge with a company called CompuData.

15 I worked at CompuData until February of 2018
16 as their business controller and I came on to work for
17 Full Spectrum Processing in February of '18 as
18 controller there and been working since.

19 **Q Okay. So, what was you -- when you came on**
20 **to, were you hired by CBSG or you were hired by Full**
21 **Spectrum Processing?**

22 A I was hired by Full Spectrum Processing.

23 **Q Okay. And what was your -- you might have**
24 **given -- what was your official title there?**

25 A I was the financial controller.

1 **Q And give us an idea of just what were your**
2 **duties and responsibilities there?**

3 A When it first started or currently?

4 MR. ALFANO: We're not going to talk about
5 currently, it's post receivership --

6 THE WITNESS: Okay.

7 MR. FUTERFAS: Yeah.

8 MR. ALFANO: -- so, we can talk up until July
9 of 2020.

10 **Q (By Mr. Futerfas) Yeah, just take as sort of**
11 **give us a kind of when you started at FSP in February of**
12 **2018, what did you do, if your duties or**
13 **responsibilities evolved in any way. Just give us a**
14 **description, if you don't mind up until July 30th --**
15 **July 28th, let's say of 2020?**

16 A Sure. No problem. When I first came on
17 board, my first official duties were to get the CBSG and
18 some of the other MCA companies GAAP compliant, which is
19 Generally Accepted Accounting Principles.

20 The companies we're working off of a modified
21 cash basis where they had accounts receivable, but they
22 didn't defer any revenue for any of their current jobs.
23 They didn't defer any acquisition costs.

24 They weren't really accruing for expenses that
25 the purpose of me getting into GAAP compliant was to

1 make the -- to get an audit.

2 We were -- that was my primary focus when I
3 first started was the Joe Cole wanted to have financial
4 audits of complete Business Solutions Group.

5 He also wanted to have a financial audit of
6 Capital Source 2000. Capital Source 2000 was already in
7 the process of doing agreed upon procedures for 1990 --
8 excuse me, 2016 and that's my first -- for the first
9 three months or so that's me and was my focus to look
10 through the records and try to find out how I can make
11 the company GAAP compliant.

12 **Q Okay. And did you eventually through the use**
13 **of or the assistance of either outside accountants or**
14 **otherwise get the company GAAP compliant?**

15 A For Full Spectrum, it was the MCA company,
16 which I was getting GAAP compliant.

17 **Q Okay.**

18 A We're working on MCA company by MCA company.
19 The primary one was Complete Business Solutions Group
20 and yes, we were able to get a GAAP complaint.

21 **Q Okay. And I'll get back to some of this in a**
22 **bit, but after those first three or four months, did you**
23 **just tell us more about what you did and maybe your**
24 **duties evolved or responsibilities evolved?**

25 A Sure. The audits took a great deal of my time



1 because I was gathering a lot in terms of primary
2 contact between the auditors. At that time was Friedman
3 LLP., and CBSG.

4 I was gathering a lot of the documentation for
5 the audits, creating a lot of the schedules and I was
6 the primary person that was coordinating between the
7 two.

8 I worked very closely with Joe Cole when I was
9 doing that. He helped me gather a lot of the
10 information because I didn't have a lot of the
11 background of the companies or information that was
12 needed.

13 As we came along, the company also started
14 acquiring more or the McElhone -- Lisa McElhone started
15 acquiring more properties and I was assigned to oversee
16 those properties and junior accountants and staff
17 accounts working on the properties.

18 So, when I first started there, I believe
19 there were only three properties that were -- that had -
20 - that they originally had it was round three
21 properties. I think by the time we're all setting down,
22 it was probably close to 21 different properties that I
23 was overseeing and I also oversaw the daily cash and
24 operations of a solar company that we were affiliated
25 with Division Solar and a brokerage company called Solar

1 Xchange, which sold deals back to the Solar Company.

2 **Q Okay. The layout -- I just want to go when**
3 **you do a little bit to the physical layout. Basically,**
4 **FSP had two separate office spaces. Is that about**
5 **right?**

6 A When I first started the accounting operations
7 were on 205 Arch Street.

8 **Q Okay.**

9 A The legal underwriting and sales and part of
10 the sales organization, they were located at 20 North
11 3rd Street. 20 North 3rd Street, I believe, when I
12 first started only had two units and it grew to be four
13 units.

14 They acquired more units there so there were
15 different suites. So, Suite 101, 102, 201, and 202.

16 **Q Okay. So, basically, is it fair to say so,**
17 **accounting, HR, payroll was in the 2nd Street offices**
18 **and sales, IT, underwriting and maybe legal was in the**
19 **3rd Street offices?**

20 **Does that accord with your recollection or**
21 **whatever your recollection is we want to hear?**

22 A That's correct.

23 **Q Okay. And how many accounts did you have on**
24 **staff in the accounting department?**

25 A At what period?



1 Q Well, let's say, take us through, you got
2 there in February of '18 and up until let's say mid July
3 of 2020, just tell us how many you started with and how
4 many ended up with?

5 A In 205 Arch Street office, when I first
6 started, there was, roughly, I believe 11 or 12 people
7 in that office including receptionist. By the time to
8 July of 2018, there was up to 17 people.

9 Q You just said July of '18. Did you mean July
10 of '20?

11 A July of 2020. I'm sorry.

12 Q Now, when you say people, you're talking about
13 accountants. Is that we're talking about, accounting
14 people?

15 A As I mentioned, when I first started, there
16 was one receptionist, Joe Cole and the rest were in the
17 on the accounting side. There was no HR at that point.

18 Q Okay.

19 A By July 2020, there were 17 people, which
20 included a receptionist, Joe Cole. We did not have an
21 HR director at that point. We had an HR director for a
22 period of time that they left that even June of 2020.

23 Q So, of those other 17 people, how many of
24 those people are -- were doing some kind of accounting
25 function?



1 A I would say all of them were doing some point
2 of an accounting function.

3 Q Okay. And did you assist in hiring these
4 people or bringing them on board?

5 A A number of people, yes. The staff
6 accountants I would sit down with and I bring them on
7 board. I was part of the interviewing process for those
8 people.

9 Q Okay. And aside from you, were there any
10 other CPAs in house?

11 A When I first started, no. By the end, Zoey
12 Lau had gotten her CPA license and I was sponsoring her
13 for a first year so she now was fully where she was
14 fully licensed.

15 Q Okay. And were you -- the legal department
16 was in a different -- was in the other offices across
17 the street. Is that right?

18 A At what time -- at what time period?

19 Q Okay. Let's say 2019?

20 A 2019, the legal department was at 20 North 3rd
21 Street.

22 Q Okay. Did you interact with them at all the
23 people in legal?

24 A I had some limited interaction, yes.

25 Q Okay. Now, you mentioned when you got to FSP,



1 **you are doing work for or doing work on all these**
2 **different kinds of entities?**

3 A I think you said that there were three when
4 you got there and then there were as many as 21 maybe
5 that FSP was working on or that you are helping work on
6 by July of 2020.

7 MR. ALFANO: I'm going to object to the form.
8 I think you're referring to property entities. You
9 say 3 to 21?

10 **Q (By Mr. Futerfas) Any entities?**

11 A Yes, that's property entities what I was
12 describing earlier.

13 **Q Okay. So FSP, could you just tell us like,**
14 **what was FSP's relationship to LM Property Management**
15 **CBSG, a company called Metro Physical Lacquer Lounge. If**
16 **you could, just describe what FSP did in its**
17 **relationship to those entities?**

18 MR. ALFANO: First of all, we're going to
19 establish that there was a relationship to those
20 entities before we proceed.

21 MR. FUTERFAS: I think if the Witness can
22 answer the question, he can answer.

23 MR. ALFANO: Okay. I'm going to object to the
24 form.

25 **Q (By Mr. Futerfas) Do you understand my**



1 **question, Mr. Klenk?**

2 A Yes. Full Spectrum Processing or FSP did the
3 backend office support and go through the work that was
4 done for in FSP was for the MCA entities, the Merchant
5 Cash Advance entities.

6 **Q Okay. And when --**

7 A Relationship with Metro Physical Therapy?

8 **Q Yeah.**

9 A As we did the backend accounting for Metro
10 Physical Therapy, we did QuickBooks for them, we did --
11 oversaw cash operations with them.

12 LM Property Management was a company that was
13 in existence when I started there and that company
14 essentially oversaw the property units and did
15 maintenance type work for the property units.

16 **Q Okay.**

17 A LM Property Management also had -- they had
18 two people on payroll there when I first started. There
19 was a woman named Gabriella who was cleaning, I believe
20 she did cleaning for the Lafortes and there was Shane
21 Cook who was a maintenance person who did maintenance
22 not only for 20 North 3rd property, also did it at 205
23 Arch and as they started bringing another property and
24 he did maintenance there also.

25 **Q Okay. And was there another entity called**



1 **Lacquer Lounge?**

2 A Lacquer Lounge also was an entity that was a -
3 - they were located on North 3rd Street also that was a
4 nail salon that was run by Lisa and we did the backend -
5 - we just did QuickBooks operations for them.

6 Lisa did all her day-to-day transactions, but
7 we just -- we put information in QuickBooks as far as
8 cash receipts.

9 Lisa wrote checks and what other things at
10 Lacquer Lounge. We didn't have a checkbook.

11 **Q Okay. And were there -- did FSP have some**
12 **kind of agreement or a written consulting agreement with**
13 **these various entities?**

14 A At what point?

15 **Q Whenever they did, are you aware of such**
16 **consulting agreements?**

17 A When I first started, there were no consultant
18 agreements.

19 **Q Okay.**

20 A Consulting agreements between the entities
21 were written up in 2019 and finally signed off on in
22 late 2019. I worked on the consulting agreements along
23 with Ben Mans and Joe Cole and there was a person in our
24 legal department named John.

25 **Q Was John a Lawyer?**

1 A Yes.

2 Q Does he have a last name? Do you recall his
3 last name?

4 A What is -- I'm blacking out of it right now.

5 Q Not a problem. And where did this idea of
6 putting consulting agreements in place come from, if you
7 know?

8 A I believe, and again this, I could be wrong
9 here, but I believe it came from a conversation with Rod
10 Ermel Associates to Joe Cole saying they're doing
11 business she need to make this, you know, it doesn't
12 look legitimate right now. So, Rod Ermel Associates has
13 suggested to Joe Cole if I remember correctly.

14 Q Okay. And did you ever speak to Rod Ermel
15 about these consulting agreements?

16 A Not that I recall.

17 Q Okay. And so, I think you described that a
18 number of people worked on them and got these consulting
19 agreements pulled together and then they were signed
20 when in sometime in '19?

21 A At the end of -- roughly October of '19 is
22 when they were signed and executed.

23 Q Okay. You mentioned a man -- a person named
24 Rod Ermel. Who is Rod Ermel?

25 A Rod Ermel were the tax accounts used by Joe



1 Cole and -- for all the entities.

2 **Q Okay. So, they did the accounting for all the**
3 **entities?**

4 A Taxes.

5 **Q Tax accounting. Do you have any interactions**
6 **with people from Rod Ermel's firm?**

7 A Yes.

8 **Q Okay. What kind of assistance did Rod Ermel**
9 **firm provide to FSP?**

10 A Rod Ermel Associates is mainly Ken Bacon
11 providing tax assistance to Joe Cole. They would have
12 phone calls every Thursday that we would 1 o' clock in
13 the afternoon every Thursday for an hour and they would
14 go over business operations and Ken Bacon would give
15 advice to Joe Cole on how to handle certain things that
16 were going on in the business.

17 **Q Okay. And did they do the accounting work for**
18 **CBSG?**

19 A Taxes, 1099.

20 **Q Okay. And did they provide -- do you recall**
21 **if they provide any guidance to either CBSG or FSP**
22 **regarding guidance such as where to locate entities or**
23 **how to structure things or indeed or financial guidance?**

24 A They had conversations with Joe Cole regarding
25 structures of entities. Yes.



1 **Q And what kind of conversation -- what**
2 **conversations were those?**

3 A I wasn't privy to all the conversations Joe
4 Cole had with them. Some of the guidance I know that
5 they provided that I was told was they had suggested
6 that Full Spectrum Processing be the only entity in the
7 City of Philadelphia for business tax purposes.

8 So, not all the MCA agreements would be
9 taxable in the City of Philadelphia. They had suggested
10 out of Florida.

11 **Q Okay. And it's your understanding that that**
12 **is when or that is why CBSG relocated to Florida?**

13 A That is my understanding, conversations I had.

14 **Q Okay. And did they provide any guidance about**
15 **locating certain entities in Wyoming?**

16 A They had conversations with Joe Cole about
17 that. Yes.

18 **Q And what do you recall about those**
19 **conversations?**

20 MS. BERLIN: And this is Amie Riggle Berlin
21 for the SEC. We object on hearsay grounds.

22 A The conversations -- Go ahead. I'm sorry,
23 Alan.

24 **Q (By Mr. Futerfas) You may -- it's okay, you**
25 **may answer the question. Question is, what do you**



1 **recall about those conversations about locating entities**
2 **to Wyoming?**

3 A They were giving tax advice to Joe Cole
4 regarding they thought would be advantageous and Rod
5 Ermel Associates had done some research and I know they
6 approached Joe Cole with that. I wasn't privy to all
7 the conversations, but I was -- I sat in maybe one or
8 two when they discussed it.

9 **Q And it is relocating certain entities to**
10 **Wyoming or domicile in Wyoming?**

11 A Correct, relocating certain entities to
12 Wyoming as a tax advantage.

13 **Q Okay. Now, when you -- actually, I'm going to**
14 **put you on mute for one second while I ask someone to**
15 **get me a glass of water. Hold on.**

16 **Okay. All right. I'm back with you, Mr.**
17 **Klenk. Thank you.**

18 **Now, when you got to FSP in February of '18,**
19 **did you become aware of an issue with the IRS that the**
20 **IRS had raised to 2016?**

21 A Yes.

22 **Q And what was the nature of that issue with the**
23 **IRS?**

24 A The company was being audited by the IRS for
25 the 2016 -- 2015-2016 period.



1 Q Okay. And do you recall that there was an
2 issue with respect to the default loss provision in the
3 2016 audit?

4 A I'm sorry. Repeat.

5 Q Yes. Do you recall that the IRS took issue
6 with the default loss calculations that had been made by
7 then -- by CBSG at the time?

8 MR. ALFANO: Object to the form of the
9 question. At what time?

10 Q (By Mr. Futerfas) Well, do you recall -- let
11 me ask you this. Do you recall that the audit concerned
12 filings in 2016, tax year 2016?

13 A I was aware of that. Yes.

14 Q Okay. So, my question is, do you recall that
15 the IRS had raised an issue about the calculation of
16 default loss, whether the company had taken too great a
17 default loss number?

18 A Yes. That is my understanding.

19 Q Now, did you -- you stated your understanding.
20 Did you have any conversations with either Mr. Cole or
21 Mr. Ermel or the attorney dealing with this for CBSG
22 about this IRS matter?

23 MR. ALFANO: Object to the form of the
24 question.

25 Q (By Mr. Futerfas) You can answer, Mr. Klenk?



1 A No, sure. I'm just thinking about it.

2 **Q Okay. Take your time.**

3 A What I prefer speaking and aware of it, Joe
4 Cole had mentioned it to me Ken Bacon was running
5 through where they were objecting to the loss
6 provisions.

7 Now, the loss provisions were something that
8 were being handled by Rod Ermel Associates and they were
9 requesting information from Full Spectrum Processing on
10 CBSG to provide write off some another things to help
11 support the numbers, which were filed on the tax returns
12 provided by Rod Ermel Associates.

13 **Q Okay. Is it fair to say that the issue -- I'm**
14 **trying to simplify this as much as I can. Is it fair to**
15 **say that the IRS in 2016 took the position that the**
16 **default losses taken by the company CBSG were too high**
17 **and that the IRS thought that that number should be a**
18 **lower number?**

19 A My understanding is the IRS thought that it
20 was too aggressive. Correct.

21 **Q Okay. And aggressive is -- just so we're**
22 **clear, aggressive is probably an accounting term for too**
23 **high or too much. Right?**

24 MR. ALFANO: Object to the form of the
25 question.



1 Q (By Mr. Futerfas) You understand the question?

2 A Yeah. I understand what you're saying that
3 the IRS thought that the company should have taken a
4 more conservative approach and not written off as much
5 as they did.

6 Q Okay. Now, if the company writes off more,
7 hypothetically, if it's a write off, hypothetically,
8 they pay less taxes. Right?

9 MR. ALFANO: I would object to any
10 hypothetical question to this Witness. He's a fact
11 Witness, not an expert. I'm going to instruct him
12 not to answer.

13 MR. FUTERFAS: Okay. You instruct him not to
14 answer?

15 MR. ALFANO: It's a hypothetical question.

16 MR. FUTERFAS: I'm just saying, are you
17 instructing your Witness not to answer?

18 MR. ALFANO: Yes. I mean, he's not authored
19 as an expert, he authored as a fact Witness.

20 Q (By Mr. Futerfas) Okay. If CBSG's numbers are
21 higher, the default loss number is higher, do they pay
22 less taxes?

23 MR. ALFANO: Same instruction, same objection,
24 same instruction. You can establish --

25 Q (By Mr. Futerfas) Which is as to the actual

1 **tax returns filed by CBSG?**

2 MR. ALFANO: It's an if, if they are then
3 something happens that's hypothetical. Same
4 instruction, same objection.

5 **Q (By Mr. Futerfas) Is the default loss a**
6 **deduction from income?**

7 A The default loss?

8 **Q Yes.**

9 A It would be -- I guess let me have you
10 clarify. You're talking about tax, you're talking about
11 book?

12 **Q I'm talking about a tax.**

13 A Defaults are deductible tax to a certain
14 extent. Yes.

15 **Q Okay. The --**

16 A I have no access for preparing the returns
17 that's you should ask that.

18 **Q Say that again. I'm sorry. Say that again?**

19 A I'm not the tax expert preparing returns. You
20 should talk to them about that.

21 **Q Well, I am sure we will, just asking your**
22 **understanding. Okay. Did the IRS have a different**
23 **methodology that they were seeking to apply to default**
24 **losses in this matter?**

25 MS. BERLIN: Objection again, hearsay and lack



1 of foundation.

2 **Q (By Mr. Futerfas) You can answer the question,**
3 **Mr. Klenk?**

4 A I did not get into conversations of Rod Ermel
5 Associates what their opinion -- what the IRS is looking
6 for.

7 **Q What was the -- what was -- Okay. What was**
8 **Rod Ermel's position on this matter?**

9 MS. BERLIN: Objection. Hearsay.

10 **Q (By Mr. Futerfas) You can answer.**

11 A My recollection is Rod Ermel Associates
12 thought that their preparation of tax return was
13 correct.

14 **Q Was correct?**

15 A Um-hum.

16 **Q Okay. How long did this -- mean you started**
17 **to see FSP in February of 2018?**

18 A Correct.

19 **Q Did this 2016 issue with the IRS continue**
20 **during your tenure at FSP?**

21 A Yes.

22 **Q Was it even resolved by let's say July 1,**
23 **2020?**

24 A I remember a firm called Ken Bacon in November
25 of 2018 saying that he thinks they had resolved that at



1 that point and that he was expecting a no change letter,
2 which never came.

3 **Q Okay. Do you recall whether there was any for**
4 **-- after November of '18, do you recall if there was any**
5 **additional back and forth between either Ermel or Ken**
6 **Bacon and the IRS about these matters?**

7 MS. BERLIN: Objection. Hearsay. Lack of
8 foundation.

9 A I resumed one phone call with Joe Cole where
10 Ken Bacon in the beginning of 2019 had mentioned that
11 the IRS had gone silent and he didn't know what was
12 going on at that point.

13 So, he was going to continue to try to find
14 out what was going on.

15 **Q (By Mr. Futerfas) Okay.**

16 A He's no -- he never received any follow-up--

17 **Q Okay.**

18 A -- is my recollection.

19 **Q Fair enough. So, as you -- as far as you**
20 **know, we're only talking about what you know?**

21 A Um-hum.

22 **Q After early '19, this issue either went silent**
23 **or you're unaware of any additional action with respect**
24 **to this issue?**

25 A Correct.



1 **Q Okay. By the way, have you heard of the term**
2 **a default loss provision?**

3 A For tax or book?

4 **Q Book.**

5 A Yes.

6 **Q And what does that mean?**

7 A Some allowance for doubtful accounts.

8 **Q I'm sorry. Say that again?**

9 A It's an allowance for doubtful account. In
10 short, very, very simple terms, you have a customer has
11 \$100 balance, what are the chances of collecting that
12 money from the customer.

13 **Q Okay. Is it --**

14 A -- then you need to put an allowance in the
15 book for GAAP purposes.

16 **Q You know what, I interrupted you. So, could**
17 **you repeat what you just said because I didn't -- I**
18 **asked a question while you were talking?**

19 A That's fine. On a very high level, you have
20 accounts receivable on the books, let's say, it's \$100,
21 what are your chances of collecting that \$100. If you
22 think there's a 10% chance it's going to go bad, you
23 should put at least 10% reserve on the books for that.

24 **Q Okay. So, is this effectively an estimate of**
25 **potential future losses?**



1 A Correct.

2 Q Now, at some point, in a given year after that
3 year is -- withdrawn. Let me do it a different way.

4 At some point you would know what the actual
5 losses were for a given year. Isn't that right?

6 A You're talking about for purposes?

7 Q Yes.

8 A Yeah. Okay. For purposes?

9 Q Yes, sir.

10 A At some point, you would know whether or not
11 an accounts receivable are there, correct. Either
12 collect it or you don't collect it.

13 Q Okay. And -- but that may -- that realization
14 or that knowledge may occur after the fiscal year is
15 over, obviously. Right?

16 A Correct. That's why you do an estimate.

17 Q Okay. And then after that year is over and
18 you learn or you understand what the realized actual
19 losses are, what do you do at that point?

20 MR. ALFANO: Object to the form. What do you
21 do in what context?

22 MR. FUTERFAS: The context I asked.

23 Q (By Mr. Futerfas) You understand my question,
24 Mr. Klenk?

25 A You repeat it and restate it different way --



1 Q Okay.

2 A -- I just want to make sure that we're
3 consistent what we're looking at.

4 Q Fair enough. During a given year, your --

5 A A subsequent year?

6 Q Let's say you have a given year, call it 2018?

7 A Okay.

8 Q You have a default loss provision in which you
9 estimate losses for that year, 2018, okay?

10 A Um-hum.

11 Q But some point in 2019, you would learn what
12 the actual losses are, right, because then you can look
13 back in 2018 and determine what the actual losses are.
14 Right?

15 A Correct.

16 Q So, all I'm asking you is on the books and
17 records of the company, what do you do when you find out
18 what the actual losses are?

19 A You mean for purposes of 2018?

20 Q Yes.

21 A For 2018, if you know what the losses are for
22 2018, you had an estimate in the books. For that
23 purpose you would actually go back and look and evaluate
24 the estimate to seek what's appropriate. If the
25 estimate was too low, you have to increase the estimate.



1 Q Any of the estimate was too high?

2 A We reduced the estimate.

3 Q Okay. Now keep in mind, there's no question
4 before. Okay. Let me -- hopefully this will work, we
5 have some documents to show you and review and hopefully
6 we can do this in a Zoom setting without too much
7 difficulty.

8 At some point, you said that when you started
9 in February of 2018 that your principal role was to try
10 to get the company GAAP complaint. Right?

11 A Correct.

12 Q And --

13 A Well, which company?

14 Q I'm sorry?

15 A Which company?

16 Q Well, you tell me, you're the witness, you
17 were there, you tell me?

18 A It was the MCA company so I was working to get
19 GAAP compliant.

20 Q Okay.

21 A Specifically Complete Business Solutions Group
22 and Capital Source 2000.

23 Q Okay. And you also said that you were -- that
24 one of the reasons for doing that maybe the primary
25 reason for doing that is to have that there was going to



1 **be an audit. Right?**

2 A Correct.

3 **Q Okay. And why -- again, why was the audit --**
4 **who wanted the audit and why did they want the audit?**

5 MS. BERLIN: Objection. Calls for hearsay.

6 **Q (By Mr. Futerfas) You may answer this.**

7 A Joe Cole then explained to me that they were
8 going to -- they wanted an audit so they can use the
9 audit go out and help raise funds for the company.

10 **Q Okay. And what kind of -- did he define what**
11 **kind of funds you wanted to raise?**

12 A They had used investor notes, they said,
13 investor notes -- additional investor notes.

14 **Q Did you ever hear about endeavors to raise**
15 **institutional money?**

16 A They did mention possible institutional money.
17 Yes.

18 **Q Okay. And you certainly need an audit to**
19 **raise institutional money. Right?**

20 A Correct.

21 **Q Okay. So, did you all go out and find a firm**
22 **to do an audit?**

23 MR. ALFANO: Object to the form, question.

24 A I didn't go out to find a firm. A company
25 called Friedman came in that was already slated.



1 Q (By Mr. Futerfas) Okay. So, Friedman was
2 identified before you got there?

3 A Correct.

4 Q Okay. All right. And did you work on the
5 Friedman audit?

6 A Yes.

7 Q Okay. And what -- just give us a description
8 what did you do to either assist Friedman or facilitate
9 the audit, just generally tell us what your duties were
10 in that regard?

11 A Provided schedule for Friedman on deferred
12 revenue, acquisition costs that need to get deferred. I
13 work with Joe Cole to come up with a default rate to put
14 a default that's well in the books.

15 Also, gathered information Friedman requested,
16 for example, they wanted to see certain MCA deals. I
17 pulled the MCA deal, make copies of them, send them or
18 PDF and send them to them.

19 They also ask for a number of investor notes.
20 They can double check the investor notes and I sent them
21 on to them also.

22 Q Okay. Now, what is it -- when -- you're a
23 CPA, so when a company conducts an audit, what are they
24 trying to determine?

25 A An audit just is to try to make sure that your



1 financial statements are done and as well they're
2 generally accepted accounting principles so doing the
3 same standards, everyone's looking the same type of
4 thing.

5 **Q Okay. And --**

6 A It was consistent.

7 **Q I'm sorry. Say that, again?**

8 A Consistent. It's a consistent set of rules,
9 consistent set of rules that financial statements are
10 put together.

11 So, if you look at an order for GM versus
12 CBSG, they were put together in the same way, the same
13 type of information was looked at.

14 **Q Okay. And what is an auditing firm, how do**
15 **they verify information? How do they get information?**
16 **How do they make sure that what they're seeing is**
17 **accurate?**

18 MR. ALFANO: Object to the form of the
19 question. There's three of them in there.

20 **Q (By Mr. Futerfas) You may answer.**

21 A CPA firm, what they do is they come up -- they
22 create -- they look at a company, they come open audit
23 program and the audit program is designed to verify
24 estimates and other numbers that are on the books,
25 actual numbers and estimates.



1 Q And --

2 A So, they try and do -- they do samples.

3 Q Okay. Did Friedman seek documents -- did the
4 Friedman firm seek documents from CBSG?

5 MS. BERLIN: Objection. Hearsay and lack of
6 foundation.

7 Q (By Mr. Futerfas) You may answer.

8 A I don't understand the question.

9 Q I'm sorry.

10 A What type of documents you're referring to?

11 Q Well, they certainly sought different kinds of
12 documents to do their audit. Right?

13 A Correct.

14 Q So, why -- can you tell us -- you're the
15 Witness, tell us what kind of documents did they seek to
16 conduct their audit?

17 MS. BERLIN: Objection. Calls --

18 MR. ALFANO: Objection to form. He's already
19 testified to that.

20 A As I'm saying I provided --

21 MS. BERLIN: Objection. Calls for hearsay.

22 Q (By Mr. Futerfas) Go ahead. You may answer,
23 Mr. Klenk?

24 A As already mentioned, they had asked for
25 certain accounts receivable bills, they wanted to take a



1 look at the deals.

2 They do -- so, I pulled the deals for them,
3 they looked at them. They also asked for addresses of
4 different firms that we had accounts receivable for and
5 they reached out confirmations to them to confirm that
6 the balances were what they said they were, what we said
7 they were in the books.

8 As I said, they also did the same thing.

9 **Q Did they look at your QuickBooks or financial**
10 **statements of the company?**

11 MS. BERLIN: Objection -- excuse me.

12 Objection. Lack of foundation and seeks -- it
13 calls for speculation and hearsay.

14 A They looked at our QuickBooks.

15 **Q (By Mr. Futerfas) You may answer, Mr. Klenk?**

16 A They took a copy of our QuickBooks and
17 downloaded the general ledger.

18 **Q Okay. And do you know if they also looked at**
19 **bank statements, like, third party bank statements?**

20 A They tested our bank confirmations. Correct.
21 They looked at bank statements and they confirmed that
22 we do reconciliations.

23 **Q By the way, just off topic for one second.**

24 **Were you aware that the Ermel firm had a portal -- a**
25 **live portal into the records of CBSG?**



1 MR. ALFANO: I'm going to object to the form.

2 At what time?

3 MR. FUTERFAS: At any time.

4 A Rod Ermel Associates, we went on a platform
5 called Right Networks and I believe it was roughly
6 August, September timeframe of 2018 and all of our
7 QuickBooks data were moved on to that portal and Rod
8 Ermel Associates did have access to that portal.

9 Q (By Mr. Futerfas) Okay. And do you know how
10 often they would utilize that portal to look at the
11 books and records of CBSG?

12 A I don't have access to their logins, no. I
13 can't tell you, but I know that they use them for tax
14 return purposes and also they reviewed a lot -- they
15 interviewed a lot of the property information I know
16 because I would get calls from Ken Bacon asking if the
17 information was up to date.

18 Q Okay. Going back -- thank you. Going back to
19 the treatment audit, let me show you, see if this works,
20 a document called the -- so we've called the Friedman
21 Audit Worksheet identified as CBSG receiver native
22 000463485 and we find out what exhibit number we're
23 going to put on this?

24 MR. FLOCH: You see that?

25 MR. ALFANO: I can't see it. No. Alan, we're



1 having difficulty seeing the document on screen.

2 **Q (By Mr. Futerfas) Okay. This will be -- we'll**
3 **fix that, this will be designated Exhibit 001 for this**
4 **deposition.**

5 (Thereupon, Plaintiff's Exhibit 1 was entered
6 into the record.)

7 **Q (By Mr. Futerfas) Let me see if we can do**
8 **this. I can see it well, but --**

9 MR. ALFANO: We can't see it at all.

10 MR. FUTERFAS: Yeah. We need to zoom in. Is
11 that better?

12 MR. ALFANO: Now.

13 MR. FUTERFAS: What are you seeing on your
14 screen?

15 MR. ALFANO: Well, we're seeing obviously
16 figures, but it's indecipherable.

17 MR. FUTERFAS: Okay. See if you can make it
18 bigger. Okay. Just Page 1, this page, start with
19 Page 1.

20 MR. ALFANO: It's still not clear. I mean, do
21 you want to e-mail it to us perhaps?

22 MR. FUTERFAS: Sure. Is it just too small or
23 is it -- is that what it is?

24 MR. ALFANO: Yeah. It's just too small.

25 MR. FUTERFAS: Mr. Klenk, can you see it or

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

no?

THE WITNESS: No, I can't see it.

MR. FUTERFAS: Okay. Then we will -- maybe the smart thing to do would be to e-mail it to you. Hold on one second, let me facilitate that. Which e-mail address, Gaetan, would you like to specific?

MR. ALFANO: gja@pietragallo.com

MR. FUTERFAS: Okay.

MR. ALFANO: We'll need a minute to print it out.

MR. FUTERFAS: Well, be a lot to print, but maybe --

MR. ALFANO: I thought it's just one page.

MR. FUTERFAS: Actually no, it's more, but I was only going to -- I was only going to -- well, I was going to ask about a lot of pages on this. Okay. Let's e-mail.

MR. ALFANO: But do you want to wait and stop. There's no question before? Okay. Why don't we take a break and figure out the best that get us whatever it is on this exhibit that you may want us to?

(Thereupon, a short discussion was held off record.)

(Deposition resumed.)

1 Q (By Mr. Futerfas) So, Mr. Klenk, I've e-
2 mailed your Counsel and the SEC, what we call, Exhibit
3 001. So, my question to you is just generally do you
4 recognize that document?

5 A Yes.

6 Q And what is that document?

7 A From Friedman, they were using file, they had
8 questions in the audit, which they were looking for
9 follow up on and if they receive answers on it.

10 Q Okay. So, is this -- in your experience is
11 this kind of standard practice to put together document
12 requests like this and other kinds of compilations
13 during an audit process?

14 MS. BERLIN: Objection. This Witness is not
15 an expert.

16 MR. FUTERFAS: I asked Witness is experienced.

17 Q (By Mr. Futerfas) You can answer the question.

18 A This is Friedman's way of keeping track of
19 what they're doing.

20 Q Okay. So, if I could ask you to turn to Page
21 41 of this document?

22 A Yeah, 41.

23 Q It might be easier to do on the computer to
24 just scroll through it on the computer?

25 MR. ALFANO: Do you want to use the page



1 number or you want to put it back? Is it back up
2 on the screen?

3 MR. FUTERFAS: Yes. We can put it back up on
4 the screen.

5 MR. ALFANO: I mean, if you want to go to this
6 specific Bates range number, we have that in front
7 of us.

8 MR. FUTERFAS: Yes, the problem is it's the
9 same Bates number on every page.

10 MR. ALFANO: Oh.

11 MR. FUTERFAS: Yeah.

12 MR. ALFANO: So, much for that. Okay. Wanted
13 to get back.

14 MR. FUTERFAS: And we're putting it back on
15 the screen.

16 MS. BERLIN: And Mr. Futerfas, what PDF page
17 is it in the exhibit?

18 MR. FUTERFAS: 41.

19 MS. BERLIN: Thank you.

20 MR. FUTERFAS: Yes. There we go.

21 **Q (By Mr. Futerfas) So, Mr. Klenk, looking at**
22 **this is PDF Page 41 of 46, at the upper left hand corner**
23 **of the document it says undeliverable confirmations and**
24 **then there's a list of companies, control numbers,**
25 **things like that. Do you have an understanding of what**



1 **this page reflects?**

2 A Yes.

3 **Q And what is -- what do you understand it to**
4 **be?**

5 A Friedman was trying to confirm the accounts
6 receivable balances and they were not getting responses
7 back from these clients.

8 **Q Okay. And do you know how many clients they**
9 **reached out to, to confirm accounts receivable balances?**

10 MS. BERLIN: Objection. Calls for
11 speculation. Hearsay. Lack of foundation and
12 personal knowledge.

13 A Not off the top of my head.

14 **Q (By Mr. Futerfas) Okay. If we could turn to**
15 **Page 44, do you ever -- looking at Page 44 of 46 on this**
16 **PDF, do you have an understanding about what this page**
17 **is reflecting?**

18 A Is this part of Friedman?

19 **Q Yes. It's part of that same document.**

20 A These are deals that they were questioning,
21 they wanted copies of.

22 **Q Okay. And in the upper left hand column, it's**
23 **the upper left hand corner of the document says,**
24 **deferred revenue and then it says, "While looking at the**
25 **deferred revenue schedule, we noticed the following**



1 items, which had hard coded." Do you see that language?

2 A Hard coded, I think there's something. Yes.

3 Q Yeah, Article like 01, 0I or something or -0-

4 I?

5 A Is that a question?

6 Q Yes. The question is, do you see that -- you

7 see that language first? Do you see that language on

8 the top there?

9 A I see language. It looks like it's cut off.

10 Q Okay. Well, do you see in the upper left, it

11 says deferred revenue? Do you see that?

12 A Correct.

13 Q Do the companies -- do you have an

14 understanding about whether in terms of the numbers

15 they're looking at in that document those clients

16 whether that refers to deferred -- booking as deferred

17 revenue or not?

18 MS. BERLIN: Objection. Calls for

19 speculation. Lack of personal knowledge.

20 A Without seeing the rest of the document, I

21 wouldn't be able to tell you.

22 Q (By Mr. Futerfas) Okay. Well, you can, you

23 know, maybe at the next break, we could -- you can take

24 a look through the document and see if it refreshes your

25 recollection, but let me move to another page, Page 33



1 and ask you to just take a look at that page?

2 Do you have an understanding what that page
3 reflects?

4 MS. BERLIN: Same objection. Excuse me,
5 objection, calls for speculation. Lack of personal
6 knowledge.

7 A The total says funding receivables, which were
8 consolidation deals.

9 Q (By Mr. Futerfas) Okay. And what's a
10 consolidation deal?

11 A That is where money is not set up one time.
12 The customer is funded over a period of time.

13 Q Okay. Hold on one second, please. Mr. Klenk,
14 we're going to move off this document. I would ask in
15 the next break if you could take few minutes to scroll
16 through it.

17 It appears to be a PDF of a spreadsheet.
18 Probably these pages were put together side by side at
19 some point, but this is how it was produced, but --

20 MR. ALFANO: I'm sorry, Alan. Do you want him
21 to scroll through this -- I think it's --

22 MR. FUTERFAS: Yeah. I had to break at some
23 point.

24 MR. ALFANO: For what purpose?

25 MR. FUTERFAS: Because to see if he has some



1 greater understanding about what these different
2 pages mean and reflect.

3 MR. ALFANO: How much time should we allot to
4 that process?

5 MR. FUTERFAS: Five minutes.

6 MR. ALFANO: Okay. I don't think five minutes
7 is necessarily going to enlighten anyone.

8 MR. FUTERFAS: Well --

9 MR. ALFANO: I mean, if you have some more
10 questions about the document, we're happy to -- you
11 know, we're happy to try to answer them now.

12 MR. FUTERFAS: So, I'll get back to it.

13 **Q (By Mr. Futerfas) All right. The next**
14 **document if I could -- if we could show CBSG. Hold on.**
15 **Let me make sure I identify the document. Hold on one**
16 **second.**

17 **All right. What has been labeled, let me show**
18 **you Mr. Klenk, an e-mail that has been labeled Exhibit**
19 **2.**

20 (Thereupon, Plaintiff's Exhibit 2 was entered
21 into the record.)

22 **Q (By Mr. Futerfas) If we can -- the e-mail**
23 **chain if we could scroll to the bottom so you could**
24 **identify it please, all the way to the bottom.**

25 **Yeah, scroll up, so we can put a date on it**



1 please. Keep going. Yeah, this is an e-mail chain,
2 part of which is December 4th, 2018, 07:28 p.m. Maybe
3 again, maybe it's the fastest way to do this is to e-
4 mail it to you.

5 This is only a three page -- two page
6 document. Now, the Witness can review it carefully and
7 then I can ask questions about it rather than scrolling
8 it or if you want, we could scroll it on the computer,
9 whatever, is easier for the Witness?

10 MR. ALFANO: I'd like to e-mail, then we'll
11 print it out and we'll discuss it.

12 MR. FUTERFAS: Okay. All right. So, why
13 don't we take just couple of minutes, it's a three
14 page document and it was already sent and sent to
15 the SEC as well and sent to the SEC.

16 So, I'll just -- you -- we could stay on the
17 record. I'll mute and --

18 MR. ALFANO: So, I've received Exhibit 1 and
19 you're going to e-mail what will be Exhibit 2?

20 MR. FUTERFAS: I think it's already you should
21 have in your inbox in a minute.

22 MR. ALFANO: Okay. Hang on.

23 MR. FUTERFAS: Thank you. I just sent you
24 another one as Exhibit 2. You can print out
25 different page now.

1 We also have the document on the screen in a
2 different format, which may be easier, I don't
3 know.

4 MR. ALFANO: Okay.

5 MR. FUTERFAS: But whenever, let us know when
6 you're ready to discuss it.

7 MR. ALFANO: So, we now have an expanded
8 version of Exhibit 1 if you want it to go to that
9 after that. We're waiting.

10 MR. FUTERFAS: Okay. Certainly. Thank you.

11 **Q (By Mr. Futerfas) So, Mr. Klenk, then let's go**
12 **back to Page 33 of Exhibit 1.**

13 MR. ALFANO: Yeah, there's no page numbers in
14 our printout. I thought you were talking about --
15 what I was referring to was the first page of
16 Exhibit 1, which had the line items.

17 MR. FUTERFAS: Oh, no. No. Thank you. No,
18 I'm not asking questions of page.

19 MR. ALFANO: Okay. All right. We'll set that
20 aside then.

21 MR. FUTERFAS: All right.

22 MR. ALFANO: We now have Exhibit 2.

23 MR. FUTERFAS: Yeah.

24 MR. ALFANO: And we can review that.

25 MR. FUTERFAS: Thank you.

1 A Okay. All right. The Witness has reviewed
2 Exhibit 2.

3 Q (By Mr. Futerfas) Thank you, Mr. Klenk. So,
4 just starting with -- I'm getting a feedback there I
5 think.

6 Okay. Starting with your e-mail at the bottom
7 dated December 4th, 2018, 07:28 to William Vanderburgh
8 and a number of other people. Generally, what are you
9 discussing there?

10 A Multiple things.

11 Q Such as -- tell me about them?

12 A As we discussed earlier, when you do an
13 allowance for doubtful accounts --

14 Q Yes.

15 A -- you're using an estimate.

16 Q Okay.

17 A And what Friedman was proposing or Friedman
18 proposed to us, we had a number of deals, which were
19 non-performing meaning collections, was running behind
20 where they should have been.

21 So, Friedman proposed to 45% adjustment on the
22 non-performing to the allowance for doubtful accounts
23 that Joe Cole's okay with, that's the first thing.

24 Q Okay.

25 A Second thing is -- that we're looking on here



1 is Dan and Dan Kenny and Kevin Bacon work for Rod Ermel
2 and Associates.

3 So, what is happening here is since we did a
4 number of filings and so on in the States of New York,
5 Pennsylvania and California, etc., they were -- Friedman
6 was concerned about tax issues.

7 They wanted to discuss it with Rod Ermel
8 Associates because Rod Ermel Associates was doing
9 calculations for deferred tax assets.

10 **Q Deferred what. I'm sorry. For deferred, I**
11 **lost the last thing you said?**

12 A That's fine. My coffee is still working.

13 **Q Okay.**

14 A So, Rod Ermel and Associates was doing
15 calculations on deferred tax assets and deferred tax
16 liabilities that need to be booked on the financial
17 statements.

18 **Q Okay. And then --**

19 MS. BERLIN: And I would -- excuse me, I would
20 just move to strike the response visit includes
21 primarily hearsay.

22 MR. FUTERFAS: Objection, noted.

23 **Q (By Mr. Futerfas) And then in the middle**
24 **paragraph, there is an e-mail from A. Barone at Friedman**
25 **LLP., to you and others and stating that he's attached**



1 **trial balance reports as well as 16 and 17 journal**
2 **entries. What is going on there? What is Mr. Barone**
3 **communicating to you and others?**

4 MS. BERLIN: Objection. Calls for hearsay and
5 speculation to the extent this question is seeking
6 hearsay. I object to the Witness testifying to
7 that.

8 MR. ALFANO: And I'm going to instruct the
9 Witness to testify from his personal knowledge.

10 **Q (By Mr. Futerfas) You may answer, Mr. Klenk?**

11 A To my personal knowledge, Anthony Barone
12 wanted to make sure that large adjusted trial balances
13 were in sync with Friedman that we agreed.

14 **Q Okay. And what is your -- you're**
15 **participating in these e-mails, what is your role here**
16 **in this communication?**

17 A I'm facility in the contact between the
18 company and Friedman.

19 **Q Okay. And are you at any point providing**
20 **documents either to Ermel or to Friedman in connection**
21 **with these matters?**

22 A On the matters right here, no. No
23 documentation.

24 **Q Okay. It says in Mr. Barone's e-mail, I've**
25 **attached our trial balance report as well as our '16 --**

1 2016-2017 journal entries, which have been updated for
2 the allowance adjustments. What is Mr. Barone talking
3 about there?

4 MS. BERLIN: Objection. Seeking hearsay.
5 Calls for speculation. Lack of personal knowledge
6 by this Witness.

7 Q (By Mr. Futerfas) You may answer.

8 A Based on the first e-mail, we spoke about the
9 45% allowance adjustment.

10 Q Um-hum.

11 A Anthony made the adjustment in their books,
12 sent over to trial balances with those adjustments and
13 said, "Your book should look like this as far as we're
14 concerned."

15 Q Okay. And at the top, you are writing -- at
16 the top of the e-mail you are writing to Mr. Barone and
17 others asking them to please send over a copy of the
18 draft financials that include the adjustments and send a
19 copy of the trial balance that reflects the adjustments.
20 What are you communicating to them?

21 A We want to see draft financial statements that
22 were reflected in the trial balances.

23 Q Okay. And these -- is this e-mail chain, is
24 this kind of the regular procedures used to make sure
25 that books and records are properly accounted for?



1 MR. ALFANO: Object to the form of the
2 question.

3 A You're talking about for purposes of this
4 particular audit or exercise?

5 **Q (By Mr. Futerfas) Yes.**

6 A Regarding this exercise, we want to make sure
7 that since there were a number of entries going back and
8 forth that we were in agreement.

9 **Q Okay. Now, I just want to direct you to the**
10 **top of this e-mail. You're writing the e-mail, you're a**
11 **CPA as you've said. Right?**

12 A Um-hum.

13 **Q Is Mr. Barone at Friedman LLP., is -- or Ms.**
14 **Barone, I'm not really sure who A Barone is. Oh, it's**
15 **an Anthony. Okay. Is that Anthony Barone?**

16 A Yes.

17 **Q Is Mr. Barone a CPA?**

18 A Yes.

19 **Q And there's a woman Svetlana, I believe, the**
20 **last name I can't pronounce at Friedman LLP. Is she a**
21 **CPA?**

22 A To my knowledge, yes.

23 **Q And who is Mr. Vanderburgh?**

24 A He was the partner in charge for Friedman LLP.

25 **Q And he's a CPA as well. Is that right?**



1 A To my knowledge, yes.

2 Q And Ken Bacon at R-E-A-C-O-S.com, is that Ken
3 Bacon at the Rod Ermel accounting firm?

4 A Correct.

5 Q And do you know if he is a CPA?

6 A To my knowledge, yes.

7 Q And then finally, there's an individual named
8 Dan Kinney, dan@R-E-A-C-O-S.com. Is he CPA as well?

9 A To my knowledge, yes.

10 Q Give me one second. Thank you. Okay. We are
11 now going to -- and I think that this methodology that
12 we've established to send you the e-mail, the document
13 seems to be working.

14 MR. ALFANO: Okay.

15 MR. FUTERFAS: We're now going to send you
16 which would be Exhibit 3.

17 (Thereupon, Plaintiff's Exhibit 3 was entered
18 into the record.)

19 MR. FUTERFAS: Okay. The document called
20 Friedman Year and Adjustments, Y-E Adjustment.

21 MR. ALFANO: Can I ask your assistant to send
22 it directly to gs@pietragallo as well and expedite
23 my getting it.

24 MR. FUTERFAS: Okay.

25 MR. ALFANO: G-S.



1 (Thereupon, a short discussion was held off
2 record.)

3 (Deposition resumed.)

4 **Q (By Mr. Futerfas) So, Mr. Klenk, the Exhibit 3**
5 **just to identify for the record, the top left hand**
6 **corner, it's probably the last e-mail, but it's dated**
7 **December 28th, 2018 at 10:30.**

8 **Going back through, I guess, starting at the**
9 **back, which is the earliest e-mail December, looks like**
10 **December 26th, what are you discussing with Mr. Barone**
11 **at Friedman LLP. What are you all talking about there?**

12 **A We were having difficulties agreeing our trial**
13 **balance to the period with what Friedman had shown.**

14 **Q Okay. And what does that mean?**

15 **A Again, our financial records differed from**
16 **what Friedman was showing us on the trial balance.**

17 **Q All right. So, how did you and he manage to**
18 **resolve that difference?**

19 **MR. ALFANO: Object to the form.**

20 **MS. BERLIN: Objection. I'm sorry. And**
21 **objection if it's calling for hearsay.**

22 **A Typically, when you have -- when something**
23 **differs, you go back and you have to investigate why you**
24 **have a difference.**

25 **Q Okay. And is that when --**



1 A You're investigating the difference?

2 Q There goes my next question. This e-mail
3 chain is basically your communications figuring out
4 trying to get to the answer effectively.

5 A Correct.

6 Q Okay. And how did that resolve?

7 A Looking at the e-mail and reading the e-mail,
8 it looked like there was just a presentation matter. The
9 bulk of that was a presentation matter.

10 Q Which -- I don't want to translate that. Does
11 that mean that basically you agreed on the numbers, but
12 how they were presented differed?

13 A There were a couple different variances that
14 were going on here. One was they were -- is journal
15 entry that Rod Ermel Associates had put on the box, was
16 duplicated by Friedman, we need to reduce one of them,
17 for eliminate one of the entries and the second was on
18 their trial balance, they were not closing out the year
19 end entries to income --

20 Q Okay.

21 A -- or to equity.

22 Q Very well. All right. Thank you.

23 A That was one of the differences.

24 Q Let me just ask you. We're done with that
25 exhibit, just see that.



1 **Did other CPAs or individuals examine the**
2 **books and records of CBSG in order to make investment**
3 **decisions?**

4 MS. BERLIN: Objection. Calls for hearsay and
5 speculation.

6 A I don't understand your question.

7 **Q (By Mr. Futerfas) Okay. I'll try to be more**
8 **specific. Do you know someone named Chuck Fry?**

9 A I was introduced to Chuck twice. Yes.

10 **Q Okay. And who was Chuck Fry?**

11 A Chuck Fry worked for up in New York for one of
12 our largest creditors.

13 **Q Okay. Is that the Shehebar family?**

14 A Correct.

15 **Q And did -- to your understanding, what did he**
16 **do for them?**

17 MS. BERLIN: Objection. Calls for speculation
18 and hearsay.

19 A My understanding was he did the -- he was the
20 head of the finance area and accounting.

21 **Q (By Mr. Futerfas) Okay. All right. And did**
22 **he -- on behalf of the Shehebars, did he look at the**
23 **books and records of CBSG?**

24 MS. BERLIN: Objection. Calls for speculation
25 and hearsay.



1 A Not to my knowledge. I don't know what he
2 received. He worked mainly with Joe Cole.

3 Q (By Mr. Futerfas) Okay. All right. Do you
4 know if he was provided with any financial statements
5 from CBSG?

6 A Anything provided to him would have gone
7 through Joe Cole, so I'm not sure.

8 Q Okay. Let me show you, I'm going to display
9 this is a one-page e-mail so hopefully we can do this on
10 the screen.

11 A Okay.

12 Q I want to show you -- this would now be
13 Exhibit 4 and ask if you -- and ask you to take a look
14 at it.

15 (Thereupon, Plaintiff's Exhibit 4 was entered
16 into the record.)

17 Q (By Mr. Futerfas) The entire -- I think the
18 entire e-mail is there. Yes. The entire e-mail is
19 displayed. Just take a moment to look at it and then
20 I'll ask you a question.

21 Yeah, so have you had a chance to look at the
22 document?

23 A Yes.

24 Q Thank you, Mr. Klenk. Okay. So, on the
25 bottom, the e-mail at the bottom dated March 13th, 2019



1 at 06:50, Mr. Fry writes to Joe Cole, "Please let me
2 know if I can receive the comparison, financials, GAAP
3 and non-GAAP per discussion on Wednesday etc." You see
4 that?

5 A Yes.

6 Q Okay. And then in the middle, Mr. Cole writes
7 to you at 08:11 a.m. See below from Chuck, do you think
8 we can get a spreadsheet version of the 2018 financials
9 of the adjustments we're planning on booking etc. Do
10 you see that?

11 A Yes.

12 Q What is Mr. Cole asking you for there?

13 A What Mr. Cole was asking for is Mr. Fry and I
14 guess Mr. Fry was asking for to take a look at the
15 audited financial statements, a truncated version versus
16 the non-audited financial statements if you want to see
17 if the variance wasn't a number.

18 Q Okay. And at the top you right back to Mr.
19 Cole at 08:49, "I will put together a draft this
20 afternoon even after we make all the GAAP adjustments,
21 that aren't GAAP remain the same." What are you
22 communicating to Mr. Cole there?

23 A What I'm communicating to Mr. Cole is that I
24 can do the -- I can show the analysis that exists.

25 Q Okay. I'm now going to show you Exhibit 5.



1 (Thereupon, Plaintiff's Exhibit 5 was entered
2 into the record.)

3 Q (By Mr. Futerfas) I think all of it, yes. I
4 think all of this e-mail appears on the split screen.

5 Let me know Mr. Klenk if you have difficulties
6 reading it, we can make it larger or maybe --

7 A We're -- I think we're having difficulties
8 reading it.

9 Q Can you make it a little larger? I'll try
10 making it larger on the screen.

11 A Cut off a little bit.

12 Q Okay. Maybe what we'll do is just do it
13 slowly from the bottom. The SEC did that -- this few
14 weeks ago, the deposition seemed to work okay.

15 MR. ALFANO: Let me just suggest that Mr.
16 Klenk can read it from the bottom up and then as he
17 needs to scroll up there, he'll let you know once
18 he has reviewed.

19 MR. FUTERFAS: Okay, I think that's fair.
20 Thank you.

21 MS. BERLIN: On my screen, it looks like the
22 right side of the document is cut off. I can't
23 read all of it.

24 MR. FUTERFAS: Sorry.

25 THE WITNESS: I don't know.



1 MR. FUTERFAS: You know, we'll do -- why don't
2 you -- yeah, I don't think it is.

3 MS. BERLIN: Okay. I can see it now.

4 MR. FUTERFAS: Okay. Thank you. You can
5 scroll up.

6 THE WITNESS: I'm a little too far.

7 MR. FUTERFAS: Okay.

8 A Okay.

9 **Q (By Mr. Futerfas) If you want to scroll a**
10 **little farther -- further?**

11 A Sure.

12 **Q Thank you.**

13 A Okay.

14 **Q All right. So, just generally Mr. Klenk what**
15 **is going on in this e-mail? I'm getting a reverb back**
16 **there. Hello.**

17 A Yes. I'm here.

18 **Q I'm getting reverb somewhere.**

19 A Hello.

20 **Q I think it's better. Okay. Mr. Klenk,**
21 **generally what's going on in this e-mail correspondence?**

22 A Put together the GAAP and non-GAAP financial
23 analysis and --

24 THE COURT REPORTER: I can't understand what
25 he's saying.

1 MR. FUTERFAS: Yeah, there's all of a sudden
2 we have some real interference.

3 THE COURT REPORTER: Yeah. It sounds
4 distorted.

5 MR. ALFANO: -- Mr. Klenl's statement from his
6 testimony just now.

7 MR. FUTERFAS: I mean we heard some of it, but
8 everything you guys are saying is grossly distort -
9 - is a lot of noise, interference.

10 **Q (By Mr. Futerfas) Mr. Klenk testing. Let's**
11 **try that again. I know you said how much the Court**
12 **Reporter got of that because it was a lot of**
13 **interference. Just generally, but let's try it again.**
14 **Just generally what's going on in this e-mail**
15 **correspondence?**

16 A The e-mail correspondence -- gather the GAAP
17 and non-GAAP analysis Joe Cole asked about. Can you
18 hear me?

19 THE COURT REPORTER: I'm sorry --

20 MR. FUTERFAS: No.

21 THE COURT REPORTER: -- to interrupt. It's
22 coming -- the quality isn't that good. I can't
23 really understand what you're saying.

24 MR. FUTERFAS: Yeah, something is going on
25 your end there.



1 (Thereupon, a short discussion was held off
2 record.)

3 (Deposition resumed.)

4 **Q (By Mr. Futerfas) Mr. Klenk, so just generally**
5 **what's going on in this e-mail exchange?**

6 MR. ALFANO: Lost track here, we lost track.
7 Which e-mail, which exhibit?

8 MR. FUTERFAS: Exhibit 5.

9 MR. ALFANO: You did not print 5 so you may
10 want to?

11 MR. FUTERFAS: No problem, put it back up.
12 We'll bring back up.

13 **Q (By Mr. Futerfas) Do you want to review it?**
14 **Take 30 seconds to go through it, scroll through it**
15 **again Mr. Klenk.**

16 A I'm good. I remember it now.

17 **Q Okay. So, generally what's -- just what's**
18 **going on in this e-mail chain?**

19 A The analysis that Mr. Cole had asked about the
20 GAAP and non-GAAP, I put the analysis together and he
21 was going through it with Chuck Fry.

22 **Q Okay. And Mr. Fry at the bottom, he's got 1,**
23 **2, 3, 4 comments. You see those comments?**

24 A You have to scroll down the screen.

25 **Q There you go. Right. And what are the kinds**



1 of things that he's commenting about there?

2 A He's just asking about presentation how he
3 would like to present it.

4 Q Okay. Fair enough. And then in the middle if
5 we could scroll up to the middle section. Right there.
6 Perfect.

7 Then, Mr. Cole sent you a note. "We discussed
8 in the second sentence says we discussed over the phone
9 yesterday and told him we're finalizing the methodology
10 with how bad debt will be accrued though we're on the
11 same page regard to establishing a consistent mechanism
12 for GAAP accruals as we refine this process." What is
13 Mr. Cole talking to you about there?

14 A Again, he's looking at a way of presenting it
15 the way Chuck Fry wants to see it.

16 Q Okay. Fair enough. And is there an issue
17 over numbers or is it really just a matter of how this
18 looks on the page?

19 MS. BERLIN: He was just looking -- object to
20 the form. Yeah.

21 Q (By Mr. Futerfas) You can answer.

22 A Chuck Fry wanted to see the certain way so he
23 was asking Mr. Cole if he can rearrange the non-GAAP.

24 Q Okay.

25 A --GAAP, non-GAAP comparison.



1 Q Okay. And then in the two standards down, Mr.
2 Cole writes, "He brings up a couple of interesting
3 points. I think we should expand the notes on the
4 report to further elaborate on the nature of the
5 adjustments." What is Mr. Cole addressing there?

6 A When I put the analysis together, we had put
7 explanations of what the adjustments were from GAAP to
8 non-GAAP. So, Mr. Cole just wanted to add a little more
9 color to it.

10 Q Fair enough. And then finally at the top, you
11 write back to Mr. Cole that, let's see, he was still
12 included. What is he talking -- what are you talking to
13 Mr. Cole about at the top of this e-mail?

14 A Again, it looks like this is going back over
15 two years. I don't remember without going through
16 everything, but my recollection looking at this is that
17 a couple of the GAAP adjustments we didn't put them on
18 the -- we didn't put in the analysis.

19 Q Okay. All right. That's all we had. With
20 that -- well actually, I have another question for you.
21 Just a general question.

22 Did it appear to you or was -- withdrawn. Was
23 it your understanding that Chuck Fry was at least
24 endeavoring to do a deep dive into the numbers of CBSG?

25 MR. ALFANO: I'm going to object to the form.



1 MS. BERLIN: Objection. I'm sorry. Go ahead,
2 Gaetan. Mr. Alfano, I think we objected at the
3 same so the Court Reporter got it.

4 MR. ALFANO: Yeah, we could object. We
5 objected to the form. The question is what is his
6 understanding of what Chuck Fry may have been
7 doing.

8 MR. FUTERFAS: Right.

9 MS. BERLIN: And I would object, it calls for
10 speculation.

11 **Q (By Mr. Futerfas) You may answer the question,**
12 **Mr. Klenk?**

13 A Right. Chuck Fry was just trying to get an
14 analysis between the GAAP and non-GAAP. He wasn't doing
15 a deep dive. He was trying to understand it for
16 himself. That's all.

17 **Q Okay. And he was trying to understand what**
18 **for himself?**

19 A What the changes were between the non-GAAP
20 financials, Joe Cole has shared with him previously and
21 the GAAP financials.

22 **Q Okay. All right. That's all we have with**
23 **that exhibit. May have one exhibit for you. Hold one**
24 **second.**

25 **Mr. Klenk, do you know an individual by the**



1 **name of Jeffrey Calvin?**

2 A Not off the top of my head.

3 **Q And do you recall -- let me see if I can**
4 **refresh your recollection. Do you recall that he was**
5 **hired by the Shehebars to audit CBSG?**

6 A Not to my recollection.

7 **Q Do you have any recollection of whether Mr.**
8 **Calvin invested in CBSG?**

9 MR. ALFANO: I'm going to object to the form.

10 A Joe Cole handle the investors, I don't know
11 them instantly.

12 **Q (By Mr. Futerfas) Okay. So, that name -- just**
13 **to put a period on this, that name Jeffery Calvin**
14 **doesn't ring a bell for you?**

15 A There was one individual that came in with his
16 accountant for about two hours in the beginning of
17 somewhere around April or May of '19, but may have been
18 him may not have been him.

19 **Q Whoever this individual was, it sounds like he**
20 **didn't have a lot of interaction with this person?**

21 A It was -- if it's the same individual that it
22 was just one meeting and that was it.

23 **Q Okay.**

24 A He was just looking at some financial. He was
25 looking at the order and a couple of numbers and that



1 was it.

2 **Q Okay. Were you present at that meeting?**

3 A I was present. Yes.

4 **Q And did this have to do with the Shehebar**
5 **family?**

6 A I don't recollect.

7 **Q Okay. What do you recollect about -- just may**
8 **not be a lot, but what do you recollect about the**
9 **meeting?**

10 A It was about a two-hour meeting and the
11 individual brought his accountant with them. He was
12 looking at our version of QuickBooks and he pulled up me
13 about three or four invoices looking how the invoices
14 were transactioned in the system and asking to see
15 couple bank statements, he wanted to trace payments
16 going out and that was it.

17 **Q Okay. And then that individual brought -- you**
18 **recall that individual brought his or her accountant?**

19 A His account -- that's the accountants the one
20 that performed it. He said they're the accountants.

21 **Q Okay. All right. Now, we talked a little bit**
22 **earlier about the Friedman audit and was there an issue**
23 **with the Friedman audit concerning the default loss**
24 **provision?**

25 A There were disagreements over it.



1 **Q Fair enough. And what was the nature of those**
2 **disagreements?**

3 A Individuals@cbsg or Complete Business
4 Solutions Group thought that the restaurants were too
5 high.

6 **Q Meaning the Friedman --**

7 A -- were too high.

8 **Q Okay. The Friedman's estimates were too high?**

9 A Correct.

10 **Q Okay. And who were those individuals --**
11 **well, withdrawn. Were you one of the individuals who**
12 **thought the estimates were too high?**

13 A After looking at the work, no.

14 **Q Okay. And what about at the time in 2017?**

15 A I wasn't at the company in 2017.

16 **Q Okay. So, what about -- well, when you say--**

17 (Thereupon, a short discussion was held off
18 record.)

19 (Deposition resumed.)

20 **Q (By Mr. Futerfas) So, Mr. Klenk, you said that**
21 **there was a dispute over the default loss provision**
22 **calculation. Right. Remember that?**

23 A Yes.

24 **Q Okay. And at the time this dispute occurred,**
25 **was this in 2018?**



1 A Yes.

2 Q And the year in question was 2017, right?

3 A Yes.

4 Q Okay. And did there come a point in 2018 when
5 you knew the actual default losses for 2017?

6 A I'm sorry. You're saying the actual losses
7 for '17?

8 Q Yes?

9 A Friedman provided their estimate what the
10 losses -- the adjustment for the losses.

11 Q Okay. And that we -- you testified that
12 before that that's an estimate. Correct?

13 A It was still an estimate because we had
14 outstanding AR from 2017 that was not collected.

15 Q Okay. So, at some point in 2018, was a
16 decision made or -- withdrawn.

17 In some point in 2018, did you have actual
18 numbers of actual losses for 2017?

19 A Losses that refer back to '17? Yes.

20 Q Yes. I'm sorry?

21 A Yes.

22 Q Okay. And do you know -- do you remember if
23 those losses exceeded the estimate or were lower than
24 the estimate?

25 A The adjustments for Friedman were



1 approximately \$9.8-\$9.9 million higher than what we had
2 originally recorded.

3 **Q Right. And what I'm asking you is, when you**
4 **knew what the actual losses were sometime in '18, were**
5 **those losses closer to the number that you all had**
6 **originally recorded or closer to the number that**
7 **Friedman suggested in their estimate?**

8 MR. ALFANO: I'm going object to the form
9 because I thought the Witness said they were both
10 actual numbers and an estimate component for 2017
11 AR that was still not collected.

12 THE WITNESS: Gaetan, it's correct, that's
13 what I said.

14 MR. ALFANO: Your question keeps limiting it
15 to the actual losses as opposed to additional
16 estimate.

17 **Q (By Mr. Futerfas) Well, let me ask you this,**
18 **by 2019, did you have actual loss in numbers for 2017?**

19 A No, because a number of those deals were still
20 outstanding.

21 **Q Okay.**

22 A Prior e-mail, which we had, Alan.

23 **Q I'm sorry. Go ahead.**

24 A The e-mail we had, as you notice we put an
25 estimate on there at 44%-45% and nonperforming, you were



1 asking about that e-mail earlier, was still an estimate
2 on the books.

3 **Q Okay. And did the -- what was it. Did the**
4 **Friedman estimate provision was we call the default loss**
5 **provision, did the Friedman default loss provision, did**
6 **that remain on the books of CBSG?**

7 MR. ALFANO: I'm going to object to the form
8 of the question.

9 A We recorded their estimate. Yes.

10 **Q (By Mr. Futerfas) Okay. And that remained on**
11 **the books of CBSG in 2018. Correct?**

12 A Correct.

13 **Q And into 2019. Right?**

14 A Yes, we would have closed the books for 2017,
15 so we kept their estimate on the books as the ending
16 number for 2017.

17 **Q Okay. So, the bottom line is although there**
18 **was a dispute as to the amount of that number, right,**
19 **the bottom line was CBSG kept Friedman's number on the**
20 **books and records of CBSG through '18 and through '19.**
21 **Correct?**

22 MR. ALFANO: We're going to object to the use
23 of that number, two numbers, that's the --

24 A Joe Cole decided to -- to answer your
25 question --

1 Q (By Mr. Futerfas) Okay.

2 A Joe Cole decided to keep the adjusted bid that
3 numbers on the books for 2017 and not make the entry to
4 move it to the -- or excuse me, to the adverse opinion.
5 He wanted the good numbers on the books.

6 Q What was the -- you call the number that
7 Friedman said was their estimate?

8 A Friedman added as I mentioned roughly \$9.8-
9 \$9.9 million on to the bad debt estimate.

10 Q Okay. And what was the bad debt estimate from
11 the company side?

12 A \$9.8-\$9.9 million lower than what was the
13 audited financials.

14 Q Okay. So, what I'm asking is what was the bad
15 debt number, do you recall if the number was about 10
16 million, 11 million, 12 million?

17 A Off the top of my head, no, but I can
18 speculate what the number is.

19 MR. ALFANO: No. Going to instruct him not to
20 speculate.

21 THE WITNESS: Okay.

22 Q (BY Mr. Futerfas) Was it about 12 million?

23 MS. BERLIN: Objection, asked --

24 MR. ALFANO: I'm going to instruct him not to
25 answer. He said he doesn't know off the top of the



1 head.

2 MR. FUTERFAS: Okay.

3 MS. BERLIN: Objection, asked and answered.

4 Q (BY Mr. Futerfas) Okay. But the Friedman
5 number, which was 9.8 million higher, right, was the
6 Friedman number eventually adopted in the books and
7 records of CBSG?

8 A Yes.

9 Q Okay. So, the first thing that happened --
10 well -- withdraw. Let me ask you it this way.

11 Friedman first issued -- the Friedman LLP
12 accounting firm first issued an unqualified report with
13 their default loss, provisional estimated number. Right?

14 A Correct.

15 Q And then people at CBSG, as you suggested,
16 disputed that number. Right?

17 A Yes. There was a dispute over the number.

18 Q Okay. And where back then in 2018, where did
19 you come out on this dispute?

20 MR. ALFANO: It's been asked and answered.

21 MR. FUTERFAS: No, it hasn't.

22 MR. ALFANO: It has been. I want him answer-

23 MS. BERLIN: Objection, asked and answered.

24 Q (By Mr. Futerfas) You may answer the question.

25 A So, once Friedman showed me their supporting



1 documentation, I was fine with it.

2 **Q Okay. When you say fine with it, did you ever**
3 **suggest to Friedman that you disagreed with their**
4 **number?**

5 A No.

6 **Q Okay. And so, then another number is the**
7 **number from CBSG is presented to Friedman as the default**
8 **loss provision estimate. Right?**

9 MR. ALFANO: I'm going to object to the form.

10 A I can say exactly what CBSG wanted the default
11 loss, what adjustment they wanted, and why they wanted
12 it, if that's what you want to know.

13 **Q (By Mr. Futerfas) Okay. Well, what adjustment**
14 **did they suggest was the appropriate adjustment?**

15 A CBSG had said we did an estimate at the end of
16 2000 -- for the MS 2017, which was done in March of '18.
17 We wanted to keep that estimate on the books is what the
18 discussion was over.

19 Friedman had taken all the loss write-offs
20 that happened in 2018 for deals that were still in
21 existence at the end of 2017 and use those and add those
22 into the default loss provision.

23 **Q Can you -- I didn't understand what you just**
24 **said. Can you repeat the last, Friedman took what. Can**
25 **you just repeat the last thing you said?**



1 MR. ALFANO: Why don't we just have the Court
2 Reporter read it back?

3 MR. FUTERFAS: That's good. Ms. Argenal, if
4 you could read back that answer?

5 THE COURT REPORTER: I'm sorry, I myself
6 didn't hear it that well, the last part.

7 A All right. You feel like, I can repeat it for
8 you?

9 Q (By Mr. Futerfas) If you don't mind, we need
10 to get it. Obviously, the Court Reporter needs to get
11 it as well as the rest of us.

12 A Sure.

13 THE COURT REPORTER: Thank you.

14 A What Friedman had done is they had taken a
15 look at every deal that was still on the books at the
16 end of 2017 and if any of those deals had gone default
17 in 2018, they took the amount of the amount -- the
18 amount of one default and they add it back to the
19 allowance in '17.

20 Q (By Mr. Futerfas) Okay. So, I just want to
21 understand your testimony. So, if the deal was still--
22 in just so I understanding I'm going to put this and try
23 to put this in layman's terms because I'm not a
24 CPA.

25 So, if the deal was still extant in '17, but



1 it was recorded as a default in '18 that Friedman said,
2 "I'm going to take that default even if occurs in '18,
3 I'm going to apply it to 2017." Am I hearing you
4 correctly?

5 A Correct.

6 Q Okay. And what was CBSG's position about
7 whether a default it's recognized in '18 should be
8 recognized in '18 versus recognized in '17?

9 MR. ALFANO: Object to the form of the
10 question. I think that's what the Witness
11 testified.

12 Q (By Mr. Futerfas) You may answer the question.

13 A Originally our -- our stance originally was
14 this is an estimate. We can always update the estimate
15 later on, but as we started looking further and further
16 into it, we realized the Friedman was right that they
17 should be adjusted back as part of our estimate for bad
18 debt because we knew what the amounts were going to be
19 bad --

20 Q Okay.

21 A -- at that point where we had a pretty close
22 approximation.

23 Q Okay. And when you say at that point, that's
24 at some point in 2018, right?

25 A Yes.



1 **Q** **Were there any discussions at this time in**
2 **2018 about how Friedman's position would square with the**
3 **position the IRS took with respect to the same**
4 **calculations in 2016?**

5 MR. ALFANO: I'll object to the form of
6 question. It lacks foundation. It assumes several
7 facts, which you haven't established for this
8 Witness.

9 MS. BERLIN: Object. Yes, I have the same
10 objection.

11 **Q** **(By Mr. Futerfas) You can answer the question.**

12 A I was not involved in the '16 audit. So, I
13 cannot give any information on that.

14 **Q** **Okay. My question for you is not whether you**
15 **were involved in the '16 audit. My question is whether**
16 **you're a party of any conversations where people**
17 **discussed how Friedman's default loss provision estimate**
18 **would square with the position that the IRS has already**
19 **taken on those same numbers with respect to that same**
20 **calculation?**

21 MR. ALFANO: Same objection. Lack of
22 foundation, form.

23 MS. BERLIN: Same objection.

24 A Not that I recall.

25 **Q** **(By Mr. Futerfas) Did you personally have a**

1 **position on how Friedman's estimated numbers and their**
2 **methodology would square with the position the IRS took**
3 **in the -- on the same issue in 2016?**

4 MR. ALFANO: Same objection. Form, lack of
5 foundation. He just testified he didn't recall
6 what the IRS position something to that effect.

7 **Q (By Mr. Futerfas) You may answer the question.**

8 MS. BERLIN: The SEC has the same objections.

9 **Q (By Mr. Futerfas) You may answer the question.**

10 A I didn't have the specifics on what the IRS
11 was complaining about so I can't answer that.

12 **Q Okay.**

13 A You have to ask Rod Ermel Associate.

14 **Q And why should I ask Rod Ermel about this**
15 **issue?**

16 A Because they were dealing with the IRS.

17 **Q Okay. By the way, did Rod Ermel have a view**
18 **with respect to this default loss provision estimate**
19 **that was raised by Friedman on the 2017 audit?**

20 MS. BERLIN: Objection, calls for hearsay.

21 A Not that I recall.

22 **Q (By Mr. Futerfas) Did you have any**
23 **conversations with anyone at Ermel's firm whether it's**
24 **Ken Bacon or Rod Ermel about what their position was**
25 **vis-a-vis the Friedman's default loss provision**

1 **estimate?**

2 MS. BERLIN: Calls for --

3 MR. ALFANO: Objection. Yeah. Object to the
4 question, form, lack of foundation.

5 MS. BERLIN: Same objection.

6 A Not that I recall right now.

7 **Q (By Mr. Futerfas) Okay. How often did you**
8 **speak to people from Rod Ermel's firm?**

9 A Over the course of his employment prior to the
10 receivership at CBS at Full Spectrum Processing?

11 **Q I'd adopt that limitation to the question.**

12 A It varied. Sometimes I wouldn't talk to them
13 at all, other times I would rent tax time and correspond
14 with them more often.

15 **Q Okay. Let me show you -- let me show you a**
16 **document. This one we probably shouldn't e-mail**
17 **since --**

18 A Okay.

19 **Q -- we're going to e-mail to -- this will be**
20 **exhibit --**

21 MR. FUTERFAS: What exhibit are we up to.

22 THE COURT REPORTER: Exhibit 6.

23 MR. FUTERFAS: Okay.

24 **Q (By Mr. Futerfas) Let me show you what has**
25 **been labeled as CBSG Management Reviewed Financials**

1 2018. And we'll e-mail it to gs@pietragallo, GJA and to
2 the SEC. We'll put it on the screen for everyone else,
3 but we'll e-mail. Why don't we take -- this document
4 is probably eight pages long.

5 A Okay.

6 Q So, why don't we take -- why don't we go off
7 the record for a couple of minutes, Mr. Klenk, so you
8 can have an opportunity to look through this document,
9 okay?

10 A Okay.

11 Q We'll get back on when you --

12 A Who did you say created this document?

13 Q I'm sorry?

14 A Who created the document?

15 Q Well, I'm going to ask you about this
16 document, okay? So, why don't we take a few minutes to
17 look at it and let me know when you're ready? Thank
18 you.

19 (Thereupon, a short discussion was held off
20 record.)

21 (Deposition resumed.)

22 Q (By Mr. Futerfas) Mr. Klenk, Exhibit 6 is a
23 document that is captioned Complete Business Solutions
24 Group, Inc., d/b/a Par Funding Management reviewed
25 financial statements, 2018-2019 and funding metrics.



1 (Thereupon, Plaintiff's Exhibit 6 was entered
2 into the record.)

3 **Q (By Mr. Futerfas) Have you ever seen this**
4 **document before?**

5 A No.

6 **Q Did you have any hand in preparing this**
7 **document?**

8 MR. ALFANO: I'm going to object to the form.
9 Lack of foundation. You can answer.

10 A No, not that I may have provided a little
11 tidbit here and there, but I didn't prepare the site and
12 I've never seen it.

13 **Q (By Mr. Futerfas) Okay.**

14 A Not to my knowledge.

15 **Q Did you -- do you know a person named Ben**
16 **Porter?**

17 A Ben Porter?

18 **Q Yes.**

19 A No, it's not familiar to me.

20 **Q How about the company called Chessler**
21 **Holdings?**

22 A Yes.

23 **Q And what is Chessler Holdings?**

24 A They were a company that was coming in looking
25 possibly to invest.

1 Q Okay. And did you have any meetings with
2 anybody at Chessler Holdings?

3 A I attended approximately three meetings where
4 they talk to people at Chessler Holdings. I don't
5 recall the names or who was at the meetings.

6 Q Okay. Do you know if these individuals were
7 provided with any financial documents of CBSG?

8 A Not to my knowledge. I'm not sure.

9 Q Okay.

10 MR. FUTERFAS: Let me show you what exhibit we
11 are we up to. Let me -- we can get off this
12 document for a second and we will put up a one-
13 page e-mail, that's marked as Exhibit 7.

14 No, it's not this. Not this document.

15 MR. ALFANO: It's just a chart.

16 MR. FUTERFAS: It's not that doc. That we're
17 going to do later.

18 MR. ALFANO: This one.

19 MR. FUTERFAS: Okay. You can mark it whatever
20 you want.

21 Q (By Mr. Futerfas) Okay. Mr. Klenk, let me
22 show. This is identified Exhibit 35. It's a one-page
23 e-mail.

24 A Okay.

25 Q (By Mr. Futerfas) Take a look at it and, you



1 know, and take a second to review it and I'll ask you a
2 question to that.

3 A Okay.

4 Q So, who is Ben Mannes by the way?

5 A He is a compliance officer for Full Spectrum
6 Processing.

7 Q Okay. So, at the bottom of this e-mail,
8 Mr. Cole writes on November 20th at 04:20 p.m. to
9 Mr. Ben Porter.

10 "Hi, Ben, to follow up on our meeting
11 yesterday, please see the attached financials for 2018
12 in Q3 through Q3 2019. I also have our most current KPI
13 report attached to detail the current metrics of the
14 business."

15 Let me ask you this question. You said you
16 attended a few meetings with these people from Chessler
17 Holdings?

18 A Yes.

19 Q Okay. And what was discussed at the meeting?

20 A As I previously mentioned, they were looking
21 at investing.

22 Q Okay. So, was the financial condition of the
23 company discussed at the meeting?

24 A It was very high level which they had
25 discussions.



1 Q Okay. Tell us --

2 A What the value of the company would be.

3 Q Excuse me? Say that again?

4 A What the value of the company would be for an
5 investor.

6 Q Okay. And how did they determine the value of
7 the company?

8 A Chessler Holdings?

9 Q You were -- withdrawn. You were in a meeting
10 with people from Chessler Holdings. What was said at
11 the meeting about the value of the company?

12 A I'd have to check my notes. I don't remember
13 off the top of my head.

14 Q Okay. Was the financials of the company
15 discussed during this meeting?

16 A They discussed the adverse opinion at one for
17 the audit.

18 Q Okay. Anything else discussed during the
19 meeting?

20 A I don't remember off the top of my head.

21 Q So, the only thing you recall is the adverse
22 opinion by Friedman? That's all you recall discussing?

23 A I remember they discussed it. And they were
24 talking about possibilities of doing joint ventures then
25 on a desk.



1 Q Okay. All right. So, despite the fact that
2 Friedman had issued an adverse opinion with respect to
3 this default loss provision estimate, okay? There was
4 still discussions about doing a joint venture with CBSG,
5 right?

6 MR. ALFANO: I'm going to object to the form
7 of the question.

8 A There were some discussions, yes.

9 Q (By Mr. Futerfas) Okay. Was the revenue of
10 CBSG discussed during the meeting?

11 A I don't recall.

12 Q Was the financial condition of the company
13 discussed during the meeting?

14 A Again, I don't remember the specifics of the
15 meetings. I remember things here and there but I wasn't
16 involved in a lot of the discussions.

17 Q Okay. But you were sitting there for it,
18 right? For how long did the meeting go on for, Mr.
19 Klenk?

20 A Meetings are roughly about an hour or so.

21 Q Okay. So, you're sitting there, what's your
22 position and title at the company when you're sitting at
23 this meeting?

24 A I was controller for Full Spectrum Processing.

25 Q And you're a CPA, correct?



1 A Correct.

2 **Q Did you say that this company was a Ponzi**
3 **scheme?**

4 MR. ALFANO: Object to the form of the
5 question.

6 MS. BERLIN: I have the same objection.

7 **Q (By Mr. Futerfas) The question stands. Answer**
8 **the question.**

9 A Did you tell anybody at the meeting that this
10 was a Ponzi scheme? I didn't tell anyone in a meeting
11 this was a Ponzi scheme, no.

12 **Q Did you think this was a Ponzi scheme?**

13 A No, I did not think it was Ponzi scheme.

14 **Q Okay. Now, let's go. You're sitting there**
15 **for an hour with people who want to invest in the**
16 **company.**

17 **Did you discuss the financial performance of**
18 **this company?**

19 MR. ALFANO: Object. I think it's been asked
20 and answered.

21 MR. FUTERFAS: Not in this way.

22 MS. BERLIN: Same objection. I think it's
23 asked and answered more than once.

24 MR. FUTERFAS: You can answer the question.

25 A They -- restate that, please?



1 Q (By Mr. Futerfas) Did you discuss the
2 financial performance of CBSG?

3 A I do not discuss anything. I wasn't called
4 upon to discuss anything.

5 Q Did you -- was there a discussion in which you
6 were present about the financials performance of
7 CBSG?

8 MS. BERLIN: Objection, asked and answered.

9 Q (By Mr. Futerfas) You may answer.

10 A They had asked Joe Cole a couple questions
11 regarding they were looking more at the number of deals
12 that were being done.

13 Q (By Mr. Futerfas) Was the revenue of the
14 company discussed at the meeting?

15 MR. ALFANO: That was definitely asked and
16 answered. But you can answer.

17 A The revenue of the company they just talk
18 about the number of deals, no, nothing specifics, the
19 bottom line revenue, I remember.

20 Q (By Mr. Futerfas) Did the -- was the
21 performance of the merchant portfolio discussed at the
22 meeting?

23 A Not that I recall.

24 Q How many people were at this meeting,
25 Mr. Klenk?



1 A I'm sorry. Go ahead.

2 Q How many people were at this meeting,
3 Mr. Klenk?

4 MR. ALFANO: There were three meetings. I'm
5 assuming we're talking about the first one. He
6 said three meeting.

7 MR. FUTERFAS: Yes, that's a fair assumption.

8 A The meeting I'm thinking was probably about 12
9 to 15 people.

10 Q (By Mr. Futerfas) Um-hum. Okay. And it was
11 at the first meeting?

12 A The first meeting was probably maybe about 8
13 to 10 people and then there was about 12 to 15 the ones
14 I was involved.

15 Q Okay. So, the first meeting, let's break this
16 down. The first meeting had eight to 10 people to your
17 recollection, right?

18 A Correct.

19 Q And how long did that meeting last?

20 A My participation or my sitting through each
21 one of the meetings are about an hour.

22 Q Okay.

23 A About we can be involved in --

24 MR. FUTERFAS: Okay. Court Reporter, did you
25 get that answer? Hello, Court Reporter?



1 THE COURT REPORTER: Sorry. No, I didn't.
2 It's coming back distorted again.

3 MR. FUTERFAS: Yeah. Mr. Klenk and Mr.
4 Alfano, the -- that same distortion that existed
5 before just returned.

6 MR. ALFANO: Why don't we try another
7 alternative and log in on a computer and we'll try
8 to dial in and go through the phone and see if that
9 helps.

10 MR. FUTERFAS: Okay. Thank you. Ms. Court
11 Reporter, we can just go off the record until we
12 resolve this. Thank you.

13 THE COURT REPORTER: Thank you.

14 (Thereupon, a short discussion was held off
15 record.)

16 (Deposition resumed.)

17 **Q (By Mr. Futerfas) Okay. So, Mr. Klenk, I just**
18 **want to break down those meetings. You recall -- I**
19 **think you just said you recall the first meeting with**
20 **maybe 8 to 10 people there?**

21 A Yes. I don't recall date though.

22 **Q Okay. Was it sometime in 2020?**

23 A No, I think 2019 was the first one I attended.

24 **Q Okay. And do you recall the location of that**
25 **meeting?**



1 A All meetings I attended were at 20 North 3rd
2 Street in Philadelphia.

3 Q Okay. So, they were in-person meetings?

4 A Yes.

5 Q All right. And then I think you said there
6 was a second meeting with maybe 12 to 15 people?

7 A Yes. That I recall.

8 Q Okay. And then you recall a third meeting,
9 right? You said there were three meetings?

10 A Yes.

11 Q And was that also in Philadelphia?

12 A Yes.

13 Q Okay. And so my question is this. So,
14 there're three meetings and each one you believe took
15 about an hour. Is that your recollection?

16 A Yes.

17 Q Okay. So, I'm just -- my question is this.
18 What was the purpose of these meetings?

19 A Again, these were discussions as I mentioned
20 earlier about the possibility of David Chessler's Group
21 Investing or buying a piece of the company.

22 Q Okay. So, at any of these three meetings, was
23 the financial performance of the company discussed?

24 MS. BERLIN: Objection, asked and answered.

25 A Again, the only discussions on performance are



1 very high level.

2 **Q (By Mr. Futerfas) And what was the nature of**
3 **those discussions? High level or otherwise?**

4 A If the company was still grow -- bringing in
5 more business.

6 **Q Okay. At any of the three meetings that**
7 **you've described, was the revenues of the company**
8 **discussed?**

9 A They discussed on the cash -- on the old
10 modified cash basis, not on the GAAP basis of what the
11 operations -- what was happening of operations.

12 **Q Okay. Let me ask you a question. Did Ermel**
13 **prepared -- Rod Ermel did his firm would prepare tax**
14 **returns?**

15 A Yes.

16 **Q And --**

17 A For what company?

18 **Q I'm sorry?**

19 A Yeah, for what company?

20 **Q For CBSG.**

21 A Yes.

22 **Q And did they prepare tax returns for 2018?**

23 A Yes.

24 **Q Did they prepare tax returns for 2019?**

25 A 2019 returns were an extension.



1 **Q Okay. But did they prepare returns to be**
2 **filed for 2019?**

3 A Again, the returns of my knowledge is they
4 were on extension. They did not file a return. They
5 extended the returns.

6 **Q Okay. Did you do any work on a 2019 tax**
7 **return?**

8 A I don't do tax returns for the companies.

9 **Q Did you at any time check numbers that would**
10 **be included in a 2019 tax return?**

11 A I was asked for the specific write off of
12 clients. And I believe I send it to Dan Kinney. Kinney
13 wrote our most issues.

14 So, he wanted to see which clients were
15 written off and I send him a listing.

16 **Q Did you do -- did you ever -- did you ever**
17 **verify revenue numbers or other numbers in connection**
18 **with a 2019 tax return?**

19 A Verify revenue numbers?

20 **Q Yeah.**

21 A You're talking about tax revenue?

22 **Q Sure.**

23 A It's whatever is on our books is. If we had
24 any -- one of the things, Robert Ermel Associates, they
25 want to know if we had any audit adjustments for revenue



1 or anything else.

2 Q Um-hum.

3 A And we had received no adjustments.

4 Q Okay. And by the way when Ermel filed the
5 2018 tax return, do you know that return was filed in
6 accordance with GAAP?

7 A Tax returns aren't done on a GAAP basis.

8 Q All right. Do you know what methodology Mr.
9 Ermel used when he filed the 2018 tax return?

10 A What methodology is the question. He would
11 use tax basis.

12 Q Okay.

13 A Tax accounts.

14 Q Okay. Let me ask you this. Where did Ermel
15 get the information to put in the 2018 tax return?

16 A He had accessed to our QuickBook system.

17 Q Okay.

18 A Via Right Networks.

19 Q So, going back to these three meetings that
20 you were present at in, was in any of those three
21 meetings was there any discussion about the
22 profitability of CBSG?

23 A Again, on a high level, yes, it was a
24 profitability company. And I'd like to change one of my
25 answers before.



1 I actually do remember there was one meeting
2 in the beginning of 2020. It was a telephone call.
3 Wasn't -- I was attendant of it, but in our office there
4 was about four people on the call.

5 The other people via the telephone. That was
6 the third meetings, the last meeting.

7 **Q Okay. Was Ben Porter at the meetings that**
8 **were held in Philadelphia?**

9 A Again, I don't recall Ben Porter. He may have
10 been one of the individuals.

11 The e-mail that you're showing on the screen
12 is I'm thinking he was at the meeting, but I don't -- I
13 couldn't put a name or face.

14 **Q Okay. And you just said that profitability**
15 **was discussed at a high level. High level or not, what**
16 **was said about profitability of CBSG in these meetings?**

17 A In every --

18 MS. BERLIN: I'm sorry. Object. Asked and
19 answered.

20 MR. ALFANO: I'm also going to object to the
21 form. Lack of foundation.

22 **Q (By Futerfas) Mr. Klenk, you just testified**
23 **that profitability was discussed at these meetings,**
24 **okay?**

25 A At a high level, yes.



1 **Q Okay. So, what I am asking you is at a high**
2 **level or otherwise, describe the discussions that you**
3 **recall that occurred at any of these meetings about the**
4 **profitability of CBSG?**

5 A They discussed the additional funding coming
6 in -- excuse me, the number of clients if we could
7 sustain the MCA agreements or MCA deals going forward,
8 what were the future -- what our future thoughts of that
9 if we can sustain it, how much cash statement we thought
10 would be generated from the deals.

11 **Q Was there any discussion at any of those three**
12 **meetings about the current -- forget about what would**
13 **happen going forward but the current profitability of**
14 **CBSG?**

15 A The last meeting there was a discussion and
16 forgive me for jumping in so quickly. That's it just
17 triggered in my head before.

18 The last meeting, which happened in 2020, was
19 about the time the beginning of COVID. So, we've
20 discussed then about trailing back a little bit on
21 deals.

22 I remember David Chessler, I believe was
23 saying that he had some malaria vaccine, which is
24 supposed to work that's kind of what I remember off the
25 top my head, but it was kind of -- again, at that it was

1 a wait and see attitude to see if COVID was going to
2 affect the company.

3 Q Okay. So, that's about the condition of the
4 company in February or March when COVID was coming out,
5 right?

6 A Yes.

7 Q Okay. So, I'm going to ask you a different
8 question then that. I'm asking you during any of these
9 three meetings, was there a discussion about the
10 profitability of CBSG in 2018 or 2019?

11 A The discussion that we had was based on the
12 modified cash basis, not GAAP basis.

13 Q And what was that discussion? What was said
14 during -- withdrawn.

15 What was the discussion? What was said about
16 the profitability of CBSG in 2018 and 2019?

17 A As I previously stated can we maintain the
18 growth and the number of customers for MCA deals coming
19 in.

20 Q Yes. But you will know. You were -- what was
21 your title there? The chief -- you were the financial
22 controller. You could have lots of customers and be
23 losing money on those customers, right, Mr. Klenk?

24 A Yes.

25 Q So, what was discussed about whether you were



1 **making money on those customers in 2018 or 2019?**

2 MS. BERLIN: Objection, asked and answered.

3 MR. ALFANO: It has been asked and answered at
4 least twice.

5 A As I said, I didn't recall any specifics on
6 bottom line numbers. They talked about the portfolio
7 and keeping up the number of deals.

8 **Q (By Mr. Futerfas) Was there any discussion**
9 **about whether the portfolio was profitable in 2018 or**
10 **2019?**

11 A No. No question about profitability.

12 **Q So, in three meetings, each one attended by at**
13 **least 10 people looking to invest in the company, I'm**
14 **just doing this because I want to be very clear about**
15 **your testimony here today, Mr. Klenk.**

16 **So, in three meetings --**

17 A Okay.

18 MR. ALFANO: We can stop right there. I mean,
19 it's an argumentative question, you've asked and
20 answered it.

21 You've asked him several times. He answered
22 it.

23 MR. FUTERFAS: I can ask my question. I can
24 ask it. I can my question.

25 **Q (By Mr. Futerfas) In three meetings -- over**



1 the course of three meetings attended by dozens of
2 people over the course of three meetings that lasted an
3 hour each, your testimony is today, you don't recall any
4 communications whatsoever about the profitability of the
5 merchant portfolio in 2018 or 2019 of CBSG?

6 MS. BERLIN: Objection, asked and answered.

7 MR. ALFANO: Same objection. Asked and
8 answered.

9 A I think I've already answered it three or four
10 times to you.

11 Q (By Mr. Futerfas) So, the answer is --

12 A My answer has not -- my answer hasn't changed.
13 That no, they didn't talk about profitability when it
14 came down to it.

15 Q (By Mr. Futerfas) In this e-mail, the middle
16 of this e-mail, that's in front of you Exhibit 35, there
17 it says from Mr. Cole to Ben Porter that was almost --

18 MR. ALFANO: I'm sorry, Alan. May we ask if
19 you could expand that slightly on the screen?

20 MR. FUTERFAS: Yeah. Can we make it bigger?

21 MR. ALFANO: Yes. Right at the bottom, yeah.

22 MR. FUTERFAS: There you go, right there.

23 MR. ALFANO: Thank you.

24 MR. FUTERFAS: Is that better?

25 MR. ALFANO: That's like, okay.



1 Q (By Mr. Futerfas) So, in the middle of that e-
2 mail, it says, "Hi, Ben," on the second line, "I have --
3 also have our most current KPI report attached to detail
4 the current metrics of the business."

5 Do you see that?

6 A Yes, I see it.

7 Q What is a KPI report?

8 A KPI reports were indicators of the company
9 itself. Joe Cole did his own KPI's.

10 Q Okay. Did you ever look -- you're the
11 financial controller of this business. Did you ever see
12 a KPI?

13 A For the business itself, I have seen certain
14 documents that had indicators on it, yes.

15 Q Well, let's break that down. I saw certain
16 documents that had indicators on it.

17 Did you ever see the KPI reports that were
18 sent out to note holders?

19 A To note holders? No.

20 Q So, did you ever see a document called a
21 funding analysis?

22 A I did see the funding analysis, yes.

23 Q Okay. So, and could you describe a funding
24 analysis?

25 A Funding analysis is put together by Mr. Cole.



1 Q Okay.

2 A Whether he shared with investors or not, I
3 have no idea. But it showed a history of the company
4 month by month, the deals -- number of deals done, the
5 average return on a deal.

6 It also gave a default number on there, and
7 rolling AR and collections.

8 Q Okay. And do you know where the data came
9 from to populate the funding analysis?

10 A The number of deals would come from the daily
11 deposit log, which was an AR Roll Forward. We also kept
12 the tab on there for a history of number of deals done.

13 Q Okay. And what about the other numbers such
14 as wire totals, funded totals, factoring losses, funding
15 exposure. Do you know where those numbers came from?

16 A They came from a multitude of areas. I can
17 break down each one if you like.

18 Q Sure. So, if we go to -- let's say, if we
19 talk about wire total, where would that number come
20 from?

21 A The wire total would have come from a daily
22 deposit log on the funding tab of the amount of wire,
23 the wires that were supposed to go out the door.

24 Q Okay. And then there was a column called
25 funding total. Where would that -- where would those

1 **numbers come from?**

2 A Again, daily deposit log.

3 **Q Okay. Then there was a column called new AR.**

4 **Where would those numbers come from?**

5 A Daily deposit log.

6 **Q Okay. What is AR?**

7 A Account receivable.

8 **Q Okay. And there was a column called AR total.**

9 **Where is that -- where do those numbers come from?**

10 A That would have come from our daily deposit
11 log and it should tie back to QuickBooks or --

12 **Q Okay.**

13 A -- book of records.

14 **Q And then there was a column called factoring
15 losses. Where do those numbers come from?**

16 A That would have come from QuickBooks and also
17 the daily deposit log.

18 **Q All right. And then there was a category, a
19 column called funding exposure. Where would those
20 numbers have come from?**

21 A The exposure would have been -- was a manual
22 calculation that was done on each customer. They kept
23 the total that also in the daily deposit log of the
24 exposure number.

25 **Q Okay. And then there was a category called**



1 **total deposits. Where would that -- where would those**
2 **numbers come from?**

3 A Total deposits were deposits done likely by
4 daily ACH deposits coming in. I believe that we're
5 pulling that from -- and again, it's not my document but
6 I thought it was coming from the daily deposit log. The
7 daily AR Roll Forward.

8 Q Okay. All right. So, did you know or
9 understand that this document that you're thinking of
10 called a funding analysis was also called a KPI report?

11 A Did I know it was called the KPI report?

12 Q Did you have an understanding that document
13 was referred to as a KPI report on occasion?

14 A I did not know it was referred to as a KPI. I
15 knew it was funding analysis.

16 Q Okay. Okay. Now, also in the mid -- that
17 same e-mail in the middle it says in the very first
18 line, "To follow up from our meeting yesterday, please
19 see the attached financials for 2018 through June 2019."

20 Do you know what financials were attached to
21 that e-mail -- to this e-mail?

22 A Most likely our internal QuickBooks
23 financials.

24 Q Okay.

25 A Without having access to e-mail pulling it up

1 and drilling into the attachments, I can't be 100%, I
2 can't verify it.

3 **Q Okay. Was there any document that you ever**
4 **put together concern -- that concerned the financials**
5 **statements for CBSG in for 2018?**

6 A Can you restate that? It's too vague.

7 **Q Of course. Did you ever prepare a document**
8 **reflecting a financial statement for CBSG for 2018?**

9 A Most likely I would have put together a
10 balance sheet and income statement and trial balance for
11 Clifton Larson, that's the reason for the audit.

12 **Q Okay. We'll talk about that in a minute. And**
13 **the same question for 2019. Did you ever put together a**
14 **financial statement for CBSG for 2019?**

15 A I put together a high-level balance sheet that
16 we use for estimates at year end. So, Rob Ermel &
17 Associates could do their extension on a tax return.

18 **Q Okay. Let me show you what -- let me see. Let**
19 **me show you what would be called -- well, let me get the**
20 **exhibit number, hold one second.**

21 A That looks like the funding analysis, but I
22 can't make out the figures.

23 MR. ALFANO: He may have to e-mail this.

24 You're going to ask detailed questions about the
25 number.

1 MR. FUTERFAS: Yeah. I think so. So,
2 Ms. Court Reporter, let's go off the record for a
3 couple of minutes.

4 We'll e-mail this document and when the
5 witness is ready, we'll go back on the record.
6 Thank you so much.

7 This is Exhibit 7, yeah. Thank you.

8 (Thereupon, Plaintiff's Exhibit 7 was entered
9 into the record.)

10 (Thereupon, a short discussion was held off
11 record.)

12 (Deposition resumed.)

13 **Q (By Mr. Futerfas) Thank you. So, Mr. Klenk,**
14 **is this what we were talking about before when you**
15 **talked about a funding analysis?**

16 **A Yes.**

17 **Q Okay. So, what I would like to do is just**
18 **focusing let say on 2019, if we could. So, just going**
19 **across this chart. The first column is --**

20 **A I'm sorry. Just give us a minute to orient to**
21 **that part.**

22 **Q You got it.**

23 **A Which month in 2019 are you looking at?**

24 **Q I'm going to be looking at all of them, the**
25 **whole period of 2019. So, tell me -- let me know when**

1 **you all are ready.**

2 A I got it.

3 **Q Okay. So, the first column all the way to the**
4 **left, obviously, is the period of time, month by month,**
5 **right?**

6 A Yes.

7 **Q And then there's the next column is funding**
8 **count. How was the funding count derived as you recall?**

9 A Like number of deals written during that
10 month.

11 **Q Okay. The next column is average funding. And**
12 **how was that number derived?**

13 A Again, I believe they got the information from
14 the daily deposit log.

15 **Q Okay.**

16 A That would be -- looking at this, looks like
17 you're missing columns because they had the gross
18 funding before. The average funding would be the gross
19 amount funded divided by the number of deals and this is
20 the average per deal. Looks like you have a column
21 hidden.

22 **Q Okay. Okay. The next column says factor rate**
23 **average. Do you see that?**

24 A Yes.

25 **Q And how was that derived?**

1 A An average of each --

2 MS. BERLIN: I'm going to -- just a moment.

3 THE WITNESS: Go ahead.

4 MS. BERLIN: This is Amie Berlin from the SEC.
5 I'm going to object for lack of foundation as to
6 this Witness' knowledge about how this particular
7 document was prepared. I'm not sure that was
8 already addressed.

9 MR. FUTERFAS: Okay.

10 **Q (By Mr. Futerfas) So, going back to the SEC's**
11 **objection is noted. The factor rate average, how was**
12 **that number derived?**

13 MS. BERLIN: And same objection.

14 A My -- yeah, it's -- as I said I did not put
15 this document together, but I think it's just an -- a
16 weighted average of each deals or excuse me, simple
17 average of each deal for the month. I don't think it's
18 a weighted average.

19 **Q (By Mr. Futerfas) Okay. And when you say each**
20 **deal, you mean the RTR the right to return under the**
21 **funding contract?**

22 A Each RTR has a different factor rate, so if
23 you're looking at -- and I'm going to be going a little
24 slow here for you. We have a \$100,000 deal and they're
25 paying a \$130,000, your factor rates 30% on that.

1 So, adding all those deals together, it's the
2 average of those deals.

3 Q Okay. The next column says average term. And
4 those number under there. Is that the number of days?

5 A To my understanding, yes.

6 Q Okay. We covered wire total before. So, I
7 don't have to ask you about those. We discussed those
8 columns before in your testimony.

9 Let's go to the column that says factoring
10 losses. Do you see that column?

11 A Yes.

12 Q Now, if you -- if for 2019, if you add January
13 to December and if you want to take a moment to do so
14 even in your head to come up to a rough number.

15 A I believe you. What is the number? I got to
16 have a calculator with me.

17 Q It's about \$36 million.

18 A Okay.

19 Q Okay. And now the column next to that is
20 funding exposure. Do you see that?

21 A Yes.

22 Q What is funding exposure?

23 MS. BERLIN: Same objection for lack of
24 foundation with this Witness to testify about this
25 particular document.

1 A My understanding of funding exposure is if we
2 put \$100,000 out the door on the example I gave you
3 before, if -- when we wrote off the deals as bad debt,
4 if there was \$90,000 of bad debt, our exposure -- our
5 original principle only \$10,000 was exposed, that we
6 lost \$10,000 the original amount.

7 Q (By Mr. Futerfas) Okay. So, funding exposure
8 then really is a cash over cash exposure?

9 A Cash exposure, yes.

10 Q Okay.

11 A Money out the door versus money coming in.

12 Q Okay. So, let me -- so, you use the
13 hypothetical. You said if I funded \$100,000, and I was
14 supposed to get back \$130,000, right?

15 A Yeah.

16 Q The 130,000 would be the total RTR?

17 A Yes.

18 Q Okay. Now, if in that same hypothetical, if
19 the merchant deal was we funded \$100, they're supposed
20 to pay \$130, but they paid back \$120, okay? Would that
21 number -- would that number -- how would that be
22 reflected if at all on the funding exposure?

23 MS. BERLIN: Objection, lack of foundation
24 with this particular record to testify about this
25 document and asking for a hypothetical, this is not

1 an expert witness.

2 MR. ALFANO: Same objection.

3 A On a sheet it would come in as a negative
4 exposure, mainly you have received back your original
5 amount that you put out the door plus additional
6 amounts.

7 Q (By Mr. Futerfas) Okay.

8 A So, in your example, it'll be a negative
9 exposure of \$20,000 for that deal.

10 Q Okay. So, if we look at 2019 and if you look
11 at January, this is a -- this is small type but it looks
12 like the funding --

13 A Just a second.

14 Q Okay. Go ahead.

15 A Go ahead.

16 Q So, if you look at January of 2019, the
17 funding exposure looks like \$335,000 something 108
18 whatever, okay?

19 A Um-hum.

20 Q That number then reflects that -- what is the
21 -- I don't want to -- I don't want to testify for you.
22 What does that number reflect?

23 MS. BERLIN: Same objection, lack of
24 foundation, personal knowledge of this Witness as
25 he's testified.

1 MR. ALFANO: Same objection.

2 MR. FUTERFAS: Yeah.

3 A My knowledge of this -- the funding exposure
4 is that you lost \$335,000 in change of your original
5 principal.

6 Q (By Mr. Futerfas) Okay. And then on the next
7 month, February, there's parens a rounded number \$90,000
8 looks like \$232, maybe it's \$91,000. I can't read it
9 either.

10 But it's -- maybe my paralegal could make it a
11 little bit bigger on the screen. It's actually easier
12 for me to see it on the screen than the sheet.

13 MR. FUTERFAS: Okay. That's better. Move it
14 this way. Okay. Perfect.

15 Q (By Mr. Futerfas) Okay. So, yeah, it's 93 --
16 (\$93,232.22). What does that number reflect?

17 MS. BERLIN: Same objection, lack of
18 foundation for this Witness.

19 MR. FUTERFAS: Okay.

20 A That the company received back its principal
21 plus an additional amount.

22 Q (By Mr. Futerfas) Okay. So, if we -- if I ask
23 you and I'm happy to ask you to add up the numbers from
24 January to December of 2019, I can give you a number or
25 you can add it up yourself including the deductions for



1 **within the parens, do you know what that number is?**

2 A We're not going to do that the math exercise.

3 **Q Okay. I'm going to suggest to you and you can**
4 **check it if you wanted a break, the number is**
5 **\$1,146,728.18.**

6 A Okay.

7 **Q If that is the number and feel free to check**
8 **it yourself. That number would reflect the actual**
9 **principal lost cash over cash for the period 2019,**
10 **correct?**

11 A Yes.

12 **Q Okay.**

13 MR. FUTERFAS: I think everyone wanted to take
14 a break at 1 o'clock. That was my recollection.

15 How much time does everyone want? 45 minutes
16 is good. Well, you tell me?

17 MS. BERLIN: Can we take an hour?

18 MR. FUTERFAS: Amie Berlin, for you we'll do
19 whatever you want, 2 o'clock.

20 MS. BERLIN: Thank you.

21 MR. FUTERFAS: All right. Let's resume at 2
22 o'clock. Thank you very much everyone.

23 MS. BERLIN: Thank you so much, Mr. Futerfas.

24 MR. FUTERFAS: Okay. You're welcome.

25 (Thereupon, a short discussion was held off

1 record.)

2 (Deposition resumed.)

3 Q (By Mr. Futerfas) Mr. Klenk, before lunch we
4 had talked a little bit about this hypothetical scenario
5 where a merchant is funded \$100,000 under a funding
6 contract under which repayment would be a
7 \$130,000.

8 And then, you know, what happens or how is it
9 calculated if the merchant repays \$130,000 -- excuse me,
10 \$120,000 of \$130,000. Do you remember those questions?

11 A Yes.

12 Q Okay. So, I had a basic question for you.
13 Assuming that same circumstance where merchant is funded
14 a \$100 under contract under which they're supposed to
15 repay \$130 and they pay \$120 leaving \$10,000, you know,
16 unpaid under the contract.

17 My question for you is, under that
18 circumstance would you be aware that CBSG would often
19 file a confession of judgment or take legal steps to
20 recover the additional \$10,000 due under the MCA
21 contract?

22 A Collections was not my forte, but customers
23 did sign a confession of judgment up front with a lot of
24 the MCA agreements.

25 Q So, was collections a source of revenue for



1 the company for CBSG?

2 A Oh, called a loss mitigation department.

3 Q Okay. Fair enough. So, in hypothetical that
4 same circumstance, we're talking about, where the
5 merchants funded \$100 they repay \$120. There's \$10,000
6 debt outstanding under the contract.

7 In your experience at CBSG would a confession
8 of judgment be filed or some legal steps taken to, as
9 you call it, you know, mitigate losses or --

10 MS. BERLIN: Objection, lack of foundation for
11 this Witness.

12 MR. ALFANO: Object to the form and lack of
13 foundation as well.

14 A You're assuming if the customer goes bad, got
15 to written off as bad debt, correct?

16 Q (By Mr. Futerfas) I'm just giving you a
17 circumstance that you proposed before. Customer's
18 funded \$100,000 they re -- under the contract requiring
19 payment of \$130.

20 They repay \$120. So there're still do \$10,000
21 under the funding contract.

22 Would the company -- you were the financial
23 controller would the company file a confession of
24 judgment or take action to recover that \$10,000 balance
25 due under the contract?



1 MS. BERLIN: Objection, this Witness has
2 already testified about his knowledge about
3 collection. So, lack of foundation.

4 **Q (By Mr. Futerfas) You may answer the question.**

5 A Again, if we're writing the customer off as
6 bad debt, I would assume, yes. If the \$10,000 unpaid
7 balances, they're still making small payments on it then
8 we would not write it off, if they're still making a
9 payment because they don't run into our write off
10 policy.

11 **Q I see. So, it depends -- so, if the -- what**
12 **you're saying to I understand it in my simple term, so**
13 **to speak, if the -- if a determination is made that that**
14 **\$10,000 balance is bad debt's not really likely to be**
15 **recovered in a short term or there's no indication of**
16 **recovery, then it would go into this collections where**
17 **they would file the confession to do things like that.**

18 MS. BERLIN: Objection, lack of foundation.

19 **Q (By Mr. Futerfas) You can answer the question.**

20 A To my understanding, yes.

21 **Q Okay.**

22 A Again, I was not part of the day-to-day
23 collection process, so, on a very high level, that's my
24 understanding of it is they would execute the confession
25 of judgment.



1 Q Okay. Now I sent you Exhibit 8, e-mailed
2 before the end of the lunch break. And I just want to
3 make sure I'm going to be asking you very few questions
4 about it.

5 (Thereupon, Plaintiff's Exhibit 8 was entered
6 into the record.)

7 Q (By Mr. Futerfas) Particularly with respect to
8 your -- it's a lot of material, it's your two page
9 declaration, a lot of other documents but I'm actually
10 only going to be asking you about your declaration.

11 A Okay.

12 Q All right. If you could turn to Page 2 of
13 your declaration.

14 A Bear with us just a second.

15 Q Of course take your time.

16 A Okay. We're there now.

17 Q Okay. So, I just want you to look, Mr. Klenk
18 at Paragraph 13 where it says, "For 2019 CBSG had about
19 36 million and what CBSG had deemed bad debt expense."
20 Do you see that?

21 A Yes.

22 Q Okay. Now, I want to show you exhibit that's
23 previously identified as Exhibit 7. And if I could zoom
24 in please. And --

25 MR. FUTERFAS: Okay, this way. Stop.



1 Q (By Mr. Futerfas) Okay. And if you recall the
2 testimony before the lunch break, if I could direct your
3 attention to the year 2019 January to December, under
4 the category factoring losses?

5 A Yes.

6 Q Do you recall that the amount if we add up
7 those numbers, that that amount comes to about \$36
8 million?

9 A I'll take your word for it, yes.

10 Q Okay. Going back now to your declaration at
11 Number 8, Paragraph 13. Are those bad debt losses in
12 the amount of \$36 million what you were referring to?

13 A You mean referring to in this declaration?

14 Q Yes. They're referring to in your declaration
15 at Paragraph 13.

16 A What I was referring to in that declaration is
17 we made accruals at the end of the year because the
18 allowance for doubtful accounts was a positive number.
19 So, we made accruals in the bottom line bad debt expense
20 would have been about \$36 million.

21 Q Okay. Does that --

22 A Am I making sense?

23 Q Well, as a non CPA, kind of. I guess what I'm
24 trying to get at is whether in a general sense the
25 factoring losses identified in the funding analysis the

1 total about \$36 million for 2019 is generally
2 approximate with what you are talking about here in
3 Paragraph 13, as \$36 million in bad debt expense.

4 A No, it's not. On Paragraph 13, that's not
5 what I was referring to.

6 Q Okay. So what -- then what was Paragraph 13
7 referring to?

8 A On our financial statements, and I want to --
9 I'm going to go slow, so you understand.

10 Q Okay.

11 A Each one we had adjustments for allowance for
12 doubtful account or bad debt accounts.

13 Q Okay.

14 A The dollar amounts were posted to our balance
15 sheet to the allowance account. At the end of the year,
16 we made adjustments to the allowance account to come
17 whatever our internal calculation would be, that it
18 happened to be \$36 million.

19 It just so happens that it's pretty close to
20 what this number is but we would have credit the
21 allowance, we would hit the expense for \$36 million.
22 That was the estimate.

23 Q Okay.

24 A At that time.

25 Q Okay. Fair enough. Did that -- and you say

1 there was the estimate at that time over as more time
2 elapsed, did that estimate change or did you get actual
3 numbers? Yeah.

4 A This estimate was put on the books for 2019.
5 This was done for tax purposes for Rod Ermel Associate.

6 So, this was done roughly in the beginning of
7 March 2020.

8 Q Okay.

9 A But -- yeah, 2020 and we did not change that.

10 Q Okay. Did as -- not talking about the period
11 from when the receiver took over but before then, did
12 more information come to light about those merchants so
13 that those numbers that might have changed that number
14 by let's say July 1, 2020?

15 A Not that I'm aware of. But just to add on the
16 estimate was put there for tax purposes. It wasn't put
17 there for audit purposes.

18 Q Okay. Okay. All right. The next exhibit we
19 like to show you is Exhibit 38, which was submitted to
20 you before, just prior to the end of the lunch break.

21 A Oh, okay. Right here.

22 MR. ALFANO: Hang on, just give us a moment.

23 MR. FUTERFAS: You go ahead.

24 MR. ALFANO: Go ahead.

25 Q (By Mr. Futerfas) All right. So, this is an

1 e-mail -- Exhibit 38 is an e-mail dated mid-March --
2 March 13, 2019.

3 A Um-hum.

4 Q And the bottom is this individual Chuck Fry,
5 who writes to Mr. Cole, "Please let me know if I can
6 receive a comparison financial GAAP to non-GAAP per our
7 discussion on Wednesday."

8 And then at the top, Mr. Cole writes to you a
9 question, "Do you think we can get a spreadsheet version
10 of the 2018 financials with the adjustments we're
11 planning on booking along with the additional columns
12 for non-GAAP sorted out."

13 Do you recall that e-mail exchange?

14 A Yes.

15 Q Okay. And subsequently, did you produce a
16 spreadsheet version, which I'm going to show you now is
17 Exhibit 39 in response to Mr. Cole's request?

18 A Yes.

19 Q (By Mr. Futerfas) Okay. So, I just want to
20 ask you a few questions about Exhibit 39, this exhibit -
21 - first of all, you see the e-mail is dated March
22 2019.

23 So this e-mail -- this document is prepared
24 when, in around that time, March of '19?

25 A Yes.

1 Q And I'd like you to turn to what is page --
2 actually, the second page is basically blank. I would
3 turn to Page 3.

4 Okay. And you see across the top of the page,
5 it says GAAP basis, then middle column is GAAP
6 adjustment and then the right column for third from the
7 left is non-GAAP. You see those -- you see those words?

8 A Yeah.

9 Q Okay. So, under the GAAP basis for the income
10 statement 2018, it says, "Income factoring revenue
11 \$124,343,479.48. Do you see that?

12 A Yes.

13 Q And where does that number derive from?

14 A That would have been coming off our financial
15 statements at the end of 2018 our estimated financials.

16 Q Okay. And where were those -- and what was
17 the basis of those financial statements?

18 A The basis of the financial statements were
19 GAAP financial statements that we put together. For the
20 end of '18 they were not audited yet. So, no audit
21 adjustments.

22 Q Okay. But you --

23 A Prior to our audit.

24 Q Okay. And but these are financial statements
25 that are put together according to GAAP, right?

1 A Right, they would have been on the GAAP basis.

2 Q Okay. And then the next -- if we go down,
3 vertically down one number, it's factoring losses under
4 GAAP is \$45,926,693.80. Do you see that number?

5 A Yes.

6 Q And again, is it fair to say that the basis
7 for that number is what you just described? It comes
8 from financial statements, which are -- which themselves
9 are derives from the books and records of the company?

10 A For the \$45 million?

11 Q Yes.

12 A Yes. At that time, yes.

13 Q Okay. And next to that number in the middle
14 under the GAAP adjustment, you see the number in \$13,420
15 -- (\$13,529,392.25). Do you see that?

16 A Yes.

17 Q And that's under the column called GAAP
18 adjustment, right?

19 A Um-hum. Yes.

20 Q And if you look at the far -- the left -- the
21 number left to that under non-GAAP, the number is
22 \$30,886,503.05. Do you see that number?

23 A Yes.

24 Q So, can you just explain -- well, what's
25 wrong? Is -- the way you get to \$45 million you simply

1 **take the non-GAAP number, you make an adjustment**
2 **pursuant to GAAP of about \$13.5 million you add --**

3 A I'm sorry, you're saying --

4 MR. ALFANO: I'm going to object to the form
5 of the question. I think you've misstated the
6 initial premise.

7 **Q (By Mr. Futerfas) Okay. How do you get from**
8 **the non-GAAP number -- I'll ask you this way. How do**
9 **you get from the non-GAAP number, which is \$30.8**
10 **million, excuse me.**

11 **How do you get from the non-GAAP number, which**
12 **is \$30.886 million to the GAAP basis number of \$45.926**
13 **million?**

14 MS. BERLIN: Objection, lack of foundation.

15 MR. ALFANO: Object to the form as well. I'm
16 not sure we're following that question.

17 **Q (By Mr. Futerfas) If you understand the**
18 **question, Mr. Klenk, you can answer.**

19 A What you're asking is from a non-GAAP back to
20 a GAAP -- to go back to the GAAP statements. The GAAP
21 statements at the time, the fact our losses we were
22 showing is about \$45.9 million.

23 There were certain adjustments to take it back
24 to the non-GAAP, which Chuck Fry was used to seeing
25 previously. So, some of those would be eliminating the

1 allowance for doubtful accounts, eliminating reserves
2 that we have on the books.

3 That's what the GAAP adjustments -- that's
4 what those GAAP adjustment column is and then you're
5 back to the non-GAAP, which Mr. Fry was used to seeing.

6 **Q Okay. So, I was going the opposite direction**
7 **from the way this was drafted, right? You're starting**
8 **with --**

9 A You're going backwards.

10 **Q Right. You're starting with a \$45 million and**
11 **it's removing some adjustments that those \$13.5 -- are**
12 **those adjustments required under GAAP or not required**
13 **under GAAP?**

14 A Those adjustments were what were required in
15 order to bring the books to a GAAP basis.

16 **Q Okay.**

17 A If you have the original document here, I have
18 hyperlinks showing for each one of the lines going down
19 an explanation for each line of what the adjustments
20 were.

21 **Q Okay. Fair enough. Fair enough. So, then**
22 **when -- I see. So, Mr. Fry wanted to see what it looked**
23 **like when you removed or took away the GAAP required**
24 **adjustments, what you would be left with. Is that fair?**

25 A Yes.



1 Q Okay. When you did that that's when you end
2 up with a \$30.886 million, right?

3 A Correct.

4 Q Okay. Okay. By the way, the number -- that
5 number, the non-GAAP numbers, the \$30,886,503. What
6 does that number represent?

7 A \$30 million.

8 Q Yes.

9 A Under net that was taking -- again, taking
10 away the GAAP adjustments. That's -- at that time,
11 that's what that non-GAAP bad loss reserve was.

12 Q Okay. So, that's a reserve --

13 A I think at the time this was put together just
14 to go a little further here.

15 Q Sure.

16 A At the time this was put together, we had not
17 put together -- we had not finalized all of our audit
18 adjustments for 2018.

19 Q Okay.

20 A So, that 13 that you see there 529 that is the
21 2017 audit adjustment for bad debt reserve if I'm not
22 mistaken.

23 Q Okay. Okay. Because this -- that -- I
24 understand that because this is income statement for
25 2018. And it's being prepared basically early, like



1 **March of '19.**

2 **So, not -- it's basically -- if I understand**
3 **you correctly, you're saying, look, only three months**
4 **have gone by since the year concluded, there's more work**
5 **that's got to be done to finalize these numbers.**

6 A Right. The numbers were not finalized at the
7 end of '18. So, we took the audit adjustments, which we
8 currently had on the books, which were the audit
9 adjustments for 2017 and we remove them.

10 Q Okay. Okay. And you talked about these --
11 you have notes, notes on the right side of this page.
12 You see that?

13 A Yes.

14 Q Okay. So, and presumably you have notes with
15 respect to the income statement of factoring revenue of
16 \$124,343,479, right?

17 A The notes -- I'm sorry, repeat that please.

18 Q You said there are notes on the right side,
19 correct? Are those notes that you created?

20 A The notes under notes section are hyperlinks,
21 explaining what each line items the GAAP adjustments
22 were.

23 Q Okay.

24 A GAAP adjustment it explains what adjustments
25 are. You happen to see this is an earlier version where

1 it says see A -- Appendix A.

2 I think they're all coming out to Appendix A
3 at that point, but it was line by line.

4 **Q Okay.**

5 A I think there was a subsequent one that was
6 done that broke out line by line.

7 **Q Okay. So, do you recall when that subsequent**
8 **document may have been produced, since this was probably**
9 **mid-March of '19?**

10 A It would have been the subsequent documents,
11 but it's probably would have been within a week or two.
12 I do see there are some changed line items on here like,
13 no cost or deferred revenue is the bottom one, no
14 consulting expenses.

15 So, a lot of may have already been addressed
16 in that. I think there was further refinement of where
17 you're looking for the line item that you're looking at,
18 excuse me.

19 **Q Okay. Okay. Give me one second. Thank you.**

20 A It's just further requirement of the
21 hyperlink.

22 **Q All right. Okay. Thank you. Hold one second**
23 **thing. Thank you. Mr. Klenk, do you know -- was this**
24 **document sent to Chuck Fry?**

25 A I believe Joe Cole send Chuck Fry, I don't

1 recall if I send it to him. I know this is a response
2 to Chuck Fry's request that I put together for Mr. Cole.

3 So, on this, as you saw, there's a GAAP basis
4 income statement and then the non-GAAP which is what he
5 was used to seeing.

6 **Q Okay. And did he ultimately invest money in**
7 **CBSG?**

8 A I am not familiar with all the investors of
9 CBSG. I believe he may have had some money associated
10 with CBSG. I don't have the intimate knowledge to
11 recall the investors personally.

12 **Q Okay. So I guess as you sit here --**

13 A But to answer your question, yes, I got -- do
14 think he does -- did have an investment.

15 **Q Okay. All right. Hold on one second. Okay.**
16 **I'm going to -- I think we sent this to you before Mr.**
17 **Klenk, Exhibit 6.**

18 I'm going to go back to that for a couple of
19 seconds.

20 A Yes. You wanted to go back to Exhibit 6.

21 **Q Yes.**

22 A Okay. All right.

23 **Q And basically, if I could have -- if you could**
24 **turn or I could turn on Exhibit 6 to, let's see, to Page**
25 **6.**

1 So, on Exhibit 6 -- now, Exhibit 6 states at
2 least that it's a management reviewed financials for
3 2018 and '19. And Page 6 states income statement for
4 '18 and '19.

5 And so what I'd like to do is just direct your
6 attention, if you look at the column for 2018 where it
7 says factoring fee income 123 that would be 123.717
8 million. Do you see that?

9 A Yes.

10 Q And then if we could go back, quickly, just
11 jog back to Exhibit 39, at the same page we were on.

12 A Um-hum.

13 Q Right there. And you see the number of
14 factoring revenue GAAP basis \$124.343.

15 Would you agree with me that the numbers are
16 pretty close between those two documents?

17 MR. ALFRANO: Object to the form. I mean, the
18 numbers are what they are.

19 Q (By Mr. Futerfas) I have a question before the
20 witness. You can answer.

21 A The numbers are approximately what they are. I
22 mean, that's what they are.

23 If you look further down on the statement
24 under a GAAP basis.

25 Q Yes.



1 A It says 2018 finalized GAAP entries are in
2 process. So, it looks like the other document was
3 prepared by Mr. Cole after additional entries were made.

4 Q Okay. So, the --

5 A There's a foot note.

6 Q Fair enough. So, the other document just so
7 we're clear is Exhibit 6. We're go back to Exhibit 6.

8 A Yes.

9 Q And since that was -- obviously it's a
10 financial statement says through 2019, that have
11 certainly would have been prepared much later in your -
12 - or at least later, in your view. Is that fair?

13 A Yes.

14 Q Okay. Wherein I think what you were
15 suggesting is more information would have been available
16 to fill out some of these numbers.

17 A Yes, you're summarizing it correctly.

18 Q Okay. Let me just -- sticking with this
19 document for a moment, Mr. Klenk, Exhibits 6. I wanted
20 -- if you could turn to Page 7 -- if we can turn to Page
21 7. This is -- can you describe what this page appears
22 to reflect?

23 MS. BERLIN: Objection, lack of foundation.

24 This Witness already testified he's not seen this
25 before.

1 MR. ALFANO: Same objection. He's already
2 testified he wasn't familiar with the document. He
3 told it was something Joe Cole prepared.

4 **Q (By Mr. Futerfas) With those objections Mr.**
5 **Klenk, you can answer the question.**

6 MS. BERLIN: We object that this is not an
7 expert witness and lack of foundation.

8 MR. ALFANO: So, you're asking him what this
9 document based on his reading of it appears to
10 reflect?

11 MR. FUTERFAS: Yes, correct.

12 A Looks like Mr. Cole had summarized the funding
13 analysis sheets that he had -- that we looked at
14 earlier.

15 **Q (By Mr. Futerfas) Okay. Okay. And if I turn**
16 **you -- if I turn to the next page, the following page,**
17 **Page 8, called funding by year. Would your answer be**
18 **the same?**

19 A Yes.

20 **Q Okay. Let me ask you a question. Do you**
21 **recall attending a meeting in March 2020 with a number**
22 **of -- with a number of people who are considering either**
23 **investing in CBSG or acquiring CBSG?**

24 A That was the statement that I made earlier,
25 which was part of, I'm trying to think the group where I



1 -- I thought it was in 2019 was beginning of 2020 and I
2 clarified that later on.

3 Q Okay.

4 A Yes.

5 Q Fair enough. And this -- so, we can go to the
6 first page of this document that's up here Exhibit 6.

7 A And that would have been a meeting of Allen
8 Chessler, I believe.

9 Q Okay. And do you recall if you have any
10 recollection of this document Exhibit 6 being provided
11 to those individuals and being discussed at that meeting
12 in March of 2020?

13 A That's the problem, I don't remember. It may
14 have but I just don't remember.

15 Q Okay. Okay. Give me one second, Mr. Klenk.
16 Mr. Klenk, let me ask you, I'll see if I can refresh
17 your recollection a little bit about that meeting.

18 Do you recall people from the investment bank
19 Jefferies participating in that meeting in March 2020?

20 A Yes, on the phone call.

21 Q Okay. So there were people --

22 A I don't recall --

23 Q I'm sorry.

24 A I don't recall any names though.

25 Q Okay. And so there were people there from --

1 on that meeting from Chessler, right? We talked about
2 him before for that firm, right?

3 A Yes.

4 Q And also people from Jefferies were on that
5 call in March of 2020, right?

6 A Yes.

7 Q Okay. So I'm just trying to refresh your
8 recollection, I'm aware of your prior answers. Thinking
9 of that, does this -- does anything about that meeting
10 refresh your recollection about whether the performance
11 of CBSG was discussed during that phone call?

12 A In what respect?

13 Q In any respect, you -- well, with respect to
14 the financial performance of CBSG.

15 MS. BERLIN: Objection, asked and answered and
16 improper refreshing of recollection.

17 MR. ALFANO: It has been asked and answered.

18 A With the Jefferies people pertaining to them
19 they were afraid regarding COVID and they were asking
20 how it affected the business. That was what I
21 recollect.

22 Q (By Mr. Futerfas) And what was the --

23 A They were getting -- it sounds like they're
24 getting cold feet.

25 Q Okay. And what was the response to their



1 **concerns?**

2 A Well, the outcome was a wait and see.

3 **Q Okay. Were there any -- do you recall any**
4 **valuations discussed of CBSG or any -- yeah, anything**
5 **like that?**

6 A Again, they discussed the valuations but it
7 was a wait and see because they're afraid about COVID.

8 **Q Okay. So, what valuation discussion was there**
9 **anticipating or at least, along with the concerns that**
10 **COVID might affect the profitability of CBSG?**

11 MR. ALFANO: I'm going to object to the form
12 of the question.

13 A I just mentioned that they were waiting -- it
14 was a wait and see to see how COVID affected the number
15 of deals and the cash coming into the company.

16 **Q (By Mr. Futerfas) Okay.**

17 A Before they could do a proper valuation.

18 **Q All right. Let me -- thank you. Let me turn**
19 **to -- let me -- if you don't -- let me send you what**
20 **will be marked as Exhibit 20. I'll e-mail it to you the**
21 **SEC straight away.**

22 (Thereupon, Plaintiff's Exhibit 20 was entered
23 into the record.)

24 MR. FUTERFAS: And just let me look. Ms.

25 Court Reporter if we could go off the record and --

1 to give the witness and his Counsel an opportunity
2 to take a look at the documents. Thank you.

3 (Thereupon, a short discussion was held off
4 record.)

5 (Deposition resumed.)

6 **Q (By Mr. Futerfas) So, Mr. Klenk, have you an**
7 **opportunity to review the Exhibit 20?**

8 A Yes.

9 **Q And what is that document?**

10 A It appears to be Rod Ermel Associates filing
11 of a 2019 tax return for CBSG.

12 **Q Okay.**

13 MS. BERLIN: And I'm going to object on lack
14 of foundation to the question that was just posed.

15 **Q (By Mr. Futerfas) Okay. Now, I like -- if I**
16 **could turn you -- your attention to Page 3 of the**
17 **document.**

18 A Okay.

19 **Q Now, do you see there's notations in red ink**
20 **there?**

21 A Ink but not read.

22 **Q Okay. On the -- if you look at the -- look at**
23 **the computer screen.**

24 A Oh, got you.

25 **Q Yeah. So, whose notations are those?**

1 MS. BERLIN: Objection, lack of foundation.

2 A I have no idea.

3 Q (By Mr. Futerfas) Okay. Did -- so, I want to
4 be clear here. You did not make those markings on this
5 document?

6 A Not that I remember.

7 Q Well, Mr. Klenk, let me direct your attention
8 to the handwriting on -- you know, on that page. Let me
9 direct your attention to the following page.

10 And I just ask you, if you -- if this is your,
11 you know, if this is your handwriting or not.

12 A No.

13 MS. BERLIN: And I object to the extent that
14 this exhibit appears to be incomplete.

15 MR. ALFANO: The Witness answered the question
16 that it's not his handwriting.

17 Q (By Mr. Futerfas) Okay. Do you know -- Mr.
18 Klenk, do you know who prepared these entries that are
19 shown on Page 4 in red ink?

20 A No idea.

21 Q Okay. And the same goes for Page 3, the prior
22 page.

23 A No idea.

24 Q Okay. Okay. Was this something, let me just
25 ask you this then. Is this going through and checking -



1 - like checking off the different amounts?

2 Is this something that would be done either by
3 you or within CBSG to just to verify the returns or the
4 return information that Mr. Ermel was going to -- was
5 going to put in the tax return?

6 MS. BERLIN: Objection to form.

7 MR. ALFANO: Object, also lack of foundation.

8 But you're asking him whether as a controller here,
9 there are times when he would have made checkmarks
10 next to figures?

11 MR. FUTERFAS: Well, if he was aware of anyone
12 else in the company and his role as -- role in the
13 company.

14 MR. ALFANO: You mean making checkmarks next
15 to figures or specifically making checkmarks next
16 to amounts and figures on this document. Because I
17 think we're -- I felt that point of the question
18 was about this particular document.

19 MR. FUTERFAS: Well, I will rephrase it.

20 Q (By Mr. Futerfas) I will start with
21 Mr. Alfano's subsequent latter question which is, in
22 your role are you aware of people at CBSG verifying or
23 checking the numbers that Mr. Ermel was going to use in
24 his in this tax return filings?

25 MS. BERLINE: Objection, calls for



1 speculation, lack of foundation.

2 A He would review with Mr. Cole. I don't know
3 if Mr. Cole, again, Joe Cole, if he checked anything
4 off.

5 I did not see tax returns or tax preparations
6 in advance.

7 **Q (By Mr. Futerfas) Okay. And I'm going to ask**
8 **you a different question. But in your role as a**
9 **financial controller, were you aware of whether Mr.**
10 **Ermel sent proposed tax return information like this to**
11 **CBSG to verify before it got into the CBSG tax return**
12 **that he prepared?**

13 MR. ALFANO: Object to the form of the
14 question.

15 MS. BERLIN: Objection, calls for speculation
16 -- calls for speculation, lack of foundation.

17 A Do I need to answer?

18 **Q (By Mr. Futerfas) Yes, Yeah, you can answer.**

19 A In events, he would ask I would have questions
20 for Dan Kinney or Ken Bacon regarding specific items,
21 but that was to the extent of it.

22 Any detailed tax escalations or detailed tax
23 review was done with Joe Cole privately.

24 **Q Okay. What does that mean privately?**

25 A That means weekly calls between Joe Cole and



1 Ken Bacon they would go over tax information.

2 **Q Okay.**

3 A And --

4 **Q And anyone else besides Ken Bacon was Rod**
5 **Ermel ever on those calls?**

6 A Dan Kinney, Rod Ermel --

7 MS. BERLIN: Objection. Wait, just a moment
8 please. Objection, lack of foundation. I'm just
9 going to say, we haven't established that this
10 witness participated on the calls.

11 **Q (By Mr. Futerfas) You may answer the question.**

12 A To my knowledge of this specific calls I can't
13 say that Rod Ermel is on the calls.

14 **Q But you mention Dan Kinney, who is Dan Kinney?**

15 A He was a CPA working for Ken Bacon.

16 **Q Okay.**

17 A He would occasionally attend the calls.

18 **Q Okay. And anyone else besides Dan Kinney and**
19 **Ken Bacon that you're aware of?**

20 A Not that I'm aware of.

21 MS. BERLIN: Objection. Object -- I'm making
22 the same objection to lack of foundation.

23 **Q (By Mr. Futerfas) Okay. So, do you -- this**
24 **document if we go to the first page of this Exhibit 20.**

25 **This is a return form -- 1120 Returns Summary for**



1 **calendar year 2019. Do you see that?**

2 A This is transmittal page, yes.

3 Q Okay. And what does that mean by transmittal
4 page?

5 A It's a summary.

6 Q Okay. And this would have been prepared by
7 Rod Ermel's firm?

8 A Yes.

9 Q Okay. Hold one second. Thank you. All
10 right. Thank you. We're done with this for now. Mr.
11 Klenk, I want to ask you a few questions about
12 CliftonLarsonAllen. Do you recall when that accounting
13 firm was engaged?

14 A In the beginning of 2019.

15 Q Okay. All right. Let me show you, actually,
16 I'll send it maybe it's another one I -- actually I'm
17 only going to ask you about the first page. So, I'll
18 put it on the screen and hopefully we can avoid the
19 whole e-mail back and forth.

20 This is Exhibit what, I think this is
21 Exhibit 9.

22 (Thereupon, Plaintiff's Exhibit 9 was entered
23 into the record.)

24 MR. FUTERFAS: Okay. If you could pull it up
25 a little bit. Yes.



1 Q (By Mr. Futerfas) So, just to refresh your
2 recollection, if you can scroll down you can see the --
3 so you can see that -- no, what happened there.

4 Scroll down, no the other way. Just so we can
5 see, it's from CliftonLarson.

6 The date is September 6, 2019. And I just
7 like to go through that if you can scroll the other
8 direction.

9 Okay. Okay. And so, do you recognize this
10 document?

11 A Yes.

12 Q Okay. Is this basically the engagement letter
13 from CliftonLarsonAllen?

14 A Yes.

15 Q Okay. And they say that their services will
16 in comprise of auditing consolidated financial
17 statements for year as of December 31, 2018, right?

18 "And related operations, retained earnings,
19 cash flows, and related notes to the consolidated
20 financial statements."

21 Do you see that language?

22 A Yes.

23 Q And by the way, CliftonLarsonAllen, are they
24 regarded as a substantial accounting firm?

25 MS. BERLIN: Objection, calls for speculation

1 and this is not an expert witness.

2 **Q (By Mr. Futerfas) You may answer.**

3 A It's really asking for his opinion. They are
4 a large national firm.

5 **Q Okay. And the next paragraph here says, "Non-**
6 **audit services, they will also provide preparation of**
7 **financial statements related notes and preparation of**
8 **adjusting journal entries."**

9 **What is preparation of adjusting journal**
10 **entries mean?**

11 A As they perform their --

12 MS. BERLIN: Objection -- wait, just a moment.

13 Just a moment please.

14 Objection, calls for speculation, no
15 foundation and not an expert witness.

16 **Q (By Mr. Futerfas) What is the -- Mr. Klenk,**
17 **what is the this preparation of adjusting journal**
18 **entries referred to?**

19 A Similar to what we did with Friedman, if they
20 found something they would prepare an adjustment for us
21 to put on our books.

22 **Q Okay. And if you scroll down about an inch.**
23 **And the -- if you can look at the paragraph titled,**
24 **"Audit objective." And that's the objective states the**
25 **-- "to express an opinion about whether the financial**

1 statements are fairly presented in conformity with
2 GAAP." You understood you understood that what that
3 meant, right?

4 A Yes.

5 Q Okay. Now, this audit, do you recall the
6 numbers of people on the audit team from
7 CliftonLarsonAllen, who were devoted to this audit?

8 MS. BERLIN: Objection, lack of foundation.

9 A The identities and the number, is that what
10 you're asking?

11 Q (By Mr. Futerfas) No, I never -- the word
12 identity did not come out of my mouth. Do you recall
13 the numbers of people that were dedicated by
14 CliftonLarsonAllen to the -- this -- the audit of CBSG?

15 MS. BERLIN: Objection, lack of foundation.

16 A There was one primary lead, her name was June
17 Park. And she had one assistant that came in from time
18 to time that we also supplied information to, but it was
19 primarily June.

20 Q (By Mr. Futerfas) Okay. And did -- and who is
21 a person named Rick Huff?

22 A He is the engagement partner.

23 Q Okay. And did he have any -- to your
24 knowledge, did he have any role or responsibility in
25 this audit?



1 A Again, Rick was the engagement partner similar
2 to Willem. He was in-charge of the audit but he wasn't
3 doing the day to day work. That was June.

4 Q Okay. So were you the principal point of
5 contact with CLA?

6 A Yes, me along with Zoe Lau, Zoe Lu.

7 Q Okay. So, what kind of information did CLA
8 seek from CBSG to engage in this audit?

9 MS. BERLIN: Objection, calls for hearsay.

10 Q (By Mr. Futerfas) You may answer the question.

11 A All right. They send a questionnaire around
12 first that we answered regarding internal controls about
13 IT among other things. We supplied with -- to them a
14 trial balance and income statement and balance sheet.

15 And they also asked for similar that Friedman
16 did deal specifics. They wanted to see -- pull certain
17 deals, they wanted to read through them and trace them.

18 We also supplied our supporting schedules, for
19 example, deferred revenue or an amortized cost among
20 other things.

21 Q Okay. Did they get access to QuickBooks and
22 other kinds of internal financial data?

23 A We gave them I believe they got a copy of
24 QuickBooks at one point.

25 Q Okay. And when you talked about -- you



1 quickly referenced confirmation like confirmation of
2 merchant deals or something like that. Did you say that
3 or I misunderstood you?

4 A You misunderstood me. They sent -- they
5 requested deals. So, they looked through our number of
6 deals and the funding deposit log and the deals funded.

7 They requested the original -- those original
8 deals so they can trace them through our books.

9 Q Okay. What's the purpose of requesting those
10 deals?

11 A To try to make sure that they existed --
12 existence.

13 Q Okay. And did they also do examinations of
14 investors, whether there were investors actually
15 invested in CBSG and things like that.

16 MS. BERLIN: Objection, lack of foundation,
17 calls for speculation. No personal knowledge about
18 what CLA did.

19 Q (By Mr. Futerfas) You can answer the question.

20 A Little terminology here.

21 Q Okay.

22 A They're called creditors.

23 Q Okay.

24 A They were creditor notes, not investor notes.

25 So, they ask for specific creditor notes and they trace

1 those creditor notes, the receipts coming into the
2 company and also interest payments being made.

3 **Q All right. And what's -- and what was the**
4 **purpose of that that examination?**

5 MS. BERLIN: Objection, calls for --
6 objection, calls for speculation, lack of
7 foundation for this witness to testify about this.

8 **Q (By Mr. Futerfas) You may answer Mr. Klenk.**

9 A You're looking for existence.

10 **Q What does that mean?**

11 A That a creditor note actually existed.

12 **Q Okay. Okay. And are these requests that were**
13 **made by CLA to CBSG, did you and Ms. Lu, I think her**
14 **name is, did you respond to those requests and provide**
15 **the information requested to CLA?**

16 A We gathered the information requested.
17 Sometimes we'd have to go Joe Cole for any investor
18 related documentation or creditor documentation.

19 As far as MCA deals, we were able to pull a
20 lot of those together ourselves for an access and send
21 them over. We would either -- there's two methods, we
22 shared information.

23 We started out using a Dropbox that we would
24 update the information, but we switched over to
25 CliftonLarsonAllen's internal storage as we went along

1 because we found it was easier to use for them.

2 Q Okay. And so was that kind of like a drop --
3 also not an e-mail, but kind of a drop into their
4 system?

5 A Yes, they had a secure platform.

6 Q Okay. Okay. The -- did CliftonLarsonAllen
7 also seek confirmation on consulting fees that were
8 paid?

9 A They recalculated the consulting fees based on
10 the schedules for consulting agreements. They trace
11 payments going out to the consultants and I believe they
12 did send confirmation notices out to the consultants
13 based on the agreements.

14 Q Okay.

15 A But I can't tell you 100% exactly what their
16 audit steps were on that.

17 Q All right. Let me show you, it's -- hold on
18 one second. Okay. Mr. Klenk, I am showing you it's a
19 one page e-mail hopefully it's legible on your screen.

20 It's identified as Exhibit 12, dated May 6,
21 2020. Subject CBSG consulting reconciliation from John -
22 - from Joe Cole to June Park. Can you just pull that
23 down a little bit just so you can see the whole thing?
24 That's the whole -- yeah, that's it.

25 If you want to take -- go back to the top let



1 **him take. Do you want to take a second to read it?**

2 A I know exactly what it is.

3 **Q Oh, you do. Okay. Okay.**

4 A Yeah.

5 **Q So, tell me what is this referred to here?**

6 A Joe Cole handled making all the consulting
7 payments. And they're based on the written
8 documentation of what the consulting agreement called
9 for.

10 There was -- instead of a 10% consulting
11 payment made in 2018, I believe was the third quarter,
12 there was 2.5% consulting payments were made instead.
13 So June was trying to get an explanation of why.

14 **Q Okay. So, effectively less money was paid in**
15 **3Q 2018 than was provided for under the consulting**
16 **agreements.**

17 A Correct.

18 **Q Okay. Okay. Did they also -- speaking of**
19 **consulting agreements, did CLA also wants to see the**
20 **business services agreements with the various entities**
21 **that CBSG -- that were consultants for CBSG?**

22 MS. BERLIN: Objection, lack of foundation,
23 calls for hearsay, speculation.

24 **Q (By Mr. Futerfas) You can answer the question.**

25 A Yes, they asked for copies.

1 Q Okay. Let me show you this exhibit. Okay.
2 Let me show you on the screen here.

3 I'm going to ask you generally about this.
4 So, take a look at the first page if you need the whole
5 document, I'm certainly happy to e-mail it to you.

6 But the first question I have for you is just
7 take a look at it. See if you recognize this document.

8 A Yes.

9 Q Okay. And what is this, Mr. Klenk?

10 A You're looking at a consulting agreement,
11 which was drafted for Eagle Six Corporation to receive
12 consulting payments from complete Business Solutions
13 Group.

14 Q Okay. And do you know who originally drafted
15 this document?

16 A Yes.

17 Q And who was that?

18 A It would have been John. I can't think of his
19 last name again. I want to say Mark Riff or John from
20 our legal department had started it along with Ben
21 Mannes.

22 Q Okay. And then, did you work on this
23 agreement a little bit when you came on board in
24 February of 2018.

25 A These weren't started until later 2019. And I

1 worked on them starting in August of 2019 along with
2 John and Ben. John would update them and send them to
3 us and we would review them also.

4 **Q All right. And what was the purpose of**
5 **putting these consulting agreements together?**

6 A It state what the business purpose was between
7 the companies. You had payments being made by, for
8 example, CBSG to different entities but there was no --
9 there was no -- nothing on the writing saying what the
10 relationship was and what the business purpose was.

11 **Q Okay. If I could turn -- actually, I do have**
12 **one question in the document. Again, if I could turn to**
13 **Page 4, if you need me to send it to I will. I have one**
14 **question about Paragraph 4.2, see if you can see that.**

15 A Okay.

16 **Q All right. Just take a moment to read it to**
17 **yourselves. So my question, I'm sorry. Did -- have you**
18 **had a chance to look at it?**

19 A Yeah, I'm just looking at 4.2, right?

20 **Q Yes, exactly. It's all I'm going to ask**
21 **about. So, it looks here and correct me if I'm wrong,**
22 **that profit participation is calculated as a product. I**
23 **guess that's the sum of the funding percentage and the**
24 **profit percentage.**

25 **Do you see those two categories?**



1 A Yes.

2 Q And what does that mean? The product of the
3 funding percentage and the profit percentage.

4 A In essence, it's the between what went out the
5 door as far as funded and the RTR is what they're
6 saying.

7 Q The right to return.

8 A Right to return, yes.

9 Q Okay. And when you say what went out the
10 door, you mean, amounts of money that were funding --
11 that went to fund merchants?

12 A Correct.

13 Q Okay. Let me show you another agreement. Give
14 me one second, I'll be able to put this on -- up. And
15 again, I think, on this one for sure the next one I show
16 you would just be questions on the first page, similar
17 to this. One second.

18 A Yeah, just to be 100% clear on this.

19 Q Yes.

20 A It says the product of the funding percentage
21 and profit percentage.

22 Q Yes.

23 A Based on the -- what is being sent back to the
24 RTR, for right to return.

25 Q All right. All right. Thank you. For that



1 clarification. Thank you. We're just finding the next
2 exhibit, give us one second. Thank you. You may want
3 to -- okay. Mr. Klenk, this is Exhibit 14. And so I ask
4 you -- I'm only going to ask you questions -- general
5 questions about this. Do you recognize this document?

6 A Yes.

7 Q Okay. And what is this document?

8 A This is a master service agreement between in
9 this case, Full Spectrum Processing and Recruiting &
10 Marketing Resources.

11 Q Okay. And what is Recruiting & Marketing
12 Resources?

13 A The sales organization.

14 Q In simple terms, does that mean that the
15 organization that went out to find merchants who were
16 seeking funding?

17 A Yes. They sourced for not only Complete
18 Business Solutions Group, but other MCA companies, they
19 sourced customers.

20 Q Okay. And did you -- do you know --
21 withdrawn. Do you have any role in preparing this
22 master services agreement?

23 A Yes. Along with Ben Menus and John, we worked
24 on all in the master service agreement and the service
25 agreements themselves, the individual.



1 Q Okay. And again, for the same reasons you
2 just testified about with respect to the Eagle Six
3 agreement?

4 A Yes.

5 Q Okay. All right. And one -- I'll show you
6 one more. Give me one second.

7 MR. ALFANO: Which number? 15.

8 Q (By Mr. Futerfas) Okay. And I'm showing you
9 now Exhibit 15.

10 MR. FUTERFAS: Can you make it a little bigger
11 on the screen? Thank you.

12 Q (By Mr. Futerfas) And just take a look at
13 this. I'll ask you the same questions. Do you
14 recognize this document?

15 A Yes.

16 Q All right. And what do you recognize it to
17 be?

18 A That is the master service agreement between
19 Full Spectrum Processing and Complete Service --
20 Complete Business Solutions Group, excuse me.

21 Q Okay. And again, what's the purpose of this
22 agreement?

23 A It's to set up a general understanding of what
24 is going to be performed between the companies.

25 Q Okay.



1 A What Full Spectrum is providing for Complete
2 Business Solutions Group.

3 **Q Okay.**

4 MS. BERLIN: I wouldn't -- Mr. Futerfas, could
5 you scroll down to the bottom of the first page?

6 MR. FUTERFAS: Of course, yes.

7 MS. BERLIN: Thank you so much. Can you --

8 MR. FUTERFAS: That's the bottom of it.

9 MS. BERLIN: Oh, there is no Bates.

10 MR. FUTERFAS: Do you want me to send it to
11 you, Amie?

12 MS. BERLIN: Yeah. No, I was just looking for
13 the Bates number, but I don't see one.

14 MR. FUTERFAS: Yeah. It could -- it came --
15 when we got documents from CLA a lot of them did
16 not have a Bates number on them.

17 MS. BERLIN: Okay. But this is from the CLA
18 production.

19 MR. FUTERFAS: Yeah, exactly. These were sent
20 to --

21 MS. BERLIN: Thank you.

22 MR. FUTERFAS: -- CLA as part of the audit
23 process.

24 MS. BERLIN: Okay. Thanks.

25 MR. FUTERFAS: You're welcome.



1 Going back up to the top, if you don't mind.

2 Q (By Mr. Futerfas) Okay. So again, now who did
3 -- who was involved in coming up with the idea of kind
4 of documenting these relationships?

5 A It was discussion I had with Joe Cole, along
6 with our legal team.

7 Q Okay. All right. Okay. Was that -- when you
8 say legal team, would that be the in house legal team
9 people, in house lawyers at CBSG or FSP?

10 A Correct.

11 Q Okay.

12 A And the lawyer, I just remember his name is
13 John Hartley.

14 Q Okay. Okay. Thank you. Were tax returns
15 also sent to CliftonLarsonAllen as part of the audit
16 process?

17 A I believe 2017 tax returns, the meta tax
18 returns were sent. I'm not sure about 2018. They may
19 have been sent to them.

20 Q Okay. Let me -- well, let me just -- let me
21 just show you some documents see if you recognize them.
22 Hold on one second.

23 All right. I'm going to display for you, Mr.
24 Klenk at 1120 maybe for 2017. Maybe you can pull that
25 up just a hair. So obviously, just one page of a much

1 bigger page, you can see on the corner. It's Page 8 of
2 151-page document.

3 But I just want to ask you two general
4 questions about this. This is Exhibit 16. Okay. Oh,
5 and also, just scroll down to the bottom if you don't
6 mind so you can see the preparer.

7 Okay. All right. Going back up, do you
8 recognize this -- do you recognize this document?

9 A I have seen it.

10 Q Okay. All right. And when you've seen it,
11 you've seen it in connection with your work at CBSG or
12 at FSP, right?

13 A Correct, correct. I believe I sent -- I
14 requested this from Joe Cole and he gave it to me to
15 send over to CliftonLarson.

16 Q Okay, okay. Fair enough. Do you recognize it
17 as a tax return prepared by Mr. Ermel's firm?

18 A Yes.

19 Q Okay. Let me show you -- hold on one second.
20 Hold on one second. Okay. This is Exhibit 17. And
21 again, Mr. Klenk, basically the same questions and my
22 paralegal will scroll down so you can see the preparer
23 at the bottom. Okay.

24 MR. FUTERFAS: And then scroll back up to the
25 top.

1 **Q (By Mr. Futerfas) And same questions, do you**
2 **recognize this document and if so, what do you recognize**
3 **it to be?**

4 A Okay. This looks like it's the 2018 CBSG tax
5 return. If that's the case, I would have gotten a copy
6 and supplied it to CliftonLarson. I just didn't recall
7 it.

8 **Q Okay. No problem. All right. And I think**
9 **this is -- if you can scroll to the bottom, I think this**
10 **was sent, it's dated June 19th, 1990. Okay. All right.**

11 MR. ALFANO: Sorry. You're referenced to
12 another document as far as --

13 MR. FUTERFAS: I'm sorry?

14 MR. ALFANO: No, strike that. Strike that.

15 MR. FUTERFAS: Okay. No problem.

16 **Q (By Mr. Futerfas) Yeah. This is one -- again,**
17 **this is one of a much bigger document, obviously. You**
18 **just scroll back up to the top. Okay.**

19 On this document it's in line -- where is it?
20 **Line 3 -- or excuse me, Line 11. It's a total income**
21 **figure of \$123,238,999. Do you see that?**

22 A Yes.

23 **Q And what is on an -- on a tax return, what is**
24 **total income referred to?**

25 MS. BERLIN: Objection, lack of foundation and



1 not an expert witness.

2 **Q (By Mr. Futerfas) You can answer the question.**

3 A You're looking at revenue.

4 **Q Okay.**

5 A This is the revenue of last year cost of sales
6 is what you're looking at up top.

7 **Q Okay. All right. Thank you. Give me one**
8 **second. Thank you. I'm trying to streamline things a**
9 **bit.**

10 **Can we take like a six-minute break, just a**
11 **real quick restroom break or Mr. Klenk we've been going**
12 **since 2 o'clock straight. If you want a little more --**
13 **if you want to make it 10 minutes, whatever, you know,**
14 **I'm easy.**

15 **I think in terms of timing, I'd be surprised**
16 **if I have another -- I think maybe I have another hour**
17 **at most. So, just letting everyone know where I am.**

18 A Okay. Okay. Take a break, we'll try and
19 resume at about 03:30 or something.

20 **Q Okay. Thank you.**

21 MS. BERLIN: So, I'm sorry. So, are we taking
22 a five-minute break?

23 MR. FUTERFAS: You know what let's make a 10
24 and then we'll -- hopefully I can go from there to
25 the end.



1 MS. BERLIN: Okay. Great.

2 MR. FUTERFAS: So, we'll do it like 03:35.

3 MS. BERLIN: Thank you.

4 MR. FUTERFAS: Thank you. Thank you all.

5 (Thereupon, a short discussion was held off
6 record.)

7 (Deposition resumed.)

8 **Q (By Mr. Futerfas) Thank you. So, during the
9 break, Mr. Klenk, my office sent three documents.**

10 **Exhibit 42 is a document called Fraud Analysis.**

11 A All right.

12 **Q (By Mr. Futerfas) Document 43 is a Excel
13 spreadsheet called CLA Default Analysis and then
14 finally --**

15 MR. ALFANO: I'm sorry. One second.

16 MR. FUTERFAS: Okay.

17 MR. ALFANO: Yeah, we have it. All right.

18 **Q (By Mr. Futerfas) Okay. And then finally
19 Exhibit 44 is a document called CLA KPI Report Analysis.**

20 **So, I would first start with --**

21 MR. ALFANO: Sorry. You said that's 44?

22 MR. FUTERFAS: I'm sorry?

23 MR. ALFANO: That's 44?

24 MR. FUTERFAS: Yes.

25 MR. ALFANO: Okay.

1 MR. FUTERFAS: So, 44 --

2 MR. ALFANO: Yes. 44 -- we have 44 as CBSG
3 Funding Analysis.

4 MR. FUTERFAS: Okay. Same thing, yes.
5 Correct. Same thing. That is correct.

6 MR. ALFANO: Okay.

7 MR. FUTERFAS: That is good. Okay. Yeah,
8 that's the property.

9 **Q (By Mr. Futerfas) Okay. So, I will start Mr.**
10 **Klenk with 42, which is the document called Fraud**
11 **Analysis.**

12 A Okay.

13 **Q And in your work with CLA, CliftonLarsonAllen,**
14 **did you have occasion to see their fraud analysis of**
15 **CBSG?**

16 A To see their fraud analysis, you mean the
17 sheet?

18 **Q Yes.**

19 A I do not think I saw this sheet. I saw
20 another one where we answer questions.

21 **Q Okay. And when you answer those questions,**
22 **you say we answered questions. Did you answer questions**
23 **in your associate, Ms. Lau -- I think her name was or**
24 **Lou or did Counsel -- who answered the questions to back**
25 **to CliftonLarsonAllen?**



1 A I would have drafted them out the answers back
2 to them.

3 Q Okay. All right. So, let me ask you this.
4 When you look at this document, which is Exhibit 42,
5 were those -- were any of these questions or categories
6 kinds of questions that they were asking you to answer?

7 A Similar question.

8 Q Okay. But I think what you're saying --
9 communicating to me, I just want to be clear is, is this
10 particular document you don't recall seeing, right?

11 A Correct. If you want, I can elaborate.

12 Q Please go ahead.

13 MR. ALFANO: If you answer the question that's
14 been asked.

15 THE WITNESS: Okay. That's fine.

16 A This document is year-end product. This is
17 based on them, not me.

18 Q (By Mr. Futerfas) Okay, okay. And from there,
19 when you say based on them, it's their work, right?

20 A That's their -- yes. That's -- this is their
21 work, not mine.

22 Q Okay. But in the course of doing their work,
23 they ask you questions and you responded to those
24 questions, right?

25 A Correct.



1 Q Okay. Let me turn into -- that's all I have
2 on this document.

3 A Um-hum.

4 Q I'm going to turn to Exhibit 43 and we'll pull
5 that up.

6 A Okay.

7 Q Why don't we go to the -- okay. This is again
8 a -- this -- did you work with CLA or have
9 communications with CLA about determining an appropriate
10 default analysis?

11 A Yes.

12 Q And who did you -- who did you correspond with
13 at CLA?

14 A June Park and at the end Rick Huff.

15 Q Okay. And what -- at the end of the day, what
16 methodology did CLA use for their default analysis under
17 GAAP?

18 MS. BERLIN: Objection, lack of foundation.

19 A So, they had not shared with me how they did
20 their, you know, they -- we hadn't gotten that point yet
21 how they determined the default analysis.

22 Q (By Mr. Futerfas) Okay, okay. Did you have
23 discussions about what methodology -- I mean, did you
24 have kind of a back and forth about what you thought the
25 methodology should be and then what they thought the

1 methodology should be?

2 A No. There is no back and forth on that.

3 Q Okay. All right. And so, if I ask you if you
4 agreed with their methodology, would your answer be "I
5 don't know," because they didn't present a methodology
6 to me yet?

7 A Correct.

8 Q Okay. This audit, where was -- as of July
9 1st, 2020, have you heard of something called Quality
10 Control?

11 A Yes.

12 Q What is the -- what is the quality control
13 part of the process in an audit?

14 A Each accounting firm is different, but quality
15 control they submit their work papers to be reviewed
16 internally.

17 Q Okay. Is that a kind of a more of a tail end
18 step or is that a beginning step?

19 MS. BERLIN: Objection, lack of foundation.

20 A It normally happens near the end of an audit.
21 You can still have a good bit of time before the end of
22 the audit, but it typically happens near the end.

23 Q (By Mr. Futerfas) Okay. Let me see. Oh, let
24 me then show you -- I'm going to take this document off.
25 And I'm going to show you Exhibit 44, which is described



1 as the CLA Funding Analysis.

2 Now, this document, Mr. Klenk, which is an
3 Excel spreadsheet, I'm not sure if you can determine it.
4 It might be 900 pages long. I'm not sure. But it's
5 getting close to a 1000 pages.

6 In any event, did you understand that CLA
7 verified the various funding analysis reports that CBSG
8 had prepared?

9 A My understanding they didn't verify anything.
10 This was a document --

11 MS. BERLIN: Object.

12 A --I create.

13 Q (By Mr. Futerfas) Sorry. Say that again?

14 A I wasn't aware of them verifying anything.
15 This is document I created.

16 Q You send this document to CLA?

17 A Correct. I created this.

18 Q Okay. And what did you -- when you -- when
19 did you create this document?

20 A My recollection would be sometime in late
21 2019, beginning of 2020.

22 Q And what did you draw upon to create this
23 document? It's a pretty substantial document.

24 A This document itself what we're trying to do
25 is come up with an estimate for allowance for doubtful

1 accounts. And actually, let me back up there. I
2 created this in -- it would have been April 2019. I'm
3 sorry.

4 **Q Okay.**

5 A And we were looking at the history of actual
6 factoring losses, what the write offs were and the
7 amounts funded on the funding total for each month. And
8 trying to come up with a ballpark percentage of what our
9 allowance needed to be or in that area.

10 **Q I see. So, you -- and again, I'm going to use**
11 **layman's terms and correct me if I'm wrong. But we**
12 **looked at a funding analysis before, right? That had**
13 **all these categories across the top.**

14 **And I guess what were you -- were you trying**
15 **to express a question in non-accounting terms of what**
16 **you were trying to accomplish. But if this were**
17 **withdrawn, let me start at another place.**

18 **This document obviously looks like the**
19 **document that we saw an hour ago or so of a funding**
20 **analysis, right?**

21 A I think this one actually cuts off. Yeah,
22 this was as of March.

23 **Q Okay.**

24 A Yeah, I don't think it's the same columns that
25 we used.



1 Q Well, some of the columns are different. But
2 some of the columns are the same. There's a funding
3 exposure column. There's an ACH total payment column.
4 There's an AR charge payment column. There's a
5 factoring losses column, right? There are columns like
6 that on this document, right?

7 A Correct.

8 Q So, in this massive spreadsheet, were you --
9 what were you trying to accomplish by sending this
10 message spreadsheet to CLA?

11 A I think it's been asked and answered, but I'll
12 try it again.

13 That 10.4% that you're seeing in the one
14 column between factoring losses and funding exposure,
15 that was just a ballpark estimate of where we need to
16 have our allowance for doubtful accounts at the end of
17 2018.

18 Q I see. And two columns over it says, "Funding
19 exposure, exposure ratio," I think it says. I don't
20 know if you can expand. It looks like 1.3%. You see
21 that number?

22 A Yes.

23 Q Okay. Is that a number that you derive from
24 the books or records of the company?

25 A That's not a number from me. That was a



1 number off of the funding analysis form, which I took to
2 do my limited analysis.

3 **Q Okay. But the backup, there's a backup here**
4 **for every month. The -- what is the backup. There are**
5 **hundreds of pages of backup here. What is that backup?**

6 A I haven't seen the backup. I'm only looking
7 at this one sheet.

8 **Q Didn't we send -- oh, can you open the Excel**
9 **file that we sent you? The actual file, the Excel file**
10 **we sent you is Exhibit 44.**

11 A Okay. I -- that was my question earlier,
12 whether you wanted us to print all of that. Now you
13 want us to --

14 **Q I think we can -- I can only have a question**
15 **or two with them. That's all on this.**

16 A Do you want to open it up and put on the
17 screen? I can take a look.

18 **Q Is there a way to scroll through the -- what**
19 **I'm -- I want to put a question on the tape. The -- you**
20 **have the spreadsheet. I sent you the entire**
21 **spreadsheet. There's many cells and it comprises**
22 **hundreds and hundreds of pages.**

23 **My question for you is those spreadsheets and**
24 **the information behind this analysis is that information**
25 **derived from the books and records of the company?**

1 A Again, without seeing that --

2 MS. BERLIN: I'm sorry. Object -- just a
3 moment. Objection, asked and answered.

4 A Without seeing the supporting documentation,
5 but what I can tell you is, I limited two -- I only do
6 one thing on here.

7 If we look at the factoring losses, I added a
8 column in. I took the actual factoring losses and I
9 believe it was the company's prior ban to write off
10 policy was six weeks. It was changed after the Friedman
11 audit.

12 So, if a customer hasn't paid in 8 weeks, that
13 deal would be written off at that point. Eight weeks
14 without payments.

15 What Mr. Cole and I tried to do is we tried to
16 backtrack and say, "Hey, if you see here in July of 2018
17 those deals" -- or excuse me.

18 It's August of 2018, that \$3.5 million that
19 was written off, would have been roughly about three or
20 four months prior.

21 So, we divided the amount written off by the
22 funded total. They come up with 16%. And we follow
23 that formula down to come up with a ballpark estimate of
24 a high-level default amount to go into financials.

25 Q (By Mr. Futerfas) Okay, okay. And is this a

1 projected default amount or this -- would this be actual
2 default amount? What you're trying to come up with?

3 A Can you rephrase?

4 Q Were you trying to come up with -- you had
5 said before that, for example, when -- back in -- when
6 Friedman was doing the audit of 2017 that they had
7 created like an estimated default amount, right?

8 Because you don't know what the number is
9 going to be until the year is over. And a lot of time
10 has to go by to calculate the numbers, do you remember
11 that testimony earlier this morning?

12 MR. ALFANO: I'm not sure if that's exactly
13 what he said.

14 MS. BERLIN: Yeah. I was -- objection,
15 misstates the testimony.

16 MR. ALFANO: Well, the Witness' response is
17 "That's not what I said."

18 MR. FUTERFAS: Okay. I heard that.

19 Q (By Mr. Futerfas) Well, I'll just ask you
20 this 10.4% column that you're trying to create here and
21 that you send to CLA, CliftonLarsonAllen. What is that
22 purporting to represent?

23 MS. BERLIN: Mr. Futerfas, I apologize. Which
24 -- can you direct me to which column it is?

25 MR. FUTERFAS: It's in the document on the



1 screen about 1, 2, 3, 4, 5, 6, 7. It was just
2 highlighted.

3 MS. BERLIN: Oh, thank you.

4 MR. FUTERFAS: You're welcome.

5 A What we're trying to express here was, we had
6 write offs, for example, in March of 2019. It's \$2.2
7 million.

8 Those deals are the deals that get written
9 off, theoretically would have been originated about 5
10 months prior.

11 So, we were looking at the percentage of what
12 was written off towards what was funded during that time
13 period, five months prior to see what the percentage was
14 when we backtracked it.

15 **Q (By Mr. Futerfas) Okay.**

16 A We're trying to use that as a ballpark figure
17 for allowance on the balance sheet.

18 **Q Okay. The allowance on the balance sheet.**

19 **That's what I wanted -- okay. That's the --**

20 A Correct.

21 **Q What is -- and what is the allowance on the**
22 **balance sheet represent? What does that word mean,**
23 **Allowance on the balance sheet?**

24 A As I stated earlier, at the end of a period
25 the accounts receivable. What you're looking at is,



1 you're not going to collect all that money, how much
2 that possibly will go bad in the future.

3 So, this was just an estimate which Friedman
4 was going to look or excuse me, which CliftonLarson was
5 going to look at, and they were going to determine if
6 this was an adequate estimate at that time period.

7 **Q Understood. Got you. Thank you. Sorry for**
8 **the difficulty. I'm not a CPA, but I'm -- I understand**
9 **that answer. Thank you.**

10 **Did there -- okay. We're done with that**
11 **exhibit. Let me see here. Did -- during the audit by**
12 **CLA, did they visit CBSG or FSP offices in Philadelphia?**

13 A Yes.

14 **Q How many times did they do that?**

15 A I don't recall that the audit team coming to
16 our office once.

17 **Q And how long did they stay when they came**
18 **there?**

19 A Off the top of my head, I would say maybe 8
20 business days at most.

21 **Q Okay.**

22 A Most of it was done remotely.

23 **Q All right. Well, they did some work once**
24 **COVID hit, right?**

25 MS. BERLIN: Objection.

1 A Say again?

2 MS. BERLIN: Lack of foundation.

3 Q (By Mr. Futerfas) So, CLA -- the CLA
4 accountants did work when COVID hit in February, March
5 of 2020, correct?

6 A Remotely, yes.

7 Q Right. So, when they came to visit for those
8 eight days that would be -- am I correct to assume that
9 would have been pre-COVID?

10 A Pre-COVID.

11 Q Okay. And when they -- what did they do when
12 they got to -- when they got to CBSG, this audit team?

13 A They sat down -- at that point they sat down
14 with our members of our deposit law team to find out
15 what they did day in and day out as far as recording
16 deals.

17 Q Yes.

18 A That was the bulk of what they were trying to
19 verify deals then.

20 Q And would they from time to time ask for
21 documents as they're going through their -- as they're
22 kind of in residence for eight days, did they ask you
23 for documents, was to call for documents?

24 A Yes.

25 Q Okay. And your assistant Ms. Lou?



1 A Yes. She would provide documents also.

2 Q Okay. Did you try to be as cooperative and
3 helpful as possible to the CLA team?

4 A Absolutely.

5 Q Okay. And as we said the audit continue
6 through -- once COVID hits what, February, March of
7 2020. And then you had some meetings with CLA remotely,
8 correct?

9 A Correct.

10 Q Do you know -- so, by the time -- let's call
11 it July 1st, 2020, had CLA been largely paid for this
12 audit?

13 A Yes.

14 Q And do you know how much they had been paid up
15 to that point?

16 A Approximately \$200,000. I think there's one
17 bill left.

18 Q And that bill was for what, \$25,000?

19 A I believe so.

20 Q Okay. And when -- I don't want to get into at
21 all the time period of the receivership. But did you
22 understand that when the SEC brought the action that
23 CliftonLarsonAllen suspended their work on the audit?

24 MS. BERLIN: Objection, calls for speculation,
25 lack of foundation.

1 A Yes.

2 Q (By Mr. Futerfas) The answer was "Yes?"

3 A I received an e-mail from Rick Huff that they
4 were suspending it.

5 Q Okay. And that e-mail was sometime in late
6 July 2020?

7 A I believe it was July 30th.

8 Q Okay. All right. Let me -- I want to go back
9 just a little bit to the subject matter we covered just
10 before this most recent break.

11 Let me show you an e-mail marked -- well,
12 withdrawn. Let me ask you this. Let me just refresh -
13 - show you again, what has been marked as Exhibit 6.
14 It's really hard.

15 A Okay.

16 Q Mr. Klenk, I just -- this is -- do you recall
17 we -- I showed you this exhibit and we've talked about
18 this exhibit within, you know, the last several hours.
19 Do you remember that?

20 A Yes.

21 Q Okay. Now, let me show you what has been
22 marked as Exhibit 41. It's a one-page e-mail. Perfect.
23 So, Exhibit 41, is identified as an e-mail dated March
24 19th, 2020 at 11:26 from Joe Cole, subject CBSG
25 Management Financials to a number of people. Do you see

1 that e-mail?

2 A Yes.

3 Q All right. And you see that you're copied on
4 that e-mail?

5 A Yes.

6 Q All right. And do you see the blue highlight
7 of a PDF document and the blue highlights called CBSG
8 Management Financials, 2018, --

9 A Yes.

10 Q --2019?

11 A Yes.

12 Q Okay. Does that refresh your recollection of
13 receiving these financials on or about March 19th, 2020?

14 A According to the e-mail, I received it. I
15 just don't remember it.

16 Q Okay. All right. And that e-mail is to a
17 person Alia Jefferies. Do you see that?

18 A Yes.

19 Q And it's to David Chessler. Do you see that?

20 A Yes.

21 Q And a person Ben Porter. Do you see that?

22 A Yes.

23 Q And a Joe Mack, do you see that Joe Mack?

24 A Yes.

25 Q Is Joe Mack Joe LaForte?



1 A My understanding, yes.

2 Q Okay. All right. So -- and we had talked
3 before about a meeting in March of 2020 at which many
4 people were present either in person or remotely
5 concerning Jefferies and Chessler Holdings. Do you
6 recall that testimony about that meeting?

7 A Yes.

8 Q Okay. So, I guess my question is, does this
9 e-mail refresh your recollection that the CBSG
10 Management Financials 2018 to '19 was sent to
11 individuals as part of or in preparation for that
12 meeting?

13 A Yes. As I said stated, I just don't remember
14 it.

15 Q Okay. All right. We're done with that topic.
16 Now, I'm getting to the end of this, hopefully, that
17 makes everybody feel better.

18 I'm going to ask you just a few questions
19 about the work that the Ermel Accounting Firm did to the
20 extent you have knowledge of it.

21 Okay. Let me show you what has -- let's see
22 what -- let me find out from my amazing paralegal what
23 this document is marked. Hold on.

24 Okay. Let me show you what has been marked as
25 Exhibit 21. Okay. And Mr. Klenk, this is -- Exhibit 21

1 is an e-mail dated November 5th, 2014, which predates
2 your employment by par by a number of years. Isn't that
3 right?

4 A Correct.

5 Q Okay. So, or employment by FSP. But I wanted
6 to just use this as a frame of reference to ask you
7 questions of which you might have knowledge of.

8 MS. BERLIN: And Mr. Futerfas, I wonder if you
9 could just scroll down, so I can get the Bates
10 Number.

11 MR. FUTERFAS: Of course.

12 MR. ALFANO: Okay. Can we go back up.

13 MR. FUTERFAS: Are you okay with that, Amie?
14 Can I continue?

15 MR. ALFANO: Okay. All right. I assume we
16 can move forward.

17 Q (By Mr. Futerfas) Okay. So, under the bold
18 heading New Entity, it says, "Lisa will set up a new S
19 Corp in Florida.

20 Are you aware from your own personal
21 knowledge, Mr. Klenk, I know you weren't there in 2014,
22 was in fact CBSG moved to Florida?

23 A First of all, you're saying new entity in
24 Florida here?

25 Q Yes.

1 A If you're asking me about that? CBSG is not
2 an S Corporation. CBSG is a C Corporation.

3 Q Okay.

4 A I believe that this is referring to Heritage
5 business -- Heritage.

6 Q Okay. Fair enough. Thank you for that
7 clarification. At some point did CBSG moved to Florida
8 as well?

9 A At the end of 2016, I believe.

10 Q Okay. And there is a statement of updated
11 financials that the firm's going to do all this thing,
12 all this stuff updating financials because this occurred
13 in 2014.

14 Do you have any personal knowledge of whether
15 or not Ermel's Firm updated the financials as indicated?

16 A Bring it back up for a second.

17 Q Sure

18 A CBSG -- Full Spectrum Processing came into
19 existence in '17 --

20 Q Okay.

21 A --for payroll and so on. 2016 is I believe at
22 the end of '16 is when they moved CBSG to Florida if I
23 remember correctly.

24 Q Okay.

25 A And CBSG was completely out of -- was

1 completely in Florida for '17. But asking for this I
2 have no knowledge if Rod Ermel Associates has completed
3 that or not.

4 **Q Fair enough. On the next bold item it said,**
5 **"VPN access. Our IT department was set up remote VPN**
6 **access with QuickBooks logins remotely review and book**
7 **entries as needed."**

8 **Do you have personal knowledge of whether**
9 **Ermel's Firm had remote VPN access?**

10 MS. BERLIN: Objection, --

11 A Prior to --

12 MS. BERLIN: --lack of foundation -- I'm
13 sorry, the lack of foundation. I'm confused about
14 the time period.

15 **Q (By Mr. Futerfas) Mr. Klenk, you can answer**
16 **the question.**

17 A When I started in February of 2018, Rod Ermel
18 Associates did have VPN access to the different entities
19 and enclosed periods for financials, only Rod Ermel
20 Associates and Joe Cole can make entries no one else
21 could.

22 **Q Okay. Okay. Payroll processing, it says**
23 **here, "REA will take over payroll processing starting in**
24 **2015 for all entities."**

25 **To your knowledge, when you came on board in**



1 February of 18th, was Ermel doing payroll processing or
2 was FSB doing the processing?

3 A Rod Ermel did it for all of our entities. Not
4 only CBSG, but Full Spectrum Processing at that time.
5 They did the payroll processing.

6 Q Okay. They even did it for FSP?

7 A Correct.

8 Q Okay.

9 A Via paychecks or ADP. It wasn't paychecks, it
10 was ADP I believe.

11 Q Okay. All right. We're done with that
12 document. Thank you. Okay. I want to show you the
13 next document is -- okay, Exhibit 22. And this is a one-
14 page e-mail. Mr. Klenk, dated November 29th, 2016.
15 Again, it does predate your work at FSB. But take a
16 moment and look at it.

17 A Um-hum.

18 Q Do you want to scroll down so that the SEC you
19 could see the Bates number.

20 Okay. Scroll up so we can -- thank you. So,
21 you had a chance to look at Exhibit 22, Mr. Klenk?

22 A Yes.

23 Q Okay. So, you had testified a few moments ago
24 that CBSG moved to Florida perhaps in 2016. When -- do
25 you know if when CBSG moved to -- from Pennsylvania to

1 **Florida, whether it closed its payroll accounts or no --**
2 **or not?**

3 MS. BERLIN: Objection, lack of foundation.

4 A I would --

5 MS. BERLIN: Objection, lack of foundation,
6 calls for speculation.

7 **Q (By Mr. Futerfas) You can answer.**

8 A My understanding is they were closing off the
9 Pennsylvania account. They closed out the Pennsylvania
10 accounts.

11 **Q Okay.**

12 A For CBSG.

13 **Q Okay. All right. Let me show you the next**
14 **document. Show you -- showing you now Exhibit 23. This**
15 **is a two-page document, Mr. Klenk, which maybe -- if you**
16 **could just take your time, take all the time you need**
17 **and read it and when you need my paralegal to scroll**
18 **down.**

19 **It's only two-pages. We can do that. It**
20 **might save time rather than e-mailing you the two-page**
21 **document.**

22 A Scroll down please. Scroll down. Oh, that's
23 the end of it. And if you can scroll down to the
24 conclusion. Okay.

25 MR. FUTERFAS: Can you go back to the top?

1 Thank you.

2 Q (By Mr. Futerfas) When you came to work at FSP
3 in February of 2018 and thereafter, did it come to your
4 attention that the Ermel Firm had done an analysis of --
5 an analysis of past years '13, '14, and '15 on the -- of
6 the funding analysis?

7 A I was not aware.

8 Q Have you seen this document before?

9 A Not that I remember.

10 Q Okay. And did you ever discuss with Mr. Ermel
11 or anyone at that firm, I guess Ken Bacon and anybody
12 else any findings they made with respect to funding
13 analysis for years '13, '14, and '15?

14 A Never came up with conversation.

15 Q Okay. Very good. Go to the next document.

16 Thank you.

17 A Yes.

18 Q The next document is Exhibit 24. This is a
19 document, Mr. Klenk that is 1, 2, 4, 5 pages. If you
20 want me to send it to you, I will. If you want -- if
21 you want to just take a look at it, I just have a few
22 questions on it.

23 It might be just quicker to take your -- but
24 read it, but take your time, please. Don't rush.

25 A That's fine. That's fine. I'm reading it

1 right now.

2 Q Okay.

3 A Scroll down please. Okay. Go ahead. I'm
4 fine. Okay. Go ahead. Okay.

5 Q All right. I just ask you a few questions on
6 the first page -- about the first page. This letter
7 from Mr. Ermel was dated December 13th, 2018. So, it's
8 at a time you're working for FSP. Is that right?

9 A Say again?

10 Q This letter is dated 2000 -- excuse me, dated
11 December 13th, 2018, you may want to scroll up, so we
12 can see it in the bottom, the date. There you go.

13 A Yes. I am aware of it.

14 Q Okay. All right. So, now he is writing --
15 MR. FUTERFAS: Scroll back the other way.

16 Q (By Mr. Futerfas) He is writing to the audit
17 committee. What was the -- what was your understanding
18 of the purpose of this letter?

19 A The purpose of this letter was to present to
20 Friedman LLP regarding the audit. And if that entries
21 that Rod Ermel Associates had propose to put deferred
22 tax assets and deferred tax liabilities on the books
23 among other changes.

24 Q Okay. Now, and the third one -- let me see,
25 1, 2, 3, fourth paragraph down, yes. He says that he

1 writes in the tax returns repaired by the firm on the
2 accrual basis relying on statement -- financial
3 statements provided by the company.

4 And then he writes that the company's
5 financial statements were prepared according to GAAP.
6 And the tax provision calculations are represented in
7 Exhibit 2. You see that language there?

8 A Yes.

9 Q Okay. And so, he -- so, he's writing this --
10 does he send this letter to you or to FSP to forward to
11 Friedman or he writes this directly to Friedman. Where
12 does this letter go?

13 MS. BERLIN: Objection, lack of foundation.

14 Q (By Mr. Futerfas) You can answer.

15 A This was sent to Joe Cole from my
16 understanding.

17 Q Okay. And the purpose being to forward to
18 Friedman?

19 MS. BERLIN: Objection, lack of foundation.

20 A I believe it was to forward Friedman to
21 substantiate deferred tax asset and liabilities.

22 Q (By Mr. Futerfas) Okay.

23 A Among other things.

24 Q All right. That's all we have with this
25 document. Thank you. Hold on one second. I may --



1 give me one second. I may be able to avoid a document
2 that we might have used before. Hold on one second.

3 Mr. Klenk, bear with me. We're actually
4 reducing the documents and hopefully reducing the time,
5 okay? Give me one minute, couple of minutes.

6 A No problem.

7 MR. FUTERFAS: Ms. Court Reporter, we are
8 actually reducing -- I'm sure it will be wonderful
9 news to everybody that we're actually reducing our
10 documents significantly.

11 Can we go off the record for just a couple of
12 minutes and I think we'll be able to truncate what
13 we previously were going to do. Hello? Yeah.
14 Ms. Argenal? Hello?

15 THE COURT REPORTER: Yes. I'm here. I'm
16 sorry. My mute button wasn't working.

17 MR. FUTERFAS: No problem.

18 MR. FUTERFAS: Yeah. I just wanted to go off
19 the record. We're actually cutting down -- we're
20 calling Exhibits. So, if we can go off the record
21 for a few minutes.

22 (Thereupon, a short discussion was held off
23 record.)

24 (Proceedings continued in Volume II.)

25

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

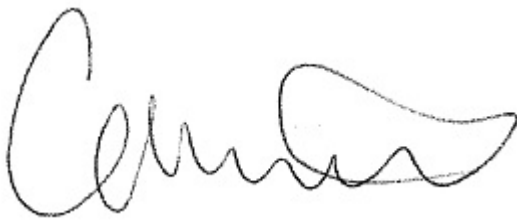
CERTIFICATE OF REPORTER

STATE OF FLORIDA
COUNTY OF MIAMI-DADE

I, GABRIELA ARGENAL, Court Reporter and Notary Public for the State of Florida, do hereby certify that I was authorized to and did digitally report and transcribe the foregoing proceedings, and that the transcript is a true and complete record of my notes.

I further certify that I am not a relative, employee, attorney or counsel of any of the parties, nor am I a relative or employee of any of the parties' attorneys or counsel connected with the action, nor am I financially interested in the action.

Witness my hand this 3rd day of August, 2021.



GABRIELA ARGENAL, COURT REPORTER
NOTARY PUBLIC, STATE OF FLORIDA

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

CERTIFICATE OF OATH

STATE OF FLORIDA
COUNTY OF MIAMI-DADE

I, GABRIELA ARGENAL, the undersigned authority,
certify that JAMES KLENK, appeared before me remotely
pursuant to Florida Supreme Court Order AOSC20-23 and
was duly sworn on the 26th day of July, 2021.

Witness my hand this 3rd day of August, 2021.



GABRIELA ARGENAL, COURT REPORTER
NOTARY PUBLIC, STATE OF FLORIDA
Commission No.: GG161505
Commission Expiration: 11/19/21

\$	112:7, 9, 10	\$93,232.22	168:20
\$1,146,728.18	\$2.2 169:6	110:16	10:30 54:7
111:5	\$20,000 109:9	<hr/>	100% 103:1
\$10,000	\$200,000	0	146:15 150:18
108:5, 6	172:16	0 43:3	1000 163:5
112:15, 20	\$232 110:8	000463485	10017 2:13
113:5, 20, 24	\$25,000 172:18	37:22	101 12:15
114:6, 14	\$3.5 167:18	001 38:3 40:3	102 12:15
\$100	\$30 124:7	01 43:3	104 4:10
28:11, 20, 21	\$30,886,503	03:30 157:19	108 109:17
108:19 112:14	124:5	03:35 158:2	1099 19:19
113:5	\$30,886,503.05	04:20 83:8	11 13:6 72:16
\$100,000	121:22	06:50 58:1	156:20
106:24	\$30.8 122:9	07:28 46:2	11/19/21
108:2, 13	\$30.886 122:12	48:7	186:15
112:5 113:18	124:2	08:11 58:7	11:26 173:24
\$120 108:20	\$335,000	08:49 58:19	1120 138:25
112:15	109:17 110:4	0I 43:3	154:24
113:5, 20	\$36 107:17	<hr/>	115 4:11
\$120,000	116:7, 12, 20	1	12 13:6
\$123,238,999	117:1, 3, 18, 21	1 4:4 19:12	72:16, 22
156:21	\$45 121:10, 25	26:22	88:8, 13 90:6
\$124,343,479	123:10	38:5, 18, 19	146:20
125:16	\$45,926,693.80	46:18	123 128:7
\$124,343,479.4	121:4	47:8, 12, 16	123.717 128:7
8 120:11	\$45.9 122:22	62:22 111:14	13 115:18
\$124.343	\$45.926 122:12	118:14 169:1	116:11, 15
128:14	\$9.8 72:8	181:19 182:25	117:3, 4, 6
\$13,420 121:14	\$9.8-\$9.9 70:1	1.3% 165:20	119:2 124:20
\$13,529,392.25	72:12	10 72:15	181:5, 13
121:15	\$9.9 72:9	88:13, 16	130,000 108:16
\$13.5 122:2	\$90,000 108:4	89:20 97:13	133 4:14
123:11	110:7	157:13, 23	139 4:13
\$130 108:20	\$91,000 110:8	10% 28:22, 23	13th 57:25
112:15 113:19		147:10	
\$130,000		10.4% 165:13	
106:25 108:14			

182:7,11	1999 7:20	26:19 77:4	174:8 175:10
14 151:3	19th 156:10	78:3 177:9,21	178:17 181:3
181:5,13	173:24 174:13	179:14,24	182:7,11
15 88:9,13	1st 162:9	2016-2017 51:1	2018-2019
90:6 152:7,9	172:11	2017 68:14,15	80:25
181:5,13	<hr/>	69:2,5,14,18	2019 4:14
151-page 155:2	<hr/> 2 <hr/>	70:10,18	14:19,20
16 50:1,25	2 2:17 4:5	71:14,16 72:3	17:21,22
77:12,15	45:19,20	74:16,21	27:10 30:11
155:4 177:22	46:19,24	75:16 76:3	57:25 70:18
16% 167:22	47:22 48:2	78:19 124:21	71:13 83:12
17 13:8,19,23	62:23	125:9	89:23
50:1 69:7,19	111:19,21	154:17,24	91:24,25
75:19,25 76:8	115:12 157:12	168:6	92:2,6,10,18
155:20 177:19	169:1 181:19	2018 4:9 8:15	96:10,16
178:1	182:25 183:7	9:12 13:8	97:1,10 98:5
18 8:17 13:2,9	2.5% 147:12	26:17,25	102:19
21:18 27:4	20 4:14	30:6,9,13,19,	103:13,14
70:4 71:20	12:10,11	21,22 31:9	104:18,23,25
74:16	13:10 14:20	37:6 46:2	107:12
76:1,2,7,8	16:22 90:1	48:7 54:7	109:10,16
120:20 125:7	133:20,22	58:8 68:25	110:24 111:9
128:4	134:7 138:24	69:4,15,17	115:18 116:3
1800 2:8	2000 10:6	71:11 73:18	117:1 118:4
1818 2:4	31:22 74:16	74:20 75:17	119:2,22
18th 179:1	182:10	76:24 77:2	129:10 131:1
19 18:20,21	2008 8:1	80:1 83:11	134:11
27:22 66:17	201 12:15	91:22	139:1,14
71:20 119:24	2011 8:9,12	93:5,9,15	140:6 148:25
125:1 126:9	2014 8:12	96:10,16	149:1 163:21
128:3,4	176:1,21	97:1,9 98:5	164:2 169:6
175:10	177:13	102:19	174:10
19103 2:4	2015 178:24	103:5,8	202 12:15
1989 7:1	2015-2016	119:10	2020 9:9,15
1990 10:7	21:25	120:10,15	13:3,11,19,22
156:10	2016 10:8	124:18,25	15:6 26:23
1997 7:18	21:20,25	128:3,6 129:1	89:22 94:2
	22:3,12 23:15	140:17	95:18
		147:11,15	118:7,9,14
		148:24 154:18	130:21
		156:4 165:17	131:1,12,19
		167:16,18	132:5 146:21

<p>162:9 163:21 171:5 172:7,11 173:6,24 174:13 175:3</p> <p>2021 1:17 5:3 185:16 186:8,9</p> <p>205 12:7 13:5 16:22</p> <p>20-cv-81205- RAR 1:2</p> <p>20th 83:8</p> <p>21 11:22 15:4,9 175:25</p> <p>212) 684-8400 2:14</p> <p>215) 320-6200 2:5</p> <p>22 179:13,21</p> <p>23 180:14</p> <p>24 181:18</p> <p>2525 2:21</p> <p>2530 2:17</p> <p>26 1:17 5:3</p> <p>26th 54:10 186:8</p> <p>28th 9:15 54:7</p> <p>29th 179:14</p> <p>2nd 12:17</p> <hr/> <p style="text-align: center;">3</p> <hr/> <p>3 4:6 15:9 53:16,17 54:4 62:23 120:3 134:16 135:21</p>	<p>156:20 169:1 182:25</p> <p>30 62:14</p> <p>30% 106:25</p> <p>305-434-4943 2:18</p> <p>305-569-7701 2:22</p> <p>305-982-6322 2:9</p> <p>30th 9:14 173:7</p> <p>31 140:17</p> <p>33 43:25 47:12</p> <p>33131-1806 2:17</p> <p>33131-4901 2:8</p> <p>33134-6039 2:21</p> <p>3402 2:4</p> <p>35 82:22 98:16</p> <p>36 115:19</p> <p>38 4:4 118:19 119:1</p> <p>39 119:17,20 128:11</p> <p>3Q 147:15</p> <p>3rd 12:11,19 14:20 16:22 17:3 90:1 185:16 186:9</p> <hr/> <p style="text-align: center;">4</p> <hr/> <p>4 4:7 57:13,15 62:23 135:19 149:13 169:1</p>	<p>181:19</p> <p>4.2 149:14,19</p> <p>41 40:21,22 41:18,22 173:22,23</p> <p>42 158:10 159:10 160:4</p> <p>43 158:12 161:4</p> <p>44 42:15 158:19,21,23 159:1,2 162:25 166:10</p> <p>44%-45% 70:25</p> <p>45 4:5 111:15</p> <p>45% 48:21 51:9</p> <p>46 41:22 42:15</p> <p>4th 46:2 48:7</p> <hr/> <p style="text-align: center;">5</p> <hr/> <p>5 4:8 58:25 59:1 62:8,9 169:1,9 181:19</p> <p>529 124:20</p> <p>53 4:6</p> <p>565 2:13</p> <p>57 4:7</p> <p>59 4:8</p> <p>5th 176:1</p> <hr/> <p style="text-align: center;">6</p> <hr/> <p>6 3:3 4:9 79:22 80:22 81:1 127:17,20,24, 25 128:1,3</p>	<p>129:7,19 131:6,10 140:6 146:20 169:1 173:13</p> <p>6:55 1:17</p> <hr/> <p style="text-align: center;">7</p> <hr/> <p>7 4:10 82:13 104:7,8 115:23 129:20,21 169:1</p> <p>750 2:21</p> <p>7TH 2:13</p> <hr/> <p style="text-align: center;">8</p> <hr/> <p>8 4:11 88:12 89:20 115:1,5 116:11 130:17 155:1 167:12 170:19</p> <p>801 2:8</p> <p>81 4:9</p> <hr/> <p style="text-align: center;">9</p> <hr/> <p>9 4:12 139:21,22</p> <p>9.8 73:5</p> <p>9:30 1:17</p> <p>900 163:4</p> <p>93 110:15</p> <hr/> <p style="text-align: center;">A</p> <hr/> <p>a.m 1:17 58:7</p> <p>Abanicio 5:11</p> <p>able 10:20 43:21 145:19 150:14</p>
--	---	---	---

<p>184:1,12 about 9:4 10:23 12:4 13:12,13 18:15 20:14,16,18 21:1 22:15,22 23:1 25:10,12,20 27:6,20 29:6 32:14 39:16 42:16 43:14 45:1,10 46:7 47:14 48:11 49:6 51:3,8 52:3 54:11 61:17 62:19 63:1,2,13 64:13 66:16 67:7,8,10,13, 22 68:14,16 71:1 72:15,22 76:6 77:2 78:11,14,24 80:15 81:20 84:11,24 85:4,20 87:6,18 88:5,8,12,13, 21,23 90:15,20 92:21 93:21 94:4,16 95:3,12,19,20 96:3,9,15,25 97:6,9,11,14 98:4,13 100:13,19 103:12,24 104:14,15 106:6 107:7,17,24 108:24 112:4</p>	<p>113:4 114:2 115:4,10,18 116:7,20 117:1,2 118:10,12 119:20 122:2,22 125:10 131:17 132:1,9,10 133:7 136:18 139:11,17 141:22,25 143:12,25 144:17 145:7 148:3 149:14,21 151:5 152:2 154:18 155:4 157:19 161:9,23,24 167:19 169:1,9 173:17 174:13 175:3,6,19 177:1 178:13 182:6 Absolutely 172:4 accepted 9:19 34:2 access 25:16 37:8,12 102:25 143:21 145:20 178:5,6,9,18 accessed 93:16 accomplish 164:16 165:9 accord 12:20 accordance</p>	<p>93:6 according 120:25 174:14 183:5 account 28:9 67:19 101:7 117:12,15,16 180:9 accountant 7:13,14,24 66:16 67:11,18 accountants 8:4 10:13 11:16 13:13 14:6 67:19,20 171:4 accounted 51:25 accounting 7:11,17 9:19 12:6,17,24 13:13,17,24 14:2 16:9 19:2,5,17 23:22 34:2 53:3 56:20 73:12 139:12 140:24 162:14 175:19 accounts 9:21 11:17 12:23 18:25 28:7,20 29:11 35:25 36:4 42:5,9 48:13,22 93:13 116:18 117:12 123:1 164:1 165:16 169:25</p>	<p>180:1,10 accrual 183:2 accruals 63:12 116:17,19 accrued 63:10 accruing 9:24 accurate 34:17 ACH 102:4 165:3 acquired 12:14 acquiring 11:14,15 130:23 acquisition 9:23 33:12 across 14:16 104:19 120:4 164:13 action 27:23 113:24 172:22 185:13,14 actual 24:25 29:4,18 30:12,13,18 34:25 69:5,6,17,18 70:4,10,15,18 111:8 118:2 164:5 166:9 167:8 168:1 actually 21:13 30:23 39:14 64:20 94:1 110:11 115:9 120:2 139:15,16 144:14 145:11 149:11</p>
---	---	--	---

<p>164:1,21 184:3,8,9,19 add 64:8 74:21 75:18 107:12 110:23,25 116:6 118:15 122:2 added 72:8 167:7 adding 107:1 additional 27:5,23 32:13 70:15 95:5 109:5 110:21 112:20 119:11 129:3 address 39:6 addressed 106:8 126:15 addresses 36:3 addressing 64:5 adequate 170:6 adjusted 50:12 72:2 76:17 adjuster 5:22 adjusting 141:8,9,17 adjustment 48:21 51:9,11 53:20 69:10 74:11,13,14 120:6 121:14,18 122:1 123:4 124:21 125:24 141:20 adjustments</p>	<p>4:6 51:2,12,18,19 53:20 58:9,20 64:5,7,17 69:25 92:25 93:3 117:11,16 119:10 120:21 122:23 123:3,11,12,14,19,24 124:10,18 125:7,9,21,24 adopt 79:11 adopted 73:6 ADP 179:9,10 advance 16:5 137:6 advantage 21:12 advantageous 21:4 adverse 72:4 84:16,21 85:2 advice 19:15 21:3 affect 96:2 133:10 affected 132:20 133:14 affiliated 11:24 afraid 132:19 133:7 after 6:1 7:24 8:6 10:22 27:4,22 29:2,14,17</p>	<p>47:9 58:20 68:13 129:3 167:10 afternoon 19:13 58:20 again 6:15 18:8 25:18,25 28:8 32:3 34:7 46:3 54:15 61:11,13 62:15 63:14 64:14 84:3 85:14 89:2 90:19,25 92:3 93:23 94:9 95:25 101:2 102:5 105:13 114:5,22 121:6 124:9 133:6 137:3 143:1 148:19 149:12 150:15 152:1,21 154:2 155:21 156:16 161:7 163:13 164:10 165:12 167:1 171:1 173:13 179:15 182:9 aggressive 23:20,21,22 ago 59:14 164:19 179:23 agree 128:15 agreed 10:7 50:13 55:11 162:4 agreeing 54:12 agreement</p>	<p>17:12 52:8 147:8 148:10,23 150:13 151:8,22,24 152:3,18,22 agreements 17:16,18,20,22 2 18:6,15,19 20:8 95:7 112:24 146:10,13 147:16,19,20 149:5 151:25 ahead 7:22 20:22 35:22 65:1 70:23 88:1 106:3 109:14,15 118:23,24 160:12 182:3,4 al 1:8 Alan 2:12 3:3 5:8 6:7 20:23 37:25 44:20 70:22 98:18 Alex 5:12,16 Alfano 2:3 5:6,19 9:4,8 15:7,18,23 22:8,23 23:24 24:9,15,18,23 25:2 29:20 32:23 34:18 35:18 37:1,25 38:9,12,15,20,24 39:7,9,13,18 40:25 41:5,10,12</p>
---	---	---	---



44:20,24	all 1:18 6:19	160:3 161:1	126:15 129:24
45:3,6,9	7:14 11:21	162:3 164:13	130:1
46:10,18,22	14:1,22	166:12,15	also 10:5
47:4,7,13,19, 22,24 50:8	15:1,18 17:6	170:1,23	11:13,23
52:1	19:1,2 20:3,8	172:21 173:8	16:17,22,24
53:14,21,25	21:6,16 30:16	174:3,6,16	17:2,3 31:23
54:19 59:15	32:21 33:4	175:2,15	33:15,19,21
61:5 62:6,9	37:6 38:9	176:15,23	36:3,8,18
64:25 65:2,4	45:13,17,24	177:11,12	37:14 47:1
66:9 70:8,14	46:12	178:24	83:12 90:11
71:7,22	47:19,21 48:1	179:3,11	94:20 99:3
72:19,24	54:11,17	180:13,16	100:6,11
73:20,22 74:9	55:22 56:21	182:5,14	101:16,23
75:1 76:9	57:3 58:20	183:24	102:10,16
77:5,21 78:4	59:3,4,23	Allen 4:13	132:4 136:7
79:3 81:8	60:14 61:1	131:7	141:6 142:18
82:15,18 85:6	64:19	allot 45:3	143:15,18
86:4,19 87:15	65:16,22	allowance	144:13 145:2
88:4 89:4,6	67:21 70:5	28:7,9,14	146:3,7
94:20 97:3,18	74:19 75:7	48:13,22	147:18,19
98:7,18,21,23 ,25 103:23	79:13 84:22	51:2,9 75:19	149:3 154:15
109:2 110:1	85:1 90:1,5	116:18	155:5 172:1
113:12	93:8 101:18	117:11,15,16, 21 123:1	alternative
118:22,24	102:8 104:24	163:25 164:9	89:7
122:4,15	105:1,3 107:1	165:16	although 71:17
130:1,8	108:22 111:21	169:17,18,21, 23	always 76:14
132:17 133:11	115:12	almost 98:17	am 25:21 76:3
135:15	118:18,25	along 11:13	95:1 116:22
136:7,14	119:21 124:17	17:22 119:11	127:8 146:18
137:13 152:7	126:2,22	133:9 143:6	157:17 171:8
156:11,14	127:8,15,22	145:25 148:20	182:13
158:15,17,21, 23,25 159:2,6	133:18	149:1 151:23	185:10,12,13
160:13	139:9,15	154:5	amazing 175:22
168:12,16	143:11 145:3	already 10:6	Amie 2:7
176:12,15	146:17 147:6	32:25	5:14,20 20:20
Alfano's	149:4,16,20	35:18,24	106:4 111:18
136:21	150:25 151:24	46:14,20	153:11 176:13
ALFRANO 128:17	152:5,16	77:18 98:9	among
Alia 174:17	154:7,23	106:8 114:2	143:13,19
	155:7,10		182:23 183:23
	156:8,10		
	157:7		
	158:4,11,17		



<p>amortized 143:19</p> <p>amount 71:18 75:17,18 100:22 105:19 108:6 109:5 110:21 116:6,7,12 167:21,24 168:1,2,7</p> <p>amounts 76:18 109:6 117:14 136:1,16 150:10 164:7</p> <p>analysis 4:10 7:25 58:24 60:23 61:17 62:19,20 64:6,18 65:14 99:21,22,24,2 5 100:9 102:10,15 103:21 104:15 116:25 130:13 158:10,13,19 159:3,11,14,1 6 161:10,16,21 163:1,7 164:12,20 166:1,2,24 181:4,5,6,13</p> <p>another 16:23,25 23:10 43:25 46:24 64:20 74:6 89:6 139:16 150:13 156:12 157:16 159:20 164:17</p> <p>answer 15:22</p>	<p>20:25 22:25 24:12,14,17 26:2,10 32:6 34:20 35:7,22 36:15 40:17 45:11 50:10 51:7 55:4 63:21 65:11 71:24 72:25 73:22,24 75:4 76:12 77:11 78:7,9,11 81:9 86:7,24 87:9,16 88:25 98:11,12 114:4,19 122:18 127:13 128:20 130:5,17 137:17,18 138:11 141:2 143:10 144:19 145:8 147:24 157:2 159:20,21,22 160:6,13 162:4 170:9 173:2 178:15 180:7 183:14</p> <p>answered 73:3,20,23 86:20,23 87:8,16 90:24 94:19 97:2,3,20,21 98:6,8,9 132:15,17 135:15 143:12 159:22,24 165:11 167:3</p> <p>answers 40:9 93:25 132:8</p>	<p>160:1</p> <p>Anthony 50:11 51:11 52:15</p> <p>anticipating 133:9</p> <p>any 6:10,15 9:13,22,23 14:9 15:10 19:5,21 20:14 22:20 24:9 27:3,4,16,23 31:1 37:3 50:19 57:4 66:7 75:16 77:1,13,16 78:22 81:6 82:1,7 90:22 91:6 92:6,9,24,25 93:20,21 95:3,11 96:8 97:5,8 98:3 103:3 131:9,24 132:13 133:3,4 137:22 142:23,24 145:17 151:21 160:5 163:6 177:14 181:12 185:11,12</p> <p>anybody 82:2 86:9 181:11</p> <p>anyone 45:7 78:23 86:10 136:11 138:4,18 181:11</p> <p>anything 6:15,16 57:6</p>	<p>84:18 87:3,4 93:1 132:9 133:4 137:3 163:9,14</p> <p>AOSC20-23 1:19 186:7</p> <p>apologize 168:23</p> <p>appear 64:22</p> <p>appearances 2:1 5:5</p> <p>appeared 1:18 186:6</p> <p>appears 44:17 59:4 129:21 130:9 134:10 135:14</p> <p>Appendix 126:1,2</p> <p>apply 25:23 76:3</p> <p>approach 24:4</p> <p>approached 21:6</p> <p>appropriate 30:24 74:14 161:9</p> <p>approximate 117:2</p> <p>approximately 70:1 82:3 128:21 172:16</p> <p>approximation 76:22</p> <p>April 66:17 164:2</p> <p>AR 69:14 70:11</p>
---	---	---	---

100:7,11 101:3,6,8 102:7 165:4 Arch 12:7 13:5 16:23 area 56:20 164:9 areas 100:16 aren't 58:21 93:7 Argenal 1:24 75:3 184:14 185:5,20 186:5,14 argumentative 97:19 around 66:17 119:24 143:11 Article 43:3 ASFUTERFAS@FUT ERFASLAW.COM 2:14 aside 14:9 47:20 ask 6:11,12,17 21:14 22:11 25:17 33:19 39:16 40:20 44:1,14 46:7 53:21 55:24 57:13,20 70:17 73:10 78:13,14 80:15 83:1,15 91:12 93:14 96:7 97:23,24 98:18 103:24 107:7 110:22,23	119:20 122:8 130:20 131:16 135:10,25 137:7,19 139:11,17 144:25 148:3 149:20 151:3,4 152:13 155:3 160:3,23 162:3 168:19 171:20,22 173:12 175:18 176:6 182:5 asked 28:18 29:22 35:24 36:3 40:16 61:17 62:19 72:23 73:3,20,23 86:19,23 87:8,10,15 90:24 92:11 94:18 97:2,3,19,21 98:6,7 132:15,17 143:15 147:25 160:14 165:11 167:3 asking 6:9 25:21 30:16 37:16 47:18 51:17 58:12,13,14 63:2,23 67:14 70:3 71:1 72:14 95:1 96:8 108:25 115:3,10 122:19 130:8 132:19 136:8	141:3 142:10 160:6 177:1 178:1 asset 183:21 assets 49:9,15 182:22 assigned 11:15 assist 14:3 33:8 assistance 10:13 19:8,11 assistant 53:21 142:17 171:25 associate 78:13 118:5 159:23 associated 127:9 Associates 4:14 18:10,12 19:10 21:5 23:8,12 26:5,11 37:4,8 49:2,8,14 55:15 92:24 103:17 134:10 178:2,18,20 182:21 assume 114:6 171:8 176:15 assumes 77:6 assuming 88:5 112:13 113:14 assumption 88:7 attached 49:25	50:25 83:11,13 99:3 102:19,20 attachments 103:1 attend 138:17 attendant 94:3 attended 82:3 83:16 89:23 90:1 97:12 98:1 attending 130:21 attention 116:3 128:6 134:16 135:7,9 181:4 attitude 96:1 attorney 22:21 185:11 attorneys 185:13 audit 4:4 7:16 10:1,5 22:3,11 32:1,3,4,8,9, 18,22 33:5,9,23,25 34:22,23 35:12,16 37:19,21 40:8,13 52:4 66:5 67:22,23 77:12,15 78:19 84:17 92:25 103:11 118:17 120:20,23 124:17,21
---	--	---	---



125:7,8 141:6,24 142:5,6,7,14, 25 143:2,8 146:16 153:22 154:15 162:8,13,20,2 2 167:11 168:6 170:11,15 171:12 172:5,12,23 182:16,20 audited 21:24 58:15 72:13 120:20 auditing 34:14 140:16 auditors 11:2 audits 10:4,25 11:5 August 37:6 149:1 167:18 185:16 186:9 authored 24:18,19 authority 186:5 authorized 185:7 available 129:15 AVE 2:8 AVENUE 2:13 average 100:5 105:11,18,20, 23 106:1,11,16,1	7,18 107:2,3 avoid 139:18 184:1 aware 17:15 21:19 22:13 23:3 36:24 112:18 118:15 132:8 136:11,22 137:9 138:19,20 163:14 176:20 181:7 182:13 away 123:23 124:10 133:21 <hr/> B <hr/> back 10:21 12:1 21:16 27:5 30:13,23 37:18 41:1,3,13,14 42:7 45:12 47:12 52:7 54:8,9,23 58:18 60:15 62:11,12 64:11,14 69:19 73:18 75:2,4,18 76:17 80:11 89:2 93:19 95:20 101:11 104:5 106:10 108:14,20 109:4 110:20 116:10 122:19,20,23 123:5 127:18,20 128:10,11 129:7 139:19	146:25 150:23 154:1 155:7,24 156:18 159:24 160:1 161:24 162:2 164:1 168:5 173:8 176:12 177:16 180:25 182:15 backend 16:3,9 17:4 background 6:22 11:11 backtrack 167:16 backtracked 169:14 backup 166:3,4,5,6 backwards 123:9 Bacon 19:10,14 23:4 26:24 27:6,10 37:16 49:1 53:2,3 78:24 137:20 138:1,4,15,19 181:11 bad 28:22 63:10 72:9,10,14 76:17,19 108:3,4 113:14,15 114:6,14 115:19 116:11,19 117:3,12 124:11,21 170:2	balance 28:11 50:1,25 51:19 54:13,16 55:18 103:10,15 113:24 114:14 117:14 143:14 169:17,18,22, 23 balances 36:6 42:6,9 50:12 51:12,22 114:7 ballpark 164:8 165:15 167:23 169:16 ban 167:9 bank 36:19,20,21 67:15 131:18 Barone 49:24 50:2,11 51:2,16 52:13,14,15,1 7 54:10 Barone's 50:24 based 51:8 96:11 130:9 146:9,13 147:7 150:23 160:17,19 basic 112:12 basically 12:3,16 55:3,11 120:2 124:25 125:2 127:23 140:12 155:21 basis 9:21
---	---	--	---



91:10 93:7,11 96:12 120:5,9,17,18 121:1,6 122:12 123:15 127:3 128:14,24 183:2 Bates 41:6,9 153:9,13,16 176:9 179:19 BBA 6:23 bear 115:14 184:3 because 11:1,10 28:17 30:12 37:16 44:25 49:8 61:12 69:13 70:9,19 75:23 76:18 78:16 97:14 105:17 114:9 116:17 124:23,24 133:7 136:16 146:1 162:5 168:8 177:12 become 8:10 21:19 before 15:20 31:4 33:2 39:19 69:12 81:4 89:5 93:25 95:17 104:14 105:18 107:6,8 108:3 112:3 113:17 115:2 116:2 118:11,20 127:16 128:19 129:25 132:2	133:17 137:11 162:21 164:12 168:5 173:10 175:3 181:8 184:2 186:6 beginning 27:10 66:16 94:2 95:19 118:6 131:1 139:14 162:18 163:21 behalf 1:16 2:2,11 5:6,8,10 56:22 behind 48:19 166:24 believe 11:18 12:11 13:6 16:19 18:8,9 37:5 52:19 90:14 92:12 95:22 102:4 105:13 107:15 126:25 127:9 131:8 143:23 146:11 147:11 154:17 155:13 167:9 172:19 173:7 177:4,9,21 179:10 183:20 bell 66:14 below 58:7 Ben 17:23 81:15,17 83:4,9,10 94:7,9 98:17 99:2 148:20 149:2 151:23	174:21 Berlin 2:7 5:14,18,21 20:20 25:25 26:9 27:7 32:5 35:5,17,21 36:11 40:14 41:16,19 42:10 43:18 44:4 49:19 50:4 51:4 54:20 56:4,17,24 59:21 60:3 63:19 65:1,9 72:23 73:3,23 77:9,23 78:8,20 79:2,5 86:6,22 87:8 90:24 94:18 97:2 98:6 106:2,4,13 107:23 108:23 109:23 110:17 111:17,18,20, 23 113:10 114:1,18 122:14 129:23 130:6 132:15 134:13 135:1,13 136:6 137:15 138:7,21 140:25 141:12 142:8,15 143:9 144:16 145:5 147:22 153:4,7,9,12, 17,21,24 156:25 157:21 158:1,3	161:18 162:19 163:11 167:2 168:14,23 169:3 170:25 171:2 172:24 176:8 178:10,12 180:3,5 183:13,19 BERLINA@SEC.GO V 2:9 BERLINE 136:25 besides 138:4,18 best 39:20 better 38:11 60:20 98:24 110:13 175:17 between 11:2,6 17:20 27:5 50:17 65:14,19 128:16 137:25 149:6 150:4 151:8 152:18,24 165:14 BFLOCH@MNRLAWF IRM.COM 2:18 bid 72:2 bigger 38:18 98:20 110:11 152:10 155:1 156:17 bill 172:17,18 bills 35:25 BISCAYNE 2:17 bit 10:22 12:3
--	--	---	--

<p>59:11 67:21 95:20 110:11 112:4 131:17 139:25 146:23 148:23 157:9 162:21 173:9</p> <p>blackening 18:4</p> <p>blank 120:2</p> <p>blue 174:6,7</p> <p>BLVD 2:17,21</p> <p>board 9:17 14:4,7 148:23 178:25</p> <p>bold 176:17 178:4</p> <p>book 25:11 28:3,4,15 51:13 101:13 178:6</p> <p>booked 49:16</p> <p>booking 43:16 58:9 119:11</p> <p>books 28:20,23 30:16,22 33:14 34:24 36:7 37:11 51:11,25 56:2,23 71:2,6,11,14, 15,20 72:3,5 73:6 74:17 75:15 92:23 118:4 121:9 123:2,15 125:8 141:21 144:8 165:24 166:25 182:22</p> <p>BOSICK 2:3</p>	<p>both 7:14 70:9</p> <p>bottom 45:23,24 48:6 57:25 59:13,16 62:22 71:17,19 83:7 87:19 97:6 98:21 116:19 119:4 126:13 153:5,8 155:5,23 156:9 182:12</p> <p>box 55:15</p> <p>Brandon 2:16 5:10</p> <p>break 39:20 43:23 44:15,22 88:15 89:18 99:15 100:17 111:4,14 115:2 116:2 118:20 157:10,11,18, 22 158:9 173:10</p> <p>BRICKELL 2:8</p> <p>brief 7:8</p> <p>bring 14:6 62:12 123:15 177:16</p> <p>bringing 14:4 16:23 91:4</p> <p>brings 64:2</p> <p>broke 126:6</p> <p>brokerage 11:25</p>	<p>brought 67:11,17,18 172:22</p> <p>bulk 55:9 171:18</p> <p>business 1:8 7:25 8:7,16 10:4,19 18:11 19:14,16 20:7 31:21 68:3 80:23 83:14 91:5 99:4,11,13 132:20 147:20 148:12 149:6,10 151:18 152:20 153:2 170:20 177:5</p> <p>button 184:16</p> <p>buying 90:21</p> <hr/> <p style="text-align: center;">C</p> <hr/> <p>calculate 168:10</p> <p>calculated 112:9 149:22</p> <p>calculation 22:15 68:22 77:20 101:22 117:17</p> <p>calculations 22:6 49:9,15 77:4 183:6</p> <p>calculator 107:16</p> <p>calendar 139:1</p> <p>California 49:5</p>	<p>call 27:9 30:6 40:2 71:4 72:6 94:2,4 113:9 131:20 132:5,11 171:23 172:10</p> <p>called 6:1 7:21 8:2,7,11,14 11:25 15:15 16:25 26:24 32:25 37:5,20 53:19 81:20 87:3 99:20 100:24 101:3,8,14,19 ,25 102:10,11 103:19 113:2 121:17 130:17 144:22 147:8 158:10,13,19 159:10 162:9 174:7</p> <p>calling 54:21 184:20</p> <p>calls 19:12 32:5 35:17,21 36:13 37:16 42:10 43:18 44:5 50:4 51:5 56:4,17,24 65:9 78:20 79:2 136:25 137:15,16,25 138:5,10,12,1 3,17 140:25 141:14 143:9 144:17 145:5,6 147:23 172:24 180:6</p>
---	--	--	---

<p>Calvin 66:1,8,13 came 8:16,19 9:16 11:13 18:9 27:2 32:25 66:15 98:14 100:8,15,16 142:17 148:23 153:14 170:17 171:7 177:18 178:25 181:2,14 can 9:8 10:10 15:21,22 22:25 23:14 24:24 26:2,10 30:12 31:6 32:8 33:20 35:14 38:7,8,17,25 40:17 41:3 43:22,23 45:22,25 46:6,7,24 47:24 53:21 57:9 58:2,8,24 59:6,9,16 60:3,4 61:17 63:21,23 66:3 72:17 74:10,23,24 75:7 76:14 77:11 80:8 81:9 82:11,19 86:24 87:16 88:23 89:11 95:9 96:17 97:18,23,24 98:20 100:16 103:6</p>	<p>110:24,25 111:3,17 114:19 119:5,9 121:24 122:18 128:20 129:20,21 130:5 131:5,16 137:18 139:18 140:2,3,4,7 141:23 144:8,19 146:22,23 147:24 149:14 152:10 153:7 154:24 155:1,6,22 156:9 157:2,10,24 160:11 162:21 163:3 165:20 166:8,14,17 167:5 168:3,24 176:9,12,14,1 6 178:15,20 179:20 180:7,19,23,2 5 182:12 183:14 184:11,20 cannot 77:13 can't 37:13,25 38:9 39:2 52:20 59:22 60:24 61:22 78:11 103:1,2,22 110:8 138:12 146:15 148:18 Capital 10:6</p>	<p>31:22 captioned 80:23 carefully 46:6 case 1:2 151:9 156:5 cash 9:21 11:23 16:5,11 17:8 91:9,10 95:9 96:12 108:8,9 111:9 133:15 140:19 categories 149:25 160:5 164:13 category 101:18,25 116:4 CBS 79:10 CBSG 4:9,14 7:9 8:20 9:17 11:3 15:15 19:18,21 20:12 22:7,21 23:10,16 25:1 34:12 35:4 36:25 37:11,21 45:14 56:2,23 57:5 64:24 66:5,8 71:6,11,19,20 73:7,15 74:7,10,15 79:25 82:7 85:4,10 87:2,7 91:20 93:22 94:16 95:4,14 96:10,16 98:5</p>	<p>103:5,8,14 112:18 113:1,7 115:18,19 127:7,9,10 130:23 132:11,14 133:4,10 134:11 136:3,22 137:11 142:14 143:8 144:15 145:13 146:21 147:21 149:8 154:9 155:11 156:4 159:2,15 163:7 170:12 171:12 173:24 174:7 175:9 176:22 177:1,2,7,18, 22,25 179:4,24,25 180:12 CBSG's 24:20 76:6 cells 166:21 certain 19:15 20:15 21:9,11 25:13 33:16 35:25 63:22 99:13,15 122:23 143:16 certainly 32:18 35:11 47:10 129:11 148:5 CERTIFICATE 185:1 186:1 certify</p>
--	--	---	---



<p>185:6,10 186:6 chain 4:5 45:23 46:1 51:23 55:3 62:18 chance 28:22 57:21 149:18 179:21 chances 28:11,21 change 27:1 93:24 110:4 118:2,9 changed 98:12 118:13 126:12 167:10 changes 65:19 182:23 charge 52:24 165:4 chart 82:15 104:19 check 33:20 84:12 92:9 111:4,7 checkbook 17:10 checked 137:3 checking 135:25 136:1,23 checkmarks 136:9,14,15 checks 17:9 Cherly 2:20 5:12,17</p>	<p>Chessler 81:20,23 82:2,4 83:16 84:8,10 95:22 131:8 132:1 174:19 175:5 Chessler's 90:20 chief 96:21 Chuck 56:8,9,10,11 58:7 62:21 63:15,22 64:23 65:6,13 119:4 122:24 126:24,25 127:2 circumstance 112:13,18 113:4,17 City 20:7,9 CLA 143:5,7 144:18 145:13,15 147:19 153:15,17,22 158:13,19 159:13 161:8,9,13,16 163:1,6,16 165:10 168:21 170:12 171:3 172:3,7,11 clarification 151:1 177:7 clarified 131:2 clarify 25:10 clarity 6:14</p>	<p>cleaning 16:19,20 clear 23:22 38:20 97:14 129:7 135:4 150:18 160:9 clients 42:7,8 43:15 92:12,14 95:6 Clifton 4:13 103:11 CliftonLarson 140:5 155:15 156:6 170:4 CliftonLarsonA llen 139:12 140:13,23 142:7,14 146:6 154:15 159:13,25 168:21 172:23 CliftonLarsonA llen's 145:25 clinical 8:3 clock 19:12 close 11:22 76:21 117:19 128:16 163:5 closed 71:14 180:1,9 closely 11:8 closer 70:5,6 closing 55:18 180:8 CLUCIEN@FFSLAW FIRM.COM 2:22 coded 43:1,2</p>	<p>coffee 49:12 cold 132:24 Cole 10:3 11:8 13:16,20 17:23 18:10,13 19:1,11,15,24 20:4,16 21:3,6 22:20 23:4 27:9 32:7 33:13 57:2,7 58:1,6,12,13, 19,22,23 61:17 62:19 63:7,13,23 64:2,5,8,11,1 3 65:20 66:10 71:24 72:2 83:8 87:10 98:17 99:9,25 119:5,8 126:25 127:2 129:3 130:3,12 137:2,3,23,25 145:17 146:22 147:6 154:5 155:14 167:15 173:24 178:20 183:15 Cole's 48:23 119:17 collect 29:12 170:1 collected 69:14 70:11 collecting 28:11,21 collection</p>
---	--	--	--



<p>114:3,23 collections 48:19 100:7 112:22,25 114:16 color 64:9 column 42:22 100:24 101:3,8,14,19 104:19 105:3,7,11,20 ,22 107:3,9,10,19 120:5,6 121:17 123:4 128:6 165:3,4,5,14 167:8 168:20,24 columns 105:17 107:8 119:11 164:24 165:1,2,5,18 come 18:6 33:13 34:21,22 69:4 73:19 100:10,19,21 101:1,4,9,10, 15,16,20 102:2 107:14 109:3 117:16 118:12 142:12 163:25 164:8 167:22,23 168:2,4 181:3 comes 116:7 121:7 coming 61:22 81:24 89:2</p>	<p>95:5 96:4,18 102:4,6 108:11 120:14 126:2 133:15 145:1 154:3 170:15 commenting 63:1 comments 62:23 Commission 1:5 2:7 5:21 186:15 committee 182:17 communicate 6:11 communicating 50:3 51:20 58:22,23 160:9 communication 50:16 communications 55:3 98:4 161:9 companies 9:18,20 11:11 41:24 43:13 92:8 149:7 151:18 152:24 company 7:11,19,20,21 ,24 8:1,2,7,10,11 ,14 10:11,14,15,1 8 11:13,24,25 12:1 15:15 16:12,13</p>	<p>21:24 22:16 23:16 24:3,6 30:17 31:10,13,15,1 8 32:9,24 33:23 34:22 36:10 50:18 68:15 72:11 81:20,24 83:23 84:2,4,7,11,1 4 85:12,22 86:2,16,18 87:14,17 90:21,23 91:4,7,17,19 93:24 96:2,4 97:13 99:8 100:3 110:20 113:1,22,23 121:9 133:15 136:12,13 145:2 165:24 166:25 183:3 company's 167:9 183:4 comparison 58:2 63:25 119:6 compilation 7:16 compilations 40:12 complaining 78:11 complaint 10:20 31:10 complete 1:8 10:4,19 31:21 68:3 80:23</p>	<p>148:12 151:17 152:19,20 153:1 185:9 completed 178:2 completely 177:25 178:1 compliance 83:5 compliant 9:18,25 10:11,14,16 31:19 component 70:10 comprise 140:16 comprises 166:21 CompuData 8:14,15 computer 40:23,24 46:8 89:7 134:23 concern 103:4 concerned 22:11 49:6 51:14 103:4 concerning 67:23 175:5 concerns 133:1,9 concluded 125:4 conclusion 180:24 condition</p>
---	---	---	---

83:22 85:12 96:3 conduct 35:16 conducts 33:23 confession 112:19,23 113:7,23 114:17,24 confirm 36:5 42:5,9 confirmation 144:1 146:7,12 confirmations 36:5,20 41:23 confirmed 36:21 conformity 142:1 confused 178:13 connected 185:13 connection 50:20 92:17 155:11 conservative 24:4 considering 130:22 consistent 30:3 34:6,8,9 63:11 consolidated 140:16,19 consolidation 44:8,10	consultant 17:17 consultants 146:11,12 147:21 consulting 17:12,16,20,2 2 18:6,15,18 126:14 146:7,9,10,21 147:6,8,10,12 ,15,19 148:10,12 149:5 contact 11:2 50:17 143:5 context 29:21,22 continue 26:19 27:13 172:5 176:14 continued 184:24 contract 8:8 106:21 112:6,14,16,2 1 113:6,18,21,2 5 control 41:24 162:10,12,15 controller 8:7,10,16,18, 25 85:24 96:22 99:11 113:23 136:8 137:9 controls 143:12	conversation 18:9 20:1 181:14 conversations 19:24 20:2,3,13,16, 19,22 21:1,7 22:20 26:4 77:16 78:23 Cook 16:21 cooperative 172:2 coordinating 11:6 copied 174:3 copies 33:17 42:21 147:25 copy 36:16 51:17,19 143:23 156:5 CORAL 2:21 corner 41:22 42:23 54:6 155:1 Corp 176:19 corporate 7:15 Corporation 7:21,23 8:1 148:11 177:2 correct 12:22 21:11 23:20 26:13,14,18 27:25 29:1,11,16 30:15 31:11 32:2,20 33:3 35:13 36:20 43:12 53:4	55:5 56:14 68:9 69:12 70:12 71:11,12,21 73:14 76:5 85:25 86:1 88:18 111:10 113:15 124:3 125:19 130:11 147:17 149:21 150:12 154:10 155:13 159:5 160:11,25 162:7 163:17 164:11 165:7 169:20 171:5,8 172:8,9 176:4 179:7 correctly 18:13 76:4 125:3 129:17 177:23 correspond 79:13 161:12 correspondence 60:21 61:15,16 cost 126:13 143:19 157:5 costs 9:23 33:12 could 5:4 6:17 15:13,16 18:8 28:16 40:20 42:14 43:23 44:15 45:14,23 46:8,16 63:5 65:4 75:4 95:6 96:22
--	---	---	--



<p>98:19 99:23 103:17 104:18 110:10 115:12,23 116:2 127:23,24 128:10 129:20 133:17,25 134:16 139:24 149:11,12 153:4,14 176:9 178:21 179:19 180:16</p> <p>couldn't 5:20 94:13</p> <p>counsel 2:1 6:17 40:2 134:1 159:24 185:11,13</p> <p>count 105:8</p> <p>COUNTY 185:3 186:3</p> <p>couple 46:13 55:13 64:2,17 66:25 67:15 80:7 87:10 104:3 127:18 184:5,11</p> <p>course 79:9 98:1,2 103:7 115:15 153:6 160:22 176:11</p> <p>Court 1:1,19,24 5:4 60:24 61:3,11,19,21 65:3 75:1,5,10,13 79:22 88:24,25</p>	<p>89:1,10,13 104:2 133:25 184:7,15 185:5,20 186:7,14</p> <p>covered 107:6 173:9</p> <p>COVID 95:19 96:1,4 132:19 133:7,10,14 170:24 171:4 172:6</p> <p>CPA 6:24 7:2,4,7 14:12 33:23 34:21 52:11,17,21,2 5 53:5,8 75:24 85:25 116:23 138:15 170:8</p> <p>CPAs 14:10 56:1</p> <p>create 34:22 163:12,19,22 168:20</p> <p>created 80:12,14 125:19 163:15,17 164:2 168:7</p> <p>creating 11:5</p> <p>credit 117:20</p> <p>creditor 144:24,25 145:1,11,18</p> <p>creditors 56:12 144:22</p> <p>current 9:22 83:12,13</p>	<p>95:12,13 99:3,4</p> <p>currently 9:3,5 125:8</p> <p>customer 28:10,12 44:12 101:22 113:14 114:5 167:12</p> <p>customers 96:18,22,23 97:1 112:22 151:19</p> <p>Customer's 113:17</p> <p>cut 43:9 59:11,22</p> <p>cuts 164:21</p> <p>cutting 184:19</p> <hr/> <p style="text-align: center;">D</p> <hr/> <p>d/b/a 1:8 80:24</p> <p>daily 11:23 100:10,21 101:2,5,10,17 ,23 102:4,6,7 105:14</p> <p>Dan 49:1 53:8 92:12 137:20 138:6,14,18</p> <p>dan@R-E-A-C-O-S.com 53:8</p> <p>data 37:7 100:8 143:22</p> <p>date 37:17 45:25 89:21 140:6 182:12</p>	<p>dated 48:7 54:6 57:25 119:1,21 146:20 156:10 173:23 176:1 179:14 182:7,10</p> <p>David 5:22 90:20 95:22 174:19</p> <p>day 143:3 161:15 171:15 185:16 186:8,9</p> <p>days 107:4 170:20 171:8,22</p> <p>day-to-day 17:6 114:22</p> <p>DE 2:21</p> <p>deal 10:25 33:17 44:10 75:15,21,25 100:5 105:20 106:17,20,24 108:19 109:9 143:16 167:13</p> <p>dealing 22:21 78:16</p> <p>deals 12:1 33:16 36:1,2 42:20 44:8 48:18 70:19 74:20 75:16 87:11,18 95:7,10,21 96:18 97:7 100:4,10,12 105:9,19 106:16</p>
--	--	---	---



<p>107:1,2 108:3 133:15 143:17 144:2,5,6,8,1 0 145:19 167:17 169:8 171:16,19 debt 63:10 72:9,10,15 76:18 108:3,4 113:6,15 114:6 115:19 116:11,19 117:3,12 124:21 debt's 114:14 December 7:20 8:12 46:2 48:7 54:7,9,10 107:13 110:24 116:3 140:17 182:7,11 decided 71:24 72:2 decision 69:16 decisions 56:3 declaration 4:11 115:9,10,13 116:10,13,14, 16 dedicated 142:13 deductible 25:13 deduction 25:6 deductions 110:25</p>	<p>deemed 115:19 deep 64:24 65:15 default 22:2,6,16,17 23:16 24:21 25:5,7,23 28:2 30:8 33:13,14 67:23 68:21 69:5 71:4,5 73:13 74:7,10,22 75:16,18 76:1,2,7 77:17 78:18,25 85:3 100:6 158:13 161:10,16,21 167:24 168:1,2,7 Defaults 25:13 Defendant 1:9,16 2:11 5:11 defer 9:22,23 deferred 33:11,12 42:24,25 43:11,16 49:9,10,15 126:13 143:19 182:21,22 183:21 define 32:10 definitely 87:15 Delaware 7:19 department</p>	<p>12:24 14:15,20 17:24 113:2 148:20 178:5 depends 114:11 deposit 100:11,22 101:2,5,10,17 ,23 102:6 105:14 144:6 171:14 deposition 1:15 5:2 38:4 39:25 54:3 59:14 62:3 68:19 80:21 89:16 104:12 112:2 134:5 158:7 deposits 102:1,3,4 derive 120:13 165:23 derived 105:8,12,25 106:12 166:25 derives 121:9 describe 15:16 95:2 99:23 129:21 described 18:17 91:7 121:7 162:25 describing 15:12 description 4:2 9:14 33:7 designated</p>	<p>38:3 designed 34:23 desk 84:25 despite 85:1 detail 83:13 99:3 detailed 103:24 137:22 determination 114:13 determine 30:13 33:24 84:6 163:3 170:5 determined 161:21 determining 161:9 devoted 142:7 dial 89:8 didn't 9:22,23 11:10 17:10 27:11 28:17 32:24 64:17,18 66:20 74:23 75:6 78:5,10 81:11 86:10 89:1 97:5 98:13 156:6 162:5 163:9 166:8 differed 54:15 55:12 difference 54:18,24 55:1 differences</p>
---	---	---	---



55:23	48:12 63:7,8	73:17,19	134:9,17
different	77:17	disputed 73:16	135:5
11:22 12:15	83:19,23	distort 61:8	136:16,18
14:16 15:2	84:15,16,18,2	distorted 61:4	138:24 140:10
25:22 29:3,25	3 85:10,13	89:2	148:5,7,15
35:11 36:4	87:14,21	distortion	149:12
45:1 46:25	90:23 91:8,9	89:4	151:5,7
47:2 55:13	94:15,23	DISTRICT 1:1	152:14
96:7 106:22	95:5,20 96:25	dive 64:24	155:2,8
136:1 137:8	107:7 131:11	65:15	156:2,12,17,19
149:8 162:14	132:11	divided 105:19	9
165:1 178:18	133:4,6	167:21	158:10,12,19
differs 54:23	discussing	Division 11:25	159:10
difficulties	48:9 54:10	doc 82:16	160:4,10,16
54:12 59:5,7	84:22	document 37:20	161:2 162:24
difficulty	discussion	38:1	163:2,10,15,16,19,23,24
31:7 38:1	39:23 54:1	40:4,6,11,21	164:18,19
170:8	58:3 62:1	41:23	165:6 168:25
digitally	68:17 74:18	42:19,23	174:7 175:23
185:7	80:19 87:5	43:15,20,24	179:12,13
direct 3:3 6:3	89:14 93:21	44:14	180:14,15,21
52:9 116:2	95:11,15	45:10,14,15	181:8,15,18,19
128:5 135:7,9	96:9,11,13,15	46:6,14 47:1	9 183:25
168:24	97:8 104:10	53:12,19	184:1
direction	111:25 119:7	57:22 59:22	documentation
123:6 140:8	133:8 134:3	79:16	11:4 50:23
directly 7:2	154:5 158:5	80:3,8,12,14,	74:1 145:18
53:22 183:11	184:22	16,23 81:4,7	147:8 167:4
director 13:21	discussions	82:12,14	documenting
disagreed 74:3	77:1 83:25	99:20	154:4
disagreements	85:4,8,16	102:5,9,12	documents 31:5
67:25 68:2	90:19,25 91:3	103:3,7 104:4	35:3,4,10,12,
discuss 46:11	95:2 161:23	106:7,15	15 50:20 82:7
47:6 49:7	display 57:8	107:25 108:25	99:14,16
86:17	154:23	119:23 123:17	115:9 126:10
87:1,3,4	displayed	126:8,24	128:16 134:2
181:10	57:19	129:2,6,19	153:15 154:21
discussed 21:8	dispute	130:2,9	158:9
	68:21,24	131:6,10	171:21,23
	71:18		172:1
			184:4,10

<p>doesn't 18:11 66:14 72:25</p> <p>dollar 117:14</p> <p>domicile 21:10</p> <p>done 16:4 21:5 34:1 55:24 74:16 75:14 87:12 93:7 100:4,12 101:22 102:3 118:5,6 125:5 126:6 136:2 137:23 139:10 170:10,22 175:15 179:11 181:4</p> <p>don't 6:10,16 9:14 29:12 35:8 37:12 39:19 45:6 46:13 47:2 55:10 56:6 57:1 59:25 60:1,2 64:15 66:10 67:6 75:1,9 80:3,6,16 82:4 84:12,20 85:11,14 89:6,21 92:8 94:9,12 98:3 106:17 107:7 109:21 114:9 126:25 127:10 131:13,14,22, 24 133:19 137:2 153:13 154:1 155:5 160:10 161:7 162:5 164:24 165:19 168:8</p>	<p>170:15 172:20 174:15 175:13 181:24</p> <p>door 100:23 108:2,11 109:5 150:5,10</p> <p>double 33:20</p> <p>doubtful 28:7,9 48:13,22 116:18 117:12 123:1 163:25 165:16</p> <p>down 11:21 14:6 62:24 64:1 88:16 89:18 98:14 99:15 100:17 121:2,3 123:18 128:23 140:2,4 141:22 146:23 153:5 155:5,22 167:23 171:13 176:9 179:18 180:18,22,23 182:3,25 184:19</p> <p>downloaded 36:17</p> <p>dozens 98:1</p> <p>draft 51:18,21 58:19</p> <p>drafted 123:7 148:11,14 160:1</p> <p>draw 163:22</p>	<p>drilling 103:1</p> <p>drop 146:2,3</p> <p>Dropbox 145:23</p> <p>due 112:20 113:25</p> <p>duly 6:2 186:8</p> <p>duplicated 55:16</p> <p>during 26:20 30:4 40:13 84:15,18 85:10,13 96:8,14 105:9 132:11 158:8 169:12 170:11</p> <p>duties 9:2,12,17 10:24 33:9</p> <hr/> <p style="text-align: center;">E</p> <hr/> <p>each 88:20 90:14 97:12 98:3 100:17 101:22 106:1,16,17,1 9,22 117:11 123:18,19 125:21 162:14 164:7</p> <p>Eagle 148:11 152:2</p> <p>earlier 15:12 48:12 67:22 71:1 90:20 125:25 130:14,24 166:11 168:11 169:24</p> <p>earliest 54:9</p>	<p>early 27:22 124:25</p> <p>earnings 140:18</p> <p>easier 40:23 46:9 47:2 110:11 146:1</p> <p>easy 157:14</p> <p>echo 5:18,23</p> <p>educational 6:22</p> <p>effect 78:6</p> <p>effectively 28:24 55:4 147:14</p> <p>eight 80:4 88:16 167:13 171:8,22</p> <p>either 6:16 10:13 19:21 22:20 27:5,22 29:11 33:8 50:20 110:9 130:22 136:2 145:21 175:4</p> <p>elaborate 64:4 160:11</p> <p>elapsed 118:2</p> <p>eliminate 55:17</p> <p>eliminating 122:25 123:1</p> <p>else 6:16 80:2 84:18 93:1 136:12 138:4,18 178:20 181:12</p>
---	--	--	---

<p>Elsevier 8:7</p> <p>e-mail 4:5,7,8 38:21 39:4,6,17 45:18,22 46:1,10,19 48:6 49:24 50:24 51:8,16,23 52:10 53:12 54:6,9 55:2,7 57:9,18,25 59:4 60:15,21 61:14,16 62:5,7,18 64:13 70:22,24 71:1 79:16,19 80:1,3 82:13,23 83:7 94:11 98:15,16 102:17,21,25 103:23 104:4 119:1,13,21,2 3 133:20 139:19 146:3,19 148:5 173:3,5,11,22 ,23 174:1,4,14,16 175:9 176:1 179:14</p> <p>e-mailed 115:1</p> <p>e-mailing 180:20</p> <p>e-mails 50:15</p> <p>employee 185:11,12</p> <p>employment 7:9</p>	<p>79:9 176:2,5</p> <p>enclosed 178:19</p> <p>end 14:11 18:21 55:19 61:25 74:15,21 75:16 103:16 115:2 116:17 117:15 118:20 120:15,20 124:1 125:7 157:25 161:14,15 162:17,20,21, 22 165:16 169:24 175:16 177:9,22 180:23</p> <p>endeavoring 64:24</p> <p>endeavors 32:14</p> <p>ended 13:4</p> <p>ending 71:15</p> <p>engage 143:8</p> <p>engaged 139:13</p> <p>engagement 4:12 140:12 142:22 143:1</p> <p>enlighten 45:7</p> <p>enough 27:19 30:4 63:4,16 64:10 68:1 113:3 117:25 123:21 129:6 131:5 155:16 177:6 178:4</p> <p>entered 38:5</p>	<p>45:20 53:17 57:15 59:1 81:1 104:8 115:5 133:22 139:22</p> <p>entire 57:17,18 166:20</p> <p>entities 15:2,8,10,11, 17,20 16:4,5 17:13,20 19:1,3,22,25 20:15 21:1,9,11 147:20 149:8 178:18,24 179:3</p> <p>entity 16:25 17:2 20:6 176:18,23</p> <p>entries 50:2 51:1 52:7 55:17,19 129:1,3 135:18 141:8,10,18 178:7,20 182:20</p> <p>entry 55:15 72:3</p> <p>equity 55:21</p> <p>Ermel 4:14 18:10,12,14,2 4,25 19:8,10 21:5 22:21 23:8,12 26:4,11 27:5 36:24 37:4,8 49:1,7,8,14</p>	<p>50:20 53:3 55:15 78:13,14,17,2 4 91:12,13 92:24 93:4,9,14 103:16 118:5 134:10 136:4,23 137:10 138:5,6,13 175:19 178:2,17,19 179:1,3 181:4,10 182:7,21</p> <p>Ermel's 19:6 26:8 78:23 79:8 139:7 155:17 177:15 178:9</p> <p>escalations 137:22</p> <p>ESQ 2:16</p> <p>Esquire 2:3,7,12,20 3:3</p> <p>essence 150:4</p> <p>essentially 16:14</p> <p>establish 15:19 24:24</p> <p>established 53:12 77:7 138:9</p> <p>establishing 63:11</p> <p>estimate 28:24 29:16</p>
--	---	---	--



<p>30:9,22,24,25 31:1,2 48:15 69:9,12,13,23 ,24 70:7,10,16,25 71:1,4,9,15 72:7,9,10 74:8,15,17 76:14,17 77:17 78:18 79:1 85:3 117:22 118:1,2,4,16 163:25 165:15 167:23 170:3,6</p> <p>estimated 73:13 78:1 120:15 168:7</p> <p>estimates 34:24,25 68:8,12 103:16</p> <p>et 1:8</p> <p>etc 49:5 58:3,9</p> <p>evaluate 30:23</p> <p>event 163:6</p> <p>events 137:19</p> <p>eventually 10:12 73:6</p> <p>every 19:12,13 41:9 75:15 94:17 166:4</p> <p>everybody 175:17 184:9</p> <p>everyone 80:2 111:13,15,22 157:17</p>	<p>everyone's 34:3</p> <p>everything 61:8 64:16</p> <p>evolved 9:13 10:24</p> <p>exactly 74:10 146:15 147:2 149:20 153:19 168:12</p> <p>exam 7:4</p> <p>examination 3:1,3 6:3 145:4</p> <p>examinations 144:13</p> <p>examine 56:1</p> <p>example 33:16 108:2 109:8 143:19 149:8 168:5 169:6</p> <p>exceeded 69:23</p> <p>Excel 158:12 163:3 166:8,9</p> <p>exchange 1:5 2:7 5:21 62:5 119:13</p> <p>excuse 8:5,12,13 10:8 36:11 44:4 49:19 72:4 84:3 95:6 106:16 112:9 122:10 126:18 152:20 156:20 167:17 170:4 182:10</p> <p>execute 114:24</p>	<p>executed 18:22</p> <p>exercise 52:4,6 111:2</p> <p>exhibit 4:2 37:22 38:3,5 39:21 40:2 41:17 45:18,20 46:18,19,24 47:8,12,16,22 48:2 53:16,17 54:4 55:25 57:13,15 58:25 59:1 62:7,8 65:23 79:20,21,22 80:22 81:1 82:10,13,22 98:16 103:20 104:7,8 115:1,5,22,23 118:18,19 119:1,17,20 127:17,20,24 128:1,11 129:7 131:6,10 133:20,22 134:7 135:14 138:24 139:20,21,22 146:20 148:1 151:2,3 152:9 155:4,20 158:10,19 160:4 161:4 162:25 166:10 170:11 173:13,17,18, 22,23 175:25 179:13,21 180:14 181:18</p>	<p>183:7</p> <p>Exhibits 4:1 129:19 184:20</p> <p>existed 89:4 144:11 145:11</p> <p>existence 16:13 74:21 144:12 145:9 177:19</p> <p>exists 58:24</p> <p>expand 64:3 98:19 165:20</p> <p>expanded 47:7</p> <p>expecting 27:1</p> <p>expedite 53:22</p> <p>expense 115:19 116:19 117:3,21</p> <p>expenses 9:24 126:14</p> <p>experience 40:10 113:7</p> <p>experienced 40:16</p> <p>expert 24:11,19 25:19 40:15 109:1 130:7 141:1,15 157:1</p> <p>Expiration 186:15</p> <p>explain 121:24</p> <p>explained 32:7</p> <p>explaining 125:21</p>
--	---	--	--

<p>explains 125:24</p> <p>explanation 123:19 147:13</p> <p>explanations 64:7</p> <p>exposed 108:5</p> <p>exposure 100:15 101:19,21,24 107:20,22 108:1,4,7,8,9 ,22 109:4,9,17 110:3 165:3,14,19</p> <p>express 141:25 164:15 169:5</p> <p>extant 75:25</p> <p>extended 92:5</p> <p>extension 91:25 92:4 103:17</p> <p>extent 25:14 50:5 135:13 137:21 175:20</p> <hr/> <p style="text-align: center;">F</p> <hr/> <p>face 94:13</p> <p>facilitate 33:8 39:5</p> <p>facility 50:17</p> <p>fact 24:10,19 85:1 122:21 176:22</p> <p>factor 105:22 106:11,22,25</p>	<p>factoring 100:14 101:14 107:9 116:4,25 120:10 121:3 125:15 128:7,14 164:6 165:5,14 167:7,8</p> <p>facts 77:7</p> <p>fair 12:16 23:13,14 27:19 30:4 59:19 63:4,16 64:10 68:1 88:7 113:3 117:25 121:6 123:21,24 129:6,12 131:5 155:16 177:6 178:4</p> <p>fairly 142:1</p> <p>familiar 81:19 127:8 130:2</p> <p>family 56:13 67:5</p> <p>far 17:7 27:19 51:13 60:6 121:20 145:19 150:5 156:12 171:15</p> <p>farther 60:10</p> <p>fastest 46:3</p> <p>February 8:8,12,15,17 9:11 13:2 21:18 26:17 31:9 96:4 110:7 148:24</p>	<p>171:4 172:6 178:17 179:1 181:3</p> <p>fee 128:7</p> <p>feedback 48:4</p> <p>feel 6:11 75:7 111:7 175:17</p> <p>fees 146:7,9</p> <p>feet 132:24</p> <p>FELS 2:20</p> <p>felt 136:17</p> <p>Ferguson 5:22</p> <p>few 44:15 59:13 80:16 83:16 115:3 119:20 139:11 175:18 179:23 181:21 182:5 184:21</p> <p>FIFTH 2:13</p> <p>figure 39:20 156:21 169:16</p> <p>figures 38:16 103:22 136:10,15,16</p> <p>figuring 55:3</p> <p>file 40:7 92:4 112:19 113:23 114:17 166:9</p> <p>filed 23:11 25:1 92:2 93:4,5,9 113:8</p> <p>filing 4:14 134:10</p> <p>filings 22:12</p>	<p>49:4 136:24</p> <p>fill 129:16</p> <p>finalize 125:5</p> <p>finalized 124:17 125:6 129:1</p> <p>finalizing 63:9</p> <p>finally 17:21 53:7 64:10 158:14,18</p> <p>finance 56:20</p> <p>financial 8:25 10:3,5 19:23 34:1,9 36:9 49:16 51:21 54:15 57:4 58:15,16 60:22 66:24 80:25 82:7 83:22 85:12 86:17 87:2 90:23 96:21 99:11 103:8,14 113:22 117:8 119:6 120:14,17,18, 19,24 121:8 129:10 132:14 137:9 140:16,20 141:7,25 143:22 183:2,5</p> <p>financially 185:14</p> <p>financials 4:9 7:15 51:18 58:2,8</p>
---	---	--	---



65:20,21 72:13 79:25 83:11 84:14 87:6 102:19,20,23 103:4 119:10 120:15 128:2 167:24 173:25 174:8,13 175:10 177:11,12,15 178:19 find 10:10 27:13 30:17 32:21,24 37:22 151:15 171:14 175:22 finding 151:1 findings 181:12 fine 7:23 28:19 49:12 74:1,2 160:15 181:25 182:4 firm 19:6,9 26:24 32:21,24 34:14,21 35:4 36:24 53:3 73:12 78:23 79:8 91:13 132:2 139:7,13 140:24 141:4 155:17 162:14 175:19 177:15 178:9 181:4,11 183:1 firms 36:4	firm's 177:11 first 6:1 9:3,16,17 10:3,8,22 11:18 12:6,12 13:5,15 14:11,13 15:18 16:18 17:17 43:7 47:15 48:23 51:8 73:9,11,12 88:5,11,12,15 ,16 89:19,23 102:17 104:19 105:3 119:21 131:6 138:24 139:17 143:12 148:4,6 150:16 153:5 158:20 176:23 182:6 fiscal 29:14 five 45:5,6 169:13 five-minute 157:22 fix 38:3 FL 2:8,17,21 Flange 8:11,13,14 Floch 2:16 5:10 37:24 FLOOR 2:13 Florida 1:1,19,25 5:23 20:10,12 176:19,22,24 177:7,22	178:1 179:24 180:1 185:2,6,21 186:2,7,14 flows 140:19 focus 10:2,9 focusing 104:18 follow 40:9 83:10 102:18 167:22 following 42:25 122:16 130:16 135:9 follows 6:2 follow-up 27:16 foot 129:5 foregoing 185:8 Forge 8:11,14 forget 95:12 forgive 95:16 form 15:7,24 22:8,23 23:24 29:20 32:23 34:18 35:18 37:1 52:1 54:19 63:20 64:25 65:5 66:9 70:8 71:7 74:9 76:9 77:5,22 78:4 79:4 81:8 85:6 86:4 94:21 113:12 122:4,15	128:17 133:11 136:6 137:13 138:25 166:1 format 47:2 formula 167:23 forte 112:22 forth 27:5 52:8 139:19 161:24 162:2 forward 95:7,13 100:11 102:7 176:16 183:10,17,20 found 141:20 146:1 foundation 26:1 27:8 35:6 36:12 42:11 77:6,22 78:5 79:4 81:9 94:21 106:5 107:24 108:23 109:24 110:18 113:10,13 114:3,18 122:14 129:23 130:7 134:14 135:1 136:7 137:1,16 138:8,22 141:15 142:8,15 144:16 145:7 147:22 156:25 161:18 162:19 171:2 172:25 178:12,13 180:3,5
--	--	--	--



<p>183:13,19 four 10:22 12:12 67:13 94:4 98:9 167:20 fourth 182:25 frame 176:6 fraud 158:10 159:10,14,16 free 6:11 111:7 FRIDMAN 2:20 Friedman 4:4,6 11:2 32:25 33:1,5,8,11,1 5 35:3,4 37:20 40:7 42:5,18 48:17,21 49:5,24 50:13,18,20 52:13,20,24 53:20 54:11,13,16 55:16 67:22,23 68:6 69:9,25 70:7 71:4,5 72:7,8 73:4,6,11,25 74:3,7,19,24 75:14 76:1,16 78:19 84:22 85:2 141:19 143:15 167:10 168:6 170:3 182:20 183:11,18,20 Friedman's 40:18 68:8 71:19 77:2,17</p>	<p>78:1,25 from 4:12 5:15,21 6:23 7:1 8:2,8,11,13 14:9 18:6,9 19:6 23:9 25:6 28:12 35:4 37:16 40:7 42:7 49:24 50:9 54:15 57:5 58:7 59:13,16 61:5 64:7 69:14 72:10 74:7 79:8 83:16 84:10 95:10 98:17 100:9,10,15,1 6,20,21 101:1,4,9,10, 15,16,20 102:2,5,6,18 105:13 106:4 110:23 118:11 120:6,13 121:8,9 122:7,9,11,19 123:7 131:18,25 132:1,4 140:5,13 142:6,17 143:8 146:21,22 148:12,19 153:15,17 155:14 157:24 160:18 165:23,25 166:25 171:20 173:3,24 175:22 176:20</p>	<p>179:25 182:7 183:15 front 41:6 98:16 112:23 Fry 56:8,10,11 58:1,13,14 62:21,22 63:15,22 64:23 65:6,13 119:4 122:24 123:5,22 126:24,25 Fry's 127:2 FSB 179:2,15 FSP 9:11 12:4 14:25 15:5,13,16 16:2,4 17:11 19:9,21 21:18 26:17,20 154:9 155:12 170:12 176:5 179:6 181:2 182:8 183:10 FSP's 15:14 Full 8:17,20,22 10:15 16:2 20:6 23:9 79:10 83:5 85:24 151:9 152:19 153:1 177:18 179:4 fully 14:13,14 function 13:25 14:2 fund 150:11 funded 44:12 100:14 105:19</p>	<p>108:13,19 112:5,13 113:5,18 144:6 150:5 164:7 167:22 169:12 funding 1:8 4:10 44:7 80:24,25 95:5 99:21,22,23,2 5 100:9,14,22,2 5 101:19 102:10,15 103:21 104:15 105:7,8,11,18 106:21 107:20,22 108:1,7,22 109:12,17 110:3 112:5 113:21 116:25 130:12,17 144:6 149:23 150:3,10,20 151:16 159:3 163:1,7 164:7,12,19 165:2,14,18 166:1 181:6,12 funds 32:9,11 further 60:10 64:4 76:15 124:14 126:16,20 128:23 185:10 Futerfas 2:12 3:3 5:8 6:4,8 9:7,10 15:10,21,25 20:24</p>
--	--	--	--

22:10,25	80:22 81:3,13	156:1,13,15,1	129:1 142:2
24:1,13,16,20	82:10,16,19,2	6 157:2,23	161:17 183:5
,25 25:5	1,25 85:9	158:2,4,8,12,	GABLES 2:21
26:2,10 27:15	86:7,21,24	16,18,22,24	GABRIELA 1:24
29:22,23 32:6	87:1,9,13,20	159:1,4,7,9	185:5,20
33:1 34:20	88:7,10,24	160:18 161:22	186:5,14
35:7,22 36:15	89:3,10,17	162:23 163:13	Gabriella
37:3,9	91:2 94:22	167:25	16:19
38:2,7,10,13,	97:8,23,25	168:18,19,23,	Gaetan 2:3 5:6
17,22,25	98:11,15,20,2	25 169:4,15	39:6 65:2
39:3,8,11,14	2,24 99:1	171:3 173:2	70:12
40:1,16,17	104:1,13	176:8,11,13,1	gather 11:9
41:3,8,11,14,	106:9,10,19	7 178:15	61:16
16,18,20,21	108:7 109:7	180:7,25	gathered 33:15
42:14 43:22	110:2,6,13,15	181:2	145:16
44:9,22,25	,19,22	182:15,16	gathering
45:5,8,12,13,	111:13,18,21,	183:14,22	11:1,4
22	23,24 112:3	184:7,17,18	gave 100:6
46:12,20,23	113:16	future 28:25	108:2 143:23
47:5,10,11,17	114:4,19	95:8 170:2	155:14
,21,23,25	115:7,25		general
48:3 49:22,23	116:1		8:11,13 36:17
50:10 51:7	118:23,25		64:21 116:24
52:5	119:19		151:4 152:23
53:15,19,24	122:7,17		155:3
54:4 56:7,21	128:19		generally 9:19
57:3,17	130:4,11,15		33:9 34:2
59:3,19,24	132:22		40:3 48:8
60:1,4,7,9	133:16,24		60:14,21
61:1,7,10,20,	134:6,15		61:13,14
24	135:3,17		62:4,17 117:1
62:4,8,11,13	136:11,19,20		148:3
63:21 65:8,11	137:7,18		generated
66:12 68:20	138:11,23		95:10
70:17 71:10	139:24 140:1		get 9:17
72:1,22	141:2,16		10:1,14,20,21
73:2,4,21,24	142:11,20		21:15 26:4
74:13	143:10 144:19		31:10,18
75:3,9,20	145:8 147:24		33:12 34:15
76:12	152:8,10,12		
77:11,25	153:4,6,8,10,		
78:7,9,22	14,19,22,25		
79:7,21,23,24	154:2 155:24		

<p>37:16 39:20 41:13 45:12 55:4 58:8 65:13 75:10 80:11 82:11 88:25 93:15 103:19 108:14 116:24 118:2 119:9 121:25 122:7, 9, 11 143:21 147:13 169:8 172:20 176:9</p> <p>getting 5:18,23 9:25 10:16 42:6 48:4 53:23 60:15,18 132:23,24 163:5 175:16</p> <p>GG161505 186:15</p> <p>give 7:8 9:1,11,13 19:14 33:7 53:10 77:13 104:20 110:24 118:22 126:19 131:15 134:1 150:13 151:2 152:6 157:7 184:1,5</p> <p>given 8:24 29:2,5 30:4,6</p> <p>giving 21:3 113:16</p> <p>GJA 80:1</p> <p>gja@pietragall o.com 2:5 39:7</p>	<p>glass 21:15</p> <p>GM 34:11</p> <p>go 7:2,22 12:2 16:3 19:14 20:22 28:22 30:23 32:9,21,24 35:22 41:5,20 47:8,11 54:23 62:14,25 65:1 70:23 80:6 85:18 86:14 88:1 89:8,11 98:22 100:18,23 104:2,5 106:3 107:9 109:14,15 114:16 117:9 118:23,24 121:2 122:20 124:14 127:18,20 128:10 129:7 131:5 133:25 138:1,24 140:7 145:17 146:25 157:24 160:12 161:7 167:24 168:10 170:2 173:8 176:12 180:25 181:15 182:3,4,12 183:12 184:11,18,20</p> <p>goes 55:2 113:14 135:21</p> <p>going 9:4 15:7,18,23 19:16 21:13</p>	<p>24:11 27:12,13,14 28:22 31:25 32:8 37:1,18,23 39:15,16 44:14 45:7 46:1,19 50:2,8 52:7 53:11,15 54:8 55:14 57:8 58:25 60:15,21 61:14,24 62:5,18,21 64:14,15,25 66:9 67:16 70:8 71:7,22 72:19,24 74:9 75:22 76:2,3,18 79:19 80:15 81:8 82:17 85:6 93:19 94:20 95:7,13 96:1,7 103:24 104:18,24 106:2,5,10,23 111:2,3 115:3,10 116:10 117:9 119:16 122:4 123:6,9,18 127:16,18 133:11 134:13 135:25 136:4,5,23 137:7 138:9 139:17 146:11 148:3 149:20 151:4 152:24 154:1,23 155:7 157:11</p>	<p>161:4 162:24,25 164:10 168:9 170:1,4,5 171:21 175:18 177:11 184:13</p> <p>gone 27:11 57:6 75:16 125:4</p> <p>good 6:5,6 61:22 62:16 72:5 75:3 111:16 159:7 162:21 181:15</p> <p>GORDON 2:3</p> <p>gotten 14:12 156:5 161:20</p> <p>graduate 6:25</p> <p>Graduated 7:1</p> <p>great 10:25 22:16 158:1</p> <p>greater 45:1</p> <p>grew 12:12</p> <p>gross 105:17,18</p> <p>grossly 61:8</p> <p>grounds 20:21</p> <p>group 1:8 10:4,19 31:21 68:4 80:24 90:20 130:25 148:13 151:18 152:20 153:2</p> <p>grow 91:4</p> <p>growth 96:18</p> <p>G-S 53:25</p> <p>gs@pietragallo</p>
---	--	--	--

<p>53:22 80:1</p> <p>guess 25:9</p> <p>54:8 58:14</p> <p>116:23 127:12</p> <p>149:23 164:14</p> <p>175:8 181:11</p> <p>guidance</p> <p>19:21,22,23</p> <p>20:4,14</p> <p>guys 61:8</p> <hr/> <p style="text-align: center;">H</p> <hr/> <p>had 9:21</p> <p>11:19,20</p> <p>12:4,12 13:21</p> <p>14:12,24</p> <p>16:17 19:24</p> <p>20:4,5,9,13,1</p> <p>6 21:5,20</p> <p>22:6,15,16</p> <p>23:4 26:25</p> <p>27:10,11</p> <p>30:22 32:12</p> <p>35:24 36:4,24</p> <p>40:7 43:1</p> <p>44:22 47:16</p> <p>48:18 54:13</p> <p>55:15 57:21</p> <p>62:19 64:6,19</p> <p>69:13</p> <p>70:1,5,22,24</p> <p>74:15,19</p> <p>75:14,16</p> <p>76:21 83:24</p> <p>85:2 87:10</p> <p>88:16</p> <p>92:23,25</p> <p>93:3,16 95:23</p> <p>96:11</p> <p>99:14,16</p> <p>105:17</p> <p>112:4,12</p>	<p>115:18,19</p> <p>117:11</p> <p>124:16,17</p> <p>125:8 127:9</p> <p>130:12,13</p> <p>142:17 146:5</p> <p>148:20</p> <p>149:7,18</p> <p>154:5 161:19</p> <p>163:8 164:12</p> <p>168:4,6 169:5</p> <p>172:7,11,14</p> <p>175:2 178:9</p> <p>179:21,23</p> <p>181:4 182:21</p> <p>hadn't 161:20</p> <p>hair 154:25</p> <p>half 8:4</p> <p>hand 41:22</p> <p>42:22,23 54:5</p> <p>81:6 185:16</p> <p>186:9</p> <p>handle 19:15</p> <p>66:10</p> <p>handled 23:8</p> <p>147:6</p> <p>handwriting</p> <p>135:8,11,16</p> <p>Hang 46:22</p> <p>118:22</p> <p>happen 95:13</p> <p>125:25</p> <p>happened 73:9</p> <p>74:20 95:18</p> <p>117:18 140:3</p> <p>happening 49:3</p> <p>91:11</p> <p>happens 25:3</p> <p>112:8 117:19</p>	<p>162:20,22</p> <p>happy 45:10,11</p> <p>110:23 148:5</p> <p>hard 43:1,2</p> <p>173:14</p> <p>Hartley 154:13</p> <p>has 18:12</p> <p>28:10 44:25</p> <p>45:17,18 48:1</p> <p>59:18 65:20</p> <p>73:22 77:18</p> <p>78:8 79:24</p> <p>97:3 98:12</p> <p>106:22 114:1</p> <p>132:17 168:10</p> <p>173:13,21</p> <p>175:21,24</p> <p>178:2</p> <p>hasn't 73:21</p> <p>98:12 167:12</p> <p>have 5:4</p> <p>6:17,23 8:23</p> <p>10:3,5 11:10</p> <p>12:23 13:20</p> <p>17:10,11 18:2</p> <p>19:5,11 22:20</p> <p>24:3</p> <p>25:9,16,22</p> <p>28:1,10,19</p> <p>30:6,8,25</p> <p>31:5,25</p> <p>37:8,12</p> <p>41:6,25 42:16</p> <p>43:13 44:2</p> <p>45:9 46:21</p> <p>47:1,7,22</p> <p>48:20 51:1</p> <p>54:22,23,24</p> <p>57:6,21 59:5</p> <p>61:2 62:24</p> <p>64:20</p>	<p>65:6,22,23</p> <p>66:7,17,18,20</p> <p>67:4 69:17</p> <p>70:18 71:14</p> <p>75:1 77:9,25</p> <p>78:10,13,17,2</p> <p>2 80:8</p> <p>81:3,6,10</p> <p>82:1 83:12</p> <p>84:12 86:6</p> <p>94:9 96:22</p> <p>99:2,3,13</p> <p>100:3,21</p> <p>101:10,16,20,</p> <p>21 102:12</p> <p>103:9,23</p> <p>105:20 106:24</p> <p>107:7,16</p> <p>109:4 116:20</p> <p>117:20 118:13</p> <p>120:14 121:1</p> <p>123:2,17</p> <p>125:4,11,14</p> <p>126:8,10,11,1</p> <p>5</p> <p>127:9,10,14,2</p> <p>3 128:19</p> <p>129:10,11,15</p> <p>131:7,9,14</p> <p>134:6 135:2</p> <p>136:9 137:19</p> <p>139:6</p> <p>142:23,24</p> <p>145:17</p> <p>148:6,18</p> <p>149:11,13,17</p> <p>151:21 153:16</p> <p>154:19 155:9</p> <p>156:5 157:16</p> <p>158:17</p> <p>159:2,14</p> <p>160:1</p> <p>161:1,8,22,24</p>
---	---	--	--



<p>162:9,21 164:2 165:16 166:14,20 167:19 169:9 171:9 175:20 176:7 177:14 178:2,8,18 181:8,21 183:24 184:2</p> <p>haven't 77:7 138:9 166:6</p> <p>having 6:1 38:1 54:12 59:7 102:25</p> <p>he 10:5 11:9 15:22 16:24 18:2 24:19 26:25 27:1,11,13,16 32:10 44:25 52:24 53:5,8 54:17 56:15,19,22 57:1,2,4 59:16,18 62:20 63:2,19,22,23 64:2,11,12 65:14,15,17 66:4,19,24 67:11,12,15,2 0 72:5,25 78:5 83:5 88:5 92:14 93:9,10,16 94:9,12 95:23 97:21 100:2 103:23 127:4,6,9,14 130:2,13 136:9,11 137:2,3,12,19</p>	<p>138:15,17 142:22,23,24 143:2 155:14 168:13 182:14,16,25 183:4,9,10,11</p> <p>head 42:13 56:20 66:2 72:17 73:1 84:13,20 95:17,25 107:14 170:19</p> <p>heading 176:18</p> <p>hear 12:21 32:14 61:18 75:6</p> <p>heard 28:1 61:7 162:9 168:18</p> <p>hearing 76:3</p> <p>hearsay 20:21 25:25 26:9 27:7 32:5 35:5,21 36:13 42:11 49:21 50:4,6 51:4 54:21 56:4,18,25 78:20 143:9 147:23</p> <p>held 39:23 54:1 62:1 68:17 80:19 89:14 94:8 104:10 111:25 134:3 158:5 184:22</p> <p>he'll 59:17</p> <p>Hello 60:16,19 88:25</p>	<p>184:13,14</p> <p>help 23:10 32:9</p> <p>helped 11:9</p> <p>helpful 172:3</p> <p>helping 15:5</p> <p>helps 89:9</p> <p>her 14:12 17:6 67:18 142:16 145:13 159:23</p> <p>here 6:14 18:9 48:25 49:3 50:15,22 55:14 60:17 62:6 81:11 85:15 97:15 106:24 117:2 118:21 123:17 124:14 126:12 127:12 131:6 135:4 136:8 141:5 144:20 147:5 148:2 149:21 166:3,5 167:6,16 168:20 169:5 170:11 176:24 178:23 184:15</p> <p>hereby 185:6</p> <p>Heritage 177:4,5</p> <p>he's 24:10,18 27:16 35:18 49:25 52:25 60:25 62:22 63:1,2,14 109:25 129:24 130:1 183:9</p>	<p>Hey 167:16</p> <p>Hi 83:10 99:2</p> <p>hidden 105:21</p> <p>high 23:16,23 28:19 31:1 68:5,7,8,12 83:24 91:1,3 93:23 94:15,25 95:1 114:23</p> <p>higher 24:21 70:1 73:5</p> <p>high-level 103:15 167:24</p> <p>highlight 174:6</p> <p>highlighted 169:2</p> <p>highlights 174:7</p> <p>him 24:11,13 44:20 57:6 63:9 65:20 66:18 72:19,24 73:22 92:15 97:21 127:1 130:8 132:2 136:8 147:1</p> <p>himself 65:16,18</p> <p>hired 8:20,22 66:5</p> <p>hiring 14:3</p> <p>his 18:2 50:9 61:5 65:5 66:15 67:11,18,19</p>
--	---	--	--

<p>79:9 91:13 99:9 114:2 130:9 134:1 135:16 136:12,24 141:3 148:18 154:12</p> <p>history 100:3,12 164:5</p> <p>hit 117:21 170:24 171:4</p> <p>hits 172:6</p> <p>hold 21:15 39:5 44:13 45:14,15 65:23 103:20 126:22 127:15 139:9 146:17 154:22 155:19,20 175:23 183:25 184:2</p> <p>holders 99:18,19</p> <p>Holdings 81:21,23 82:2,4 83:17 84:8,10 175:5</p> <p>hopefully 31:4,5 57:9 139:18 146:19 157:24 175:16 184:4</p> <p>hour 19:13 85:20 86:15 88:21 90:15 98:3 111:17 157:16 164:19</p> <p>hours 66:16</p>	<p>173:18</p> <p>house 14:10 154:8,9</p> <p>HR 12:17 13:17,21</p> <p>Huff 142:21 161:14 173:3</p> <p>hundreds 166:5,22</p> <p>Huntington 7:11</p> <p>hyperlink 126:21</p> <p>hyperlinks 123:18 125:20</p> <p>hypothetical 24:10,15 25:3 108:13,18,25 112:4 113:3</p> <p>hypothetically 24:7</p> <hr/> <p style="text-align: center;">I</p> <hr/> <p>I'd 46:10 79:11 84:12 93:24 120:1 128:5 157:15</p> <p>idea 9:1 18:5 100:3 135:2,20,23 154:3</p> <p>identified 33:2 37:21 82:22 115:23 116:25 146:20 173:23</p> <p>identify 45:15,24 54:5</p>	<p>identities 142:9</p> <p>identity 142:12</p> <p>II 184:24</p> <p>I'll 6:8 10:21 45:12 46:16,17 56:7 57:20 59:9 77:5 83:1 116:9 122:8 131:16 133:20 139:16,17 150:14 152:5,13 165:11 168:19</p> <p>I'm 5:14,18,23 6:8,23 13:11 15:7,23 18:4 20:22 21:13,16 22:4 23:1,13 24:11,16 25:12,18,19 28:8 30:16 31:14 34:7 35:9,20 37:1 44:20 47:18 48:4 49:10 50:8,17 52:14 54:20 57:7,8 58:23,25 60:6,15,17,18 61:19 62:16 64:25 65:1 66:9 69:6,20 70:3,8,23 71:7 72:14,24 74:9 75:5,22,23 76:2,3</p>	<p>80:13,15 81:8 82:8 85:6 88:1,4,8 90:17 91:18 94:12,18,20 96:7,8 97:13 98:18 104:20,24 106:2,5,7,23 110:23 111:3 113:16 115:3,9 116:23 117:9 118:15 119:16 122:3,4,15 124:21 125:17 127:16,18 130:25 131:23 132:7,8 133:11 134:13 137:7 138:8,20,21 139:16 148:3,5 149:17,19,20, 21 151:4 152:8 154:18,23 156:13 157:8,14,21 158:15,22 161:4 162:24,25 163:3,4 164:2,10,11 166:6,19 167:2 168:12 170:8 175:16,18 178:12,13 181:25 182:3 184:8,15</p> <p>improper</p>
--	---	---	--

132:16	67:11,17,18	interaction	137:11 139:23
inbox 46:21	119:4 151:25	14:24 66:20	145:1 146:3
Inc 1:8 80:24	individuals	interactions	161:1 167:24
inch 141:22	56:1 68:10,11	19:5	172:20 177:18
in-charge	82:6 94:10	interest 145:2	introduced
143:2	131:11 175:11	interested	56:9
include 51:18	Individuals@cb	185:14	invest 81:25
included 13:20	sg 68:3	interesting	86:15 97:13
64:12 92:10	information	64:2	127:6
includes 49:20	11:10,11 17:7	interference	invested 66:8
including 13:7	23:9 33:15	61:2,9,13	144:15
110:25	34:13,15	internal	investigate
income 25:6	37:15,17	102:22 117:17	54:23
55:19 103:10	77:13 93:15	143:12,22	investigating
120:9,10	105:13 118:12	145:25	55:1
124:24 125:15	129:15 136:4	internally	investing
127:4 128:3,7	137:10 138:1	162:16	83:21 90:21
143:14	142:18 143:7	interrupt	130:23
156:20,24	145:15,16,22,	61:21	investment
incomplete	24 166:24	interrupted	56:2 127:14
135:14	initial 122:6	28:16	131:18
increase 30:25	ink 134:19,21	interviewed	investor
indecipherable	135:19	37:15	32:12,13
38:16	in-person 90:3	interviewing	33:19,20 84:5
indeed 19:23	instantly	14:7	144:24 145:17
INDEX 3:1 4:1	66:11	intimate	investors
indicated	instead	127:10	66:10 100:2
177:15	147:10,12	into 7:2 9:25	127:8,11
indication	institutional	26:4 36:25	144:14
114:15	32:15,16,19	38:6 45:21	invoices 67:13
indicators	instruct	53:18 57:16	involved
99:8,14,16	24:11,13 50:8	59:2 64:24	77:12,15
individual	72:19,24	71:13 74:22	85:16
7:15 53:7	instructing	76:16 81:2	88:14,23
65:25	24:17	103:1 104:9	154:3
66:15,19,21	instruction	114:9,16	IRS
	24:23,24 25:4	115:6	21:19,20,23,2
	interact 14:22	133:15,23	4 22:5,15,22
			23:15,17,19



<p>24:3 25:22 26:5,19 27:6,11 77:3,18 78:2,6,10,16</p> <p>isn't 29:5 61:22 176:2</p> <p>issue 21:19,22 22:2,5,15 23:13 26:19 27:22,24 63:16 67:22 78:3,15</p> <p>issued 73:11,12 85:2</p> <p>issues 49:6 92:13</p> <p>item 126:17 178:4</p> <p>items 43:1 47:16 125:21 126:12 137:20</p> <p>it'll 109:8</p> <p>its 15:16 110:20 180:1</p> <p>it's 9:5 20:11,24 24:7,15 25:2 28:9,20,22 34:8 38:16,20,24 39:13,14 41:8 42:19,22 43:9 44:21 46:3,13,20 52:14 54:6,21 60:20 61:21 66:21 70:12 73:20 76:7 78:23 81:19</p>	<p>82:14,15,16,2 2 86:19,22 89:2 92:23 97:19 102:5 103:6 106:14,15,17 107:1,17 110:8,10,11,1 5 115:8 117:4,19 121:3 123:11 124:25 125:2 126:11,20 128:2 129:9 135:16 139:5,16 140:5 141:3 146:17,18,19, 20 149:20 150:4 152:23 155:1 156:4,10,19,2 0 160:19 163:4,23 164:24 165:11 167:18 168:25 169:6 173:14,22 174:19 180:19 182:7</p> <p>itself 99:9,13 163:24</p> <p>I've 40:1 46:18 50:24 81:12 98:9</p> <hr/> <p style="text-align: center;">J</p> <hr/> <p>James 1:15 3:2 5:2,25 186:6</p> <p>January 107:12 109:11,16</p>	<p>110:24 116:3</p> <p>Jefferies 131:19 132:4,18 174:17 175:5</p> <p>Jeffery 66:13</p> <p>Jeffrey 66:1</p> <p>jobs 9:22</p> <p>Joe 10:3 11:8 13:16,20 17:23 18:10,13,25 19:11,15,24 20:3,16 21:3,6 23:3 27:9 32:7 33:13 48:23 57:2,7 58:1 61:17 65:20 66:10 71:24 72:2 87:10 99:9 126:25 130:3 137:3,23,25 145:17 146:22 147:6 154:5 155:14 173:24 174:23,25 178:20 183:15</p> <p>jog 128:11</p> <p>John 17:24,25 146:21 148:18,19 149:2 151:23 154:13</p> <p>joining 6:7</p> <p>joint 84:24 85:4</p> <p>Joseph 5:13</p>	<p>journal 50:1 51:1 55:14 141:8,9,17</p> <p>judgment 112:19,23 113:8,24 114:25</p> <p>July 1:17 5:3 9:8,14,15 13:2,8,9,11,1 9 15:6 26:22 118:14 162:8 167:16 172:11 173:6,7 186:8</p> <p>jumping 95:16</p> <p>June 13:22 102:19 142:16,19 143:3 146:22 147:13 156:10 161:14</p> <p>junior 11:16</p> <p>just 5:19 6:21 7:8 9:1,10,13 10:23 12:2 13:3,9 15:13,16 17:5,7 23:1,21 24:16 25:21 28:17 30:2 33:7,9,25 36:23 38:18,22,24 39:13 40:3,24 44:1 46:13,16,23 48:4 49:20 52:9 54:5 55:8,24,25 57:19</p>
--	---	--	---

59:12,15	157:10,17	171:22	179:14,21
60:14	160:9 165:15	kinds 15:2	180:15 181:19
61:6,13,14	167:2 168:19	35:11 40:12	184:3 186:6
62:4,17	169:1 170:3	62:25 143:22	Klenl's 61:5
63:2,17,19	173:9,12,16	160:6	knew 69:5 70:4
64:8,21 65:13	174:15	Kinney 53:8	76:18 102:15
66:12,22,24	175:13,18	92:12 137:20	know 6:12,14
67:7 74:23,25	176:6,9	138:6,14,18	18:7,11 20:4
75:1,20,22	180:16	Klenk 1:15 3:2	21:5 27:11,20
78:5 82:15	181:21,23	5:2,25 6:5	28:16 29:4,10
87:17	182:5	16:1 21:17	30:21 36:18
89:5,11,17,19	184:11,18	22:25 26:3	37:9,13,15
90:17		29:24 35:23	42:8 43:23
94:14,22	<hr/> K <hr/>	36:15 38:25	45:11 47:3,5
95:16 97:14	keep 31:3 46:1	40:1 41:21	53:5 56:8
104:17,18,20	72:2 74:17	44:13 45:18	57:1,4 58:2
106:2,15	keeping 40:18	47:11 48:3	59:5,17,25
109:13 113:16	97:7	50:10 54:4	60:1 61:11
115:2,14,17	keeps 70:14	57:24 59:5,16	65:25 66:10
117:19	Ken 19:10,14	60:14,20	69:22 72:25
118:15,20,22	23:4 26:24	61:10 62:4,15	74:12 80:17
119:19	27:5,10 37:16	65:12,25	81:15 82:6
121:7,24	53:2 78:24	68:20 80:7,22	83:1 92:25
124:13 126:20	137:20	82:21 85:19	93:5,8 96:20
128:5,10	138:1,4,15,19	87:25 88:3	100:8,15
129:6,18	181:11	89:3,17 94:22	102:8,11,14,2
131:14 132:7	Kenny 49:1	96:23 97:15	0 104:25
133:13,24	kept 71:15,19	104:13 112:3	111:1
134:14	100:11 101:22	115:17 122:18	112:8,15
135:10,24	Kevin 49:1	126:23 127:17	113:9 119:5
136:3 138:7,8	kind 9:11	129:19 130:5	126:23 127:1
140:1,4,6	13:24 17:12	131:15,16	135:8,11,17,1
141:12,13	19:8 20:1	134:6	8 137:2 147:2
146:22,23	32:10,11	135:7,18	148:14 151:20
148:6	35:15 40:11	139:11 141:16	157:13,17,23
149:16,19	51:24	145:8 146:18	161:20 162:5
150:16,18	95:24,25	148:9 151:3	165:20 168:8
151:1	116:23 143:7	154:24 155:21	172:10,14
152:2,12	146:2,3 154:3	157:11 158:9	173:18 176:21
153:12	161:24 162:17	159:10 163:2	179:25
154:12,20,21,		173:16 175:25	knowledge
25 155:3,5		176:21 178:15	29:14 42:12
156:6,18			

<p>43:19 44:6 50:9,11 51:5 52:22 53:1,6,9 57:1 81:14 82:8 92:3 106:6 109:24 110:3 114:2 127:10 138:12 142:24 144:17 175:20 176:7,21 177:14 178:2,8,25</p> <p>KPI 83:12 99:3,7,8,12,1 7 102:10,11,13, 14 158:19</p> <p>KPI's 99:9</p> <hr/> <p style="text-align: center;">L</p> <hr/> <p>labeled 45:17,18 79:25</p> <p>lack 25:25 27:7 35:5 36:12 42:11 43:19 44:5 51:5 77:21 78:4 79:4 81:9 94:21 106:5 107:23 108:23 109:23 110:17 113:10,12 114:3,18 122:14 129:23 130:7 134:13 135:1 136:7 137:1,16 138:8,22 142:8,15</p>	<p>144:16 145:6 147:22 156:25 161:18 162:19 171:2 172:25 178:12,13 180:3,5 183:13,19</p> <p>lacks 77:6</p> <p>Lacquer 15:15 17:1,2,10</p> <p>LaForte 5:13,16 174:25</p> <p>Lafortes 16:20</p> <p>language 43:1,7,9 140:21 183:7</p> <p>large 50:12 141:4</p> <p>largely 172:11</p> <p>larger 59:6,9,10</p> <p>largest 56:12</p> <p>Larson 4:13 103:11</p> <p>last 18:2,3 49:11 52:20 54:6 74:24,25 75:6 88:19 94:6 95:15,18 148:19 157:5 173:18</p> <p>lasted 98:2</p> <p>late 17:22 163:20 173:5</p> <p>later 76:15 82:17 129:11,12</p>	<p>131:2 148:25</p> <p>latter 136:21</p> <p>Lau 14:12 143:6 159:23</p> <p>law 2:12 171:14</p> <p>lawyer 6:8 17:25 154:12</p> <p>lawyers 154:9</p> <p>layman's 75:23 164:11</p> <p>layout 12:2,3</p> <p>lead 142:16</p> <p>learn 29:18 30:11</p> <p>least 28:23 64:23 97:4,13 128:2 129:12 133:9</p> <p>leaving 112:15</p> <p>ledger 36:17</p> <p>left 7:17,20 8:2,10 13:22 41:22 42:22,23 43:10 54:5 105:4 120:7 121:20,21 123:24 172:17</p> <p>legal 12:9,18 14:15,20,23 17:24 112:19 113:8 148:20 154:6,8</p> <p>legible 146:19</p> <p>legitimate 18:12</p>	<p>LEON 2:21</p> <p>less 24:8,22 147:14</p> <p>let's 9:15 13:1,2 14:19 26:22 28:20 30:6 39:17 47:11 61:10,13 64:11 86:14 88:15 99:15 100:18 104:2 107:9 111:21 118:14 127:24 157:23 172:10 175:21</p> <p>letter 4:12 27:1 140:12 182:6,10,18,1 9 183:10,12</p> <p>letting 157:17</p> <p>level 28:19 83:24 91:1,3 93:23 94:15,25 95:2 114:23</p> <p>liabilities 49:16 182:22 183:21</p> <p>license 14:12</p> <p>licensed 14:14</p> <p>light 118:12</p> <p>likely 102:3,22 103:9 114:14</p> <p>limitation 79:11</p> <p>limited 14:24</p>
--	---	---	--



<p>166:2 167:5</p> <p>limiting 70:14</p> <p>line 47:16</p> <p>71:17,19</p> <p>87:19 97:6</p> <p>99:2 102:18</p> <p>116:19 123:19</p> <p>125:21</p> <p>126:3,6,12,17</p> <p>156:19,20</p> <p>lines 123:18</p> <p>Lisa 5:8 6:8</p> <p>11:14</p> <p>17:4,6,9</p> <p>176:18</p> <p>list 41:24</p> <p>listing 92:15</p> <p>little 12:3</p> <p>59:9,11</p> <p>60:6,10 64:8</p> <p>67:21 81:10</p> <p>95:20 106:23</p> <p>110:11 112:4</p> <p>124:14 131:17</p> <p>139:25 144:20</p> <p>146:23 148:23</p> <p>152:10 157:12</p> <p>173:9</p> <p>live 36:25</p> <p>LLP 2:3,16</p> <p>11:3 49:25</p> <p>52:13,20,24</p> <p>54:11 73:11</p> <p>182:20</p> <p>LM 15:14</p> <p>16:12,17</p> <p>locate 19:22</p> <p>located 12:10</p>	<p>17:3</p> <p>locating 20:15</p> <p>21:1</p> <p>location 89:24</p> <p>log 89:7</p> <p>100:11,22</p> <p>101:2,5,11,17</p> <p>,23 102:6</p> <p>105:14 144:6</p> <p>logins 37:12</p> <p>178:6</p> <p>long 26:16</p> <p>80:4 85:18</p> <p>88:19 163:4</p> <p>170:17</p> <p>look 10:9</p> <p>18:12</p> <p>30:12,23</p> <p>34:11,22</p> <p>36:1,9 37:10</p> <p>43:24 44:1</p> <p>51:13 56:22</p> <p>57:13,19,21</p> <p>58:14 75:15</p> <p>80:8,17 82:25</p> <p>99:10</p> <p>109:10,16</p> <p>115:17 121:20</p> <p>125:3</p> <p>128:6,23</p> <p>133:24</p> <p>134:2,22</p> <p>141:23</p> <p>148:4,7</p> <p>149:18 152:12</p> <p>160:4 166:17</p> <p>167:7 170:4,5</p> <p>179:16,21</p> <p>181:21</p> <p>looked 34:13</p>	<p>36:3,14,18,21</p> <p>55:8 123:22</p> <p>130:13 144:5</p> <p>164:12</p> <p>looking 26:5</p> <p>30:3 34:3</p> <p>40:8 41:21</p> <p>42:15,24</p> <p>43:15 48:25</p> <p>55:7 63:14,19</p> <p>64:16</p> <p>66:24,25</p> <p>67:12,13</p> <p>68:13 76:15</p> <p>81:24 83:20</p> <p>87:11 97:13</p> <p>104:23,24</p> <p>105:16 106:23</p> <p>126:17 145:9</p> <p>148:10 149:19</p> <p>153:12</p> <p>157:3,6 164:5</p> <p>166:6</p> <p>169:11,25</p> <p>looks 43:9</p> <p>54:9 59:21</p> <p>63:18 64:14</p> <p>103:21</p> <p>105:16,20</p> <p>109:11,17</p> <p>110:8 129:2</p> <p>130:12 149:21</p> <p>156:4 164:18</p> <p>165:20</p> <p>losing 96:23</p> <p>loss</p> <p>22:2,6,16,17</p> <p>23:5,7 24:21</p> <p>25:5,7 28:2</p> <p>30:8 67:23</p> <p>68:21 70:18</p> <p>71:4,5 73:13</p>	<p>74:8,11,19,22</p> <p>77:17</p> <p>78:18,25 85:3</p> <p>113:2 124:11</p> <p>losses 23:16</p> <p>25:24 28:25</p> <p>29:5,19</p> <p>30:9,12,13,18</p> <p>,21</p> <p>69:5,6,10,18,</p> <p>19,23</p> <p>70:4,5,15</p> <p>100:14 101:15</p> <p>107:10 113:9</p> <p>116:4,11,25</p> <p>121:3 122:21</p> <p>164:6</p> <p>165:5,14</p> <p>167:7,8</p> <p>lost 49:11</p> <p>62:6 108:6</p> <p>110:4 111:9</p> <p>lot</p> <p>11:1,4,5,9,10</p> <p>37:14,15</p> <p>39:11,16</p> <p>61:9,12 66:20</p> <p>67:8 85:16</p> <p>112:23</p> <p>115:8,9</p> <p>126:15 145:20</p> <p>153:15 168:9</p> <p>lots 96:22</p> <p>Lou 159:24</p> <p>171:25</p> <p>Lounge 15:15</p> <p>17:1,2,10</p> <p>low 30:25</p> <p>lower 7:15</p> <p>23:18 69:23</p>
---	---	---	--



72:12	157:13,23	174:13 175:3	126:8,15
Lu 143:6	178:20	MARCUS 2:16	127:9 131:13
145:13	makes 175:17	mark 82:19	138:11 141:2
Lucien 2:20	making 59:10	148:19	143:10 145:8
5:12,17	97:1 114:7,8	marked 82:13	146:20 151:2
lunch 112:3	116:22	133:20	154:18 182:11
115:2 116:2	136:14,15	173:11,13,22	183:25 184:1
118:20	138:21 147:6	175:23,24	maybe 7:13
<hr/>	malaria 95:23	MARKET 2:4	10:23 12:18
M	man 18:23	Marketing	15:4 21:7
Mack 174:23,25	manage 54:17	151:10,11	31:24 39:3,12
made 22:6	management 4:9	markings 135:4	43:23 46:2,3
51:11 69:16	15:14	massive 165:8	59:6,12 88:12
114:13	16:12,17	master	89:20 90:6
116:17,19	79:25 80:24	151:8,22,24	110:8,10
117:16 129:3	128:2 173:25	152:18	139:16 154:24
130:24 136:9	174:8 175:10	material 115:8	157:16 170:19
145:2,13	Manager 7:25	math 111:2	180:15
147:11,12	8:3	matter 22:22	MCA 9:18
149:7 181:12	Mannes 83:4	25:24 26:8	10:15,18 16:4
mail 46:4 99:2	148:21	55:8,9 63:17	20:8 31:18
mailed 40:2	Mans 17:23	173:9	33:16,17 95:7
mainly 19:10	manual 101:21	matters 27:6	96:18
57:2 109:4	many 12:23	50:21,22	112:20,24
maintain 96:17	13:3,4,23	may 7:1	145:19 151:18
maintenance	15:4 42:8	20:24,25	McElhone 5:9
16:15,21,24	87:24 88:2	29:13,14 32:6	6:8 11:14
make 5:20	166:21 170:14	34:20 35:7,22	me 6:12,18 7:8
10:1,10 18:11	175:3	36:15 39:21	8:5,12,13
30:2 33:17,25	March 57:25	47:2 50:10	9:25 10:8,9
34:16 38:17	74:16 96:4	51:7 62:9	11:9 21:15
45:15 50:12	118:7	65:6,11,23	22:11 23:4
51:24 52:6	119:2,21,24	66:17,18 67:7	25:9 29:3
56:2 58:20	125:1 130:21	73:24 76:12	31:4,16,17
59:6,9 72:3	131:12,19	78:7,9 81:10	32:7 36:11
98:20 103:22	132:5 164:22	87:9 94:9	37:19 38:7
110:10 115:3	169:6 171:4	98:18 103:23	39:5 43:25
122:1 135:4	172:6 173:23	114:4	44:4 45:15,17
144:11 152:10			48:11 49:19
			53:10 55:24
			57:8 58:1
			59:5,15 61:18

66:3 67:12 70:17 72:4 73:10,25 79:15,24 80:17 81:19 82:10,11,21 83:15 84:3 91:12 93:14 95:6,16 103:18,19 104:25 106:16 107:16 108:12 110:12 111:16 112:9 119:5 122:10 126:18,19 128:15 129:18 130:20 131:15,16 133:18,19,24 135:7,8,24 139:15 143:6 144:4 146:17 147:5 148:1,2 149:13,21 150:13,14 152:6,20 153:10 154:20 155:14,19 156:20 157:7 160:3,9,17 161:1,19 162:6,23,24 164:1,11,17 165:25 167:17 168:24 170:4,11 173:8,11,12,2 1 175:21,22,24 177:1 180:13 181:20 182:10,24	184:1,3,5 186:6 mean 13:9 24:18 26:16 28:6 30:19 38:20 41:5 45:2,9 54:14 55:11 61:7 97:18 106:20 116:13 128:17,22 136:14 137:24 139:3 141:10 145:10 150:2,10 151:14 159:16 161:23 169:22 meaning 7:4 48:19 68:6 means 137:25 meant 142:3 mechanism 63:11 meeting 66:22 67:2,9,10 83:10,19,23 84:9,11,15,19 85:10,13,18,2 3 86:9,10 87:14,22,24 88:2,6,8,11,1 2,15,16,19 89:19,25 90:6,8 94:1,6,12 95:15,18 102:18 130:21 131:7,11,17,1 9 132:1,9 175:3,6,12	meetings 82:1,3,5 83:16 85:15,20 88:4,21 89:18 90:1,3,9,14,1 8,22 91:6 93:19,21 94:6,7,16,23 95:3,12 96:9 97:12,16,25 98:1,2 172:7 members 171:14 mention 32:16 138:14 mentioned 13:15 14:25 18:23 23:4 27:10 35:24 72:8 83:20 90:19 133:13 Menus 151:23 merchant 16:4 87:21 98:5 108:19 112:5,9,13 144:2 merchants 113:5 118:12 150:11 151:15 message 165:10 meta 154:17 methodology 25:23 53:11 63:9 78:2 93:8,10 161:16,23,25 162:1,4,5 methods 145:21	metrics 80:25 83:13 99:4 Metro 15:15 16:7,9 MIAMI 2:8,17 MIAMI-DADE 185:3 186:3 mid 13:2 102:16 middle 49:23 58:6 63:4,5 98:15 99:1 102:17 120:5 121:13 mid-March 119:1 126:9 might 8:23 40:23 118:13 133:10 163:4 176:7 180:20 181:23 184:2 million 70:1 72:9,12,16,22 73:5 107:17 115:19 116:8,12,20 117:1,3,18,21 121:10,25 122:2,10,12,1 3,22 123:10 124:2,7 128:8 167:18 169:7 mind 9:14 31:3 75:9 154:1 155:6 mine 160:21 minute 39:9 46:21 103:12 104:20 184:5
---	--	--	---

<p>minutes 44:15 45:5,6 46:13 80:7,16 104:3 111:15 157:13 184:5,12,21</p> <p>missing 105:17</p> <p>misstated 122:5</p> <p>misstates 168:15</p> <p>mistaken 124:22</p> <p>misunderstood 144:3,4</p> <p>mitigate 113:9</p> <p>mitigation 113:2</p> <p>modified 9:20 91:10 96:12</p> <p>moment 57:19 106:2 107:13 118:22 129:19 138:7 141:12,13 149:16 167:3 179:16</p> <p>moments 179:23</p> <p>money 28:12 32:15,16,19 44:11 96:23 97:1 108:11 127:6,9 147:14 150:10 170:1</p> <p>month 100:4 104:23 105:4,10 106:17 110:7</p>	<p>164:7 166:4</p> <p>months 10:9,22 125:3 167:20 169:10,13</p> <p>more 10:23 11:14,15 12:14 24:4,6 39:14 45:9 56:7 64:8 79:14 86:23 87:11 91:5 118:1,12 125:4 129:15 152:6 157:12 162:17</p> <p>morning 6:5,6,7 168:11</p> <p>most 83:12 92:13 99:3 102:22 103:9 157:17 170:20,22 173:10</p> <p>mouth 142:12</p> <p>move 43:25 44:14 49:20 72:4 110:13 176:16</p> <p>moved 37:7 176:22 177:7,22 179:24,25</p> <p>much 23:14,23 24:4 31:6 41:12 45:3 61:11 95:9 104:6 111:15,22,23 129:11 153:7</p>	<p>154:25 156:17 170:1 172:14</p> <p>Multiple 48:10</p> <p>multitude 100:16</p> <p>mute 21:14 46:17 184:16</p> <p>my 6:7 9:17 10:2,8,9,25 15:25 20:13 22:14,18 23:19 26:11 27:18 29:23 40:3 42:13 49:12 50:11 52:22 53:1,6,9,23 55:2 56:19 57:1 59:21 64:16 66:2,6 72:17 77:14,15 81:14 82:8 84:12,13,20 88:20 90:13,17 92:3 93:24 95:17,25 97:23,24 98:12 102:5 106:14 107:5 108:1 110:3,10 111:14 112:17,22 114:12,20,23 138:12 142:12 149:17 155:21 158:9 163:9,20 166:2,11,23 170:19</p>	<p>175:1,8,22 180:8,17 183:15 184:16 185:9,16 186:9</p> <p>myself 75:5</p> <hr/> <p>N</p> <hr/> <p>nail 17:4</p> <p>name 5:15,20 6:7 18:2,3 52:20 66:1,12,13 94:13 142:16 145:14 148:19 154:12 159:23</p> <p>named 16:19 17:24 18:23 53:7 56:8 81:15 142:21</p> <p>names 82:5 131:24</p> <p>national 141:4</p> <p>native 37:21</p> <p>nature 21:22 64:4 68:1 91:2</p> <p>near 162:20,22</p> <p>necessarily 45:7</p> <p>need 18:11 28:14 32:18 33:12 38:10 39:9 49:16 55:16 75:9 137:17 148:4 149:13 165:15 180:16,17</p> <p>needed 11:12</p>
--	---	--	--

<p>164:9 178:7 needs 59:17 75:10 negative 109:3,8 NEIMAN 2:16 net 124:9 Networks 37:5 93:18 never 27:2,16 81:12 142:11 181:14 new 2:13 49:4 56:11 101:3 176:18,23 news 184:9 next 6:17 43:23 44:15 45:13 55:2 105:7,11,22 107:3,19 110:6 118:18 121:2,13 130:16 136:10,14,15 141:5 150:15 151:1 178:4 179:13 180:13 181:15,18 no 1:2 7:10 9:16 13:17 14:11 17:17 23:1 25:16 27:1,16 31:3 37:12,25 39:1,2,14,19 47:13,17 50:22 61:20 62:11 68:13</p>	<p>70:19 72:17,19 73:21 74:5 81:5,10,19 82:14 86:11,13 87:18 89:1,23 93:3 97:11 98:13 99:19 100:3 114:15 117:4 120:20 126:13 135:2,12,20,2 3 140:3,4 141:14 142:11 144:17 149:8,9 153:9,12 156:8,14,15 162:2 178:2,20 180:1 184:6,17 186:15 noise 61:9 non 116:23 141:5 non-accounting 164:15 non-audited 58:16 non-GAAP 58:3 60:22 61:17 62:20 63:23,25 64:8 65:14,19 119:6,12 120:7 121:21 122:1,8,9,11, 19,24 123:5 124:5,11</p>	<p>127:4 nonperforming 70:25 non-performing 48:19,22 nor 185:12,13 normally 162:20 North 12:10,11 14:20 16:22 17:3 90:1 not 9:4 13:20 16:22 18:5,16 20:8 24:4,11,12,13 ,17,18 25:19 26:4 29:10 38:20 40:14 42:6,13 43:17 44:11 47:18 52:14 55:18 57:1,7 62:9 66:2,6,18 67:8 69:14 70:11 72:3,19,24 75:23 77:12,14,24 78:21 79:6 81:10,14,19 82:8,14,16 86:13,21 87:3,23 91:10 92:4 94:15 96:12 98:12 100:2 102:5,14 106:7,14 108:25 111:2 112:22 114:8,14,22</p>	<p>117:4 118:9,10,15 120:20 122:16 123:12 124:16,17,21 125:2,6 127:8 129:24 130:6 134:21 135:4,6,11,16 137:5 138:20 141:1,15 142:12 144:24 146:3 151:17 153:16 154:18 157:1 159:19 160:17,21 161:19 163:3,4 165:25 168:12,17 170:1,8 177:1,15 178:3 179:3 180:2 181:7,9 185:10 Notary 1:25 185:5,21 186:14 notations 134:19,25 note 63:7 99:18,19 129:5 145:11 noted 49:22 106:11 notes 32:12,13 33:19,20 64:3 84:12 125:11,14,17, 18,19,20 140:19 141:7</p>
---	--	--	---

<p>144:24,25 145:1 185:9 nothing 87:18 149:9 notice 70:24 noticed 42:25 notices 146:12 November 7:17,18 8:9,11 26:24 27:4 83:8 176:1 179:14 now 13:12 14:13,25 18:4,12 21:13,18 22:19 23:7 24:6 29:2 31:3 33:22 38:12 45:11 46:6,25 47:7,22 52:9 53:11,15 57:12 58:25 60:3 61:6 62:16 67:21 79:6 86:14 102:16 107:12,19 108:18 115:1,16,22 116:10 119:16 128:1 134:15,19 139:10 142:5 152:9 154:2 163:2 166:12 173:21 175:16 180:14 182:1,14,24</p>	<p>number 14:5 18:18 22:17 23:17,18 24:21 33:19 37:22 41:1,6,9 48:8,18 49:4 52:7 58:17 70:5,6,19 71:16,18,19,2 3 72:6,15,18 73:5,6,13,16, 17 74:4,6,7 87:11,18 95:6 96:18 97:7 100:4,6,10,12 ,19 101:24 103:20,25 105:9,12,19 106:12 107:4,14,15 108:21 109:20,22 110:7,16,24 111:1,4,7,8 116:11,18 117:20 118:13 120:13 121:3,4,7,13, 14,21,22 122:1,8,9,11, 12 124:4,5,6 128:13 130:21,22 133:14 142:9 144:5 152:7 153:13,16 165:21,23,25 166:1 168:8 173:25 176:2,10 179:19 numbers 23:11</p>	<p>24:20 34:24,25 41:24 43:14 47:13 55:11 63:17 64:24 66:25 69:18 70:10,18 71:23 72:3,5 77:19 78:1 92:9,17,19 97:6 100:13,15 101:1,4,9,15, 20 102:2 110:23 116:7 118:3,13 124:5 125:5,6 128:15,18,21 129:16 136:23 142:6,13 168:10 Numoda 8:2,6 <hr/> O <hr/> OATH 186:1 object 15:7,23 20:21 22:8,23 23:24 24:9 29:20 32:23 34:18 37:1 50:6 52:1 54:19 63:19 64:25 65:4,9 66:9 70:8 71:7,22 74:9 76:9 77:5,9 79:3 81:8 85:6 86:4,19 94:18,20 106:5 113:12 122:4,15 128:17 130:6</p>	<p>133:11 134:13 135:13 136:7 137:13 138:21 163:11 167:2 objected 65:2,5 objecting 23:5 objection 24:23 25:4,25 26:9 27:7 32:5 35:5,17,18,21 36:11,12 40:14 42:10 43:18 44:4,5 49:22 50:4 51:4 54:20,21 56:4,17,24 65:1 72:23 73:3,23 77:10,21,23 78:4,20 79:3,5 86:6,22 87:8 90:24 97:2 98:6,7 106:11,13 107:23 108:23 109:2,23 110:1,17 113:10 114:1,18 122:14 129:23 130:1 132:15 135:1 136:6,25 137:15 138:7,8,21,22 140:25 141:12,14 142:8,15 143:9 144:16</p>
--	--	---	---



145:5,6 147:22 156:25 161:18 162:19 167:3 168:14 170:25 172:24 178:10 180:3,5 183:13,19 objections 78:8 130:4 objective 141:24 obviously 6:17 29:15 38:15 75:10 105:4 129:9 154:25 156:17 164:18 occasion 102:13 159:14 occasionally 138:17 occur 29:14 occurred 68:24 95:3 177:12 occurs 76:2 o'clock 111:14,19,22 157:12 October 7:18 18:21 off 9:20 17:21 23:10 24:4,6,7 36:23 39:23 42:13 43:9 44:14 54:1 59:11,22 62:1 66:2 68:17 72:17,25	80:6,19 82:11 84:13,20 89:11,14 92:11,15 95:24 104:2,10 108:3 111:25 113:15 114:5,8,9 120:14 133:25 134:3 136:1 137:4 158:5 162:24 164:21 166:1 167:9,13,19,2 1 169:9,12 170:19 180:8 184:11,18,20, 22 office 12:4 13:5,7 16:3 94:3 158:9 170:16 officer 83:5 offices 2:12 12:17,19 14:16 170:12 official 8:24 9:17 offs 164:6 169:6 often 37:10 79:7,14 112:18 oh 41:10 47:17 52:14 113:2 118:21 134:24 147:3 153:9 155:4 162:23 166:8 169:3	180:22 okay 5:18 6:21 7:2,7 8:19,23 9:6 10:12,17,21 12:2,8,16,23 13:18 14:3,9,15,19, 22,25 15:13,23 16:6,16,25 17:11,19 18:14,17,23 19:2,8,17,20 20:11,14,24 21:13,16 22:1,14 23:2,13,21 24:6,13,20 25:15,22 26:7,16 27:3,15,17 28:1,13,24 29:8,13,17 30:1,7,9 31:3,4,20,23 32:3,10,18,21 33:1,4,7,22 34:5,14 35:3 36:18 37:9,18 38:2,17,18 39:3,8,17,19 40:10,20 41:12 42:8,14,22 43:10,22 44:9,13 45:6 46:12,22 47:4,10,19 48:1,6,16,23, 24 49:13,18 50:14,19,24 51:15,23	52:9,15 53:10,14,19,2 4 54:14,25 55:6,20 56:7,10,13,21 57:3,8,11,24 58:6,18,25 59:12,14,19 60:3,4,7,8,13 ,20 62:17,22 63:4,16,24 64:1,19 65:17,22 66:12,23 67:2,7,17,21 68:8,10,14,16 ,24 69:4,11,15,22 70:21 71:3,10,17 72:1,10,14,21 73:2,4,9,18 74:2,6,13 75:20 76:6,20,23 77:14 78:12,17 79:7,15,18,23 80:5,9,10,16 81:13 82:1,6,9,19,2 1,24 83:3,7,19,22 84:1,6,14,18 85:1,3,9,17,2 1 86:14 88:10,15,22,2 4 89:10,17,22,2 4 90:3,8,13,17, 22 91:6,12 92:1,6
--	---	--	--



93:4,12,14,17	133:3,8,16	166:3,11	38:1,13
94:7,14,24	134:12,15,18,	167:25 168:18	39:5,16,21
95:1 96:3,7	22	169:15,18,19	40:9,23,24
97:17 98:25	135:3,17,21,2	170:10,21	41:2,3,9,14
99:10,23	4 137:7,24	171:11,25	42:15 43:7
100:1,8,13,24	138:2,16,18,2	172:2,5,20	44:13
101:3,6,8,12,	3	173:5,8,15,21	45:14,15,25
25	139:3,6,9,15,	174:12,16	46:8,16,22
102:8,16,24	24	175:2,8,15,21	47:1 48:21,25
103:3,12,18	140:9,12,15	,24,25	49:4,15,16
104:17	141:5,22	176:5,12,13,1	50:2,22 51:8
105:3,11,15,2	142:5,20,23	5,17	54:16
2 106:9,19	143:4,7,21,25	177:3,6,10,20	55:11,14,15,1
107:3,6,18,19	144:9,13,21,2	,24 178:22	7 56:22
108:7,10,12,1	3 145:12	179:6,8,11,12	57:9,24
8,20	146:2,6,14,18	,13,20,23	58:3,9
109:7,10,14,1	147:3,14,18	180:11,13,24	59:4,10,21
8	148:1,9,14,22	181:10,15	60:15,21
110:6,13,14,1	149:11,15	182:2,3,4,14,	61:14,24
5,19,22	150:9,13	24	62:5,18
111:3,6,12,24	151:3,7,11,20	183:9,17,22	63:10,18
112:12 113:3	152:1,5,8,21,	184:5	64:3,4,17
114:21	25	old 91:9	66:13 70:25
115:1,11,16,1	153:3,17,24	on 1:16 2:2,11	71:2,6,10,15,
7,22,25	154:2,7,11,14	5:6,8,10 7:14	19 72:3,5,9
116:1,10,21	,20	8:7,16,19	73:19 74:17
117:6,10,13,2	155:4,7,10,16	9:16 10:18	75:15 76:15
3,25	,19,20,23	11:17 12:7,23	77:13,19
118:8,10,18,2	156:4,8,10,15	13:17 14:4,6	78:1,3,10,19
1 119:15,19	,18	15:1,5 16:18	80:2,11
120:4,9,16,22	157:4,7,18,20	17:3,21,22	83:8,10 84:25
,24 121:2,13	158:1,16,18,2	18:18	85:18 89:7
122:7	5	19:15,16	90:25 91:9,10
123:6,16,21	159:4,6,7,9,1	20:21	92:4,6,23
124:1,4,12,19	2,21	21:14,15	93:7,23
,23	160:3,8,15,18	23:9,11 26:8	94:4,11 95:20
125:10,14,23	,22	27:12,14	96:11,23
126:4,7,19,22	161:1,6,7,15,	28:19,20,23	97:1,5 98:19
127:6,12,15,2	22	30:16	99:2,14,16
2 129:4,14,18	162:3,8,17,23	33:4,11,21	100:5,6,12,22
130:15,20	163:18	34:24	101:22 102:13
131:3,9,15,21	164:4,23	37:4,7,23	103:17
,25 132:7,25	165:23		104:5,18

106:25	182:5,22	159:20 164:21	12:10
108:2,22	183:1,2,25	165:13 166:7	151:13,15
109:3	184:2 186:8	167:6 172:16	orient 104:20
110:6,11,12	once 7:7 59:17	178:20 179:13	original
114:7,23	73:25 86:23	182:24 183:25	108:5,6 109:4
117:4,8	170:16,23	184:1,2,5	110:4 123:17
118:4,15,22	172:6	one-page 57:9	144:7
119:7,11	one 10:19	82:22 173:22	originally
121:1 123:2	13:16 21:7,14	ones 88:13	11:20 70:2,6
125:8,11,18	27:9 31:24	only 11:19	76:13 148:14
126:12	36:23 39:5,13	12:12 16:22	originated
127:3,15,24	44:11,13	20:6 27:20	169:9
128:1,11,23	45:15 46:24	39:15 46:5	other 5:15
130:9	53:10	84:21 90:25	9:18 13:23
131:2,20	55:14,16,17,2	108:5 115:10	14:10,16 17:9
132:1,4	3 56:11 65:23	125:3 139:17	34:24 40:12
134:13,22	66:15,22	151:4,17	48:8 56:1
135:4,8,19	67:19 68:11	166:6,14	79:13 92:17
136:16	75:18 79:16	167:5 178:19	94:5 100:13
138:5,10,13	82:12,18	179:4 180:19	115:9 129:2,6
139:18 141:21	84:16 88:5,21	open 34:22	140:4,7
142:6	89:23 90:14	166:8,16	143:13,20,22
146:7,9,13,16	92:24 93:24	operations	151:18
,17,19 147:7	94:1,10 97:12	11:24 12:6	182:15,23
148:2,22,23	100:17 103:20	16:11 17:5	183:23
149:1,9	117:11 121:3	19:14 91:11	others 49:25
150:14,15,16,	123:18	140:18	50:3 51:17
18,23 151:24	126:5,13,19,2	opinion 26:5	otherwise
152:11 153:16	2 127:15	72:4 84:16,22	10:14 91:3
154:22	131:15	85:2 141:3,25	95:2
155:1,19,20	139:9,16	opportunity	our 17:23
156:19,23	142:16,17	80:8 134:1,7	36:14,16,20
160:17,19	143:24	opposed 70:15	37:6 47:14
161:2 162:2	146:18,19	opposite 123:6	50:25
164:7 165:6	149:12,13	order 1:19	54:12,15
166:15,16,19	150:14,15,17	34:11 56:2	56:12 67:12
167:6 168:25	151:2 152:5,6	66:25 123:15	76:13,17
169:17,18,21,	153:13	186:7	83:10,12
23 172:23	154:22,25	organization	92:13,23
174:3,13	155:19,20		93:16 94:3
175:23 177:21	156:16,17		
178:4,25	157:7 158:15		
181:5,22			

<p>95:8 99:3 101:10 102:18,22 108:4 114:9 117:8,14,17 119:6 120:14,15,23 122:21 124:17 141:21 143:18 144:5,8 148:20 154:6 164:8 165:16 170:16 171:14 178:5 179:3 184:9</p> <p>ourselves 145:20</p> <p>out 5:20 10:10 18:4 20:10 27:14 30:17 32:9,21,24 36:5 37:22 39:10,20 42:9 46:11,24 55:3,18 67:16 73:19 96:4 99:18 100:23 103:22 108:2,11 109:5 119:12 126:2,6 129:16 142:12 145:23 146:11,12 150:4,9 151:15 160:1 171:14,15 175:22 177:25 180:9</p> <p>outcome 133:2</p> <p>outside 10:13</p>	<p>outstanding 69:14 70:20 113:6</p> <p>over 19:14 29:15,17 44:12 51:12,17 63:8,17 64:14 67:25 68:21 73:17 74:18 79:9 97:25 98:2 108:8 111:9 118:1,11 138:1 145:21,24 155:15 165:18 168:9 178:23</p> <p>oversaw 11:23 16:11,14</p> <p>oversee 11:15</p> <p>overseeing 11:23</p> <p>own 99:9 176:20</p> <hr/> <p style="text-align: center;">P</p> <hr/> <p>p.m 1:17 46:2 83:8</p> <p>PA 2:4</p> <p>page 3:2 4:2 38:18,19 39:13 40:20,25 41:9,16,22 42:1,15,16 43:25 44:1,2 46:5,14,25 47:12,13,15,1 8 63:11,18</p>	<p>82:13 115:8,12 120:1,2,3,4 125:11 127:24 128:3,11 129:20,21 130:16,17 131:6 134:16 135:8,9,19,21 ,22 138:24 139:2,4,17 146:19 148:4 149:13 150:16 153:5 154:25 155:1 179:14 182:6</p> <p>pages 39:16 44:18 45:2 80:4 163:4,5 166:5,22 181:19</p> <p>paid 108:20 146:8 147:14 167:12 172:11,14</p> <p>papers 162:15</p> <p>par 1:8 80:24 176:2</p> <p>paragraph 49:24 115:18 116:11,15 117:3,4,6 141:5,23 149:14 182:25</p> <p>paralegal 110:10 155:22 175:22 180:17</p> <p>parens 110:7 111:1</p> <p>Park 142:17</p>	<p>146:22 161:14</p> <p>part 12:9 14:7 42:18,19 46:2 75:6 76:17 104:21 114:22 130:25 153:22 154:15 162:13 175:11</p> <p>participated 138:10</p> <p>participating 50:15 131:19</p> <p>participation 88:20 149:22</p> <p>particular 52:4 106:6 107:25 108:24 136:18 160:10</p> <p>Particularly 115:7</p> <p>parties 1:18 185:11,12</p> <p>partner 52:24 142:22 143:1</p> <p>party 36:19 77:16</p> <p>past 181:5</p> <p>pay 24:8,21 108:20 112:15</p> <p>paychecks 179:9</p> <p>paying 106:25</p> <p>payment 113:19 114:9 147:11 165:3,4</p> <p>payments 67:15 114:7 145:2</p>
---	--	--	---

<p>146:11 147:7,12 148:12 149:7 167:14</p> <p>payroll 12:17 16:18 177:21 178:22,23 179:1,5 180:1</p> <p>PDF 33:18 41:16,22 42:16 44:17 174:7</p> <p>Pennsylvania 7:12 49:5 179:25 180:9</p> <p>people 13:6,8,12,14, 19,23,24 14:4,5,8,23 16:18 18:18 19:6 48:8 73:15 77:16 79:8 82:4 83:16 84:10 86:15 87:24 88:2,9,13,16 89:20 90:6 94:4,5 97:13 98:2 130:22 131:18,21,25 132:4,18 136:22 142:6,13 154:9 173:25 175:4</p> <p>per 58:3 105:20 119:6</p> <p>percentage 149:23,24 150:3,20,21 164:8</p>	<p>169:11,13</p> <p>Perfect 63:6 110:14 173:22</p> <p>perform 141:11</p> <p>performance 86:17 87:2,6,21 90:23,25 132:10,14</p> <p>performed 67:20 152:24</p> <p>perhaps 38:21 179:24</p> <p>period 12:25 13:22 14:18 21:25 44:12 54:13 66:13 104:25 105:4 111:9 118:10 169:13,24 170:6 172:21 178:14</p> <p>periods 178:19</p> <p>Perry 5:11</p> <p>person 5:19 11:6 16:21 17:23 18:23 66:20 81:15 142:21 174:17,21 175:4</p> <p>personal 7:15 42:12 43:19 44:5 50:9,11 51:5 109:24 144:17 176:20 177:14 178:8</p> <p>personally 77:25 127:11</p>	<p>pertaining 132:18</p> <p>Philadelphia 2:4 20:7,9 90:2,11 94:8 170:12</p> <p>phone 19:12 27:9 63:8 89:8 131:20 132:11</p> <p>physical 12:3 15:15 16:7,10</p> <p>piece 90:21</p> <p>PIETRAGALLO 2:3</p> <p>PINEIRO 2:16</p> <p>place 18:6 164:17</p> <p>Plaintiff 1:6 2:2</p> <p>Plaintiff's 4:3 38:5 45:20 53:17 57:15 59:1 81:1 104:8 115:5 133:22 139:22</p> <p>planning 58:9 119:11</p> <p>platform 37:4 146:5</p> <p>please 6:11 44:13 45:24 46:1 51:17 58:1 83:11 86:25 102:18 115:24 119:5 125:17 138:8</p>	<p>141:13 160:12 180:22 181:24 182:3</p> <p>PLLC 2:20</p> <p>plus 109:5 110:21</p> <p>point 6:10 13:17,21 14:1 17:14 27:1,12 29:2,4,10,19 30:11 31:8 44:19,23 50:19 69:4,15,17 76:21,23,24 126:3 136:17 143:4,24 161:20 167:13 171:13 172:15 177:7</p> <p>points 64:3</p> <p>policy 114:10 167:10</p> <p>PONCE 2:21</p> <p>Ponzi 86:2,10,11,12 ,13</p> <p>populate 100:9</p> <p>portal 36:24,25 37:7,8,10</p> <p>Porter 81:16,17 83:9 94:7,9 98:17 174:21</p> <p>portfolio 87:21 97:6,9 98:5</p>
---	--	--	---



<p>posed 134:14</p> <p>position 8:8 23:15 26:8 76:6 77:2,3,18 78:1,2,6,24 85:22</p> <p>positive 116:18</p> <p>possibilities 84:24</p> <p>possibility 90:20</p> <p>possible 32:16 172:3</p> <p>possibly 81:25 170:2</p> <p>post 9:5</p> <p>posted 117:14</p> <p>potential 28:25</p> <p>practice 40:11</p> <p>pre-covid 171:10</p> <p>pre-COVID 171:9</p> <p>predate 179:15</p> <p>predates 176:1</p> <p>prefer 23:3</p> <p>premise 122:6</p> <p>preparation 26:12 141:6,7,9,17 175:11</p> <p>preparations 137:5</p>	<p>prepare 81:11 91:13,22,24 92:1 103:7 141:20</p> <p>prepared 91:13 106:7 119:23 124:25 129:3,11 130:3 135:18 137:12 139:6 155:17 163:8 183:5</p> <p>preparer 155:6,22</p> <p>preparing 25:16,19 81:6 151:21</p> <p>present 63:3 67:2,3 87:6 93:20 162:5 175:4 182:19</p> <p>presentation 55:8,9 63:2</p> <p>presented 55:12 74:7 142:1</p> <p>presenting 63:14</p> <p>presumably 125:14</p> <p>pretty 76:21 117:19 128:16 163:23</p> <p>previously 65:20 83:20 96:17 115:23 122:25 184:13</p> <p>primarily 49:21 142:19</p>	<p>primary 10:2,19 11:1,6 31:24 142:16</p> <p>principal 31:9 110:5,20 111:9 143:4</p> <p>principle 108:5</p> <p>principles 9:19 34:2</p> <p>print 39:9,11 46:11,24 62:9 166:12</p> <p>printout 47:14</p> <p>prior 70:22 79:9 118:20 120:23 132:8 135:21 167:9,20 169:10,13 178:11</p> <p>privately 137:23,24</p> <p>privy 20:3 21:6</p> <p>probably 11:22 23:22 44:18 54:6 79:16 80:4 88:8,12 126:8,11</p> <p>problem 7:10 9:16 18:5 41:8 62:11 131:13 156:8,15 184:6,17</p> <p>procedures 10:7 51:24</p>	<p>proceed 15:20</p> <p>proceedings 184:24 185:8</p> <p>process 10:7 14:7 40:13 45:4 63:12 114:23 129:2 153:23 154:16 162:13</p> <p>processing 8:17,21,22 16:2 20:6 23:9 79:10 83:6 85:24 151:9 152:19 177:18 178:22,23 179:1,2,4,5</p> <p>produce 119:15</p> <p>produced 44:19 126:8</p> <p>product 149:22 150:2,20 160:16</p> <p>production 153:18</p> <p>profit 149:22,24 150:3,21</p> <p>profitability 93:22,24 94:14,16,23 95:4,13 96:10,16 97:11 98:4,13 133:10</p> <p>profitable 97:9</p> <p>program 34:23</p>
---	---	---	---



project 8:3	67:24 68:21	put 17:7 21:14	32:23 34:19
projected 168:1	71:4,5 74:8,22 77:17 78:18,25 85:3 183:6	28:14,23 33:13 34:10,12 37:23 40:11 41:1,3 44:18 45:25 55:15 58:19 60:22 62:11,20 64:6,17,18 66:13 70:24 75:22,23 80:2 82:12 93:15 94:13 99:25 103:4,9,13,15 106:14 108:2 109:5 118:4,16 120:19,25 124:13,16,17 127:2 136:5 139:18 141:21 150:14 166:16,19 182:21	35:8 39:19 40:3,17 43:5,6 50:5 52:2 55:2 56:6 57:20 64:20,21 65:5,11 69:2 70:14 71:8,25 73:24 76:10,12 77:6,11,14,15 78:7,9 79:4,11 83:2,15 85:7 86:5,7,8,24 90:13,17 91:12 93:10 96:8 97:11,19,23,2 4 103:13 112:12,17 114:4,19 119:9 122:5,16,18 127:13 128:19 130:5,20 133:12 134:14 135:15 136:17,21 137:8,14 138:11 143:10 144:19 147:24 148:6 149:12,14,17 157:2 160:7,13 164:15 166:11,14,19, 23 175:8 178:16
promoted 7:25	provisional 73:13		
pronounce 52:20	provisions 23:6,7		
proper 133:17	public 1:25 7:11,17 185:6,21 186:14		
properly 51:25	pull 139:24 143:16 145:19 146:22 154:24 161:4		
properties 11:15,16,17,1 9,21,22	pulled 18:19 33:17 36:2 67:12		
property 15:8,11,14 16:12,14,15,1 7,22,23 37:15 159:8	pulling 102:5,25		
propose 182:21	purporting 168:22	putting 18:6 41:14 149:5	
proposed 48:18,21 113:17 137:10	purpose 9:25 30:23 44:24 90:18 144:9 145:4 149:4,6,10 152:21 182:18,19 183:17		
proposing 48:17	purposes 20:7 28:15 29:6,8 30:19 37:14 52:3 118:5,16,17		
provide 19:9,20,21 20:14 23:10 141:6 145:14 172:1	pursuant 1:19 122:2 186:7		
provided 20:5 23:12 33:11 35:20 57:4,6 69:9 81:10 82:7 131:10 147:15 183:3			
providing 19:11 50:19 153:1			
provision 22:2 28:2 30:8			
		<hr/> Q <hr/> Q3 83:12	
		quality 61:22 162:9,12,14	
		quarter 147:11	
		question 6:11,18 15:22 16:1 20:25 22:9,14,24 23:25 24:1,10,15 26:2 28:18 29:23 31:3	
			questioning



<p>42:20 questionnaire 143:11 questions 6:9 40:8 45:10 46:7 47:18 87:10 103:24 112:10 115:3 119:20 137:19 139:11 150:16 151:4,5 152:13 155:4,21 156:1 159:20,21,22, 24 160:5,6,23,24 175:18 176:7 181:22 182:5 quick 157:11 QuickBook 93:16 QuickBooks 16:10 17:5,7 36:9,14,16 37:7 67:12 101:11,16 102:22 143:21,24 178:6 quicker 181:23 quickly 95:16 128:10 144:1 <hr/> R <hr/> raise 32:9,11,14,19 raised 21:20 22:15 78:19</p>	<p>range 41:6 RASHBAUM 2:16 RASPANTI 2:3 rate 33:13 105:22 106:11,22 rates 106:25 rather 46:7 180:20 ratio 165:19 re 113:18 REA 178:23 reached 36:5 42:9 R-E-A-C-O- S.com 53:2 read 59:16,23 75:2,4 110:8 134:21 143:17 147:1 149:16 180:17 181:24 reading 55:7 59:6,8 130:9 181:25 ready 47:6 80:17 104:5 105:1 real 61:2 157:11 realization 29:13 realized 29:18 76:16 really 9:24 52:14 61:23 63:17 108:8 114:14 141:3</p>	<p>173:14 rearrange 63:23 reason 31:25 103:11 reasons 31:24 152:1 recalculated 146:9 recall 18:2,16 19:20 20:18 21:1 22:1,5,10,11, 14 27:3,4 66:3,4 67:18 72:15 77:24 78:5,21 79:6 82:5 84:21,22 85:11 87:23 89:18,19,21,2 4 90:7,8 94:9 95:3 97:5 98:3 105:8 116:1,6 119:13 126:7 127:1,11 130:21 131:9,18,22,2 4 133:3 139:12 142:5,12 156:6 160:10 170:15 173:16 175:6 receipts 17:8 145:1 receivable 9:21 28:20 29:11 35:25 36:4 42:6,9</p>	<p>101:7 169:25 receivables 44:7 receive 40:9 58:2 119:6 148:11 received 27:16 46:18 57:2 93:3 109:4 110:20 173:3 174:14 receiver 5:7 37:21 118:11 receivership 9:5 79:10 172:21 receiving 174:13 recent 173:10 receptionist 13:7,16,20 recognize 40:4 140:9 148:7 151:5 152:14,16 154:21 155:8,16 156:2 recognized 76:7,8 recollect 67:6,7,8 132:21 recollection 12:20,21 26:11 27:18 43:25 64:16 66:4,6,7 88:17 90:15</p>
---	--	---	---



<p>111:14 131:10,17 132:8,10,16 140:2 163:20 174:12 175:9</p> <p>reconciliation 146:21</p> <p>reconciliation s 36:22</p> <p>record 5:5 38:6 39:24 45:21 46:17 53:18 54:2,5 57:16 59:2 62:2 68:18 80:7,20 81:2 89:11,15 104:2,5,9,11 108:24 112:1 115:6 133:23,25 134:4 139:23 158:6 184:11,19,20, 23 185:9</p> <p>recorded 70:2,6 71:9 76:1</p> <p>recording 171:15</p> <p>records 10:10 30:17 36:25 37:11 51:25 54:15 56:2,23 71:20 73:7 101:13 121:9 165:24 166:25</p> <p>recover 112:20 113:24</p> <p>recovered</p>	<p>114:15</p> <p>recovery 114:16</p> <p>Recruiting 151:9,11</p> <p>red 134:19 135:19</p> <p>reduce 55:16</p> <p>reduced 31:2</p> <p>reducing 184:4,8,9</p> <p>refer 69:19</p> <p>reference 176:6</p> <p>referenced 144:1 156:11</p> <p>referred 102:13,14 141:18 147:5 156:24</p> <p>referring 15:8 35:10 47:15 116:12,13,14, 16 117:5,7 177:4</p> <p>refers 43:16</p> <p>refine 63:12</p> <p>refinement 126:16</p> <p>reflect 45:2 109:22 110:16 111:8 129:22 130:10</p> <p>reflected 51:22 108:22</p> <p>reflecting</p>	<p>42:17 103:8</p> <p>reflects 42:1 44:3 51:19 109:20</p> <p>refresh 66:4 131:16 132:7,10 140:1 173:12 174:12 175:9</p> <p>refreshes 43:24</p> <p>refreshing 132:16</p> <p>regard 33:10 63:11</p> <p>regarded 140:24</p> <p>regarding 19:22,24 21:4 52:6 87:11 132:19 137:20 143:12 182:20</p> <p>regular 51:24</p> <p>related 140:18,19 141:7 145:18</p> <p>relationship 15:14,17,19 16:7 149:10</p> <p>relationships 154:4</p> <p>relative 185:10,12</p> <p>relocated 20:12</p> <p>relocating 21:9,11</p>	<p>relying 183:2</p> <p>remain 58:21 71:6</p> <p>remained 71:10</p> <p>remember 18:13 26:24 62:16 64:15 68:22 69:22 84:12,20,23 85:14,15 87:19 94:1 95:22,24 112:10 131:13,14 135:6 154:12 168:10 173:19 174:15 175:13 177:23 181:9</p> <p>remote 178:5,9</p> <p>remotely 1:18 2:6,10,15,19, 23 170:22 171:6 172:7 175:4 178:6 186:6</p> <p>remove 125:9</p> <p>removed 123:23</p> <p>removing 123:11</p> <p>rent 79:13</p> <p>repaired 183:1</p> <p>repay 112:15 113:5,20</p> <p>repayment 112:6</p> <p>repays 112:9</p> <p>repeat 22:4 28:17 29:25</p>
---	--	---	---



<p>74:24,25 75:7 125:17</p> <p>rephrase 6:12,18 136:19 168:3</p> <p>report 50:25 64:4 73:12 83:13 99:3,7 102:10,11,13 158:19 185:7</p> <p>REPORTED 1:24</p> <p>Reporter 1:24 5:4 60:24 61:3,12,19,21 65:3 75:2,5,10,13 79:22 88:24,25 89:1,11,13 104:2 133:25 184:7,15 185:1,5,20 186:14</p> <p>reports 50:1 99:8,17 163:7</p> <p>represent 124:6 168:22 169:22</p> <p>represented 183:6</p> <p>request 119:17 127:2</p> <p>requested 33:15 144:5,7 145:15,16 155:14</p> <p>requesting 23:9 144:9</p> <p>requests 40:12</p>	<p>145:12,14</p> <p>required 123:12,14,23</p> <p>requirement 126:20</p> <p>requiring 113:18</p> <p>research 21:5</p> <p>reserve 28:23 124:11,12,21</p> <p>reserves 123:1</p> <p>residence 171:22</p> <p>resolve 54:18 55:6 89:12</p> <p>resolved 26:22,25</p> <p>Resources 151:10,12</p> <p>respect 22:2 27:23 77:3,19 78:18 85:2 115:7 125:15 132:12,13 152:2 181:12</p> <p>respond 145:14</p> <p>responded 160:23</p> <p>response 49:20 119:17 127:1 132:25 168:16</p> <p>responses 42:6</p> <p>responsibiliti es 9:2,13 10:24</p> <p>responsibility</p>	<p>142:24</p> <p>rest 13:16 43:20 75:11</p> <p>restate 29:25 86:25 103:6</p> <p>restaurants 68:4</p> <p>restroom 157:11</p> <p>resume 111:21 157:19</p> <p>resumed 27:9 39:25 54:3 62:3 68:19 80:21 89:16 104:12 112:2 134:5 158:7</p> <p>retained 140:18</p> <p>return 4:14 26:12 37:14 92:4,7,10,18 93:5,9,15 100:5 103:17 106:20 134:11 136:4,5,24 137:10,11 138:25 150:7,8,24 155:17 156:5,23</p> <p>returned 89:5</p> <p>returns 23:11 25:1,16,19 91:14,22,24,2 5 92:1,3,5,8 93:7 136:3 137:5 138:25 154:14,17,18</p>	<p>183:1</p> <p>revenue 9:22 33:12 42:24,25 43:11,17 85:9 87:13,17,19 92:17,19,21,2 5 112:25 120:10 125:15 126:13 128:14 143:19 157:3,5</p> <p>revenues 91:7</p> <p>reverb 60:15,18</p> <p>review 31:5 46:6 47:24 62:13 83:1 134:7 137:2,23 149:3 178:6</p> <p>reviewed 4:9 37:14 48:1 59:18 79:25 80:24 128:2 162:15</p> <p>reviews 7:16</p> <p>Rick 142:21 143:1 161:14 173:3</p> <p>Riff 148:19</p> <p>Riggle 2:7 5:20 20:20</p> <p>right 12:5 14:17 18:4,12 21:16 23:23 24:8 29:5,15 30:12,14 31:10 32:1,19</p>
--	---	--	---



33:4 35:12	150:7, 8, 24, 25	151:21	172:5 175:13
37:5 45:13, 17	152:5, 16	Roll 100:11	178:4
46:12	154:7, 23	102:7	sales
47:19, 21 48:1	155:7, 10, 12	rolling 100:7	12:9, 10, 18
50:22	156:8, 10	rough 107:14	151:13 157:5
52:11, 25	157:7	roughly 7:17	salon 17:4
54:17 55:22	158:11, 17	8:8 13:6	same 24:23, 24
56:21 57:3	160:3, 10, 19, 2	18:21 37:5	25:3, 4
58:18 59:22	4 162:3	72:8 85:20	34:3, 12 36:8
60:14 62:25	164:12, 20	118:6 167:19	41:9 42:19
63:5 64:19	165:5, 6 168:7	round 11:20	44:4 58:21
65:8, 13, 22	170:23, 24	rounded 110:7	63:11 65:3
67:21 68:22	171:7 173:8	RTR 106:20, 22	66:21
69:2 70:3	174:3, 6, 16	108:16	77:3, 9, 19, 21,
71:13, 18	175:2, 15	150:5, 24	23 78:3, 4, 8
73:5, 13, 16	176:3, 15	rules 34:8, 9	79:5 86:6, 22
74:8 75:7	179:11 180:13	run 17:4 114:9	89:4 98:7
76:16, 24 79:6	182:1, 5, 8, 14	48:19	102:17 103:13
85:1, 5, 18	183:24	rush 181:24	106:13 107:23
88:17 90:5, 9	ring 66:14	<hr/>	108:18
93:8, 18	Rob 103:16	S	109:2, 23
96:5, 23 97:18	Robert 92:24	said 13:9 15:3	110:1, 17
98:21, 22	Rod 4:14	28:17 31:8, 23	112:13 113:4
101:18 102:8	18:9, 12, 14, 24	32:12 36:6, 8	128:11
105:5 106:20	, 25 19:6, 8, 10	49:11 51:13	130:1, 18
108:14 111:21	21:4 23:8, 12	52:11 61:11	135:21 138:22
115:12	26:4, 8, 11	67:20 68:20	152:1, 13
118:18, 21, 25	37:4, 7	70:9, 13	155:21 156:1
120:6, 25	49:1, 7, 8, 14	72:7, 25	159:4, 5
121:1, 18	53:3 55:15	74:15, 24, 25	164:24 165:2
123:7, 10	78:13, 14, 17, 2	76:1 83:15	samples 35:2
124:2	4 79:8 91:13	84:10 88:6	sat 21:7
125:6, 11, 16, 1	118:5 134:10	89:19 90:5, 9	171:13
8 126:22	138:4, 6, 13	94:14, 16	save 180:20
127:15, 22	139:7	96:13, 15 97:5	saw 99:15
128:13	178:2, 17, 19	106:14 108:13	127:3 159:19
132:1, 2, 5	179:3 182:21	125:18 158:21	164:19
133:18	role 31:9	168:5, 13, 17	say 9:15 12:16
139:10, 15	50:15		13:1, 2, 12
140:17 142:3	136:12, 22		14:1, 19 15:9
143:11 145:3	137:8 142:24		
146:17			
149:4, 16, 19			

<p>23:13,15 25:18 26:22 28:8,20 30:6 34:7 68:16 74:2,10 76:23 80:12 84:3 86:2 100:18 104:18 106:19 117:25 118:14 121:6 138:9,13 140:15 144:2 148:19 150:9 154:8 159:22 160:19 163:13 167:16 170:19 171:1 182:9 saying 18:10 24:2,16 26:25 35:20 60:25 61:8,23 69:6 95:23 114:12 122:3 125:3 149:9 150:6 160:8 176:23 says 41:23 42:23,24 43:11 44:7 50:24 63:8 98:17 99:2 102:17 105:22 107:3,9 115:18 120:5,10 126:1 128:7 129:1,10 141:5 150:20 165:18,19 176:18 178:22 182:25 scenario 112:4 schedule 33:11</p>	<p>42:25 schedules 11:5 143:18 146:10 scheme 86:3,10,11,12 ,13 SCOTT 2:16 screen 38:1,14 41:2,4,15 47:1 57:10 59:4,10,21 62:24 80:2 94:11 98:19 110:11,12 134:23 139:18 146:19 148:2 152:11 166:17 169:1 scroll 40:24 44:15,21 45:23,25 46:8 59:17 60:5,9 62:14,24 63:5 140:2,4,7 141:22 153:5 155:5,22,24 156:9,18 166:18 176:9 179:18,20 180:17,22,23 182:3,11,15 scrolling 46:7 SEC 5:15 20:21 40:2 46:15 59:13 78:8 80:2 106:4 133:21 172:22 179:18 second 21:14 36:23 39:5</p>	<p>44:13 45:16 48:25 53:10 55:17 63:8 65:24 82:12 83:1 90:6 99:2 103:20 109:13 115:14 120:2 126:19,22 127:15 131:15 139:9 146:18 147:1 150:14,17 151:2 152:6 154:22 155:19,20 157:8 158:15 177:16 183:25 184:1,2 seconds 62:14 127:19 SEC's 106:10 section 63:5 125:20 secure 146:5 Securities 1:5 2:7 5:21 see 26:17 33:16 37:19,24,25 38:7,8,9,17,2 5 39:2 43:1,6,7,9,10 ,11,24 44:25 51:21 55:25 58:3,7,10,16 60:3 62:23 63:15,22 64:11 66:3 67:14 83:11 89:8 92:14</p>	<p>96:1 99:5,6,11,17, 20,22 102:19 103:18 105:23 107:10,20 110:12 114:11 115:20 119:21 120:4,7,11 121:4,14,15,2 2 123:22 124:20 125:12,25 126:1,12 127:24 128:8,13 131:16 133:2,7,14 134:19 137:5 139:1 140:2,3,5,21 143:16 146:23 147:19 148:7 149:14,25 153:13 154:21 155:1,6,22 156:21 159:14,16 162:23 164:10 165:18,20 167:16 169:13 170:11 173:25 174:3,6,17,19 ,21,23 175:21 179:19 182:12,24 183:7 seeing 34:16 38:1,13,15 43:20 122:24 123:5 127:5 160:10 165:13 167:1,4</p>
---	--	--	---

<p>seek 30:24 35:3,4,15 143:8 146:7</p> <p>seeking 25:23 50:5 51:4 151:16</p> <p>seeks 36:12</p> <p>seemed 59:14</p> <p>seems 53:13</p> <p>seen 81:3,12 99:13 129:24 155:9,10,11 166:6 181:8</p> <p>send 33:17,18 51:17,18 53:12,15,21 92:12,15 126:25 127:1 133:19 139:16 143:11 145:20 146:12 149:2,13 153:10 155:15 163:16 166:8 168:21 181:20 183:10</p> <p>sending 165:9</p> <p>senior 7:14,24</p> <p>sense 116:22,24</p> <p>sent 33:20 46:14,15,23 51:12 63:7 99:18 115:1 126:24 127:16 137:10 144:4 150:23 153:19 154:15,18,19 155:13 156:10</p>	<p>158:9 166:9,10,20 175:10 183:15</p> <p>sentence 63:8</p> <p>separate 12:4</p> <p>September 8:1 37:6 140:6</p> <p>service 7:21,23 8:1 151:8,24 152:18,19</p> <p>services 140:15 141:6 147:20 151:22</p> <p>set 34:8,9 44:11 47:19 152:23 176:18 178:5</p> <p>setting 11:21 31:6</p> <p>seven 7:10</p> <p>several 77:6 97:21 173:18</p> <p>Shane 16:20</p> <p>shared 65:20 100:2 145:22 161:19</p> <p>she 14:13 16:20 18:11 52:20 142:17 172:1</p> <p>sheet 103:10,15 109:3 110:12 117:15 143:14 159:17,19 166:7 169:17,18,22,</p>	<p>23</p> <p>sheets 130:13</p> <p>Shehebar 56:13 67:4</p> <p>Shehebars 56:22 66:5</p> <p>short 28:10 39:23 54:1 62:1 68:17 80:19 89:14 104:10 111:25 114:15 134:3 158:5 184:22</p> <p>should 23:17 24:3 25:17,20 28:23 45:3 46:20 48:20 51:13 64:3 76:7,17 78:14 101:11 161:25 162:1</p> <p>shouldn't 79:16</p> <p>show 31:5 37:19 45:14,17 57:8,12 58:24,25 79:15,24 82:10,22 103:18,19 115:22 118:19 119:16 139:15 146:17 148:1,2 150:13,15 152:5 154:21 155:19 162:24,25 173:11,13,21</p>	<p>175:21,24 179:12 180:13,14</p> <p>showed 73:25 100:3 173:17</p> <p>showing 54:16 94:11 122:22 123:18 146:18 152:8 180:14</p> <p>shown 54:13 135:19</p> <p>side 13:17 44:18 59:22 72:11 125:11,18</p> <p>sign 112:23</p> <p>signed 17:21 18:19,22</p> <p>significantly 184:10</p> <p>silent 27:11,22</p> <p>similar 141:19 143:1,15 150:16 160:7</p> <p>simple 28:10 106:16 114:12 151:14</p> <p>simplify 23:14</p> <p>simply 121:25</p> <p>since 8:18 49:3 52:7 79:17 125:4 126:8 129:9 157:12</p> <p>sir 6:20 29:9</p> <p>sit 14:6</p>
--	--	---	---



<p>127:12</p> <p>site 81:11</p> <p>sitting</p> <p>85:17,21,22</p> <p>86:14 88:20</p> <p>six 148:11</p> <p>152:2 167:10</p> <p>six-minute</p> <p>157:10</p> <p>sketch 7:8</p> <p>slated 32:25</p> <p>slightly 98:19</p> <p>slow 106:24</p> <p>117:9</p> <p>slowly 59:13</p> <p>small 38:22,24</p> <p>109:11 114:7</p> <p>smart 39:4</p> <p>solar 11:24,25</p> <p>12:1</p> <p>sold 12:1</p> <p>Solutions 1:8</p> <p>10:4,19 31:21</p> <p>68:4 80:23</p> <p>148:12 151:18</p> <p>152:20 153:2</p> <p>some 6:9 9:18</p> <p>10:21 13:24</p> <p>14:1,24 17:11</p> <p>20:4 21:5</p> <p>23:10 28:7</p> <p>29:2,4,10</p> <p>30:11 31:5,8</p> <p>44:19,22,25</p> <p>45:9 61:2,7</p> <p>66:24</p> <p>69:15,17</p>	<p>76:24 85:8</p> <p>95:23 113:8</p> <p>122:25 123:11</p> <p>126:12 127:9</p> <p>129:16 154:21</p> <p>165:1,2</p> <p>170:23 172:7</p> <p>177:7</p> <p>someone 21:14</p> <p>56:8</p> <p>something 6:18</p> <p>23:7 25:3</p> <p>43:2,3 54:22</p> <p>61:24 78:6</p> <p>109:17 130:3</p> <p>135:24 136:2</p> <p>141:20 144:2</p> <p>157:19 162:9</p> <p>sometime 18:20</p> <p>70:4 89:22</p> <p>163:20 173:5</p> <p>Sometimes</p> <p>79:12 145:17</p> <p>somewhere</p> <p>60:18 66:17</p> <p>sorry 5:14</p> <p>13:11 20:22</p> <p>22:4 25:18</p> <p>28:8 31:14</p> <p>34:7 35:9</p> <p>44:20 49:10</p> <p>54:20 59:24</p> <p>61:19 65:1</p> <p>69:6,20 70:23</p> <p>75:5 80:13</p> <p>88:1 89:1</p> <p>91:18 94:18</p> <p>98:18 104:20</p> <p>122:3 125:17</p> <p>131:23 149:17</p> <p>156:11,13</p>	<p>157:21</p> <p>158:15,21,22</p> <p>163:13 164:3</p> <p>167:2 170:7</p> <p>178:13 184:16</p> <p>sort 6:13 9:10</p> <p>sorted 119:12</p> <p>Soto 2:20</p> <p>5:12,16</p> <p>sought 35:11</p> <p>sounds 61:3</p> <p>66:19 132:23</p> <p>source 10:6</p> <p>31:22 112:25</p> <p>sourced</p> <p>151:17,19</p> <p>SOUTHERN 1:1</p> <p>spaces 12:4</p> <p>speak 18:14</p> <p>79:8 114:13</p> <p>speaking 5:19</p> <p>23:3 147:18</p> <p>specific 39:6</p> <p>41:6 56:8</p> <p>92:11 137:20</p> <p>138:12 144:25</p> <p>specifically</p> <p>31:21 136:15</p> <p>specifics</p> <p>78:10 85:14</p> <p>87:18 97:5</p> <p>143:16</p> <p>Spectrum</p> <p>8:17,21,22</p> <p>10:15 16:2</p> <p>20:6 23:9</p> <p>79:10 83:5</p>	<p>85:24 151:9</p> <p>152:19 153:1</p> <p>177:18 179:4</p> <p>speculate</p> <p>72:18,20</p> <p>speculation</p> <p>36:13 42:11</p> <p>43:19 44:5</p> <p>50:5 51:5</p> <p>56:5,17,24</p> <p>65:10</p> <p>137:1,15,16</p> <p>140:25 141:14</p> <p>144:17 145:6</p> <p>147:23 172:24</p> <p>180:6</p> <p>split 59:4</p> <p>spoke 51:8</p> <p>sponsoring</p> <p>14:12</p> <p>spreadsheet</p> <p>44:17 58:8</p> <p>119:9,16</p> <p>158:13 163:3</p> <p>165:8,10</p> <p>166:20,21</p> <p>spreadsheets</p> <p>166:23</p> <p>square 77:2,18</p> <p>78:2</p> <p>staff 7:13</p> <p>11:16 12:24</p> <p>14:5</p> <p>stance 76:13</p> <p>standard 40:11</p> <p>standards 34:3</p> <p>64:1</p> <p>stands 86:7</p>
---	--	--	---



<p>start 6:21 38:18 136:20 158:20 159:9 164:17</p> <p>started 7:13,23 9:3,11 10:3 11:13,14,18 12:6,12 13:3,6,15 14:11 16:13,18,23 17:17 26:16 31:8 76:15 145:23 148:20,25 178:17</p> <p>starting 48:4,6 54:8 123:7,10 149:1 178:23</p> <p>startup 7:18,19</p> <p>state 1:25 149:6 185:2,6,21 186:2,14</p> <p>stated 22:19 96:17 169:24 175:13</p> <p>statement 61:5 95:9 103:8,10,14 120:10 124:24 125:15 127:4 128:3,23 129:10 130:24 143:14 177:10 183:2</p> <p>statements</p>	<p>34:1,9 36:10,19,21 49:17 51:21 57:4 58:15,16 67:15 80:25 103:5 117:8 120:15,17,18, 19,24 121:8 122:20,21 140:17,20 141:7 142:1 183:3,5</p> <p>states 1:1 49:4 128:1,3 141:24</p> <p>stating 49:25</p> <p>stay 46:16 170:17</p> <p>stayed 7:25</p> <p>STE 2:8,17,21</p> <p>step 162:18</p> <p>steps 112:19 113:8 146:16</p> <p>sticking 129:18</p> <p>still 38:20 49:12 64:11 69:13 70:11,19 71:1 74:20 75:15,21,25 85:4 91:4 113:20 114:7,8 162:21</p> <p>stop 39:18 97:18 115:25</p> <p>storage 145:25</p> <p>straight</p>	<p>133:21 157:12</p> <p>streamline 157:8</p> <p>street 2:4 12:7,11,17,19 13:5 14:17,21 17:3 90:2</p> <p>strike 49:20 156:14</p> <p>striving 6:14</p> <p>structure 19:23</p> <p>structures 19:25</p> <p>studies 7:3</p> <p>study 7:4</p> <p>stuff 177:12</p> <p>subject 146:21 173:9,24</p> <p>submit 162:15</p> <p>submitted 118:19</p> <p>subsequent 30:5 126:5,7,10 136:21</p> <p>subsequently 119:15</p> <p>substantial 140:24 163:23</p> <p>substantiate 183:21</p> <p>sudden 61:1</p> <p>suggest 59:15 74:3,14 111:3</p> <p>suggested</p>	<p>18:13 20:5,9 70:7 73:15</p> <p>suggesting 129:15</p> <p>Suite 2:4 12:15</p> <p>suites 12:15</p> <p>sum 149:23</p> <p>summarized 130:12</p> <p>summarizing 129:17</p> <p>summary 138:25 139:5</p> <p>supplied 142:18 143:13,18 156:6</p> <p>support 16:3 23:11</p> <p>supporting 73:25 143:18 167:4</p> <p>supposed 95:24 100:23 108:14,19 112:14</p> <p>Supreme 1:19 186:7</p> <p>sure 5:6 7:10 9:16 10:25 23:1 25:21 30:2 33:25 34:16 38:22 45:15 50:12 51:24 52:6,14 57:7 60:11 75:12 82:8</p>
--	--	---	--



92:22 100:18	115:15 116:9	19:5,11 20:7	104:25 111:16
106:7 115:3	122:1,23	21:3,12 22:12	146:15 147:5
122:16 124:15	134:2 146:25	23:11	167:5
144:11 150:15	147:1 148:4,7	25:1,10,12,13	Temple 6:23
154:18	149:16 152:12	,19 26:12	7:1
163:3,4	157:10,18	28:3 37:13	tenure 26:20
168:12 177:17	162:24 166:17	49:6,9,15	term 23:22
184:8	178:23 179:15	79:13	28:1 107:3
surprised	180:16	91:13,22,24	114:12,15
157:15	181:21,23,24	92:6,8,10,18,21	terminology
suspended	taken 1:16	93:5,7,9,11,13,15 103:17	144:20
172:23	22:16 23:16	118:5,16	terms 11:1
suspending	24:3 74:19	134:11	28:10 43:14
173:4	75:14 77:19	136:5,24	75:23 151:14
sustain 95:7,9	113:8	137:5,10,11,22 138:1	157:15
Svetlana 52:19	taking 124:9	154:14,17	164:11,15
switched	157:21	155:17	tested 36:20
145:24	talk 9:4,8	156:4,23	testified 6:2
sworn 6:2	25:20 79:12	182:22	35:19 69:11
186:8	82:4 87:17	183:1,6,21	76:11 78:5
sync 50:13	98:13 100:19	taxable 20:9	94:22 109:25
system 67:14	103:12	taxes 7:15	114:2 129:24
93:16 146:4	talked 67:21	19:4,19	130:2 152:2
<hr/>	97:6 104:15	24:8,22	179:23
T	112:4 125:10	team 142:6	testify 50:9
<hr/>	132:1 143:25	154:6,8	107:24 108:24
tab 100:12,22	173:17 175:2	170:15	109:21 145:7
tail 162:17	talking	171:12,14	testifying
take 9:10 13:1	13:12,13	172:3	50:6
23:2 35:25	25:10,12	telephone	testimony 61:6
39:20 43:23	27:20 28:18	94:2,5	75:21 97:15
44:1,15 46:13	29:6 47:14	tell 10:23	98:3 107:8
57:13,19	51:2 52:3	13:3 15:13	116:2
58:14 62:14	54:11 63:13	31:16,17 33:9	168:11,15
76:2	64:12 84:24	35:14,15	175:6
80:3,6,16	88:5 92:21	37:13 43:21	testing 61:10
82:25 83:1	104:14 113:4	48:11 84:1	than 46:7
107:13	117:2 118:10	86:9,10	69:23 70:1
111:13,17	tape 166:19		72:12 86:23
112:19 113:24	tax 4:14 18:25		

110:12 147:15 180:20 thank 6:5,21 21:17 37:18 41:19 46:23 47:10,17,25 48:3 53:10 55:22 57:24 59:20 60:4,12 75:13 80:17 89:10,12,13 98:23 104:6,7,13 111:20,22,23 126:19,22,23 133:18 134:2 139:9,10 150:25 151:1,2 152:11 153:7,21 154:14 157:7,8,20 158:3,4,8 169:3 170:7,9 177:6 179:12,20 181:1,16 183:25 Thanks 153:24 that 6:11,12,16,18 ,19,25 7:19,20 8:10 9:24 10:2 11:2,6,9,11,1 9,20,22,24 12:4,20 13:7,13,17,21 ,22 14:17 15:3,5,19 16:3,12,13	17:2,3,4 18:16,17 19:12,15 20:4,5,6,11,1 2,13,17 21:6,19,22 22:1,5,6,11,1 3,14,18 23:7,13,15,17 ,19 24:2,3 25:17,18,20,2 3 26:12,25 27:1,10,12 28:6,8,11,21, 23 29:2,5,13,14, 17,19 30:2,9,22 31:8,9,23,24, 25 32:7,25 33:10,12,25 34:7,9,16,24 35:19 36:4,5,21,24 37:7,8,10,13, 24 38:3,11,23 39:5,20,21 40:4,6 41:6,12,25 42:19,20 43:1,5,6,7,11 ,15,16 44:1,2,11 45:4,18 47:8,9,19,24 48:23,25 49:16,25 50:7,12,13 51:18,19,21,2 5 52:7,8,15,25 53:2,11 54:14,18,25	55:6,9,10,11, 13,15,23,24,2 5 56:13 58:4,10,21,23 ,24 59:13,15 61:11,12,22 62:19 63:1 64:11,16,20,2 3 65:23 66:4,12,13,15 ,21,22,25 67:2,16,17,18 ,20 68:4,20,22 69:11,12,14,1 9 70:5,6,11 71:1,6,10,18, 23 72:2,6 73:9,16 74:3,17,20 75:4,6,15 76:1,2,16,21, 23 77:13,18,19,2 4 78:6,11,19,21 79:6,11 80:23 81:10,24 82:16 83:2 84:3 85:1 86:2,9,25 87:12,15,23 88:19,25 89:4,8,24 90:7,11,15 91:6 92:9 93:5,19 94:5,7,11,14, 23 95:2,3,8,23,2 5 96:8,11,13 98:2,13,17,19 ,24	99:1,5,14,15, 16,17 100:19,23,25 101:9,10,16,2 2,23 102:1,4,5,9,1 2,16,21 103:3,4,6,12, 15,21 104:21 105:9,12,16,2 3,25 106:7,12,25 107:4,9,10,19 ,20 108:5,18,20,2 1 109:5,9,20,22 110:4,16,20 111:1,2,7,8,1 4 112:13,17,18 113:3,17,24 114:13,17 115:20 116:6,7,16,21 117:17,19,22, 24,25 118:1,2,9,13, 15 119:13,24 120:11,13,14, 19,25 121:4,6,7,12, 13,15,21,22 122:16 123:2,11,24 124:1,4,6,9,1 0,11,20,23,24 125:12,17,19 126:3,5,6,7,1 6,17 127:2,18 128:2,7,8,15 129:9,10,12 130:6,13,24
---	--	--	---



131:2,7,11,17 ,19 132:1,2,4,9,1 1,20 133:5,9,13 134:9,14 135:6,8,13,16 ,18 136:2,4,17,23 137:12,21,24, 25 138:9,13,19,2 0 139:1,3,12 140:3,7,15,21 142:2,9,13,17 ,18 143:3,12,15 144:2,11,15 145:4,10,11,1 2,23 146:2,7,16,22 147:21 148:17 149:14,22 150:2,10,11,2 5 151:14,15 152:18 154:7,8,24 156:14,21 159:5,7 160:6 161:5,20 162:2,17,18 163:6,7,13 164:9,12,19,2 4 165:6,13,15,2 1,23,25 166:5,9,11,12 ,24 167:1,12,13,1 8,23 168:5,6,11,18 ,20,21 169:8,12,16,2	2 170:1,2,6,9,1 0,14,15 171:8,13,18 172:15,18,22 173:3,5,19 174:1,3,4,12, 16,17,19,21,2 3 175:6,9,11,15 ,16,19 176:2,13 177:1,4,6,11 178:3 179:4,11,18,2 4 180:19 181:4,9,11,19 182:8,20,21,2 5 183:4,7 184:2,9 185:6,8,10 186:6 that's 7:23 10:8,9 12:22 15:11 25:3,17 28:19 29:16 33:14 48:23 49:12 59:19 64:19 65:16,22 67:19 69:12 70:12 71:23 74:12 75:3 76:10,23 82:13 84:22 88:7 95:16,24 96:3 98:16,25 103:11 110:13 114:23 115:22 117:4 121:17 123:3 124:1,10,11,1 2 125:5	128:22 131:6,13 141:24 146:24 149:23 153:8 156:5 158:21,23 159:8 160:13,15,20 161:1 165:25 166:15 168:12,17 169:19 180:22 181:25 183:24 their 8:16 9:22 26:5,12 35:12,16 37:12 51:11 55:18 69:9 70:7 71:9,15 72:7 73:13,25 74:3 78:1,24 103:17 132:25 140:15 141:11 146:3,15 159:14,16 160:19,20,22 161:16,20 162:4,15 171:21 172:23 them 14:1,4,6,22 16:10,11 17:5 18:18 20:4 25:20 33:17,18,20,2 1 34:19 36:2,3,5 37:13 45:11 48:11 51:17,20 55:16 56:16 64:17 66:11	67:11 79:12,14 104:24 125:9 132:18 143:13,17,23 144:8 145:21 146:1 149:1,2,3 153:15,16 154:19,21 160:1,2,17,19 163:14 166:15 themselves 121:8 151:25 then 7:4 15:4 18:19 22:7 25:2 28:14 29:17 30:12 32:7 39:3 41:24 42:24 46:7,10 47:11,20 49:18,23 53:7 57:19 58:6 59:16 63:4,7 64:1,10 67:17 73:15,18 74:6 84:24 88:13 90:5,8 95:20 96:8 100:24 101:3,14,18,2 5 105:7 108:8 109:20 110:6 112:8 114:7,16 117:6 118:11 119:8 120:5,6 121:2 123:4,21 127:4 128:10 135:25 148:22 155:24 157:24
---	--	---	--

158:13,18 161:25 162:24 171:19 172:7 183:4 theoretically 169:9 Therapy 16:7,10 there 7:13,20 8:2,3,8,18,24 9:2 11:18,19 12:14 13:2,6,8,15,17,19 14:9 15:3,4,19 16:13,18,20,24,25 17:11,17,23 22:1 27:3,4 29:11 31:17,25 33:2 34:19 41:20 43:8 48:4,9 49:24 50:2 51:3 52:7 54:11 55:2,8,13 57:18 58:12,22 59:17 60:16 61:25 62:25 63:1,5,13,16 64:5 66:15 67:22,25 68:21 69:4 70:25 71:17 73:17 77:1 81:11 85:3,8,15,17,21 86:14 87:5 88:4,13 89:20 90:5,9 93:21	94:1,3 95:11,15 96:9,21 97:8,18 98:16,22 100:6,12,24 101:3,8,14,18,25 103:3 107:4 108:4 115:16 118:1,16,17 122:23 124:20 125:18 126:5,12,16 128:13 131:21,25 133:3,8 134:20 136:9 140:3 142:16 144:14 147:10,12 149:8,9 153:9 157:24 160:18 162:2 164:1 165:5 166:4,18 170:10,18 176:21 177:10 182:12 183:7 thereafter 181:3 there're 90:14 113:20 there's 6:10,15 28:22 31:3 34:19 39:19 41:24 43:2 47:13 52:19 53:7 61:1 105:7 110:7 113:5 114:15 125:4	127:3 129:5 134:19 145:21 165:2,3,4 166:3,21 172:16 Thereupon 5:24 38:5 39:23 45:20 53:17 54:1 57:15 59:1 62:1 68:17 80:19 81:1 89:14 104:8,10 111:25 115:5 133:22 134:3 139:22 158:5 184:22 these 14:3 15:1 17:13 18:15,18 27:6 42:7,20 44:18 45:1 50:15,21 51:23 82:6 83:16 90:18,19,22 93:19 94:16,23 95:3 96:8 120:24 125:5,10 129:16 135:18 145:12 148:25 149:5 153:19 154:4 160:5 164:13 174:13 they 9:21,23,24 11:20 12:10,14 13:22 16:17,23 17:3,15 18:19,22	19:2,11,13,17,20,21,24 20:5,9,14,16 21:3,4,5,8 23:5,8 24:5,8,21 25:2,23 26:25 32:4,7,8,12,16 33:16,19,20,23 34:12,15,16,21,22 35:2,11,15,24,25 36:2,3,5,6,7,8,9,14,16,18,20,21 37:10,13,14 40:7,8,9 42:6,8,20,21 48:20 49:5,7 55:12,14,18 70:9 74:11,14 75:14,17,18 76:16 78:16 81:24 82:4 83:20,24 84:6,16,23 86:25 87:10,11,17 90:3 91:9,22,24 92:1,3,4,24 95:5 97:6 98:13 100:16 101:22 105:13,17 108:20 112:15 113:5,18,20 114:9,17,24 120:20 121:1 128:18,21,22
--	--	--	---



<p>132:19,23 133:6,13,17 138:1 140:15,23 141:3,6,11,19,20 143:11,15,16,17,21,23 144:4,5,7,8,11,13,24,25 146:5,9,10,11 147:18,25 151:17,18 154:18 160:6,23 161:19,20,21,25 162:5,15 163:9,167:22 168:6 170:5,12,14,17,23 171:7,11,12,13,15,18,20,22 172:14 173:3 177:22 179:5,6 180:8,9 181:12</p> <p>they're 18:10 34:1,16 40:19 43:15 67:20 106:24 108:19 112:14 114:7,8 116:14 126:2 132:23 133:7 144:22 147:7 150:5 171:21</p> <p>thing 6:13 34:4 36:8 39:4 48:23,25 49:11 73:9</p>	<p>74:25 84:21 126:23 146:23 159:4,5 167:6 177:11</p> <p>things 17:9 19:15,23 23:10 41:25 48:10 63:1 85:15 92:24 114:17 143:13,20 144:15 157:8 183:23</p> <p>think 11:21 15:3,8,21 18:17 28:22 43:2 44:21 45:6 46:20 48:5 53:11 57:17 58:7 59:3,4,7,19 60:2,20 64:3 65:2 76:10 86:12,13,19,22 89:19,23 90:5 98:9 104:1 106:15,17 111:13 119:9 122:5 124:13 126:2,5,16 127:14,16 129:14 130:25 136:17 139:20 145:13 148:18 150:15 156:8,9 157:15,16 159:19,23 160:8 164:21,24 165:11,19</p>	<p>166:14 172:16 184:12</p> <p>thinking 23:1 88:8 94:12 102:9 132:8</p> <p>thinks 26:25</p> <p>third 36:19 90:8 94:6 120:6 147:11 182:24</p> <p>this 5:14,20 6:7 10:21 18:5,8,11 20:20 22:11,21,22 23:14 24:10 25:24 26:8,16,19 27:22,24 28:24 31:4,6 32:6 37:19,23 38:2,3,8,18 39:16,21 40:10,11,12,14,18,21 41:5,22 42:1,15,16,18 44:14,19,21 46:1,3,5 50:5,16 51:6,13,23,24 52:3,6,10 53:11 55:2 57:9,12 58:19 59:4,13 60:15,21 61:14 62:5,18 63:12,17 64:13,14,16 66:13,19,20 67:4 68:24,25 70:17</p>	<p>73:10,19 75:22,23 76:14 77:1,7 78:14,18 79:16,19 80:3,8,12,15 81:3,6 82:11,14,18,22 83:7,15 84:15 85:3,23 86:2,9,11,12,18,21 87:24 88:2,15 89:12 90:13,17 93:14 97:14 98:15,16 99:11 102:9,21 103:23 104:4,7,14,19 105:16,19 106:4,6,15 107:24 108:24,25 109:11,24 110:3,14,18 112:4 113:11 114:1,16 115:25 116:13 117:20 118:4,5,6,25 119:4,20,23 122:8 123:7 124:13,16,23,24 125:11,25 126:8,23 127:1,3,16 129:18,21,24 130:6,8 131:5,6,10 132:9 135:4,10,11,14,24,25</p>
--	---	---	---

136:2,16,18,2 4 137:10 138:9,12,23,2 4,25 139:2,6,10,20 140:9,12 141:1,17 142:5,7,14,25 143:8 145:7 147:5 148:1,3,7,9,1 5,22 150:14,15,17, 18 151:3,5,7,8,9 ,21 152:13,14,21 153:17 155:4,8,14,20 156:2,4,9,16, 17,19 157:5 159:19 160:3,4,9,16, 20 161:2,7,8 162:8,24 163:2,10,15,1 6,17,19,22,24 164:2,16,18,2 1,22 165:6,8,9 166:7,15,24 167:25 168:1,11,20 170:3,6 171:12 172:11 173:10,12,16, 17,18 175:8,16,23,2 5 176:6 177:4,11,12 178:1 179:13 180:14 181:8,18	182:6,10,18,1 9 183:9,10,11,1 2,15,24 185:16 186:9 those 10:22 11:16 13:23,24 14:7 15:17,19 20:2,18 21:1 43:15 51:12 62:23 68:1,10 69:23 70:5,19 74:21 75:16 77:19 89:18 91:3 93:20 95:11 96:23 97:1 100:15,25 101:4,9,15,19 102:1 107:1,2,4,7 112:10 116:7,11 118:12,13 120:7,16,17 122:25 123:4,11,12,1 4 125:19 128:16 130:4 131:11 134:25 135:4 138:5 144:7,9 145:1,14,20 149:25 159:21 160:5,23 166:23 167:17 169:8 171:7 though 63:10 89:21 131:24 thought 21:4 23:17,19 24:3	26:12 39:13 47:14 68:4,12 70:9 95:9 102:6 131:1 161:24,25 thoughts 95:8 three 10:9,22 11:19,20 15:3 34:19 46:5,13 67:13 82:3 88:4,6 90:9,14,22 91:6 93:19,20 95:11 96:9 97:12,16,25 98:1,2,9 125:3 158:9 167:19 through 8:9,12 10:10,12 13:1 16:3 23:5 40:24 43:24 44:16,21 54:8 57:7 62:14,21 64:15 71:20 80:8 83:12 88:20 89:8 102:19 129:10 135:25 140:7 143:17 144:5,8 166:18 171:21 172:6 Thursday 19:12,13 tidbit 81:11 tie 101:11 till 7:9 time 10:25 11:2,21	13:7,22 14:18 22:7,9 23:2 37:2,3 44:11,12 45:3 68:14,24 77:1 79:13 92:9 95:19 105:4 111:15 115:15 117:24 118:1 119:24 121:12 122:21 124:10,13,16 142:17,18 162:21 168:9 169:12 170:6 171:20 172:10,21 178:14 179:4 180:16,20 181:24 182:8 184:4 timeframe 37:6 times 79:13 97:21 98:10 136:9 170:14 timing 157:15 title 8:24 85:22 96:21 titled 141:23 today 6:9 97:15 98:3 together 18:19 34:10,12 40:11 44:18 58:19 60:22 62:20 64:6 99:25 103:4,9,13,15 106:15 107:1 120:19,25
---	---	---	---



<p>124:13,16,17 127:2 145:20 149:5 told 20:5 63:9 130:3 took 10:25 22:5 23:15 36:16 74:24 75:17 77:3 78:2 90:14 118:11 123:23 125:7 166:1 167:8 top 42:13 43:8 51:15,16 52:10 54:5 58:18 64:10,13 66:2 72:17,25 84:13,20 95:25 119:8 120:4 146:25 154:1 155:25 156:18 157:6 164:13 170:19 180:25 topic 36:23 175:15 total 44:7 100:19,21,25 101:8,23 102:1,3 107:6 108:16 117:1 156:20,24 164:7 165:3 167:22 totals 100:14 towards 169:12 trace 67:15 143:17</p>	<p>144:8,25 146:10 track 40:18 62:6 trailing 95:20 transacted 67:14 transactions 17:6 transcribe 185:8 transcript 185:9 translate 55:10 transmittal 139:2,3 treatment 37:19 trial 50:1,12,25 51:12,19,22 54:12,16 55:18 103:10 143:14 tried 167:15 triggered 95:17 true 185:9 truncate 184:12 truncated 58:15 try 10:10 27:13 31:9 33:25 35:2 45:11 56:7</p>	<p>59:9 61:11,13 75:22 89:6,7 144:11 157:18 165:12 172:2 trying 23:14 33:24 42:5 55:4 65:13,15,17 116:24 130:25 132:7 147:13 157:8 163:24 164:8,14,16 165:9 168:2,4,20 169:5,16 171:18 turn 40:20 42:14 115:12 120:1,3 127:24 129:20 130:15,16 133:18 134:16 149:11,12 161:1,4 twice 56:9 97:4 two 8:4 11:7 12:4,12 16:18 21:8 46:5 64:1,15 66:16 71:23 115:8 126:11 128:16 145:21 149:25 155:3 165:18 166:15 167:5 two-hour 67:10 two-page 180:15,20 two-pages 180:19</p>	<p>type 16:15 34:3,13 35:10 109:11 typically 54:22 162:22 <hr/>U<hr/>U.S 2:7 ultimately 127:6 Um-hum 26:15 27:21 30:10 51:10 52:12 88:10 93:2 109:19 119:3 121:19 128:12 161:3 179:17 unaware 27:23 undeliverable 41:23 under 106:20 107:4 112:5,6,14,16 ,17,20 113:6,18,21,2 5 116:3 120:9 121:3,14,17,2 1 123:12,13 124:9 125:20 128:24 147:15 161:16 176:17 undersigned 186:5 understand 6:10,16,19 15:25 24:1,2 29:18,23 35:8 42:3 56:6 60:24 61:23 65:15,17</p>
--	--	---	--



<p>74:23 75:21 102:9 114:12 117:9 122:17 124:24 125:2 163:6 170:8 172:22</p> <p>understanding 20:11,13 22:18,19 23:19 25:22 41:25 42:16 43:14 44:2 45:1 56:15,19 64:23 65:6 75:22 102:12 107:5 108:1 114:20,24 152:23 163:9 175:1 180:8 182:17 183:16</p> <p>understood 142:2 170:7</p> <p>underwriting 12:9,18</p> <p>UNITED 1:1</p> <p>units 12:12,13,14 16:14,15</p> <p>university 6:23,25</p> <p>unpaid 112:16 114:6</p> <p>unqualified 73:12</p> <p>until 7:20 8:1,15 9:8,14 13:2 89:11 148:25 168:9</p> <p>up 7:14 9:8,14</p>	<p>13:2,4,8 17:21 33:13 34:21 37:17 40:9 41:1,3 44:11 45:25 56:11 59:16,17 60:5 62:11,12 63:5 64:2 67:12 79:21 82:11,12 83:10 97:7 102:18,25 107:14 110:23,25 112:23 116:6 124:2 131:6 139:24 150:14 152:23 154:1,3,25 155:7,24 156:18 157:6 161:5 163:25 164:1,8 166:16 167:22,23 168:2,4 172:14 176:12,18 177:16 178:5 179:20 181:14 182:11</p> <p>update 76:14 145:24 149:2</p> <p>updated 51:1 177:10,15</p> <p>updating 177:12</p> <p>upon 10:7 87:4 163:22</p> <p>upper 41:22</p>	<p>42:22,23 43:10</p> <p>us 6:7 7:8 9:1,11,13 10:23 13:1,3 15:13 33:7,9 35:14,15 38:21 39:20,21 41:7 47:5 48:18 54:16 75:11 84:1 104:20 115:14 118:22 141:20 149:3 151:2 166:12,13</p> <p>use 10:12 32:8 37:13 40:25 71:22 74:21 93:11 103:16 108:12 136:23 146:1 161:16 164:10 169:16 176:6</p> <p>used 18:25 32:12 51:24 93:9 122:24 123:5 127:5 164:25 184:2</p> <p>using 40:7 48:15 145:23</p> <p>utilize 37:10</p> <hr/> <p style="text-align: center;">V</p> <hr/> <p>vaccine 95:23</p> <p>vague 103:6</p> <p>Valley 7:11</p> <p>valuation 133:8,17</p>	<p>valuations 133:4,6</p> <p>value 84:2,4,6,11</p> <p>Vanderburgh 48:7 52:23</p> <p>variance 58:17</p> <p>variances 55:13</p> <p>varied 79:12</p> <p>various 17:13 147:20 163:7</p> <p>venture 85:4</p> <p>ventures 84:24</p> <p>verified 163:7</p> <p>verify 34:15,23 92:17,19 103:2 136:3 137:11 163:9 171:19</p> <p>verifying 136:22 163:14</p> <p>version 47:8 58:8,15 67:12 119:9,16 125:25</p> <p>versus 34:11 58:15 76:8 108:11</p> <p>vertically 121:3</p> <p>via 2:6,10,15,19, 23 93:18 94:5 179:9</p> <p>VIDEOTAPED 5:2</p>
---	--	--	--

<p>view 78:17 129:12</p> <p>vis-a-vis 78:25</p> <p>visit 49:20 170:12 171:7</p> <p>Volume 1:14 5:1 184:24</p> <p>VPN 178:5,9,18</p> <p>vs 1:7</p> <hr/> <p style="text-align: center;">W</p> <hr/> <p>wait 39:18 96:1 133:2,7,14 138:7 141:12</p> <p>waiting 47:9 133:13</p> <p>want 6:21 12:2,21 30:2 32:4 38:21 39:18,21 40:25 41:1,5 44:20 46:8 47:8 51:21 52:6,9 55:10 57:12 58:16 60:9 62:10,13 73:22 74:12 75:20 82:20 86:15 89:18 92:25 97:14 107:13 109:21 111:15,19 115:2,17,22 117:8 119:19 135:3 139:11 146:25 147:1 148:19 151:2 153:10 155:3</p>	<p>157:12,13 160:9,11 166:13,16,19 172:20 173:8 179:12,18 181:20,21 182:11</p> <p>wanted 10:3,5 32:4,8,11 33:16 35:25 41:12 42:21 49:7 50:12 63:22 64:8 67:15 72:5 74:10,11,17 92:14 111:4,13 123:22 127:20 129:19 143:16,17 166:12 169:19 176:5 184:18</p> <p>wants 63:15 147:19</p> <p>wasn't 20:3 21:6 58:17 65:14 68:15 85:15 87:3 94:3 118:16 130:2 143:2 163:14 179:9 184:16</p> <p>water 21:15</p> <p>way 7:14 9:13 28:1 29:3,25 34:12 36:23 40:18 45:24 46:3 63:14,15,22 73:10 78:17 83:4 86:21</p>	<p>93:4 105:3 110:14 115:25 121:25 122:8 123:7 124:4 140:4,23 166:18 182:15</p> <p>we 9:8 10:2,20 11:13,24 12:21 13:20,21 15:20 16:9,10 17:4,5,7,10 19:12 20:21 25:21 31:2,4,6 36:4,6,22 37:4,22 38:7,9,10 39:3,19 40:2 41:3,6,20 42:14,25 43:23 45:3,14,22,23 ,25 46:8,13,16 47:1,7,22,24 48:12,18 49:3 50:13 51:8,21 52:6,8 53:10 54:12 55:16 57:9 58:8,20 59:6 61:2,7 62:6 63:5,7,8,12 64:3,6,17,18, 19 65:2,4,22 67:21 69:11,13 70:1,22,24 71:4,9,14,15 74:15,17 75:1,9 76:14,15,16,1</p>	<p>8,21 79:16,21 80:3,6,16 82:10,11,12 88:23 89:6,11 92:23,25 93:3 95:6,9 96:11,17 97:18 98:18,20 100:11,18 103:16 104:14,18 106:24 107:6,7 108:1,3,5,19 109:10 110:22 111:17 112:3 114:8 116:6,17,19 117:11,16,20, 21 118:9,18 119:9 120:19 121:2 122:21 123:2 124:16,17 125:7,9 127:16 128:10,11 129:20 130:6,13 131:5 132:1 133:25 138:9,24 139:18 140:4 141:19 142:18 143:12,13,18, 23 145:16,19,21, 23,24,25 146:1 149:3 151:23 153:15 157:10,21 158:17</p>
--	--	--	--



159:2,20,22 161:7,20 164:5,11,19,2 5 165:15 166:8,9,10,14 167:7,15,21,2 2 169:5,11,14 172:5 173:9,17 175:2 176:12,15 179:20 180:19 182:11 183:24 184:2,7,11,13 ,20 we'd 145:17 Wednesday 58:3 119:7 week 126:11 weekly 137:25 weeks 59:14 167:10,12,13 weighted 106:16,18 welcome 111:24 153:25 169:4 we'll 38:2 39:9 46:10,11 47:19 59:12 60:1 62:12 80:1,2,3,11 89:7 103:12 104:4,5 111:18 157:18,24 158:2 161:4 184:12 went 8:2,6 27:22 37:4 145:25	150:4,9,11 151:15 were 8:20 9:1,17 10:2,20 11:19,24 12:7,10,14 13:16,19,24 14:1,9,15 15:3,4 17:3,11,17,21 18:19,22,25 19:16 20:2 21:3 23:5,7,8,11,1 6 25:23 28:18 29:5 31:17,23 32:7 33:9 34:12 36:6,7 37:7 40:7,8 42:6,20 44:7,18 47:14 48:18 49:5 50:13 51:22 52:7,8 54:12 55:12,13,14,1 8 64:7 65:19 67:14,25 68:4,7,8,10,1 2 69:23,25 70:4,9,19,25 74:20 76:18 77:15 78:16 81:24 82:6 83:20 84:9,23 85:8,17 87:6,11,12,24 88:2,4 90:1,3,9,19 91:25 92:4,14 93:20 94:8 95:8 96:20,21,25	99:8,17 100:23 102:3,20 104:14 113:22 116:12 117:14 120:16,18,20 122:21,23 123:14,20 125:6,8,22 128:11 129:3,14 131:21,25 132:4,19,23 133:13 137:9 142:7,13 143:4 144:14,24 145:12,19 146:7,16 147:12,21 150:10 151:15 153:19 154:18 160:5,6 164:5,6,14,16 165:8,9 169:11 170:5 171:18 173:4 175:4 180:8 183:5 184:13 we're 9:20 11:21 13:13 15:18 23:21 27:20 30:2,3 37:22,25 38:15 41:14 44:14 45:10,11 48:25 51:13 58:9 59:7 63:9,10 79:19 82:16 88:5 102:4 113:4 114:5 119:10	122:16 129:7 136:17 163:24 169:5 184:9,19 Were 36:24 67:2 68:11 77:1 133:3 154:14 168:4 We're 6:14 9:4 10:18 47:9 53:15 55:24 59:7 71:22 111:2 115:16 129:7 139:10 151:1 169:16 170:10 175:15 179:11 184:3,19 weren't 9:24 148:25 176:21 we've 37:20 53:12 95:19 157:11 173:17 what 7:7 8:19,23,24 9:1,12 10:23 12:25 14:18 15:11,14,16 17:9,14 18:4 19:8 20:1,18,25 21:22 22:9 23:3 24:2 26:5,7 27:11,14,20 28:6,11,16,17 ,21 29:4,18,19,20 ,21 30:3,11,13,17 ,18,21 32:10
--	---	--	--



33:7,8,9,22,2	94:15	160:8	33:22,23 47:5
3 34:14,16,21	95:1,8,12,24	161:15,23,24,	48:12
35:10,15 36:6	96:13,15,20,2	25 162:12	54:22,25 64:6
37:2,22	5 99:7 100:13	163:18,22,24	68:16 69:4
38:13,23	101:6 102:20	164:6,8,14,15	70:3 74:2
40:2,6,19	103:18,19	165:9	76:23
41:16,25	104:14,17	166:4,5,18	80:11,17
42:3,16	107:15,22	167:5,15	85:22 93:4,9
44:2,24	109:20,22	168:2,8,13,17	96:4 98:13
45:1,17 46:19	110:16 111:1	,21	104:4,14,25
47:15 48:8,17	112:8 114:11	169:5,11,12,1	106:19 108:3
49:3,10	115:19	3,19,21,22,25	118:11 119:24
50:2,14,15	116:12,16,23	171:11,15,18	123:22,23
51:2,20	117:2,5,6,20	172:6,18	124:1 126:7
54:10,11,13,1	120:1,16	173:13,21	136:9 139:12
4,16 56:15	121:7 122:19	175:21,22,24	143:25 148:23
57:1	123:3,4,14,19	182:17 184:12	150:9 153:15
58:12,13,21,2	,22,24	whatever 12:21	154:7 155:10
3 59:12	124:5,11	39:21 46:9	159:21
60:14,24	125:21,24	82:19 92:23	160:4,19
61:23 62:25	127:4	109:18 111:19	163:18 168:5
63:12	128:5,18,21,2	117:17 157:13	169:14 170:17
64:5,7,12	2 129:14,21	what's 6:22	171:4,7,11,12
65:5,6,17,19	130:8	30:24 44:9	172:20,22
67:7,8	132:12,20,22,	60:21 61:14	177:22
68:1,14,16	25 133:8,19	62:5,17 85:21	178:17,25
69:9	134:9 137:24	121:24 144:9	179:24,25
70:1,3,4,13	139:3,20	145:3 152:21	180:17 181:2
71:3	140:3	whatsoever	whenever 17:15
72:6,10,12,14	141:9,16,17,1	98:4	47:5
,18	9 142:2,9	when 6:25 8:19	where 9:21
74:10,11,12,1	143:7 144:18	9:3,11,16	14:13 18:5
3,17,23,24	145:3,10	10:2 11:8,18	19:22 23:5
75:14	146:15	12:2,6,11	27:9 44:11
76:6,10,18	147:2,5,8	13:5,12,15	48:20 73:18
78:6,10,24	148:9	14:11,25 15:3	76:21 77:16
79:21,24	149:4,6,9,10	16:6,13,18	82:3 93:14
81:23 82:10	150:2,4,5,9,2	17:17	100:8,15,19,2
83:19	3 151:7,11	18:20,22	5
84:2,4,10	152:16,23	20:12	101:4,9,15,19
90:18	153:1	21:8,13,18	102:1
91:2,10,11,17	156:2,23	30:17 31:8	112:5,13
,19 93:8,10	157:6,23		



113:4 114:16 115:18 120:13,16 125:25 126:16 128:6 130:25 156:19 157:17 159:20 162:8 165:15 183:11 Wherein 129:14 whether 22:16 27:3 29:10 43:14,16 66:7 76:7 77:14,15 78:23 96:25 97:9 100:2 116:24 132:10 136:8 137:9 141:25 144:14 166:12 177:14 178:8 180:1 which 9:18 10:16 12:1 13:19 23:11 24:25 27:2 30:8 31:13,15 39:5 40:8 43:1 44:7 46:2 47:2,16 48:18 51:1 53:16 54:9 55:10 62:7 70:22 73:5 74:16 77:7 83:24 87:5 92:14 95:18,23 100:11 104:23 112:6,14 118:19 119:16 121:8 122:9,11,24 123:5 125:7,8	127:4 130:25 136:21 148:11 152:7 159:10 160:4 162:25 163:2 166:1 168:23,24 170:3,4 175:3 176:1,7 180:15 while 21:14 28:18 42:24 who 5:15,16,19 16:19,21 18:24 32:4 52:14,23 56:10 68:10,11 80:12,14 82:5 83:4 86:15 119:5 130:22 135:18 138:14 142:7,20 148:14,17 151:15 154:2,3 159:24 161:12 Whoever 66:19 whole 104:25 139:19 146:23,24 148:4 whose 134:25 why 20:12 29:16 32:3,4 35:14 39:19 46:12 54:23 60:1 74:11 75:1 78:14 80:3,6,16 89:6 147:13	161:7 will 25:21 31:4 38:2,3 39:3 46:19 58:19 63:10 79:19 82:12 96:20 133:20 136:19,20 140:15 141:6 149:13 155:22 159:9 170:2 176:18 178:23 181:20 184:8 Willem 143:2 William 48:7 wire 100:14,19,21, 22 107:6 wires 100:23 with 5:18 6:22 8:14 11:8,25 12:20 13:3,4 14:6,22 16:7,11 17:12,23 18:9 19:6,24 20:4,16 21:6,16,19,22 22:2,6,20,21 26:19 27:9,23 33:13 38:18 48:4,6,23 49:7 50:13,21 51:12 54:10,13 55:24 57:2,4 62:21 63:10 64:19 65:20,22 66:15,20 67:4,11,23	73:12 74:1,2,3 77:2,3,18,19 78:2,16,18,23 79:14 82:1,7 83:16 84:10 85:2,4 86:15 89:19 90:6 92:18 93:6 100:2 107:16,24 108:24 112:23 115:7,14 117:2 119:10,11 123:8,10,24 124:2 125:14 127:8,10 128:15 129:18 130:2,4,21,22 132:13,18 133:9 136:20 137:2,23 139:10 141:19 142:1 143:5,6,13 147:20 148:20 149:1 151:23 152:2 154:3,5,6 155:11 158:20 159:10,13 161:8,9,12,19 162:4 163:25 164:8 166:15 167:22,23 168:2,4 170:10 171:14 172:7 175:15 176:13 178:6 179:11 181:10,12,14 183:24 184:3
--	---	--	---



<p>185:13</p> <p>withdraw 73:10</p> <p>withdrawn 29:3</p> <p>64:22 68:11</p> <p>69:16 84:9</p> <p>96:14 151:21</p> <p>164:17 173:12</p> <p>within 111:1</p> <p>126:11 136:3</p> <p>173:18</p> <p>without 31:6</p> <p>43:20 64:15</p> <p>102:25</p> <p>167:1,4,14</p> <p>witness 3:2</p> <p>5:7 6:1 9:6</p> <p>15:21</p> <p>24:10,11,17,1</p> <p>9 31:16 35:15</p> <p>39:2 40:14,16</p> <p>46:6,9 48:1</p> <p>50:6,9 51:6</p> <p>59:25 60:6</p> <p>70:9,12 72:21</p> <p>76:10 77:8</p> <p>104:5 106:3,6</p> <p>107:24</p> <p>109:1,24</p> <p>110:18 113:11</p> <p>114:1 128:20</p> <p>129:24 130:7</p> <p>134:1 135:15</p> <p>138:10</p> <p>141:1,15</p> <p>145:7 157:1</p> <p>160:15 168:16</p> <p>185:16 186:9</p> <p>woman 16:19</p> <p>52:19</p> <p>wonder 176:8</p>	<p>wonderful</p> <p>184:8</p> <p>word 116:9</p> <p>142:11 169:22</p> <p>words 120:7</p> <p>work 7:18,21</p> <p>8:6,16 15:1,5</p> <p>16:3,15 19:17</p> <p>31:4 33:4,13</p> <p>49:1 59:14</p> <p>68:13 92:6</p> <p>95:24 125:4</p> <p>143:3 148:22</p> <p>155:11 159:13</p> <p>160:19,21,22</p> <p>161:8 162:15</p> <p>170:23 171:4</p> <p>172:23 175:19</p> <p>179:15 181:2</p> <p>worked</p> <p>7:10,14,19</p> <p>8:8,15 11:8</p> <p>17:22 18:18</p> <p>56:11 57:2</p> <p>149:1 151:23</p> <p>working 8:6,18</p> <p>9:20 10:18</p> <p>11:17 15:5</p> <p>31:18 49:12</p> <p>53:13 138:15</p> <p>182:8 184:16</p> <p>works 37:19</p> <p>Worksheet 4:4</p> <p>37:21</p> <p>would 14:1,6</p> <p>19:11,12,13,1</p> <p>4 20:8 21:4</p> <p>24:9 25:9</p> <p>29:4,10</p> <p>30:11,23</p>	<p>37:10,16</p> <p>39:4,6 44:14</p> <p>49:19 53:16</p> <p>57:6,12 63:3</p> <p>65:9 71:14</p> <p>77:2,18 78:2</p> <p>79:13 84:2,4</p> <p>91:13 92:9</p> <p>93:10</p> <p>95:10,12</p> <p>100:10,19,21,25</p> <p>101:4,10,16,19,21 102:1</p> <p>103:9,19</p> <p>104:17</p> <p>105:16,18</p> <p>108:16,20,21</p> <p>109:3 111:8</p> <p>112:6,18</p> <p>113:7,22,23</p> <p>114:6,8,16,17,24 116:20</p> <p>117:17,20,21</p> <p>120:2,14</p> <p>121:1 122:25</p> <p>123:24</p> <p>126:10,11</p> <p>128:7,15</p> <p>129:11,15</p> <p>130:17 131:7</p> <p>136:2,9</p> <p>137:2,19</p> <p>138:1,17</p> <p>139:6 141:20</p> <p>145:21,23</p> <p>148:18</p> <p>149:2,3</p> <p>150:16 154:8</p> <p>156:5 158:20</p> <p>160:1 162:4</p> <p>163:20 164:2</p> <p>167:13,19</p>	<p>168:1 169:9</p> <p>170:19</p> <p>171:8,9,20</p> <p>172:1 180:4</p> <p>wouldn't 43:21</p> <p>79:12 153:4</p> <p>write 23:10</p> <p>24:7 64:11</p> <p>92:11 114:8,9</p> <p>164:6 167:9</p> <p>169:6</p> <p>write-offs</p> <p>74:19</p> <p>writes 24:6</p> <p>58:1,6 64:2</p> <p>83:8 119:5,8</p> <p>183:1,4,11</p> <p>writing</p> <p>51:15,16</p> <p>52:10 114:5</p> <p>149:9</p> <p>182:14,16</p> <p>183:9</p> <p>written</p> <p>17:12,21 24:4</p> <p>92:15 105:9</p> <p>113:15 147:7</p> <p>167:13,19,21</p> <p>169:8,12</p> <p>wrong 18:8</p> <p>121:25 149:21</p> <p>164:11</p> <p>wrote 17:9</p> <p>92:13 108:3</p> <p>Wyoming 20:15</p> <p>21:2,10,12</p> <hr/> <p>X</p> <hr/> <p>Xchange 12:1</p>
--	---	--	---

<p style="text-align: center;"><u>Y</u></p> <p>Y-E 53:20</p> <p>yeah 9:7,10 16:8 24:2 29:8 38:10,24 40:22 41:11 43:3 44:22 45:25 46:1 47:13,23 57:21 60:2 61:1,3,24 63:20 65:4 79:3 89:3 91:19 92:20 98:20,21 104:1,7 106:14 108:15 110:2,15 118:3,9 120:8 133:4 134:25 137:18 146:24 147:4 149:19 150:18 153:12,14,19 156:16 158:17 159:7 164:21,24 168:14 184:13,18</p> <p>year 4:6 7:24 8:4 14:13 22:12 29:2,3,5,14,1 7 30:4,5,6,9 53:20 55:18 69:2 103:16 116:3,17 117:15 125:4 130:17 139:1 140:17 157:5 168:9</p>	<p>year-end 160:16</p> <p>years 7:10 8:4 64:15 176:2 181:5,13</p> <p>yes 6:20 7:5,6 10:20 14:5,24 15:11 16:2 18:1 19:7,25 20:17 21:21 22:5,13,18 24:18 25:8,14 26:21 28:5 29:7,9 30:20 32:17 33:6 40:5 41:3,8,20 42:2,19 43:2,6 48:14 52:5,16,18,22 53:1,6,9 56:9 57:18,23 58:5,11 59:3 60:17 67:3 68:23 69:1,3,8,19,2 0,21 71:9,14 73:8,17 76:25 77:9 81:18,22 83:18 85:8 88:7 89:21 90:4,7,10,12, 16 91:15,21,23 93:23 94:25 96:6,20,24 98:21 99:6,14,22 104:16 105:6,24 107:5,11,21 108:9,17</p>	<p>111:11 112:11 114:6,20 115:21 116:5,9,14 119:14,18,25 120:12 121:5,11,12,1 6,19,23 123:25 124:8 125:13 127:13,20,21 128:9,25 129:8,13,17 130:11,19 131:4,20 132:3,6 134:8 137:18 139:2,8,25 140:11,14,22 142:4 143:6 146:5 147:25 148:8,16 149:20 150:1,8,19,22 151:6,17,23 152:4,15 153:6 155:18 156:22 158:24 159:2,4,18 160:20 161:11 162:11 165:22 170:13 171:6,17,24 172:1,13 173:1,2,20 174:2,5,9,11, 18,20,22,24 175:1,7,13 176:25 179:22 181:17 182:13,25 183:8 184:15</p> <p>yesterday 63:9</p>	<p>83:11 102:18</p> <p>yet 120:20 161:20 162:6</p> <p>York 2:13 49:4 56:11</p> <p>you 6:5,9,10,12,1 4,16,17,18,21 ,25 7:2,7,9 8:19,20,23 9:11,12,14 10:12,22,23 12:3,23 13:1,3,9,12 14:3,9,15,22, 25 15:1,3,4,5,8, 13,16,25 17:15 18:2,6,11,14, 17,23 19:5,20 20:18,24,25 21:13,14,16,1 7,18,19 22:1,5,10,11, 14,19,20,25 24:1,13,16,24 25:9,17,19 26:2,10,16 27:3,4,19,20 28:1,10,14,16 ,17,18,19,21, 22 29:4,10,12,16 ,18,19,20,23, 25 30:6,8,11,12, 16,17,19,21,2 2,23,25 31:5,8,16,17, 23 32:6,11,14,18</p>
---	---	---	--

,21 33:2,4,8 34:11,20 35:7,14,22 36:15,18,24 37:9,13,18,19 ,24 38:13,17,21,2 5 39:4,6,18,21 40:3,17,20,25 41:1,5,19,25 42:3,8,15,16 43:1,6,7,10,1 1,13,21,22,23 44:1,2,15,20 45:9,10,18,23 46:4,8,16,20, 23,24 47:8,10,14,17 ,25 48:3,8,12 49:11,25 50:3,10,19 51:7,15,16,20 52:9 53:5,10,12,15 54:10,11,17,2 2,23 55:11,22,24 56:8 57:3,8,12,13, 20,21,24 58:3,7,10,12, 16,18,21,25 59:5,9,17,20 60:1,2,4,9,12 61:8,11,17 62:9,13,23,24 ,25 63:7,13,21 64:10,12,20,2 2 65:11,23,25 66:3,4,7,14 67:2,7,8,17	68:11,16,20 69:5,11,17,22 70:3,5,17,18, 24,25 72:6,15 73:10,15,19,2 4 74:2,3,12,23, 24,25 75:4,7,8,9,13 76:3,12,23 77:7,11,14,25 78:7,9,13,22 79:7,15,24 80:7,11,12,15 ,18 81:3,6,9,15 82:1,6,10,19, 20,25 83:1,15 84:9,21,22 85:17 86:2,9,12,17, 24 87:1,5,9,16 88:24 89:10,12,13,1 8,19,24 90:5,8,9,14 91:12 92:6,9,16 93:5,8,14,20 94:14,22 95:1,2 96:7,8,20,21, 22,25 98:3,10,16,19 ,22,23 99:5,10,11,17 ,20,23 100:8,15,17 102:8,12,20 103:3,6,7,13, 18,19 104:6,7,13,14	,22,23 105:1,8,20,23 106:19,20,24 107:7,10,12,1 3,15,20 108:2,12,13 109:4,5,10,16 ,21 110:4,23,24,2 5 111:1,3,4,16, 18,19,20,22,2 3 112:8,10,12,1 5,17,18 113:9,16,17,2 2 114:4,19 115:1,3,10,12 ,17,20,22 116:1,6,12,13 117:2,9,25 118:2,19,20,2 3 119:8,9,13,15 ,16,20,21 120:1,4,7,11, 22 121:4,7,14,15 ,20,22,24,25 122:1,2,7,8,9 ,11,17,18 123:17,23,24 124:1,20 125:3,10,11,1 2,14,18,19,25 126:7,19,22,2 3 127:3,12,16,2 0,23 128:6,8,13,15 ,20,23 129:14,20,21 130:5,16,20	131:9,16,18 132:13 133:3,18,19,2 0 134:2,6,16,19 ,22,24 135:4,8,10,11 ,17,18,25 136:3,14,22 137:8,9,18 138:11,14,23 139:1,9,10,11 ,12,15,17,24 140:2,3,7,9,2 1 141:2,22,23 142:2,5,12 143:4,10,25 144:2,3,4,19 145:8,13,14 146:15,17,18, 22,23,25 147:1,3,24 148:1,2,3,4,5 ,6,7,14,22,23 149:7,13,14,1 7,25 150:9,10,13,1 6,25 151:1,2,4,5,2 0,21 152:1,5,8,10, 11,13,16 153:5,7,10,11 ,21 154:1,7,14,21 ,23,24 155:1,3,5,6,7 ,8,16,19,22 156:1,2,9,17, 21 157:2,7,8,12, 13,20,23 158:3,4,8,21
---	---	--	--

<p>159:14,16,21,22 160:3,4,6,10,11,13,19,23 161:8,12,20,22,23,24 162:3,9,21,24,25 163:3,6,16,18,19,22 164:10,14,16 165:8,9,20,23 166:8,9,10,12,16,19,20,23 167:5,16 168:3,4,8,10,19,21,24 169:3 170:7,9 171:22 172:2,7,10,14,21 173:11,12,13,16,17,18,19,21,25 174:3,6,17,19,21,23 175:5,18,20,21,24 176:6,7,8,13,20,21 177:6,14 178:8,15,25 179:12,18,20,21,23,25 180:7,13,14,15,16,17,20,23,25 181:1,2,8,10,16,19,20,21 182:5,11,12 183:7,10,14,25 your 6:22</p>	<p>7:2,7,8 8:23,24 9:1,12 10:23 12:20,21 20:11 22:19 23:2 24:17 25:21 26:20 28:21 30:4 31:9 33:9,25 36:9 38:13 40:2,10 43:24 46:21 48:6 50:14,15 51:13 53:21 55:3 56:6,15 61:25 64:23 66:4 70:14 71:24 75:21 85:21 88:16 90:15 96:21 97:15 98:3 106:25 107:8,14 109:4,8 110:4 113:7 115:8,10,13,15 116:2,9,10,14 127:13 128:5 129:11,12 130:17 131:17 132:7,8,10 134:16 135:7,9,10,11 136:22 137:8 140:1 142:23 146:19 155:11 159:13,23 162:4 171:25 174:12 175:9 176:2,20 178:25 179:15 180:16</p>	<p>181:3,23,24 182:17 you're 13:12 15:8 24:2 25:10 27:23 29:6 31:16 33:22 35:10,14 46:19 47:6 48:15 50:14 52:3,10 55:1 61:23 69:6 77:16 80:17 85:21,22,25 86:14 92:21 94:11 99:10 102:9 103:24 105:17 106:23 111:24 113:14 114:12 122:3,19 123:4,7,9,10 125:3 126:17 129:17 130:8 136:8 138:19 142:10 145:9 148:10 153:25 156:11 157:3,6 160:8 165:13 168:2,20 169:4,25 170:1 174:3 176:23 177:1 182:8 yourself 110:25 111:8 yourselves 149:17 you've 52:11 91:7 97:19,21 122:5</p>	<p>155:10,11 <hr/> Z <hr/> Zoe 143:6 Zoey 14:11 zoom 2:6,10,15,19,23 31:6 38:10 115:23</p>
---	--	--	---

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA

CASE NO. 20-cv-81205-RAR

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

vs.

COMPLETE BUSINESS SOLUTIONS GROUP, INC.
d/b/a PAR FUNDING, et al.,

Defendant.

_____ /

VOLUME II

DEPOSITION OF JAMES KLENK

TAKEN ON BEHALF OF THE DEFENDANT

JULY 26, 2021
9:30 A.M. TO 6:55 P.M.

ALL PARTIES APPEARED REMOTELY
PURSUANT TO
FLORIDA SUPREME COURT ORDER AOSC20-23

REPORTED BY:
GABRIELA ARGENAL, COURT REPORTER
NOTARY PUBLIC, STATE OF FLORIDA



UNIVERSAL
COURT REPORTING

877.291.3376
www.UCRinc.com

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

APPEARANCES OF COUNSEL

ON BEHALF OF THE PLAINTIFF:

GAETAN J. ALFANO, ESQUIRE
PIETRAGALLO, GORDON, ALFANO, BOSICK & RASPANTI, LLP
1818 MARKET STREET SUITE 3402
PHILADELPHIA, PA 19103
(215)320-6200
GJA@PIETRAGALLO.COM
(REMOTELY VIA ZOOM)

AMIE RIGGLE BERLIN, ESQUIRE
U.S. SECURITIES AND EXCHANGE COMMISSION
801 BRICKELL AVE STE 1800
MIAMI, FL 33131-4901
305-982-6322
BERLINA@SEC.GOV
(REMOTELY VIA ZOOM)

ON BEHALF OF THE DEFENDANT:

ALAN S. FUTERFAS, ESQUIRE
LAW OFFICES OF ALAN S. FUTERFAS
565 FIFTH AVENUE, 7TH FLOOR NEW YORK
NEW YORK 10017
(212)684-8400
ASFUTERFAS@FUTERFASLAW.COM
(REMOTELY VIA ZOOM)

BRANDON SCOTT FLOCH, ESQ.
MARCUS NEIMAN RASHBAUM & PINEIRO LLP
2 S BISCAYNE BLVD STE 2530
MIAMI, FL 33131-1806
305-434-4943
BFLOCH@MNRLAWFIRM.COM
(REMOTELY VIA ZOOM)

CHERLY LUCIEN, ESQUIRE
FRIDMAN FELS & SOTO, PLLC
2525 PONCE DE LEON BLVD STE 750
CORAL GABLES, FL 33134-6039
305-569-7701
CLUCIEN@FFSLAWFIRM.COM
(REMOTELY VIA ZOOM)

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

INDEX OF EXAMINATION

WITNESS: James Klenk	PAGE
CONTINUED DIRECT EXAMINATION	
By Alan Futerfas, Esquire	191
CROSS EXAMINATION	
By Amie Riggle Berlin, Esquire	202
RE-DIRECT EXAMINATION	
By Alan Futerfas, Esquire	268

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

INDEX OF EXHIBITS

EXHIBIT	DESCRIPTION	PAGE
---------	-------------	------

NO EXHIBITS MARKED



1 (Proceedings continued from Volume I.)

2 (Deposition resumed.)

3 CONTINUED DIRECT EXAMINATION

4 BY MR. FUTERFAS:

5 Q Okay. Thank you. Let me show you -- there we
6 go, Exhibit 30, Mr. Klenk. It's a one-page e-mail.

7 MR. FUTERFAS: Why don't you just scroll to
8 the bottom, so that the SEC can see the number.
9 Scroll back up.

10 Q (By Mr. Futerfas) If you could just read that
11 and let me know when you've read it. Do you have an
12 opportunity to look at that?

13 A Yes.

14 Q Thank you. So, what is Commerce Connection?

15 A That was an entity being set up to --
16 basically a blanket entity for combine all the tax
17 returns for all the affiliated entities together. My
18 understanding altogether --

19 Q I'm sorry. What was the last thing you said?

20 A To file all the consult, instead of following
21 individual tax returns, they were going to do
22 consolidate tax returns for a number of entities under
23 Commerce Connection.

24 Q Okay. And Was this an idea originating with
25 Rod Ermel and his team?



1 MR. ALFANO: I'm going to object to the form.

2 MS. BERLIN: I object as well.

3 A My understanding --

4 MS. BERLIN: I object as well. Lack of
5 foundation, calls for speculation by the Witness.

6 **Q (By Mr. Futerfas) You can answer.**

7 A My understanding is Rod Ermel Associates had
8 come up with the idea.

9 **Q Okay. Let me show you a couple of documents.**
10 **What are these -- what are these? Okay. I'm going to**
11 **show you Exhibit 31. Okay. And this is a multi-page --**
12 **right, this is three-pages. So, this is 1122, Contract**
13 **Financing Solutions, name of parent company is Commerce**
14 **Connection.**

15 **Let me show you, Mr. Klenk, Page 2 of that**
16 **document. Which is Eagle Six Consultants based out of**
17 **Cheyenne, Wyoming. Name of parent is Commerce**
18 **Connection.**

19 **And then lastly, the third page of that**
20 **document, the Florida Consent Subsidiary Corporation**
21 **under the name parent company Commerce Connection. Do**
22 **you see those three documents?**

23 A Yes. Can go back to the first document,
24 please?

25 **Q Yes, of course.**



1 A Okay.

2 Q You want to see the second one again?

3 A No. I'm fine.

4 Q Okay. And it -- was your understanding as the
5 -- in your position at FSP, is your understanding this
6 is part of the process of putting entities under
7 Commerce Connection for the purpose of this tax return
8 filing?

9 MR. ALFANO: I'm going to object to the form
10 of the question.

11 MS. BERLIN: Objection to the form.

12 A Yes. That was my understanding.

13 Q (By Mr. Futerfas) Okay. And you didn't
14 prepare these 1122s, did you?

15 A No. I did not.

16 Q They were prepared by Mr. Ermel and/or his
17 firm?

18 A Correct.

19 Q Okay. Next document. This one -- let me show
20 you Exhibit 32.

21 MR. FUTERFAS: Can you blow that up a little
22 bit?

23 Q (By Mr. Futerfas) This e-mail, Mr. Klenk is
24 three-pages. So, there's not a lot of content, but I
25 want you to have an opportunity to review it carefully.

1 **So, just read the first page and then when**
2 **you're ready, we can scroll to the second page and the**
3 **third page.**

4 A You can scroll to the second page. Go ahead.
5 Okay.

6 **Q So, starting with the third page with the --**

7 MR. FUTERFAS: You got to scroll -- you just
8 scroll down so I see context. The other way.
9 Stop. Can you go down. Okay. Okay. Very good.
10 Okay.

11 **Q (By Mr. Futerfas) So, this is on July 6th, Dan**
12 **Kenny he is with Ermel firm, right Mr. Klenk?**

13 A Correct.

14 **Q And he is writing to Mr. Cole, that CFS --**
15 **that's an acronym for which entity?**

16 A Contract Financing Solutions.

17 **Q Okay. And he is writing that CFS or Contract**
18 **Financing Solutions, we spun off from Commerce**
19 **Connection as a tax-free reorganization. And in that he**
20 **will begin preparing consolidated returns.**

21 Did you understand -- were you -- did you
22 understand that this process again was a process that
23 was being managed and proposed by the Ermel Firm?

24 A Yes.

25 **Q Okay.**

1 MR. FUTERFAS: Now, if we can scroll up a
2 little bit. Stop there. Oh, no. Okay.

3 Q (By Mr. Futerfas) Then, at the top of the page
4 break, it's from Joe Cole to Mr. Kenney and yourself as
5 a CC.

6 So, Joe Cole is saying -- so, "We're saying
7 the 2019 estimate to Florida DORESC, you see as -- do
8 you understand ESC, the main Eagle Six?

9 A Correct.

10 Q Okay. Was made for CFS and both entities
11 would be under what -- WY Domiciled going forward,
12 right? You see that line?

13 A Yeah.

14 Q What was Mr. -- what was the Ermel Firm
15 proposing with respect to domiciling entities in
16 Wyoming?

17 MS. BERLIN: Objection, calls for hearsay.

18 A For tax purposes they were recommending that
19 both ESC and Contract Finance Solutions be relocated to
20 Wyoming from Florida to save money and taxes.

21 Q (By Mr. Futerfas) Okay. Okay.

22 MR. FUTERFAS: And then if you can go to the
23 first page.

24 Q (By Mr. Futerfas) Okay. And then on the first
25 page, Mr. Kenney writes, "thought we were going to file

1 **whatever CFS under Commerce and do the taxes we could**
2 **easily have a remain in Wyoming and have it be one and**
3 **done for Florida." You see that language?**

4 A Can you read it again or if you want to read
5 out louder.

6 **Q On July --**

7 A From the top or just the second line from Dan
8 Kenny?

9 **Q Yeah. Just the second line from Dan Kenney.**

10 A Okay. And your question is?

11 **Q And what is Mr. Kenney referring to there?**

12 A I think he is referring to doing the spin off
13 to keeping Contract Finance Solutions in Florida and not
14 moving it to Wyoming.

15 **Q Okay. And -- all right. But which -- but**
16 **Eagles Six would -- which entity was he proposing would**
17 **go to Wyoming?**

18 A He was looking at Eagle Six, according to the
19 e-mails.

20 **Q Okay, okay. All right. Let me show you this**
21 **letter. Let me show you this letter. Let me show you**
22 **Exhibit 34. That's going to be the next Exhibit.**

23 A Okay.

24 **Q (By Mr. Futerfas) And this is a two-page**
25 **letter from Mark Sidran, who is Counsel for Ermel to**



1 your Counsel here, Mr. Alfano. And just take a -- take
2 your time and read them. And I have two questions about
3 on this letter for you.

4 A You want to scroll down, please? Go ahead.
5 Okay.

6 Q All right. Are -- you have an opportunity to
7 look at that?

8 A Yes, I did.

9 Q Okay. I'm just going to direct your attention
10 to the bottom two paragraphs on the first page, right
11 there.

12 And just direct you to the line and the first
13 large paragraph, the sentence beginning, "In 2019 our
14 funding/CBSG formed Commerce Connection in Wyoming and,
15 for reasons only which it they can explain. Treated
16 Eagle Six 2019 business activity as a 'DBA' of some sort
17 for Commerce Connection." Do you see that sentence?

18 A I do.

19 Q Okay. And as we've just reviewed was the idea
20 of putting Eagle Six under Commerce Connection and
21 locating Eagle Six in Wyoming, was that the idea of
22 Ermel Firm or was that your idea or somebody else at CBS
23 -- at CBSG or FSP?

24 MS. BERLIN: Again, same objection, lack of
25 foundation.



1 A Was not my idea. My understanding was Rod
2 Ermel Associates approached Joe Cole with the idea.

3 Q (By Mr. Futerfas) Okay. All right. Thank
4 you. So, we have on that exhibit. Okay. And let's
5 see.

6 So, very briefly, I have just a few final
7 questions or less questions for you Mr. Klenk.

8 The information that you provided to everyone
9 on this call in this deposition, have you provided this
10 information to the SEC or the receiver?

11 MR. ALFANO: I'm going to object to the form
12 of the question and to the extent that it calls for
13 what would happen if he's provided it to the
14 receiver, then it would be imposed receivership
15 activity and not subject to the deposition.

16 MR. FUTERFAS: Okay.

17 Q (By Mr. Futerfas) Then Mr. Klenk, did the
18 information you provided today, have you provided this
19 information to the SEC?

20 MR. ALFANO: The -- what information? The
21 testimony that he's given today?

22 MR. FUTERFAS: Yes. The information provided
23 about --

24 Q (By Mr. Futerfas) I'll withdraw the question.
25 I'll ask it in a different way.



1 **The information you provided today about the**
2 **financial performance of CBSG and the accounting of**
3 **CBSG, have you provided that information to the SEC?**

4 MS. BERLIN: Objection.

5 MR. ALFANO: He provided any information about
6 the financial performance or the accounting of
7 CBSG?

8 MR. FUTERFAS: Are you -- I'd like just the
9 Witness to answer if he has been interviewed by
10 SEC.

11 MR. ALFANO: I'm going to -- I mean, that's a
12 very confusing question. And I'm going to instruct
13 him not to answer. I don't understand.

14 MR. FUTERFAS: Okay.

15 MS. BERLIN: I'd make --

16 MR. ALFANO: I think he testified -- when he
17 testified to at this point.

18 MR. FUTERFAS: Okay.

19 MS. BERLIN: I make the same -- excuse me.
20 I'd like to make an objection as well.

21 MR. FUTERFAS: Go ahead.

22 MS. BERLIN: The Witness has been testifying
23 for more than six hours. So, it's not clear what
24 you're asking him at all.

25 And also, after the receiver was appointed,

1 his work was in connection with the receiver and I
2 believe that that is off limits for today's
3 deposition.

4 MR. FUTERFAS: Okay.

5 Q (By Mr. Futerfas) So, I'll ask you this
6 question, Mr. Klenk. Prior to today, have you been
7 interviewed by the SEC?

8 A Again, as prior to receivership activity.

9 Q I think whether -- no, that has to do with the
10 SEC. He's a third-party to SEC. So, I'm not asking for
11 -- I'm asking for whether it's prior to today's he's
12 been interviewed by the SEC. It's a simple question.

13 A Let me restate it. Prior to the receivership,
14 I had never spoken with the SEC.

15 Q Okay. And that was actually Mr. Klenk --
16 thank you. That was actually one of my questions.

17 Prior to the SEC filing its complaint, had the
18 SEC or anyone from the SEC contacted you about the
19 finances of CBSG?

20 A No.

21 Q Prior to the filing of the SEC's complaint in
22 late July 2020, had anyone from the SEC contacted you
23 about the operations of CBSG?

24 A No contact whatsoever.

25 Q Prior to the filing of the SEC's complaint in



1 **July 2020, are the SEC or anyone under its employee**
2 **contacted you about the underwriting of the CBSG or any**
3 **other aspect of the business of CBSG or FSP?**

4 A Again, no contact whatsoever.

5 Q Okay. Now, since the action in late July
6 2020, since then -- I will restate the question, your
7 Counsel is going to object.

8 But since the action in late July 2020, have
9 you been interviewed by the SEC, not by the receiver,
10 but by the SEC?

11 MR. ALFANO: And I'm going to object and
12 instruct him not to answer. And so far as that
13 question involves any receivership related
14 activity. Do you understand the distinction?

15 THE WITNESS: Yes.

16 Q (By Mr. Futerfas) Okay. Same question, since
17 the action initiated by the SEC in late July 2020, have
18 you been interviewed by any member of law enforcement?

19 MR. ALFANO: I'm going to object to the
20 question as well because, again that's post
21 receivership activity. Instruct him not to answer.

22 MS. BERLIN: And the SEC would object as well
23 under the law enforcement privilege. And of
24 course, it's not relevant to any issue in this
25 case.



1 Q (By Mr. Futerfas) Okay. I have no further
2 questions for the Witness. Thank you very much,
3 Mr. Klenk.

4 A Thank you, Alan.

5 MS. BERLIN: Okay. I have a cross
6 examination. Hold on just a moment. Can we go off
7 the record for a moment?

8 MR. FUTERFAS: Of course. Let us know when
9 you're ready.

10 (Thereupon, a short discussion was held off
11 record.)

12 (Deposition resumed.)

13 CROSS EXAMINATION

14 BY MS. BERLIN:

15 Q Hi, I'm Amie Riggle Berlin with the U.S.
16 Securities and Exchange Commission. If I ask you a
17 question and you need me to repeat it or rephrase it
18 just let me know, okay? Can you hear me okay?

19 A Yes.

20 Q Okay. Great. During your time working at
21 CBSG before -- or I'm sorry, for Full Spectrum before
22 the receivership, who did you report to?

23 A Joe Cole.

24 Q Okay. You testified earlier today about
25 Complete Business Solutions Group moving to Florida in



1 2016. A couple of years before you started working in
2 connection with the companies. Do you recall that?

3 A Yes.

4 Q Did you ever visit the Florida office of
5 Complete Business Solutions Group?

6 A No. I did not.

7 Q Did you ever call the Florida office?

8 A No.

9 Q Okay. How many different employees worked in
10 Florida office?

11 A My understanding, none. There was only one
12 person on payroll.

13 Q Okay. Was the Florida office in fact just a
14 virtual office location?

15 A They rented office space, but we had no
16 employees there.

17 Q Okay. So, there were no operations that were
18 actually taking place out of Florida. Is that accurate?

19 A I would say yes.

20 Q Okay. And the Florida office based on your
21 understanding is that was just done for tax reasons?

22 A That's my recollection, yes.

23 Q Okay. I'd like to turn to discussing the IRS
24 audit that you testified about earlier today. You
25 testified about what the IRS was concerned about and the



1 **work that the IRS did on the audit. Did you ever work**
2 **at the IRS?**

3 A No. I did not.

4 Q Did you ever --

5 A Or no, I haven't.

6 Q --speak with anyone? Did you ever speak with
7 anyone from the IRS in connection with the audit that
8 you testified about?

9 A No.

10 Q Were you present at the IRS when they were
11 performing any audit work concerning Complete Business
12 Solutions Group or any of its related entities?

13 A There was -- the IRS did a site visit back in
14 2018 where they had someone come to Full Spectrum
15 Processing's office.

16 If you take a look at our -- just to make sure
17 that we had physical locales in Philadelphia, and they
18 can deal with Joe Cole. There's --

19 Q Okay. Did you speak with the IRS when they
20 visited the office?

21 A It wasn't the -- it was not the agent. Just a
22 hello, basically and tell them what I had in my office.
23 That was it.

24 Q Okay. And someone just said, "Nice." I
25 didn't know that. Could that person identify



1 **themselves, so we can make sure the transcript is**
2 **accurately reflecting the speaker?**

3 MR. FUTERFAS: Sorry?

4 MS. BERLIN: Someone said "Nice." I didn't
5 know that on the record, but I'm not sure if the
6 Court Reporter knows who the speaker was?

7 MR. FUTERFAS: Oh, I should have been on mute.
8 It was Alan Futerfas. Sorry about that.

9 MS. BERLIN: Oh, okay. Okay.

10 MR. FUTERFAS: Yeah. You listed a fact I
11 wasn't aware of, Amie. Thank you. I got to be on
12 mute.

13 MS. BERLIN: Okay.

14 **Q (By Ms. Berlin) So, is your knowledge that --**
15 **everything you testified about with the IRS earlier**
16 **today other than the fact that you saw them in the**
17 **office in 2018.**

18 **Was your testimony about what the IRS was**
19 **concerned about and what they did, was that -- what was**
20 **that based on, was that just based on your speculation?**

21 MR. FUTERFAS: I'm going to object to the form
22 of the question. Thank you.

23 A Based on conversations that Ken Bacon was
24 having with Joe Cole, I was actually in a couple of the
25 conversations.



1 Q (By Ms. Berlin) Okay. And Ken Bacon didn't
2 work with the IRS, correct?

3 A No. He did not. Not that I know.

4 Q Okay. Okay. So, your testimony on direct
5 examination about what the IRS was doing, what their
6 concerns were, all the work that they did, all of that
7 was based on what you overheard Mr. Bacon say to Mr.
8 Cole. Is that correct?

9 MR. FUTERFAS: Object to the form of the
10 question.

11 A Yes. From conference calls with Ken Bacon,
12 yes.

13 Q (By Ms. Berlin) Okay. But you don't have any
14 personal knowledge of what the IRS was looking at, what
15 they were doing or thinking?

16 Meaning, you never spoke with the IRS about
17 those issues. You weren't working at the IRS, you
18 weren't directly communicating with them in any way. Is
19 that accurate?

20 MR. FUTERFAS: Object to the form of the
21 question?

22 A Correct. Ken Bacon was the central point of
23 contact.

24 Q (By Ms. Berlin) Okay. So, everything you
25 know, about the IRS audit that you testified on direct



1 examination is based on something that you overheard Ken
2 Bacon telling Joseph Cole. Is that correct?

3 A Correct.

4 Q Okay. Is it also based on things that Joseph
5 Cole told you?

6 A I would say yes to that --

7 Q Okay.

8 A -- also.

9 Q Okay. But it's not based on any personal
10 knowledge that you have about the audit, because you
11 weren't speaking with the IRS about this and you were
12 not directly participating in the IRS audit. Fair to
13 say?

14 A Yes.

15 Q Okay. Next, I'd like to talk about Rod Ermel.
16 You testified about Rod Ermel phone calls with Joseph
17 Cole and who is participating in them and how often they
18 occurred.

19 How many of those phone calls between Rod
20 Ermel and Joseph Cole did you participate in personally?

21 A You mean Rod Ermel Associates, or Rod Ermel
22 personal?

23 Q I wasn't clear from your testimony. We were
24 talking about like regular calls that Joe Cole had. I
25 guess maybe with Rod Ermel Associates, because you were



1 providing names of people who are on those calls.

2 So, Rod Ermel Associates, including Rod Ermel
3 himself. How many of those calls were you participating
4 in?

5 A In my tenure at Full Spectrum Processing, I
6 was on maybe 15 of the calls.

7 Q Okay. So, -- and when you testified earlier
8 today about the advice that Rod Ermel was giving to
9 Joseph Cole, was that based on you personally hearing
10 Rod Ermel give the advice to Joseph Cole or was that
11 based on Joseph Cole relaying it to you after the fact?

12 MR. FUTERFAS: Objection to the form of the
13 question. There is also abundant e-mails and
14 documents, Amie. And your question -- I would
15 rephrase the question. Thank you.

16 Q (By Ms. Berlin) If you could please answer.

17 A Described by Joe Cole to me.

18 Q Okay. So, for that subject matter as well
19 about what happened during these calls and the advice
20 that was given that your testimony today was based on
21 what Joseph Cole told you, Rod Ermel and Associates or
22 Rod Ermel said to him. Fair to say?

23 MR. FUTERFAS: Objection. He just testified
24 he was on 15 calls and, you know, I object to the
25 form of the question.



1 Q (By Ms. Berlin) Please answer.

2 A I would say yes. It's from Joe Cole mainly.

3 Q Okay. And similarly, you testified that Rod
4 Ermel had an idea about moving for tax reasons, both in
5 connection with Complete Business Solutions Group and
6 also in connection with move to Wyoming at the end of
7 your direct testimony. Do you recall that?

8 A Yes.

9 Q Okay. And so, similarly what is the basis for
10 you testifying that, that was Rod Ermel that came up
11 with that idea or gave that advice?

12 Is that something that you personally
13 witnessed happen or is it something that you learned
14 from Joseph Cole or someone else at the company?

15 MR. FUTERFAS: Object to the form of the
16 question.

17 Q (By Ms. Berlin) Or were you speculating?

18 A No. Joe Cole said that -- had told me that
19 Dan Kennedy came up with the idea for Wyoming.

20 Q Okay. So, you don't actually know what was
21 said or who came up with the idea. Your testimony was
22 based on what Joseph Cole told you after the fact that
23 occurred. Is that correct?

24 MR. FUTERFAS: Objection to the form of the
25 question, Amie. His testimony included e-mails



1 directly with the Ermel Accounting Firm.

2 So, your question is assumes facts not in
3 evidence. So, I object to the form.

4 **Q (By Ms. Berlin) Please answer.**

5 A Can you restate again?

6 **Q Sure. Your testimony about what Rod Ermel --**
7 **what tax advice Rod Ermel gave about moving to Wyoming**
8 **or consolidating companies Or CBSG in Florida, all of**
9 **the -- you testified that Rod Ermel came up with the**
10 **idea for that.**

11 **Is that something that you personally**
12 **witnessed Rod Ermel do or is that something that you**
13 **learned about from Joseph Cole or were you just**
14 **speculating about who came up with the idea?**

15 MR. FUTERFAS: Object to the form of the
16 question for the reasons just stated. Thank you.

17 A The move to Wyoming was -- Joe Cole told me
18 that was an idea from Dan Kenney.

19 **Q (By Ms. Berlin) Okay.**

20 A The reason original move from CBSG to Florida
21 predated me.

22 **Q Okay.**

23 A So, I don't know where that idea came from.

24 **Q Okay. So, you don't actually have personal**
25 **knowledge of what are Rod Ermel and Associates**



1 recommended or who came up with the idea.

2 Your testimony was based on what Joseph Cole
3 told you had occurred. Is that correct?

4 MR. FUTERFAS: Object to the form of the
5 question.

6 A That's correct.

7 Q (By Ms. Berlin) Okay. You testified about who
8 was on weekly calls between Rod Ermel, Mr. Bacon, and
9 just Joseph Cole. Do you recall that?

10 A Yes.

11 Q You were not on all of those weekly phone
12 calls, correct?

13 A No. I was not.

14 Q Okay. So, what was the basis for the list of
15 people that you gave who were on those phone calls?

16 A Joe Cole had a standing weekly call with Ken
17 Bacon at Rod Ermel Associates and they review different
18 items.

19 Q Did you participate in those calls each week?

20 MR. FUTERFAS: Objection, asked and answered,
21 including the number of times he participated. So,
22 objection.

23 Q (By Ms. Berlin) I -- please answer the
24 question. Did you participate in those weekly calls?

25 A Not every week. I participated in



1 approximately 15 over my tenure at the company.

2 Q Okay. So, out of the -- how many years were
3 you working there before the receivership about --
4 approximately how many months?

5 A Roughly two and a half.

6 Q Roughly two and a half years?

7 A Yes.

8 Q Okay. So, over the course of -- I don't know
9 how many weeks that is, but that's at least 100 weeks.
10 Maybe 100 -- more than that, actually, 125 weeks or so,
11 you were on 15 of the calls. Is that accurate?

12 A That's a fair assessment, yes.

13 Q Okay. So, for the remaining more than 100
14 calls that you were not on, were you just speculating
15 that those calls actually occurred and who participated
16 on them or did you witness them happen?

17 A The call -- Joe Cole's office was in the same
18 building as mine. And he would have his phone calls.
19 And Ken will call him at that slot of time every day --

20 Q Okay.

21 A -- or every morning.

22 Q But my question is -- so, I'm asking about
23 your personal knowledge. So, I'm asking you what you
24 saw, what you heard.

25 MR. FUTERFAS: Objection, Amie. I think you



1 cut off the Witness. He was in the middle of
2 answering the question.

3 MS. BERLIN: Okay. I didn't realize that.

4 Q (By Ms. Berlin) I'm asking about your personal
5 knowledge, meaning what you personally saw, what you
6 personally heard. And that's what everyone's been
7 asking about all day today.

8 Is what you personally saw, heard,
9 experienced. So, I'm asking you, when those more than
10 100 calls that you testified happened. And you were not
11 present for them, correct? So, were you --

12 MR. FUTERFAS: Objection.

13 Q (By Ms. Berlin) --you were not --

14 MR. FUTERFAS: Asked and answered.

15 Q (By Ms. Berlin) Okay. Please go ahead and
16 answer. You were not present -- you were only present
17 for 15 of them.

18 So, were you speculating that they occurred --
19 that they actually did occur every single week and who
20 was on those calls that you were not on?

21 A I saw Joe Cole on the telephone during this
22 sliding -- related time periods.

23 Q Okay.

24 A And it was as on the calendar for Ken Bacon.

25 Q Okay. So, based on the fact that was on his



1 calendar and you saw him on a telephone, you assumed
2 that he was talking to Ken Bacon. Is that correct?

3 A Yes.

4 Q Okay. And did you also then assume who else
5 was on the phone call?

6 MR. FUTERFAS: Object to the form of question.

7 MS. BERLIN: Excuse me?

8 A I only answered to the phone calls that I was
9 on that no other people on the phone call.

10 Q (By Ms. Berlin) Okay. And that was 15 of
11 them, correct?

12 A Yes.

13 Q And so, all of the other calls that occurred
14 and the fact that there was a weekly call, you were
15 speculating based on the fact that you would see it on a
16 calendar and you would see Cole on the phone, but you
17 couldn't hear what was being said, fair?

18 MR. FUTERFAS: Object to the form of the
19 question.

20 Q (By Ms. Berlin) Is that accurate?

21 A That's accurate.

22 Q Okay. So, for example, if I pulled up the
23 phone records and it showed that Joe Cole was talking to
24 someone else during that time when in his calendar says
25 he's on the phone with someone from Rod Ermel and you're



1 **testifying under oath that, "No, no, no, he was on the**
2 **phone with Rod Ermel."**

3 **I just want to be clear you're speculating who**
4 **he's on the phone with based on you putting together the**
5 **fact that you physically see him holding a phone, and**
6 **you look at his calendar, correct?**

7 **Other than that --**

8 **A I am --**

9 **Q --the calls that you were on?**

10 **MR. FUTERFAS:** I object to the form of the
11 question. It's been asked and answered about 12
12 times.

13 **A** I'm sure he is on the phone with Ken Bacon
14 just the way Ken will call and Joe would answer the
15 phone. I would hear him say, you know, talk to Ken. I
16 would say hello, Ken and so, on.

17 Our offices did not have -- they were not
18 completely enclosed. So, you can pick up parts of
19 conversation.

20 **Q (By Ms. Berlin) So, are you testifying that**
21 **every week you heard him answer the phone on his**
22 **calendar and every single week you can heard him say**
23 **hello to a Ken and that you know, for a fact that it was**
24 **Ken Bacon?**

25 **What I'm trying to assess is do you have**



1 **personal knowledge of these weekly calls that you were**
2 **not on or were you speculating?**

3 MR. FUTERFAS: Objection, asked an answer.

4 Object to the forms, Witness has answered the same
5 question about 10 times.

6 **Q (By Ms. Berlin) It's -- please answer.**

7 A If you're asking me, I can tell you for a fact
8 I know Joe was on calls with Ken Bacon every week, every
9 Thursday --

10 **Q Okay.**

11 A -- with Ken Bacon.

12 **Q Okay. Okay. And did Mr. -- did you -- this**
13 **weekly phone calls, did you hear the substance of what**
14 **was being discussed? Could you -- was it on**
15 **speakerphone, the calls that you were not on?**

16 A The calls were not on speakerphone, no. The
17 majority were not.

18 **Q Okay. So, you can only testify as to what was**
19 **discussed and who was on the calls for the 15 that you**
20 **personally were on over the course of two and a half**
21 **years, correct?**

22 MR. FUTERFAS: Object to the form --

23 A Yes.

24 MR. FUTERFAS: --of the question. That's not
25 his testimony.



1 Q (By Ms. Berlin) Can you please answer the
2 question?

3 A I said yes.

4 Q Okay. Did you ever work for Rod Ermel
5 Associate?

6 A No.

7 Q So, you testified today at length about what
8 Rod Ermel and Associates person what they reviewed. So,
9 I'd like to talk about that.

10 Were you present at Rod Ermel offices when the
11 people there were doing their work?

12 A No. I never went to Rod Ermel's offices.

13 Q Did you witness them while they were working?

14 A I wasn't at their office. I can't witness it
15 if I'm not at their office.

16 Q Okay. Well, you know, maybe they came to you
17 or you watched it virtually?

18 A They came to our offices on a couple of
19 occasions to go over mid-year tax planning, among other
20 things.

21 Q Okay.

22 A Especially for the property --

23 Q I'm sorry, especially for the what?

24 A The property entities.

25 Q Okay. So, when you testified under oath today



1 as to what Rod Ermel Associates actually reviewed and
2 the work that they did.

3 That was not based on your personal knowledge,
4 it was based on your speculation or what they reported
5 back to you or Joe Cole told you. Is that fair to say?

6 MR. FUTERFAS: Object to the form. Thank you.

7 A I have a question. What did I say they
8 reviewed? So, I said they prepare tax returns.

9 Q (By Ms. Berlin) Okay. So, my question, is
10 your testimony earlier today about what Rod Ermel
11 reviewed. Was it based on your personal knowledge,
12 meaning you saw them and you saw them do while they were
13 doing their work or you were working with them when they
14 did it?

15 MR. FUTERFAS: Object to the form of the
16 question.

17 Q (By Ms. Berlin) Okay.

18 A I don't understand the question. You asked me
19 if I saw them performing the work.

20 Q Yes.

21 A No. I did not stand over from what they
22 purported what they did tax returns because they were
23 not in our location.

24 Q Okay.

25 A Or if they did any other analysis, I was not



1 there to oversee it.

2 **Q Okay. You testified about them, about Rod**
3 **Ermel Associates contacting people. What was the basis**
4 **for you testifying about Rod Ermel Associates contacting**
5 **people and who they contacted?**

6 A I don't remember testifying they contacted
7 anyone else besides Joe Cole.

8 **Q Okay. So, were you present -- so the only**
9 **knowledge that you actually have of Rod Ermel contacting**
10 **anyone is based on I guess, the 15 or so calls that you**
11 **were on when Rod Ermel was speaking to Joe Cole. Is**
12 **that correct.**

13 MR. FUTERFAS: Object to the form. Object to
14 the form. The Witness just said he didn't testify
15 to that. I object to the form.

16 **Q (By Ms. Berlin) Okay. You could answer the**
17 **question.**

18 A Are you regarding the 2016 audit, is that
19 we're talking about? Rod Ermel contacting regarding
20 that?

21 **Q At any time.**

22 A I said -- can you be more specific?

23 **Q Well, at any time. And perhaps I**
24 **misunderstood your testimony. But I have here my notes**
25 **that you testified that they were contacting people.**

1 **And so, my question was, isn't it true that**
2 **you only actually have knowledge of the communications**
3 **that you personally witnessed? And I mean, would you**
4 **agree with me on that?**

5 MR. FUTERFAS: Object to the form of the
6 question. Object to the form. The testimony
7 concern -- Ms. Berlin, the testimony concern
8 contacts by the auditing firms, Friedman and CLA.
9 There I don't recall testimony about the Ermel Firm
10 contacting anybody.

11 **Q (By Ms. Berlin) Okay. Let me ask you in other**
12 **way. Did you ever witness personally? Were you ever**
13 **with Rod Ermel on a conference call where they were**
14 **contacting a third-party that was not CBSG or Full**
15 **Spectrum?**

16 A I was on a telephone call where they were
17 talking to Friedman & Associates regarding the deferred
18 tax asset liability calculation state that they created
19 for the company for the audit.

20 **Q Okay. Other than that, were you on any other**
21 **calls they have with third parties?**

22 A No. Not that I remember.

23 **Q Okay. And your testimony about everything**
24 **that happened with the IRS audit and the status of that**
25 **audit that was all based.**



1 **I just want to be clear. That everything you**
2 **know about that IRS audit was based on what Joe Cole**
3 **told you. Is that correct?**

4 MR. FUTERFAS: Object to the form and then
5 asked and answer.

6 A That is incorrect. So, from what was on a
7 phone call, Ken Bacon described that they had gone
8 silent. And they hadn't -- there was no more
9 information coming out of the IRS.

10 **Q Okay. So, it was everything you know about**
11 **the IRS audit, everything you testified today about the**
12 **IRS audit was based on things that you heard from Joe**
13 **Cole or Ken Bacon, correct?**

14 A Correct.

15 MR. FUTERFAS: Object to the form.

16 **Q (By Ms. Berlin) Okay. And I'm sorry, just so**
17 **the Court Reporter gets your answer. Could you state it**
18 **again?**

19 MR. FUTERFAS: Yeah. I have an objection to
20 the form and then the witness answered.

21 MS. BERLIN: No, no. I think we heard the
22 objection. But I think you spoke over the Witness.

23 So, I was just asking if the Witness could
24 restate his answers so that we make sure the Court
25 Reporter gets it.

1 A No. Just to be clear all the information
2 regarding 2016 IRS audit, all the information I know of
3 either came from Ken Bacon or from Joe Cole.

4 Q (By Ms. Berlin) Okay.

5 A I did not talk to anyone else regarding it.

6 Q Thank you so much.

7 A Or got --

8 Q Thank you.

9 MR. FUTERFAS: Sorry. I'm sorry. I didn't
10 hear the rest of witness' answer. Ms. Berlin, you
11 jumping into the Witness.

12 MS. BERLIN: Yes.

13 MR. FUTERFAS: Can the Witness restate last
14 part of his answer, I didn't get it?

15 A Okay. Just to repeat, all the information I
16 had from the 2016 audit either came from Ken Bacon or
17 Joe Cole. I spoke with no one else regarding 2016 audit
18 that provided any information.

19 Q (By Ms. Berlin) Thank you. Turning to
20 CliftonLarson. You testified about what CliftonLarson
21 did. Did you work for -- have you ever worked for
22 CliftonLarson?

23 A No. I have not.

24 Q Okay. Were you ever present when CLA was
25 conducting its work?



1 A They came out for about eight business days
2 and during those eight business days I was present.

3 Q Okay. And so, you testified about what you
4 observed during those eight business days.

5 Other than that, and when you testified about
6 what CliftonLarson did and the work that they were
7 doing, what was -- was that based -- was that based on
8 your personal knowledge if you're seeing their work?

9 MR. FUTERFAS: Object to the form of the
10 question.

11 A CliftonLarson would send status updates. They
12 would ask questions and they'd have a status log.
13 Whether the question was answered or whether it was
14 still outstanding.

15 Q (By Ms. Berlin) Thank you. So, your testimony
16 what CliftonLarson -- thank you. So, you're testimony--

17 MR. FUTERFAS: Excuse me. You interrupted the
18 Witness -- you interrupted the witness, Amie. He
19 was still continuing.

20 MS. BERLIN: Okay.

21 MR. FUTERFAS: Could the Witness please be
22 entitled to finish his answer before you interrupt.
23 And I request Mr. Klenk -- I request Mr. Klenk
24 finish his answer about what CliftonLarson was
25 doing, or whatever his answer was going to be.



1 Thank you.

2 MR. ALFANO: Hang on, everybody. Hold on.

3 Mr. Klenk, are you finished your answer on it?

4 THE WITNESS: I finished the answer, yes.

5 MR. ALFANO: Okay.

6 Q (By Ms. Berlin) Thank you. Mr. Klenk, so your
7 testimony about what CliftonLarson did and what they
8 were doing and what they were thinking. All of that was
9 just based on documents that that you reviewed from
10 CliftonLarson. Is that fair to say?

11 MR. FUTERFAS: Object to the form of the
12 question.

13 Q (By Ms. Berlin) Mr. Klenk, did you understand
14 the question?

15 A No. You're being very vague with it. Can you
16 be more specific?

17 Q Yes. So, one of the things I'm trying -- I'm
18 asking these questions because you've testified about a
19 lot about what other people were actually doing under
20 oath.

21 So, I'm trying to figure out what you have
22 personal knowledge of versus what your -- what you
23 testified about based on documents you read or things
24 that you heard. Instead of things you saw or things
25 you've personally experienced.



1 **So, I'm asking you for CliftonLarson. When**
2 **you testified about what CliftonLarson did, and why they**
3 **made recommendations and what -- all of your testimony**
4 **is about CliftonLarson and what they did. Not about**
5 **what you did. But what about this third party did and**
6 **all of their employees and what they were thinking.**

7 **Was that all based on documents that you read**
8 **from CliftonLarson or information you got from Joseph**
9 **Cole?**

10 MR. FUTERFAS: Object to the form of the
11 question. I completely object to the form of the
12 question. It's compound and unintelligible.

13 **Q (By Ms. Berlin) Okay. Mr. Klenk, go ahead and**
14 **answer if you understand it.**

15 A Let me rephrase it back to you. First, to
16 make sure I understand what you're asking.

17 **Q Sure.**

18 A Are you saying with CliftonLarson as a third-
19 party? I did not review any of their work papers. No,
20 I did not. We provided information for CliftonLarson to
21 help them conduct their audit.

22 **Q Okay. So, all of your testimony today about**
23 **what CliftonLarson did and what they were thinking and**
24 **why they did certain things.**

25 **What was the basis for that testimony, if you**



1 **personally were not involved in the work in it? We all**
2 **understand now that you don't actually work at**
3 **CliftonLarson.**

4 MR. FUTERFAS: Object to the form of the
5 question. There was no testimony about what
6 CliftonLarson was thinking. And he testified that
7 he is the principal liaison to that audit, to that
8 auditing firm.

9 So, I object to the form as a complete
10 mischaracterizes the testimony that we heard today.

11 **Q (By Ms. Berlin) Thank you. If you could**
12 **please answer.**

13 A Yeah. Okay. Alan is correct. I was -- I
14 facilitated information between CliftonLarson and
15 Complete Business Solutions Group.

16 They would make requests. I would do the best
17 of my ability to fulfill those requests and send them
18 the information they're requesting so they can conduct
19 their audit.

20 **Q Okay. You don't have any personal knowledge**
21 **about what CliftonLarson actually did, correct?**

22 MR. FUTERFAS: Object to the form.

23 **Q (By Ms. Berlin) Mr. Klenk, can you answer?**

24 A Outside of their checklist of things that they
25 requested, no, I cannot tell you.



1 Q Okay. And same for Friedman. You justified a
2 lot about what Friedman did. Did you ever work there?

3 A No. I never worked at Friedman.

4 Q Okay. Did you watch people they're doing
5 their work?

6 A I watched them when they came to the 205 Mark
7 Street office.

8 Q Okay. And you testified -- but other than
9 that, I mean, was your testimony about what Friedman did
10 based on your review -- what was the basis for that? If
11 you weren't working there and you didn't perform the
12 work?

13 A My basis for what? Could you be more
14 specific? My basis on what?

15 Q Sure. So, do you recall earlier today, you
16 testified about what Friedman -- what worked Friedman
17 did?

18 A Yes.

19 Q Okay. What was your base -- what was the
20 basis for your, for you testifying under oath about what
21 Friedman did?

22 A Direct contact. If they made a request, it
23 was the same as with CLA. I was facilitating getting
24 them the information they were requesting. So, they
25 can --



1 **Q Other than with respect --**

2 MR. FUTERFAS: I'm sorry. I didn't hear the
3 rest of the that sentence. So, they could do what,
4 Mr. Klenk? I didn't -- you were cut off again, by
5 the question.

6 THE WITNESS: Do anything for assessment,
7 Alan.

8 MR. FUTERFAS: Thank you.

9 THE WITNESS: So, they can audit financials
10 and make their determinations.

11 MR. FUTERFAS: Thank you. Thank you.

12 **Q (By Ms. Berlin) So, but my question is a**
13 **little different, because you testified more than just**
14 **that you gave them documents. You testified about what**
15 **Friedman did. At least that's my recollection.**

16 **So, my question to you is, you testified about**
17 **what other people did. And if you didn't see them doing**
18 **it, can you tell us the basis for your testimony as to**
19 **what Friedman did?**

20 MR. FUTERFAS: Object to the form and asked
21 and answer.

22 A Maybe this helps you a little bit more with
23 your question, Amie.

24 Friedman, for example, would send out
25 confirmations. They would send out bank conformation to



1 our bank to find out what the balance was at the bank.

2 At the bank is at a particular period.

3 We provided the information for the banks. We
4 put on our letterhead, we had Joe Cole sign it. And the
5 bank confirmations go directly back to Friedman.

6 Same thing for accounts receivable
7 confirmations. Same thing for credit or new
8 confirmation is that we perform.

9 So, they made a request. We put it together
10 for them and mailed it out and having it returned to
11 them. Those are, --

12 **Q (By Ms. Berlin) Okay.**

13 A -- you know, direct knowledge of what was
14 going on there.

15 If they requested to see a deal an MCA deal, I
16 literally went back and had that MCA deal provided for
17 them and gave it to them.

18 **Q Okay. So, your only personal knowledge about**
19 **Friedman and the work they did is the same as the other**
20 **accounting firms.**

21 **You only know if you received a request what**
22 **you said to those accounting firms. Is that correct?**

23 MR. FUTERFAS: Object to the form.

24 **Q (By Ms. Berlin) Is that what you personally**
25 **did?**



1 MR. FUTERFAS: Object to the form of the
2 question.

3 Q (By Ms. Berlin) Do you agree with me?

4 A Yes. I don't know what they do behind the
5 scene. I can't tell you.

6 Q Thank you. That's what I was getting at. You
7 don't know what happened behind the scene. You only
8 know what you sent them in response to various requests
9 or what you sent them period, correct?

10 A Yes. And then we had correspondence they
11 would tell us, "Hey, Amie never send a confirmation
12 back. Can you help with this?"

13 Q Okay. Right. But even for that you agree
14 with me that you would only know that they sent you that
15 e-mail.

16 You wouldn't really know if the underlying
17 information in their e-mail to you is true. Because
18 you're not there observing it. You're not working at
19 these auditing firms with them or these tax firms.

20 You're just receiving their e-mail messages
21 and sending documents, correct?

22 MR. FUTERFAS: Object to the form of the
23 question. I'm sorry.

24 Q (By Ms. Berlin) Sure. Could you answer
25 please.



1 A Yes. That was the conduit and I don't know
2 what they're doing behind the scene.

3 Q Thank you. And you testified about -- there
4 was Exhibit 1. Exhibit 1, you were shown today. And
5 you testified about why Friedman maintain the document.

6 And so, I'm curious. How do you know why
7 Friedman maintained Exhibit 1 and what was in the head
8 of Friedman, were you speculating?

9 A I'm trying to pull Exhibit 1 now. Give me one
10 moment. Okay. Now, what is your question about Exhibit
11 1 again?

12 Q Sure. You testified about why Friedman was
13 maintaining this document and why Friedman had created
14 the document. And what was in Friedman's head why they
15 did it.

16 My question was, like, do you know for fact
17 why they created it or were you speculating based on
18 information that you had?

19 MR. FUTERFAS: I object to the form of the
20 question. It mischaracterized, it totally
21 misstates the testimony of Mr. Klenk earlier today.

22 MS. BERLIN: Okay.

23 MR. FUTERFAS: I object to the form of the
24 question.

25 Q (By Ms. Berlin) Mr. Klenk, you can answer.



1 A Yeah. This an open item list to let them know
2 or help them confirm that they got the information they
3 needed for a particular part of the audit.

4 Q Okay. So, your knowledge about this document
5 is what you provided in Exhibit 1. Is that correct?

6 A Yes.

7 Q Okay. And it's limited to that, fair?

8 A Yes.

9 Q Thank you. I wanted to talk about -- I want
10 to shift -- I just wanted to shift positions a little
11 bit. And I just want to -- sorry, I needed to ask this
12 questions.

13 But I was just trying to ascertain if you're
14 actually working or at these auditing and tax firms and
15 that's how you knew why they did what they did or what
16 they were thinking. So, thank you for bearing with me
17 through that.

18 We're going to switch gears now. And I just
19 want to talk a little bit about the Friedman audit of
20 the 2017 financials.

21 You're shown your declaration today as an
22 exhibit. It was Exhibit 8. Do you recall that?

23 A Yes.

24 Q Okay. And attached to your declaration are
25 the two different versions of the Friedman auditing



1 report.

2 Do you remember that or would you like us to
3 pull? We can pull it up on the screen too, if that's
4 better.

5 MR. ALFANO: No. We have it. We have it
6 before us.

7 A I have it here.

8 Q (By Ms. Berlin) Okay. Great. So, Defendant's
9 Exhibit 8 and then Exhibit A to Exhibit 8. What is
10 that?

11 A Exhibit A is the -- let me open it up because
12 we didn't go over this earlier. Exhibit A is the
13 unqualified opinion of the financial statements.

14 Q Okay. And approximately when, if you recall,
15 did you all, meaning the Full Spectrum or Par Funding.
16 When did you all approximately receive Exhibit A,
17 roughly?

18 A Would have been the first week of 2018.

19 Q Okay. And was --

20 A Excuse me 2019, I'm sorry.

21 Q 2019. Thank you. And you testified earlier
22 that there was someone at the Full Spectrum officers
23 named Joe Mack, who was also your understanding was also
24 called Joe Cole. Do you recall that?

25 A I did not say that.



1 Q Oh, I'm sorry. Joe LaForte, I apologize. Do
2 you --

3 A Joe LaForte, yeah.

4 Q Sorry. I'm sorry. I didn't mean to give him
5 another alias. I apologize.

6 Did Joseph LaForte have a reaction to the
7 Exhibit A when it was received by the company?

8 A He was not happy with the bad debt numbers.

9 Q Okay. And why is that? And how do you know?

10 A It was conversations I had with Joe Cole and
11 LaForte did mention to me once that, you know, he wasn't
12 happy with those numbers with the bad debt number.

13 Q And why was that? What was it about bad debt
14 number in Exhibit A that was a problem or that made them
15 upset?

16 A Our allowance for those accounts were an
17 estimate at the end of 2017. What Friedman had done
18 through January through December of '18 is they had
19 looked at every deal for 2017 and looked at which deal
20 went bad and the dollar amount of the deal. And which
21 one of those deals had been present at the end of '17.

22 And they took those amounts that were present
23 and brought them back and adjusted the 2017 bad numbers
24 for it.

25 Q Okay. So, was -- I'll ask you another way.



1 Was Mr. LaForte unhappy because Exhibit A showed the
2 company to not be profitable?

3 Well, let me ask in another way. Does exhibit
4 -- looking at Exhibit A was Par Funding or CBSG
5 profitable according to Exhibit A?

6 A In what respect? You talking about Cole GAAP
7 case reporting or Cole basis reporting, you're talking
8 about cash flow? There's different versions of
9 profitability --

10 Q Sure.

11 A -- in definition.

12 Q I wonder if we could pull up Exhibit 8A and
13 I'll just direct you, we'll just walk through it
14 together.

15 Just have your office pull up your Exhibit 8
16 and then turn to Exhibit A of Exhibit 8.

17 A Any particular page in that? You're looking
18 at the income statement or amount sheet? What was it?

19 Q Yeah. I'm going to walk you through it. If
20 you just give me a moment. And why don't we go off the
21 record while we pull up that exhibit?

22 And let's just take, if you don't mind, I just
23 wanted to take a personal break. So, can we please
24 let's just take five minutes if that's okay as a quick
25 break.



1 **And if everybody's okay with that, we can just**
2 **come back on the record in five minutes. Is that**
3 **acceptable, Mr. Futerfas.**

4 MR. FUTERFAS: Yeah. No objection, no
5 objection.

6 MS. BERLIN: Thank you so much.

7 (Thereupon, a short discussion was held off
8 record.)

9 (Deposition resumed.)

10 **Q (By Ms. Berlin) Okay. So, we were looking at**
11 **exhibit -- Defense Exhibit 8 and Exhibits A and B there**
12 **too.**

13 **What is there -- would you agree with me that**
14 **Exhibit B, which was a subsequent financial statement**
15 **that was prepared by Friedman or that you all received?**

16 A Yes. That's the adverse opinion. That is our
17 final report.

18 **Q Okay. And that report came about after Mr.**
19 **LaForte complained about the report we see as Exhibit A?**

20 A Yes.

21 **Q Okay. And did Mr. LaForte send anyone to**
22 **visit Mr. Friedman about these financial statements?**

23 A Anthony Zingerelli was -- went to Friedman LLP
24 and I drove along with him for that meeting.

25 **Q Okay. And was that at Mr. LaForte's**

1 **direction?**

2 A My understanding is yes.

3 **Q Okay. And what was the purpose of going to**
4 **visit Mr. Friedman in person? Was that to have him**
5 **revise Exhibit A?**

6 A It wasn't Mr. Friedman. It was the auditing
7 firm Friedman LLP.

8 **Q Yes.**

9 A But we went there to speak with the engagement
10 partner whose name was Willem, along with the tax
11 partner who Anthony Zingerelli have personal
12 relationship with.

13 **Q Okay. And is that how the financial statement**
14 **we see with the qualified opinion on Exhibit B came**
15 **about?**

16 A It's a adverse opinion.

17 **Q Oh, I'm sorry. The adverse opinion --**

18 A Yeah. The qualified opinion.

19 **Q I'm sorry. The adverse opinion in Exhibit B**
20 **came about?**

21 A Yes. That's how it came about.

22 **Q Okay. And are the figures in -- I mean, I was**
23 **I was going to ask you about Exhibit A. And where there**
24 **was problematic because it showed a less favorable**
25 **financial position.**



1 **But did I understand from your responses that**
2 **would require more extensive testimony?**

3 A I don't understand your question.

4 Q **Sure. Do you recall it earlier that I asked**
5 **you if Exhibit A -- well, let me just ask you this way.**

6 **Is Exhibit A less favorable financial snapshot**
7 **than Exhibit B?**

8 A Yes, it is.

9 Q **Okay. And let me just -- are Exhibit A and B**
10 **the last time that Par Funding had an audited financial**
11 **statement completed?**

12 A Yes.

13 Q **Okay. You can go ahead and set it aside.**

14 A I'm sorry. What did you say?

15 Q **Oh, I was just saying you can just set it**
16 **aside.**

17 A Okay. And nothing else on Exhibit A or B?

18 Q **No, not at this time. I just realized it's 6**
19 **o'clock. So, we're going to just move forward.**

20 **Let's see. You testified on direct**
21 **examination about the Shehebars. Do you recall that or**
22 **about --**

23 A Yeah.

24 Q **-- information provided to Shehebars?**

25 A Right. I was asking if I knew who Chuck Frye



1 was.

2 **Q Right. So, where the Shehebars Par Funding**
3 **are just investors to your knowledge?**

4 A When I first started, yes, they were the
5 largest creditor holders.

6 **Q Okay. And --**

7 A They're not investors, they are creditors.

8 **Q Okay. And creditors meaning, like what do you**
9 **mean by that? Like, how were they creditors of Par**
10 **Funding?**

11 A I'll try to make it a little bit simpler here.
12 It's the way I view. It is an investor is you go out
13 and buy stock in a company.

14 So, you buy stock in Apple, you are now an
15 investor. A creditor, on the other hand is, if Apple
16 borrows money from you and you're paying them back.
17 That's a creditor.

18 **Q Okay. So, I understand your definition of**
19 **that. So, were the Shehebars, was it your understanding**
20 **that they were the largest creditors when you started**
21 **there because they had invested money in Par Funding?**

22 A They were the largest creditors of Par Funding
23 when I first started, yes.

24 **Q Okay. And do you remember about how much they**
25 **invested?**



1 A Not off the top my head right now.

2 Q Okay. Was it -- do you remember if it was in
3 the 1000s or millions?

4 A It was in the millions.

5 Q Okay. And the information that we saw during
6 direct examination that was -- you are asked and shown
7 some information that has been provided to Mr. Frye, and
8 the Shehebars. Do you recall that?

9 A Yes.

10 Q Okay. Did you provide that same financial
11 information to the all the other individual creditors or
12 investors of Par Funding?

13 A I never provided any information to creditors
14 of Par Funding. Joe Cole handled the investors
15 personally.

16 Q Okay. So, but you recall earlier today, we
17 were looking at, I think you were shown a document or
18 some documents with Chuck Frye or the Shehebars and some
19 financial information. You testified had been provided
20 to them. Do you remember that?

21 A Are you referring to the GAAO, non-GAAP
22 financial, the balance sheet income statement?

23 Q I think that's what it was.

24 A Are you referring to?

25 Q That might have been it.

1 A Yes. Chuck Frye had requested from Joe Cole
2 to see what it looked, what the GAAP financial
3 statements would look like, with that all the GAAP
4 adjustments. What the audited financial statements will
5 look like about the adjustments.

6 Q Okay.

7 A That's what it was. Now it's just roll it
8 back to what he is used to saying.

9 Q Thank you. And my question was just, are you
10 aware of that same information being provided to other
11 creditors or investors or was it just that time with Mr.
12 Frye and the Shehebars?

13 A I'm only aware that it was the Chuck Frye.

14 Q Okay. And did the Shehebars have a proper
15 profit-sharing arrangement with Par Funding?

16 A They had consulting agreements with Par
17 Funding. That was part of the e-mail showed earlier by
18 Alan went down to 2.5% in one quarter in 2018.

19 Q And so, they were creditors and they also have
20 consulting agreements with the firm. Is that correct?

21 A Correct.

22 Q Okay. And did they do any work for Par
23 Funding the Shehebars?

24 A Not that I'm aware of.

25 Q Okay. Did you ever see them in the office



1 **doing work?**

2 A I never saw them in the office, no.

3 **Q Okay. Do you know why they were -- why they**
4 **were receiving profits sharing or had consulting**
5 **agreements?**

6 A As the largest creditors of the company, they
7 were -- they had negotiated my understanding in
8 consulting agreement.

9 Joe Cole would send updates on all the funding
10 to them so they can review it. And that was part of
11 their -- and they would come back with comments to
12 either Cole or LaForte regarding that.

13 **Q Okay. I apologize, didn't mean to cut you**
14 **off. So, they were different from like all of the,**
15 **like, the other creditors or investors of Par Funding in**
16 **that regard, fair to say?**

17 A Yes.

18 **Q Okay. And Mr. Frye, what was your -- the**
19 **basis for your testimony that Mr. Frye personally**
20 **invested?**

21 A I remember he had a creditor note. I remember
22 seeing a creditor note for Chuck Frye, I don't know how
23 much it was though.

24 **Q Understood.**

25 A It was provided to the company and I believe



1 also to CliftonLarson, I think they may have asked for a
2 copy of it.

3 **Q Okay. Was that in connection with Mr. Frye's**
4 **company Lindsey Blake, maybe?**

5 A Yes.

6 **Q Okay. And was Lindsay Blake, one of the funds**
7 **that had a promissory note with CBSG and that was**
8 **raising funds for the company?**

9 A I don't recall if they raise funds for the
10 company. They may have.

11 **Q Okay.**

12 A I just don't recall it.

13 **Q Sure. And if -- please, with any question**
14 **that I'm not asking you to speculate. So, if you don't**
15 **know, you can just say so. Do you understand?**

16 A Yes.

17 **Q Okay. Great. Did Mr. Frye also have a**
18 **consulting agreement with Par Funding?**

19 A Yes, it was through Lindsay Blake.

20 **Q Okay. And did Mr. Frye continue working for**
21 **Par Funding under his consulting agreement until the**
22 **receiver was appointed or did his work with the company**
23 **end before then?**

24 A My understanding is work with the company
25 ended in some time 2019.



1 Q Okay. And do you have an understanding as to
2 why his work ended?

3 A First-hand knowledge, no. What I was told
4 that there was a disagreement regarding his background.

5 Q Okay. And was that because he had a criminal
6 record?

7 A Yes.

8 Q Okay. And who told you that?

9 A I believe it came from Joe Cole.

10 Q Okay. And that Mr. Frye was -- his consulting
11 agreement was terminated because the company learned
12 that he had a criminal record. Is that what Mr. Cole
13 advised you?

14 A Yes, he -- they were looking for Chuck Frye to
15 on the board of a bank. They were looking to purchase.
16 And at that point, Chuck had come forward to them and
17 said that he wouldn't be able to pass the background
18 test for the bank.

19 And that's what started that pendulum rolling
20 down. That's according to what Joe Cole told me.

21 Q Okay. And so once Par Funding found out that
22 he had that Mr. Frye had a criminal record, they
23 terminated the consulting agreement with Par Funding?

24 A That is my understanding, yes.

25 Q Okay. Did Par Funding have a rule or policy



1 that you know of about employees or consultants having
2 for spectrum rather, have any sort of policy or rule or
3 guidelines about employees or consultants having
4 criminal records?

5 A There's an employee manual. And in employee
6 manual, we can do background checks and then whether or
7 not if there was something egregious on there, we can
8 decide either terminate the employee or not hire them.

9 Q Okay. And so did Par Funding, were they, if
10 you know, doing background checks on employees or
11 potential employees or consultants?

12 A They started background checks on employees in
13 late 2018 from what I understand.

14 Q Okay.

15 A Reference and background checks.

16 Q And other than Mr. Frye, are you aware of
17 anyone else who -- that had a criminal background that
18 was flagged by the company?

19 A I was not privy to that information. That was
20 confidential information.

21 Q Okay. While you were working for Par Funding
22 before the receiver was appointed, did you ever come to
23 learn that Mr. LaForte had a criminal record?

24 A Yes.

25 Q And when did you learn that?



1 A It would have been summer to fall of 2018.

2 **Q How did you find out?**

3 A At that point, I was posting daily American
4 Express transactions and a credit card came through an
5 attended named Joe LaForte and I had no idea who that
6 was.

7 I looked it up and it was his picture and I
8 saw the information on there.

9 **Q So, prior to that, you thought that he was Joe**
10 **Mack?**

11 A Yes, I didn't know who Joe LaForte was. I
12 thought he is Joe Mack.

13 **Q Okay. And so, then when you looked him up,**
14 **that's how you found out about the criminal record?**

15 A Yes.

16 **Q Did Mr. Cole explained to you why Mr. Frye's**
17 **relationship with the company was terminated because of**
18 **his criminal record and Mr. LaForte was signed?**

19 A We never had that conversation.

20 **Q Okay. And you testified about Chessler**
21 **Holdings. Do you recall that?**

22 A About David Chessler, yes.

23 **Q Okay. And David Chessler's company, Chessler**
24 **Holdings was looking to acquire Par Funding. Is that**
25 **correct?**



1 A Right. They were looking to become an
2 investor in Par Funding, not a creditor.

3 Q Right. Did you understand that -- did you
4 ever see the draft agreements for the Chessler Holdings
5 transaction with Par Funding?

6 A Not that I recall.

7 Q Okay. Did you know that Chessler Holdings was
8 looking to acquire, meaning purchase or take over Par
9 Funding?

10 A I understand that was a possibility, yes.

11 Q Okay. And that was the possibility up until
12 the receiver was appointed, correct?

13 A Yes, it was a still possibility. It kind of
14 cooled off when COVID hit in February, March 2020.

15 Q And do you recall approximately how much
16 Chessler Holdings was going to -- how much money they
17 were going to provide to Par Funding for their
18 investment?

19 A The discussions I remember were Chessler
20 Holdings was pulling together a number of influential
21 individuals that could invest in a company as part of a
22 group to invest through David Chessler, but I don't --

23 Q Okay. Was it -- sorry.

24 A I don't remember the dollar amounts.

25 Q Was it thousands or do you remember if it was



1 **millions, hundreds of millions?**

2 A I believe it was over a quarter million
3 dollars.

4 Q Okay. The information that was --

5 A Or billion dollars, excuse me. About \$250
6 million or in change somewhere around there.

7 Q Okay.

8 A One of those numbers thrown around.

9 Q Okay. Would you agree with me that David
10 Chessler and Chessler Holdings were provided more
11 financial information that the promissory note,
12 creditors were provided?

13 MR. FUTERFAS: Object to the form. I don't --
14 it lacks -- the question lacks foundation. I'm not
15 sure the Witness has any basis to answer the
16 question. Thank you.

17 Q (By Ms. Berlin) Again, if you don't know the
18 answer to something, just say so. And I assume that
19 that's why I was asking you this questions about whether
20 you work in these auditing firms. If you don't know
21 something, you can just say so.

22 During -- I will ask the question another way.
23 During the time that you worked at Par Funding or Full
24 Spectrum. The two-and-a-half years you were there, did
25 you ever provide the same details and the same financial



1 information? Did you ever -- let me ask you again.

2 Did you ever see Par Funding or Full Spectrum
3 provides the same amount of financial information and
4 provided to David Chessler?

5 Did you see that information being provided to
6 your, the other investors who were purchasing promissory
7 notes?

8 MR. FUTERFAS: Object to the form of question.

9 A I had no deal with the creditors. No direct
10 dealing of creditors. So, I have no idea what they were
11 provided. They -- Joe called him or them directly.

12 Q (By Ms. Berlin) So, your knowledge it was --
13 would it be limited to Mr. Frye, the Shehebars and David
14 Chessler as far as your interactions with creditors or
15 investors?

16 A I'm limited to Chuck Frye, because I know what
17 he received. I don't know what the Shehebars received.
18 I believe it was the funding analysis. But I don't know
19 any other financial information they may have received.

20 Q Okay. But you understood that Mr. Frye was
21 the person who was the conduit to the Shehebars?

22 A Yes.

23 Q Okay. So, other than Mr. Frye, who was the
24 conduit to the Shehebars and David Chessler, did you
25 have interaction with any other person or company that



1 **was an investor or creditor of Par Funding?**

2 A Just as I testified earlier, there was one
3 person that came to the office back in early 2018 and I
4 sat with them in their account that they rolled through
5 a couple of AR numbers.

6 And they wanted to just look at some bank
7 statements to trace. Those are roughly about an hour-
8 and-a-half of work, maybe two hours.

9 **Q Okay. Do you recall how much they were going**
10 **to invest?**

11 A No, I never had that conversation with them.
12 I have no idea.

13 **Q Okay. And who asked you to meet with them?**

14 A Joe Cole, he was busy.

15 **Q Okay. I wanted to talk about you testified**
16 **about Par Funding filing lawsuits and CJAs, do you**
17 **recall that?**

18 A I recall answering if you ask me the file
19 confession or judgments, yes.

20 MR. FUTERFAS: Objection.

21 **Q (By Ms. Berlin) I didn't ask you that. Mr.**
22 **Futerfas, did. I was just asking, do you recall**
23 **generally earlier today testifying in response to**
24 **questions about Par Funding by link CGAs or lawsuits, or**
25 **collections cases?**



1 MR. FUTERFAS: I object to the form of the
2 question because a confession of a judgment is a CO
3 -- confession of judgment is COJ, not a CJA.

4 MS. BERLIN: Okay.

5 MR. FUTERFAS: Other than that, I have no
6 objection.

7 Q (By Ms. Berlin) COJ. Do you remember that?

8 A Yes.

9 Q Okay. Great. I just wanted to clarify. You
10 were not involved with Par Funding and its Court
11 filings, correct?

12 A No, I was not.

13 Q Did you keep track of the lawsuits that Par
14 Funding filed?

15 A No, I did not.

16 Q Did you review the results of the various COJs
17 lawsuits or other collections cases that have been
18 filed?

19 A No, I do not.

20 Q Okay. And so, fair to say that your only
21 knowledge about that subject matter is that, like you
22 believe that from time-to-time COJs or lawsuits were
23 filed?

24 A Yes.

25 Q Do you have any knowledge beyond that?



1 A No, that was handled by a completely different
2 group.

3 Q Thank you.

4 A So, I was intermittently dealing with that.

5 Q Okay. Thanks. And then the last area that I
6 wanted to talk to you about was the document that was
7 called the funding analysis today. And you were shown
8 it in Exhibit 7. Do you recall that?

9 A Yes.

10 Q Okay. This is the last part of what I was
11 going to ask you about. So, we're almost finished.

12 A Sure.

13 Q And thank you. Because I know it's late in
14 the day, it's after 06:00. So, I will be brief.

15 Looking at exhibit -- Defense Exhibit 7, when
16 you testified about the source of each figure on the
17 funding analysis, I just want to talk about that
18 briefly.

19 Am I correct in understanding that Mr. Cole
20 prepared these funding analyses?

21 A Yes, Joe Cole prepared this and I believe he
22 had assistance from Ada Lou.

23 Q Okay. And so, when you testified about the
24 source of the figures on each part of the chart, were
25 you speculating about where Joe Cole or Ada Lou might



1 have gone to look for that information or did you ever
2 go back and actually audit it to confirm that that was
3 their source?

4 MR. FUTERFAS: Object to the form of the
5 question. It's not that -- it's not at all the
6 Witness' testimony.

7 A Understand -- I didn't understand the
8 question.

9 Q (By Ms. Berlin) I'll ask it again. Do you
10 recall earlier today, Mr. Futerfas took you through like
11 each column and he asked you where was the source of
12 this figure?

13 What was the source of that figure and you
14 went column by column. Do you remember that?

15 A Yes.

16 Q Okay. So, my question is pretty simple. Mr.
17 Cole prepared this document. Were you sort of -- when
18 you testified, as to the source, meaning where Mr. Cole
19 went and found each figure on the chart that you were
20 shown.

21 Were you speculating where he could have found
22 that information or did you ever go back and confirm
23 that that is exactly where he went to get those figures?

24 MR. FUTERFAS: Object to the form of the
25 question.

1 A I understand your question. My understanding
2 is he got it from the funding tab of the deposit log.

3 Q (By Ms. Berlin) Okay. And I mean, did he tell
4 you that?

5 A I believe he did when I first started, that's
6 where it came from.

7 Q Okay. And so, do you know, like, every month,
8 he would prepare this, right?

9 A Correct. The prior month is a static number.

10 Q I'm sorry?

11 A Yes, he would prepare each month and the prior
12 month would become a static number, it would not change.

13 Q Okay. Thank you. Did you check with him,
14 like for every month to confirm that that was the
15 source? So, I'm just trying -- here's what I'm trying
16 to find out.

17 You testified under oath about the source of
18 the dollars on this. So, I'm just trying to find out if
19 you were sort of speculating where everywhere Mr. Cole
20 went and got these numbers each month or if you know,
21 for a fact?

22 MR. FUTERFAS: Objection, asked and answered.

23 And I object to the form of the question.

24 A Yeah, it came from the deposit log. I
25 remember Mr. Cole, showing me when I first started where



1 he pulled some of the numbers from.

2 Q (By Ms. Berlin) Okay. So, if we went every
3 single month, like you're testifying under oath, that
4 every month that what Joseph Cole did. How do you know
5 that? Did you watch him prepare it?

6 A No, I did not see him to prepare it.

7 Q Okay. So, are you speculating that that's
8 what he did? Because he told you that's how he did it
9 when you first started?

10 MR. FUTERFAS: Objection, asked and answered
11 and object to the form.

12 A When I first started, he showed me how he put
13 it together.

14 Q (By Ms. Berlin) Okay. So, the document --

15 A He showed me how he put it together.

16 Q So, Exhibit 7, is that the month that you
17 first started?

18 A What month are you talking about?

19 Q If you look at Exhibit 7. It shows a very big
20 time period, correct?

21 A Right. It's saying January 13th through June
22 of 20.

23 Q Correct. So, what I'm trying to do -- so, Mr.
24 Klenk and I'm so sorry because I can tell I'm frustrated
25 you.



1 But you swore under oath as to the source of
2 where those numbers came from. So, I'm trying to find
3 out how do you know that.

4 And it sounds like -- am I correct in
5 understanding that Mr. Cole told you when he first
6 started that he would go to this tab to get the figures?

7 And therefore, you're assuming that every time
8 Mr. Cole prepares this document including for all the
9 years on Exhibit 7, where you are not even working in
10 the company, you're assuming that's where he got the
11 number or do you actually know that's where he got the
12 numbers?

13 MR. FUTERFAS: I object, it's the fourth time
14 this Witness been asked the same question. He was
15 very clear in his testimony. This question
16 harass --

17 MS. BERLIN: Mr. Futerfas, with all due
18 respect --

19 MR. FUTERFAS: I object to the form of the
20 question. The Witness has answered it multiple
21 times, but I stand by for him to answer that again.

22 MS. BERLIN: With all due respect, I don't
23 think that you covered this with him. You didn't
24 ask him how he knew this or whether he had any
25 personal knowledge about where Mr. Cole got the

1 figures for 2014.

2 MR. FUTERFAS: First of all --

3 MS. BERLIN: So, Mr. Klenk --

4 MR. FUTERFAS: So, you have asked --

5 Ms. Berlin --

6 MS. BERLIN: Mr. Klenk --

7 MR. FUTERFAS: You have asked him --

8 MS. BERLIN: Mr. Klenk --

9 MR. FUTERFAS: -- that question five times
10 already.

11 MS. BERLIN: Mr. Futerfas, please save this
12 for afterwards. This is a really big long
13 narrative speaking objection.

14 MR. FUTERFAS: Okay.

15 **Q (By Ms. Berlin) MR. Klenk, I'm really just**
16 **trying to get to the bottom of this because you're**
17 **swearing under oath. Where Mr. Cole got certain numbers**
18 **for all --**

19 MR. FUTERFAS: Are you threatening that the
20 witness said that --

21 MS. BERLIN: I'm not.

22 MR. FUTERFAS: -- that he doesn't remember
23 something that he remembered by keep saying he is
24 under oath. The Witness has testified Amie a
25 number of times about this very question.

1 MS. BERLIN: Yes, that is correct. Mr. --

2 MR. FUTERFAS: Okay.

3 MR. ALFANO: And so I can --

4 MR. FUTERFAS: For acknowledging that.

5 MS. BERLIN: Mr. Klenk --

6 MR. ALFANO: I'm sorry, can we end the
7 dialogue and I think Mr. Klenk is ready to answer.

8 MS. BERLIN: Yes, thank you so much Mr.
9 Alfano. And let me just try to -- I'll rephrase
10 the question.

11 **Q (By Ms. Berlin) Mr. Klenk, I'm asking you this**
12 **question, because I'm trying to understand when you**
13 **testified today. As to fact, you didn't testify what**
14 **you thought. You testified that this is what it**
15 **actually was and this is what Mr. Cole actually did.**

16 **So, I am just trying to figure out how you**
17 **know that. And if you were speculating based on**
18 **something Mr. Cole told you once, two-and-a-half years**
19 **ago or if you actually know for a fact?**

20 MR. FUTERFAS: Same objection.

21 **Q (By Ms. Berlin) Do you understand the**
22 **difference?**

23 MR. FUTERFAS: Yes, same objection.

24 **Q (By Ms. Berlin) Do you understand the**
25 **difference, Mr. Klenk?**



1 MR. FUTERFAS: My objections on the record.

2 MS. BERLIN: Okay. Thank you. Thank you so
3 much.

4 **Q (By Ms. Berlin) Mr. Klenk, can you just answer**
5 **the question? I'd appreciate it and then we'll move on.**

6 A Sure. As I previously stated, when I first
7 started, Mr. Cole went through this document with me.
8 He showed me where you got the information from.

9 If he changed his methodology later on, I
10 don't know, but according to what -- the way he
11 explained it to me. He showed me that he would go to
12 the deposit log to the funding tab.

13 And these are the deals that were funded for
14 CBSG, the number of deals, the dollar amounts and so on.

15 **Q Thank you.**

16 A If it's changed I have no idea.

17 **Q Thank you so much. And other than that one**
18 **conversation with Mr. Cole, did you ever have -- was**
19 **there anything else that form the basis for your**
20 **testimony today about Exhibit 7 and where these numbers**
21 **came from?**

22 A Where the numbers came from? No, no, nothing
23 else.

24 **Q Okay. Thank you. And so, were you assuming**
25 **based on that conversation that you had with Mr. Cole,**



1 **when you began that he followed that same methodology**
2 **every single month when he created the funding analysis?**

3 A Yes.

4 Q Okay. Thank you.

5 A That's my understanding.

6 Q Did you ever go back and check to see if the
7 funding analysis matched up with what was in the funding
8 tab?

9 A I had spot checked it a long time ago and it's
10 tied out.

11 Q Okay. And when you do spot check it?

12 A It was in 2018, I spot checked in a couple of
13 months.

14 Q Okay. And after that was -- I'm sorry, was
15 that the only time that you spot checked it?

16 A I didn't spot check in '19 or '20, no.

17 Q Okay. So, thank you. And then turning to
18 Exhibit 7, we're just going to talk about it briefly and
19 then I'll be finished.

20 Okay. So, do you see the column for the wired
21 total?

22 A Yes.

23 Q Okay. Is that figure accurate?

24 A I think it's misleading.

25 Q Okay. And why is that?



1 A The wire total. As I mentioned earlier, this
2 is static documents. So, for example, November of 2019,
3 was this completed for November.

4 It showed the wire total \$29.9 million. That
5 included our consolidation program where that money may
6 not have gone out the door yet.

7 MR. ALFANO: I'm not certain that she dropped
8 off.

9 MR. FUTERFAS: Yeah, she looks to be
10 disconnected.

11 MR. ALFANO: All right. Why don't we give her
12 a minute to -- we're going to reconnect. Did you
13 do that, Alan?

14 (Thereupon, a short discussion was held off
15 record.)

16 (Deposition resumed.)

17 MS. BERLIN: Can we -- did you finish your
18 answer?

19 THE WITNESS: I can repeat it if you like.

20 MS. BERLIN: No -- yeah, I mean before we're
21 on the -- let's -- are we on the record or not?
22 I'm just asking, are we on the record?

23 THE COURT REPORTER: Yes, we're back on the
24 record.

25 MS. BERLIN: Okay. I would -- yeah, I was



1 going to say, let's go off the record, if we were
2 off the record.

3 MR. FUTERFAS: Are we going to go back on the
4 record and have the Witness repeat his answer?

5 MS. BERLIN: We don't need him to do it on the
6 record. That's why I was just asking before we go
7 back on the record, can I just -- can someone just
8 advise me what he said? We don't need to have him
9 repeat on the record.

10 (Thereupon, a short discussion was held off
11 record.)

12 (Deposition resumed.)

13 **Q (By Ms. Berlin) Okay. Great. And then what**
14 **about the column that you see for funded total? Is that**
15 **misleading as well?**

16 A It includes the consolidation product, yes.

17 **Q Okay. So, the funding total column is --**
18 **those figures are also misleading?**

19 A Yes.

20 **Q Okay. And for the same reason that you**
21 **explained the wire total was misleading?**

22 A Yes.

23 **Q Okay. And what about the RTR? Is that figure**
24 **accurate? Was that misleading?**

25 A The RTR would be the new AR number on here --

1 on this form and that does also include the
2 consolidation product, which all the funds may not have
3 been sent out the door, yes.

4 **Q Okay. So, that it is also misleading?**

5 A Yes.

6 **Q Okay. And then where we see exposure rate, do
7 you see that -- do you see that column right?**

8 A Exposure?

9 **Q Yes.**

10 A Yes, fund exposure. Go ahead.

11 **Q Yes. Is that figure also accurate or is it
12 misleading?**

13 A No, the funding exposure is the exposure.
14 That's the amount of principal that you lost or they
15 recovered. So, that's not misleading.

16 **Q Okay. And so is the exposure figures shown
17 there, is that an accurate reflection of the loan
18 default rate?**

19 A The run default rate?

20 **Q The MCA loan default rate?**

21 A So -- and which number are you talking about,
22 \$14,285,000?

23 **Q No, the exposure percentage?**

24 A Of the 1.2%?

25 **Q Yes.**



1 A No, because that's only -- that's shown here
2 exposure principal. That's all it showing. It's the
3 amount of principal of your loss and everything
4 afterward.

5 That number -- that percentage is going to be
6 lower because you're including the consolidation totals
7 in the wire and the total funded, in the funding total.

8 **Q Right.**

9 A Those numbers are conflicted based on the
10 consolidation product. You may or may not send out the
11 entire deal for the consolidation.

12 If someone returns a payment, where they drop
13 out of the program. No adjustment was made on here to
14 account for customers that dropped out to the program,
15 to my knowledge.

16 **Q Okay. So, the exposure percentage is also**
17 **misleading?**

18 A Based on that, yes.

19 **Q Okay. And the exposure percentage, again,**
20 **that's just reflecting the amount that's lost on the**
21 **principal, correct?**

22 A Yes.

23 **Q Okay. And so that's not actually be like MCA**
24 **loan default percentage or default rate. Would you**
25 **agree with me?**



1 A No. No, it's not.

2 Q Okay. So, you would agree with me?

3 A Say that, again.

4 Q Let me ask you this, because I think that
5 might have been -- my question was confusing.

6 Was the -- is the exposure rate shown on the
7 chart, is that the same thing as the default rate on the
8 Merchant Cash Advance loans?

9 A No, it's not.

10 Q Okay. Is there anything else about Exhibit 7
11 that is misleading? We've done over the wire total, the
12 funded total, the AR, and the exposure, figures. Is
13 there anything else?

14 A If you want to compare apples to apples, this
15 is showing your AR the total new AR and the total AR is
16 based on an accrual basis.

17 The factoring losses are based on the cash
18 basis, which actually be written off. There is no
19 estimate for -- of that AR that's on the books, the
20 current AR.

21 There is no estimate in there for what's bad
22 in that portfolio. You have to add that number back to
23 the factoring losses or make some adjustment for it. Do
24 you understand?

25 Q Understood. I do. So, it's a cash basis



1 **versus accrual basis. And this Exhibit 7 is not**
2 **consistent in using a cash basis or accrual basis.**

3 **Is that -- do I understand correctly?**

4 A Right. You're mixing the cash basis and
5 accrual basis on here.

6 **Q Okay.**

7 A When it comes to factoring the losses into AR.

8 **Q Okay. So, would you agree with me then that**
9 **Exhibit 7, is a misleading representation of Par Funding**
10 **in Joe status or the Merchant Cash Advance default**
11 **rates?**

12 A It's misleading when it comes to default rate,
13 but it does show you the exposure amount.

14 **Q Right. The exposure amount is actually the**
15 **losses on the principal?**

16 A Correct.

17 **Q Okay. And would you agree with me that**
18 **Exhibit 7 is not -- that actually, would you agree --**
19 **strike that.**

20 **Would you agree that Exhibit 7 is a misleading**
21 **representation of Par Fundings financial status for the**
22 **reasons you explained with respect to the wire total,**
23 **the funded total, the AR, and the fact that it's not**
24 **comparing apples to apples with respect to the cash**
25 **basis and accrual basis?**



1 A I just want to be clear. This isn't showing a
2 financial status or showing is accounts receivable and
3 write offs in the section, we're talking about.

4 There is not a financial statement or
5 financial status of the company. It's just showing what
6 was funded and the amounts written off to a particular
7 month and this is going back and showing you a history
8 of that.

9 Q Understood. So, with the -- am I correct
10 in --

11 MR. FUTERFAS: Amie, we lost your connection.

12 Amie, we lost your connection.

13 (Thereupon, a short discussion was held off
14 record.)

15 (Deposition resumed.)

16 Q (By Ms. Berlin) And what's your -- Mr. Klenk,
17 was your answers about Exhibit 7 also applied to Exhibit
18 44, which was the other funding analysis you were shown?

19 A This Exhibit 44 had a different purpose.

20 Q Okay.

21 A Yes, it's the same.

22 Q Okay. Let me just see. I think that's all I
23 have, one more moment.

24 Did you ever determine whether Par Funding was
25 profitable without the inflow of investor funds?



1 A Can you restate?

2 Q Yeah. Did you ever make -- did you ever make
3 a determination -- you're right, never mind. I don't
4 need to ask you that.

5 MS. BERLIN: I have no further questions.

6 THE WITNESS: Okay.

7 MR. FUTERFAS: I have a brief re-direct. I
8 see you there, Mr. Klenk. Is your lawyer with you?
9 Is Mr. Alfano there, because I don't see him. I
10 just want to make sure he's there.

11 Okay. Good. I don't want ask him question
12 without you being there.

13 RE-DIRECT EXAMINATION

14 BY MR. FUTERFAS:

15 Q Going to Exhibit 7, do you have Exhibit 7 in
16 front of you, Mr. Klenk?

17 A Yes, I do.

18 Q Okay. So, I want you to look at the columns
19 that Ms. Berlin went over. Wire total, funded total,
20 and then new AR, do you see those three columns?

21 A Yes.

22 Q Do you understand that those are referred to
23 contractual obligations?

24 A Yes.

25 Q Okay. So, in wire total, if a -- if CBSG



1 obtained a contract to send \$100,000 in funding to a
2 liquor store that would come under the wire. It would
3 be reflected under the wire total as a new contractual
4 obligation. Are we clear about that?

5 A Yes.

6 Q Okay. And in the next column, that's called
7 funding total, okay? If -- when I entered that contract
8 with the liquor store, we had a pre-existing contract.

9 And the liquor store still owed \$50,000 that
10 they had received on a prior MCA deal. Then when I
11 entered into this new contractual obligation, the funded
12 total would be \$150,000, right?

13 A Correct.

14 Q Okay. So, but I want to be clear that you
15 understand on this document, that the wire total, funded
16 total, and even the new AR category. Those are
17 reflection of contractual obligations, right?

18 A Yes.

19 Q Okay. Now, when you get to the next column to
20 the right, starting with AR total and continuing through
21 the right, the factoring losses, funding exposure, etc.
22 Those are actual realized numbers, correct?

23 A AR total is actual what our AR was based on
24 those contracts. The factory losses are losses written
25 off or the clients written off during that individual

1 month, yes.

2 Q Okay. So, this is not -- and it is very clear
3 this is not a document prepared, according to gap,
4 right?

5 A Correct.

6 MS. BERLIN: Objection. Wait, just a moment,
7 objection. That it's not clear from this document,
8 if that's what the question was.

9 Q (By Mr. Futerfas) No, the question was, well,
10 to Mr. Klenk, you understood this was not a document
11 prepared according to gap, correct?

12 A Yes.

13 Q Okay. And in fact, Ms. Berlin referenced
14 Exhibit 44. That was that extensive spreadsheet that
15 you had testified before. You put together and you sent
16 the CLA, correct?

17 A I took the funding analysis sheet. I gather
18 the column on and we did calculations based on the
19 factoring losses, what was written off versus prior
20 month's wire totals.

21 Q Okay.

22 A I believe the funded totals, excuse me.

23 Q Okay. And that was being sent to the auditor
24 to CLA who was doing a deep dive audit of 2018, right?

25 A Right. It was up to them to determine if it



1 was adequate or not.

2 Q Okay. Going back to very quickly and I will
3 try to do this quickly.

4 Okay. You were asked a bunch of questions by
5 Ms. Berlin, about whether you knew what CLA or Friedman
6 was doing when you were not literally standing in their
7 offices. Do you remember those questions?

8 A Yes.

9 Q Okay. Early on in your testimony way earlier
10 this morning at about 09:30, I asked you about your
11 background. Do you recall those questions?

12 A Yes.

13 Q And you served for a number of years as an
14 auditor, right?

15 A I had done audit. So, I work for Public
16 Accounting Firm, yes.

17 Q Okay. So, how many years working for a Public
18 Accounting Firm, did you do audits?

19 A At the time I was there -- in the seven years,
20 I would say I was involved in audits every year, not a
21 lot, but a handful.

22 Q Okay. So, you have an understanding of what
23 auditors do and their roles and responsibilities,
24 correct?

25 A Yes.



1 Q Okay. And then you were asked a couple of
2 questions about -- by Ms. Berlin about traveling to
3 speak with Mr. Willem and tax partner. Do you remember
4 that?

5 A Willem was the partner at Friedman Associates.
6 That was in-charge of the audit.

7 Q Okay.

8 A And ex-partner was the person there that was
9 Anthony Zingerelli's -- that was his, how should I
10 say --

11 Q Okay. Is that how Friedman was selected in
12 the first place?

13 A My understanding is they came -- Friedman came
14 as a referral from Anthony Zingerelli because he knew
15 the tax partner.

16 Q Okay. So, when you and Mr. Zingerelli, so did
17 you have a meeting -- did you have a meeting in a
18 conference room or in an office somewhere?

19 A When?

20 Q You said you travelled --

21 A I don't understand.

22 Q Okay. I made mistake. I'm trying to go
23 quickly.

24 A Sure.

25 Q I believe your answers to Ms. Berlin, you said



1 that you and Mr. Zingerelli traveled to Friedman LLP to
2 have a meeting?

3 A Yes.

4 Q Okay. So, did you actually have that meeting?

5 A Yes.

6 Q Okay. And was it a professional appropriate
7 CPA to CPA meeting?

8 MS. BERLIN: Objection.

9 A The meeting was --

10 MS. BERLIN: Wait just a moment. Just a
11 moment. Objection. Mr. Futerfas, are you ask --
12 maybe I'm lost. Are you asking about meeting with
13 Mr. Zingerelli?

14 Q (By Mr. Futerfas) I'm asking Mr. -- well, I
15 will rephrase the question. You and Mr. Zingerelli met
16 with people at Friedman LLP. Is that right?

17 A Correct.

18 Q And were you present at that meeting?

19 A Yes.

20 Q Okay. So, I'll ask you very -- if you can
21 tell us briefly, so we can all get out of here. What
22 was discussed at that meeting?

23 A Anthony Zingerelli was making a passionate
24 plea to adjust to bad debt numbers.

25 Q Okay. And what was your position?



1 A My position, I did not speak per se in the
2 meeting, but my role was to just sit there and go with
3 Anthony Zingerelli. Okay. So, did you support Mr.
4 Zingerelli's position in Par?

5 MS. BERLIN: Objection, asked and answered.
6 He said he just sat there.

7 **Q (By Mr. Futerfas) You can answer the question.**

8 A My role was just to go with him because I knew
9 Willem and to see if I can persuade Willem to make an
10 adjustment to those numbers.

11 **Q Okay. And did you have a discussion with**
12 **Willem about the pros and cons of adjusting those**
13 **numbers?**

14 A Friedman LLP said that they would get their
15 lengthy discussions with Mr. Zingerelli. Said, they
16 were adjusted, but it'd be an adverse opinion.

17 **Q Okay. And that's how we end up with the**
18 **adverse opinion, right?**

19 A Correct.

20 **Q Now, Ms. Berlin asked you if the Friedman**
21 **audit was a completed audit. Do you recall those**
22 **questions?**

23 A Yes.

24 **Q Let me ask you this, though. Can you -- could**
25 **anyone use an audit with an adverse opinion to go and**



1 **seek funding from a financial institution?**

2 A That was the paper, it was written on.

3 **Q You answered my question. Thank you. Turning**
4 **to -- okay. Quickly, you were asked some questions**
5 **about the Shehebars and other individuals who had notes**
6 **with -- promissory notes with CBSG. Do you recall those**
7 **questions?**

8 A Yes.

9 **Q Okay. And I want to ask you. You used the**
10 **word creditor and Ms. Berlin seemed to use the word**
11 **investor.**

12 **And could you just tell us why you choose the**
13 **word creditor? And why are you using that that word as**
14 **opposed to investor?**

15 MS. BERLIN: Objection, he explained that on
16 cross examination. So, it was asked and answered.

17 **Q (By Mr. Futerfas) Go ahead. You can answer**
18 **the question, please.**

19 A To repeat what I said earlier, I used Apple as
20 an example. If you buy stock in Apple, you're an
21 investor. If you buy a note or you loan money to Apple,
22 you're a creditor.

23 **Q Okay.**

24 A That's what a creditor. Someone that's
25 loaning money to the company.



1 Q Okay. And then you were --

2 A The investor -- somebody puts equity
3 investments.

4 Q Got it.

5 A I'm sorry, go ahead.

6 Q No, no, no. Thank you. I got just two more
7 questions. You were asked about Mr. Frye and about his
8 criminal problem.

9 And you were asked a couple of questions about
10 Mr. LaForte and a criminal history for Mr. LaForte. Do
11 you recall those questions?

12 A Yes.

13 Q Okay. With Mr. Frye, I think you testified he
14 was going to be on the board of a bank, right? That was
15 the plan at least?

16 A My understanding was they were asking him to
17 be members of board of directors on a bank that they're
18 -- that Joe Cole and William Bromley were looking to
19 purchase.

20 Q Okay. So, being on the board of directors of
21 a bank is certainly a position subject to significant
22 amount of security, right, would you say?

23 A Yes.

24 Q Okay. And with respect to Mr. LaForte, do you
25 know the ages of his criminal history like when -- how



1 **many years ago if you had a prior conviction, when those**
2 **convictions were? Do you have any of that knowledge?**

3 A At the time when I first looked it up in the
4 summer of 2018. I saw the notices that he was
5 imprisoned for a period of time. So, it was roughly
6 2008, 2010 timeframe, when he got out.

7 Q Okay. So, the conviction would have occurred
8 more than 10 years ago, right?

9 A Yes.

10 Q Okay. And finally, you were asked a couple of
11 questions about whether you knew the results of
12 collection efforts -- bad debt collection efforts. Do
13 you remember those questions by Ms. Berlin?

14 A Yes.

15 Q And you're aware there is a line item for
16 recovered bad debt income, right?

17 MS. BERLIN: Objection, Mr. Futerfas, which
18 document are you referring to, so I can look at it?

19 MR. FUTERFAS: It's the financials. It's all
20 over the financial statements of the company, any
21 particular document.

22 MS. BERLIN: Like the Friedman audit?

23 MR. FUTERFAS: It's in --

24 MS. BERLIN: If you can just direct me to any
25 -- whichever document you're asking about.



1 MR. FUTERFAS: I will see if I can pull one
2 up. I'm just going to ask the Witness because he
3 knows this.

4 Q (By Mr. Futerfas) Is there a line item on the
5 financial statements of the company for recovered bad
6 debt income?

7 A Yes.

8 Q Okay. So, that would be the results, that
9 would be at least a numerical value of the results of
10 collection efforts, right?

11 A Yes.

12 Q Okay.

13 MR. FUTERFAS: I have no further questions. I
14 appreciate your patience on this long day,
15 Mr. Klenk.

16 THE WITNESS: Okay.

17 MR. FUTERFAS: I think we're -- I think that
18 concludes the deposition. All right. We're off
19 the record.

20 THE WITNESS: I don't know if Ms. Berlin or
21 anyone else has any further questions at this
22 point. Are we finished?

23 MS. BERLIN: I don't have anything else.

24 THE WITNESS: Okay.

25 (Deposition concluded at 06:55 p.m.)



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

(Reading and signing of the deposition by the witness has been waived)



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

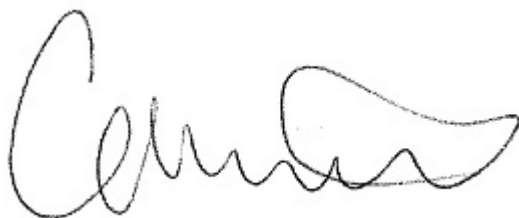
CERTIFICATE OF REPORTER

STATE OF FLORIDA
COUNTY OF MIAMI-DADE

I, GABRIELA ARGENAL, Court Reporter and Notary Public for the State of Florida, do hereby certify that I was authorized to and did digitally report and transcribe the foregoing proceedings, and that the transcript is a true and complete record of my notes.

I further certify that I am not a relative, employee, attorney or counsel of any of the parties, nor am I a relative or employee of any of the parties' attorneys or counsel connected with the action, nor am I financially interested in the action.

Witness my hand this 3rd day of August, 2021.



GABRIELA ARGENAL, COURT REPORTER
NOTARY PUBLIC, STATE OF FLORIDA

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

CERTIFICATE OF OATH

STATE OF FLORIDA
COUNTY OF MIAMI-DADE

I, GABRIELA ARGENAL, the undersigned authority,
certify that JAMES KLENK, appeared before me remotely
pursuant to Florida Supreme Court Order AOSC20-23 and
was duly sworn on the 26th day of July, 2021.

Witness my hand this 3rd day of August, 2021.



GABRIELA ARGENAL, COURT REPORTER
NOTARY PUBLIC, STATE OF FLORIDA
Commission No.: GG161505
Commission Expiration: 11/19/21

<p style="text-align: center;"><u> </u> \$</p> <p>\$100,000 269:1</p> <p>\$14,285,000 263:22</p> <p>\$150,000 269:12</p> <p>\$250 248:5</p> <p>\$29.9 261:4</p> <p>\$50,000 269:9</p> <hr/> <p style="text-align: center;">0</p> <p>06:00 252:14</p> <p>06:55 278:25</p> <p>09:30 271:10</p> <hr/> <p style="text-align: center;">1</p> <p>1 231:4,7,9,11 232:5</p> <p>1.2% 263:24</p> <p>10 216:5 277:8</p> <p>100 212:9,10,13 213:10</p> <p>1000s 240:3</p> <p>10017 188:13</p> <p>11/19/21 281:15</p> <p>1122 192:12</p> <p>1122s 193:14</p> <p>12 215:11</p> <p>125 212:10</p> <p>13th 255:21</p> <p>15 208:6,24 212:1,11 213:17 214:10</p>	<p>216:19 219:10</p> <p>17 234:21</p> <p>18 234:18</p> <p>1800 188:8</p> <p>1818 188:4</p> <p>19 260:16</p> <p>191 189:3</p> <p>19103 188:4</p> <hr/> <p style="text-align: center;">2</p> <p>2 188:17 192:15</p> <p>2.5% 241:18</p> <p>20 255:22 260:16</p> <p>2008 277:6</p> <p>2010 277:6</p> <p>2014 257:1</p> <p>2016 203:1 219:18 222:2,16,17</p> <p>2017 232:20 234:17,19,23</p> <p>2018 204:14 205:17 233:18 241:18 245:13 246:1 250:3 260:12 270:24 277:4</p> <p>2019 195:7 197:13,16 233:20,21 243:25 261:2</p> <p>202 189:5</p> <p>2020 200:22 201:1,6,8,17</p>	<p>247:14</p> <p>2021 187:17 280:16 281:8,9</p> <p>205 227:6</p> <p>20-cv-81205- RAR 187:2</p> <p>212) 684-8400 188:14</p> <p>215) 320-6200 188:5</p> <p>2525 188:21</p> <p>2530 188:17</p> <p>26 187:17</p> <p>268 189:6</p> <p>26th 281:8</p> <hr/> <p style="text-align: center;">3</p> <p>30 191:6</p> <p>305-434-4943 188:18</p> <p>305-569-7701 188:22</p> <p>305-982-6322 188:9</p> <p>31 192:11</p> <p>32 193:20</p> <p>33131-1806 188:17</p> <p>33131-4901 188:8</p> <p>33134-6039 188:21</p> <p>34 196:22</p> <p>3402 188:4</p>	<p>3rd 280:16 281:9</p> <hr/> <p style="text-align: center;">4</p> <p>44 267:18,19 270:14</p> <hr/> <p style="text-align: center;">5</p> <p>565 188:13</p> <hr/> <p style="text-align: center;">6</p> <p>6 238:18</p> <p>6:55 187:17</p> <p>6th 194:11</p> <hr/> <p style="text-align: center;">7</p> <p>7 252:8,15 255:16,19 256:9 259:20 260:18 265:10 266:1,9,18,20 267:17 268:15</p> <p>750 188:21</p> <p>7TH 188:13</p> <hr/> <p style="text-align: center;">8</p> <p>8 232:22 233:9 235:15,16 236:11</p> <p>801 188:8</p> <p>8A 235:12</p> <hr/> <p style="text-align: center;">9</p> <p>9:30 187:17</p> <hr/> <p style="text-align: center;">A</p> <p>A.M 187:17</p> <p>ability 226:17</p>
--	---	---	--

<p>able 244:17</p> <p>about 197:2 198:23 199:1,5 200:18,23 201:2 202:24 203:24,25 204:8 205:8,15,18,19 206:5,16,25 207:10,11,15,16,24 208:8,19 209:4 210:6,7,13,14 211:7 212:3,22 213:4,7 215:11 216:5 217:7,9 218:10 219:2,4,19 220:9,23 221:2,10,11 222:20 223:1,3,5,24 224:7,18,19,23 225:2,4,5,22 226:5,21 227:2,9,16,20 228:14,16 229:18 231:3,5,10,12 232:4,9,19 234:13 235:6,8 236:18,19,22 237:15,20,21,23 238:21,22 239:24 241:5 245:1,3 246:14,20,22</p>	<p>248:5,19 250:7,15,16,24 251:21 252:6,11,16,17,23,25 254:17 255:18 256:25 257:25 259:20 260:18 262:14,23 263:21 265:10 267:3,17 269:4 271:5,10 272:2 273:12 274:12 275:5 276:7,9 277:11,25</p> <p>abundant 208:13</p> <p>acceptable 236:3</p> <p>according 196:18 235:5 244:20 259:10 270:3,11</p> <p>account 250:4 264:14</p> <p>accounting 199:2,6 210:1 229:20,22 271:16,18</p> <p>accounts 229:6 234:16 267:2</p> <p>accrual 265:16 266:1,2,5,25</p> <p>accurate 203:18 206:19 212:11 214:20,21 260:23 262:24</p>	<p>263:11,17</p> <p>accurately 205:2</p> <p>acknowledging 258:4</p> <p>acquire 246:24 247:8</p> <p>acronym 194:15</p> <p>action 201:5,8,17 280:13,14</p> <p>activity 197:16 198:15 200:8 201:14,21</p> <p>actual 269:22,23</p> <p>actually 200:15,16 203:18 205:24 209:20 210:24 212:10,15 213:19 218:1 219:9 220:2 224:19 226:2,21 232:14 253:2 256:11 258:15,19 264:23 265:18 266:14,18 273:4</p> <p>Ada 252:22,25</p> <p>add 265:22</p> <p>adequate 271:1</p> <p>adjust 273:24</p> <p>adjusted 234:23 274:16</p>	<p>adjusting 274:12</p> <p>adjustment 264:13 265:23 274:10</p> <p>adjustments 241:4,5</p> <p>Advance 265:8 266:10</p> <p>adverse 236:16 237:16,17,19 274:16,18,25</p> <p>advice 208:8,10,19 209:11 210:7</p> <p>advise 262:8</p> <p>advised 244:13</p> <p>affiliated 191:17</p> <p>after 199:25 208:11 209:22 236:18 252:14 260:14</p> <p>afterward 264:4</p> <p>afterwards 257:12</p> <p>again 193:2 194:22 196:4 197:24 200:8 201:4,20 210:5 221:18 228:4 231:11 248:17 249:1 253:9 256:21 264:19 265:3</p> <p>agent 204:21</p>
--	---	--	---



<p>ages 276:25</p> <p>ago 258:19 260:9 277:1,8</p> <p>agree 220:4 230:3,13 236:13 248:9 264:25 265:2 266:8,17,18,2 0</p> <p>agreement 242:8 243:18,21 244:11,23</p> <p>agreements 241:16,20 242:5 247:4</p> <p>ahead 194:4 197:4 199:21 213:15 225:13 238:13 263:10 275:17 276:5</p> <p>al 187:8</p> <p>Alan 188:12 189:3,6 202:4 205:8 226:13 228:7 241:18 261:13</p> <p>Alfano 188:3 192:1 193:9 197:1 198:11,20 199:5,11,16 201:11,19 224:2,5 233:5 258:3,6,9 261:7,11 268:9</p> <p>alias 234:5</p> <p>all 187:18</p>	<p>191:16,17,20 196:15,20 197:6 198:3 199:24 206:6 210:8 211:11 213:7 214:13 220:25 222:1,2,15 224:8 225:3,6,7,22 226:1 233:15,16 236:15 240:11 241:3 242:9,14 253:5 256:8,17,22 257:2,18 261:11 263:2 264:2 267:22 273:21 277:19 278:18</p> <p>allowance 234:16</p> <p>almost 252:11</p> <p>along 236:24 237:10</p> <p>already 257:10</p> <p>also 199:25 207:4,8 208:13 209:6 214:4 233:23 241:19 243:1,17 262:18 263:1,4,11 264:16 267:17</p> <p>altogether 191:18</p> <p>am 215:8</p>	<p>252:19 256:4 258:16 267:9 280:10,12,13</p> <p>American 246:3</p> <p>Amie 188:7 189:5 202:15 205:11 208:14 209:25 212:25 223:18 228:23 230:11 257:24 267:11,12</p> <p>among 217:19</p> <p>amount 234:20 235:18 249:3 263:14 264:3,20 266:13,14 276:22</p> <p>amounts 234:22 247:24 259:14 267:6</p> <p>analyses 252:20</p> <p>analysis 218:25 249:18 252:7,17 260:2,7 267:18 270:17</p> <p>and/or 193:16</p> <p>and-a-half 250:8</p> <p>another 234:5,25 235:3 248:22</p> <p>answer 192:6 199:9,13 201:12,21 208:16 209:1 210:4 211:23</p>	<p>213:16 215:14,21 216:3,6 217:1 219:16 221:5,17 222:10,14 223:22,24,25 224:3,4 225:14 226:12,23 228:21 230:24 231:25 248:15,18 256:21 258:7 259:4 261:18 262:4 274:7 275:17</p> <p>answered 211:20 213:14 214:8 215:11 216:4 221:20 223:13 254:22 255:10 256:20 274:5 275:3,16</p> <p>answering 213:2 250:18</p> <p>answers 221:24 267:17 272:25</p> <p>Anthony 236:23 237:11 272:9,14 273:23 274:3</p> <p>any 199:5 201:2,13,18,2 4 204:11,12 206:13,18 207:9 218:25 219:21,23 220:20 222:18 225:19 226:20</p>
---	---	---	--



<p>235:17 240:13 241:22 243:13 245:2 248:15 249:19,25 251:25 256:24 277:2,20,24 278:21 280:11,12</p> <p>anybody 220:10</p> <p>anyone 200:18,22 201:1 204:6,7 219:7,10 222:5 236:21 245:17 274:25 278:21</p> <p>anything 228:6 259:19 265:10,13 278:23</p> <p>AOSC20-23 187:19 281:7</p> <p>apologize 234:1,5 242:13</p> <p>APPEARANCES 188:1</p> <p>appeared 187:18 281:6</p> <p>Apple 239:14,15 275:19,20,21</p> <p>apples 265:14 266:24</p> <p>applied 267:17</p> <p>appointed 199:25 243:22 245:22 247:12</p> <p>appreciate</p>	<p>259:5 278:14</p> <p>approached 198:2</p> <p>appropriate 273:6</p> <p>approximately 212:1,4 233:14,16 247:15</p> <p>AR 250:5 262:25 265:12,15,19, 20 266:7,23 268:20 269:16,20,23</p> <p>area 252:5</p> <p>ARGENAL 187:24 280:5,20 281:5,14</p> <p>around 248:6,8</p> <p>arrangement 241:15</p> <p>ascertain 232:13</p> <p>ASFUTERFAS@FUT ERFASLAW.COM 188:14</p> <p>aside 238:13,16</p> <p>ask 198:25 200:5 202:16 220:11 223:12 232:11 234:25 235:3 237:23 238:5 248:22 249:1 250:18,21 252:11 253:9</p>	<p>256:24 265:4 268:4,11 273:11,20 274:24 275:9 278:2</p> <p>asked 211:20 213:14 215:11 216:3 218:18 221:5 228:20 238:4 240:6 243:1 250:13 253:11 254:22 255:10 256:14 257:4,7 271:4,10 272:1 274:5,20 275:4,16 276:7,9 277:10</p> <p>asking 199:24 200:10,11 212:22,23 213:4,7,9 216:7 221:23 224:18 225:1,16 238:25 243:14 248:19 250:22 258:11 261:22 262:6 273:12,14 276:16 277:25</p> <p>aspect 201:3</p> <p>assess 215:25</p> <p>assessment 212:12 228:6</p> <p>asset 220:18</p> <p>assistance 252:22</p>	<p>Associate 217:5</p> <p>Associates 192:7 198:2 207:21,25 208:2,21 210:25 211:17 217:8 218:1 219:3,4 220:17 272:5</p> <p>assume 214:4 248:18</p> <p>assumed 214:1</p> <p>assumes 210:2</p> <p>assuming 256:7,10 259:24</p> <p>attached 232:24</p> <p>attended 246:5</p> <p>attention 197:9</p> <p>attorney 280:11</p> <p>attorneys 280:13</p> <p>audit 203:24 204:1,7,11 206:25 207:10,12 219:18 220:19,24,25 221:2,11,12 222:2,16,17 225:21 226:7,19 228:9 232:3,19 253:2 270:24</p>
--	---	--	---



271:15 272:6 274:21,25 277:22 audited 238:10 241:4 auditing 220:8 226:8 230:19 232:14,25 237:6 248:20 auditor 270:23 271:14 auditors 271:23 audits 271:18,20 August 280:16 281:9 authority 281:5 authorized 280:7 AVE 188:8 AVENUE 188:13 aware 205:11 241:10,13,24 245:16 277:15 <hr/> B <hr/> back 191:9 192:23 204:13 218:5 225:15 229:5,16 230:12 234:23 236:2 239:16 241:8 242:11 250:3 253:2,22 260:6 261:23 262:3,7	265:22 267:7 271:2 background 244:4,17 245:6,10,12,1 5,17 271:11 Bacon 205:23 206:1,7,11,22 207:2 211:8,17 213:24 214:2 215:13,24 216:8,11 221:7,13 222:3,16 bad 234:8,12,13,2 0,23 265:21 273:24 277:12,16 278:5 balance 229:1 240:22 bank 228:25 229:1,2,5 244:15,18 250:6 276:14,17,21 banks 229:3 base 227:19 based 192:16 203:20 205:20,23 206:7 207:1,4,9 208:9,11,20 209:22 211:2 213:25 214:15 215:4 218:3,4,11	219:10 220:25 221:2,12 223:7 224:9,23 225:7 227:10 231:17 258:17 259:25 264:9,18 265:16,17 269:23 270:18 basically 191:16 204:22 basis 209:9 211:14 219:3 225:25 227:10,13,14, 20 228:18 235:7 242:19 248:15 259:19 265:16,18,25 266:1,2,4,5,2 5 bearing 232:16 because 201:20 207:10,25 218:22 224:18 228:13 230:17 233:11 235:1 237:24 239:21 244:5,11 246:17 249:16 251:2 252:13 255:8,24 257:16 258:12 264:1,6 265:4 268:9 272:14 274:8 278:2 become 247:1 254:12 before 202:21 203:1 212:3	223:22 233:6 243:23 245:22 261:20 262:6 270:15 281:6 began 260:1 begin 194:20 beginning 197:13 BEHALF 187:16 188:2,11 behind 230:4,7 231:2 believe 200:2 242:25 244:9 248:2 249:18 251:22 252:21 254:5 270:22 272:25 Berlin 188:7 189:5 192:2,4 193:11 195:17 197:24 199:4,15,19,2 2 201:22 202:5,14,15 205:4,9,13,14 206:1,13,24 208:16 209:1,17 210:4,19 211:7,23 213:3,4,13,15 214:7,10,20 215:20 216:6 217:1 218:9,17 219:16 220:7,11 221:16,21 222:4,10,12,1
---	--	---	---

<p>9 223:15,20 224:6,13 225:13 226:11,23 228:12 229:12,24 230:3,24 231:22,25 233:8 236:6,10 248:17 249:12 250:21 251:4,7 253:9 254:3 255:2,14 256:17,22 257:3,5,6,8,1 1,15,21 258:1,5,8,11, 21,24 259:2,4 261:17,20,25 262:5,13 267:16 268:5,19 270:6,13 271:5 272:2,25 273:8,10 274:5,20 275:10,15 277:13,17,22, 24 278:20,23</p> <p>BERLINA@SEC.GO V 188:9</p> <p>besides 219:7 best 226:16 better 233:4 between 207:19 211:8 226:14 beyond 251:25</p>	<p>BFLOCH@MNRLAWF IRM.COM 188:18</p> <p>big 255:19 257:12</p> <p>billion 248:5</p> <p>BISCAYNE 188:17</p> <p>bit 193:22 195:2 228:22 232:11,19 239:11</p> <p>Blake 243:4,6,19</p> <p>blanket 191:16</p> <p>blow 193:21</p> <p>BLVD 188:17,21</p> <p>board 244:15 276:14,17,20</p> <p>books 265:19</p> <p>borrows 239:16</p> <p>BOSICK 188:3</p> <p>both 195:10,19 209:4</p> <p>bottom 191:8 197:10 257:16</p> <p>BRANDON 188:16</p> <p>break 195:4 235:23,25</p> <p>BRICKELL 188:8</p> <p>brief 252:14 268:7</p> <p>briefly 198:6 252:18 260:18 273:21</p>	<p>Bromley 276:18</p> <p>brought 234:23</p> <p>building 212:18</p> <p>bunch 271:4</p> <p>business 187:8 197:16 201:3 202:25 203:5 204:11 209:5 223:1,2,4 226:15</p> <p>busy 250:14</p> <p>buy 239:13,14 275:20,21</p> <hr/> <p style="text-align: center;">C</p> <hr/> <p>calculation 220:18</p> <p>calculations 270:18</p> <p>calendar 213:24 214:1,16,24 215:6,22</p> <p>call 198:9 203:7 211:16 212:17,19 214:5,9,14 215:14 220:13,16 221:7</p> <p>called 233:24 249:11 252:7 269:6</p> <p>calls 192:5 195:17 198:12 206:11 207:16,19,24 208:1,3,6,19,</p>	<p>24 211:8,12,15,1 9,24 212:11,14,15, 18 213:10,20 214:8,13 215:9 216:1,8,13,15 ,16,19 219:10 220:21</p> <p>came 209:10,19,21 210:9,14,23 211:1 217:16,18 222:3,16 223:1 227:6 236:18 237:14,20,21 244:9 246:4 250:3 254:6,24 256:2 259:21,22 272:13</p> <p>can 191:8 192:6,23 193:21 194:2,4,9 195:1,22 196:4 197:15 202:6,18 204:18 205:1 210:5 215:18,22 216:7,18 217:1 219:22 222:13 224:15 226:18,23 227:25 228:9,18 230:12 231:25</p>
--	--	--	---

<p>233:3 235:23 236:1 238:13,15 242:10 243:15 245:6,7 248:21 255:24 258:3,6 259:4 261:17,19 262:7 268:1 273:20,21 274:7,9,24 275:17 277:18,24 278:1 cannot 226:25 can't 217:14 230:5 card 246:4 carefully 193:25 case 187:2 201:25 235:7 cases 250:25 251:17 cash 235:8 265:8,17,25 266:2,4,10,24 category 269:16 CBS 197:22 CBSG 197:23 199:2,3,7 200:19,23 201:2,3 202:21 210:8,20 220:14 235:4 243:7 259:14 268:25 275:6</p>	<p>CC 195:5 central 206:22 certain 225:24 257:17 261:7 certainly 276:21 CERTIFICATE 280:1 281:1 certify 280:6,10 281:6 CFS 194:14,17 195:10 196:1 CGAs 250:24 change 248:6 254:12 changed 259:9,16 chart 252:24 253:19 265:7 check 254:13 260:6,11,16 checked 260:9,12,15 checklist 226:24 checks 245:6,10,12,15 CHERLY 188:20 Chessler 246:20,22,23 247:4,7,16,19 ,22 248:10 249:4,14,24 Chessler's</p>	<p>246:23 Cheyenne 192:17 choose 275:12 Chuck 238:25 240:18 241:1,13 242:22 244:14,16 249:16 CJA 251:3 CJAs 250:16 CLA 220:8 222:24 227:23 270:16,24 271:5 clarify 251:9 clear 199:23 207:23 215:3 221:1 222:1 256:15 267:1 269:4,14 270:2,7 clients 269:25 CliftonLarson 222:20,22 223:6,11,16,24 224:7,10 225:1,2,4,8,18,20,23 226:3,6,14,21 243:1 CLUCIEN@FFSLAW FIRM.COM 188:22 CO 251:2 COJ 251:3,7</p>	<p>COJs 251:16,22 Cole 194:14 195:4,6 198:2 202:23 204:18 205:24 206:8 207:2,5,17,20,24 208:9,10,11,17,21 209:2,14,18,22 210:13,17 211:2,9,16 213:21 214:16,23 218:5 219:7,11 221:2,13 222:3,17 225:9 229:4 233:24 234:10 235:6,7 240:14 241:1 242:9,12 244:9,12,20 246:16 250:14 252:19,21,25 253:17,18 254:19,25 255:4 256:5,8,25 257:17 258:15,18 259:7,18,25 276:18 Cole's 212:17 collection 277:12 278:10 collections 250:25 251:17 column 253:11,14</p>
---	--	--	---



260:20	245:18	226:18	cons 274:12
262:14,17	246:17,23	conducting	Consent 192:20
263:7	247:21 249:25	222:25	consistent
269:6,19	256:10 267:5	conduit 231:1	266:2
270:18	275:25 277:20	249:21,24	consolidate
columns	278:5	conference	191:22
268:18,20	compare 265:14	206:11 220:13	consolidated
combine 191:16	comparing	272:18	194:20
come 192:8	266:24	confession	consolidating
204:14 236:2	complained	250:19	210:8
242:11 244:16	236:19	251:2,3	consolidation
245:22 269:2	complaint	confidential	261:5 262:16
comes 266:7,12	200:17,21,25	245:20	263:2
coming 221:9	complete 187:8	confirm 232:2	264:6,10,11
comments	202:25 203:5	253:2,22	consult 191:20
242:11	204:11 209:5	254:14	consultants
Commerce	226:9,15	confirmation	192:16
191:14,23	280:9	229:8 230:11	245:1,3,11
192:13,17,21	completed	confirmations	consulting
193:7 194:18	238:11 261:3	228:25	241:16,20
196:1	274:21	229:5,7	242:4,8
197:14,17,20	completely	conflicted	243:18,21
Commission	215:18 225:11	264:9	244:10,23
187:5 188:7	252:1	conformation	contact 200:24
202:16 281:15	compound	228:25	201:4 206:23
communicating	225:12	confusing	227:22
206:18	concern 220:7	199:12 265:5	contacted
communications	concerned	connected	200:18,22
220:2	203:25 205:19	280:13	201:2 219:5,6
companies	concerning	connection	contacting
203:2 210:8	204:11	191:14,23	219:3,4,9,19,
company	concerns 206:6	192:14,18,21	25 220:10,14
192:13,21	concluded	193:7 194:19	contacts 220:8
209:14 212:1	278:25	197:14,17,20	content 193:24
220:19 234:7	concludes	200:1 203:2	context 194:8
235:2 239:13	278:18	204:7 209:5,6	continue
242:6,25	conduct 225:21	243:3	243:20
243:4,8,10,22		267:11,12	
,24 244:11			

<p>continued 189:3 191:1,3</p> <p>continuing 223:19 269:20</p> <p>contract 192:12 194:16,17 195:19 196:13 269:1,7,8</p> <p>contracts 269:24</p> <p>contractual 268:23 269:3,11,17</p> <p>conversation 215:19 246:19 250:11 259:18,25</p> <p>conversations 205:23,25 234:10</p> <p>conviction 277:1,7</p> <p>convictions 277:2</p> <p>cooled 247:14</p> <p>copy 243:2</p> <p>CORAL 188:21</p> <p>Corporation 192:20</p> <p>correct 193:18 194:13 195:9 206:2,8,22 207:2,3 209:23 211:3,6,12 213:11 214:2,11</p>	<p>215:6 216:21 219:12 221:3,13,14 226:13,21 229:22 230:9,21 232:5 241:20,21 246:25 247:12 251:11 252:19 254:9 255:20,23 256:4 258:1 264:21 266:16 267:9 269:13,22 270:5,11,16 271:24 273:17 274:19</p> <p>correctly 266:3</p> <p>correspondence 230:10</p> <p>could 191:10 196:1 204:25 208:16 216:14 219:16 221:17,23 223:21 226:11 227:13 228:3 230:24 235:12 247:21 253:21 274:24 275:12</p> <p>couldn't 214:17</p> <p>counsel 188:1 196:25 197:1 201:7 280:11,13</p> <p>COUNTY 280:3</p>	<p>281:3</p> <p>couple 192:9 203:1 205:24 217:18 250:5 260:12 272:1 276:9 277:10</p> <p>course 192:25 201:24 202:8 212:8 216:20</p> <p>Court 187:1,19,24 205:6 221:17,24 251:10 261:23 280:5,20 281:7,14</p> <p>covered 256:23</p> <p>COVID 247:14</p> <p>CPA 273:7</p> <p>created 220:18 231:13,17 260:2</p> <p>credit 229:7 246:4</p> <p>creditor 239:5,15,17 242:21,22 247:2 250:1 275:10,13,22, 24</p> <p>creditors 239:7,8,9,20, 22 240:11,13 241:11,19 242:6,15 248:12 249:9,10,14</p> <p>criminal 244:5,12,22</p>	<p>245:4,17,23 246:14,18 276:8,10,25</p> <p>cross 189:4 202:5,13 275:16</p> <p>curious 231:6</p> <p>current 265:20</p> <p>customers 264:14</p> <p>cut 213:1 228:4 242:13</p> <hr/> <p style="text-align: center;">D</p> <hr/> <p>d/b/a 187:8</p> <p>daily 246:3</p> <p>Dan 194:11 196:7,9 209:19 210:18</p> <p>David 246:22,23 247:22 248:9 249:4,13,24</p> <p>day 212:19 213:7 252:14 278:14 280:16 281:8,9</p> <p>days 223:1,2,4</p> <p>DBA 197:16</p> <p>DE 188:21</p> <p>deal 204:18 229:15,16 234:19,20 249:9 264:11 269:10</p> <p>dealing 249:10 252:4</p>
--	---	---	---

<p>deals 234:21 259:13,14</p> <p>debt 234:8,12,13 273:24 277:12,16 278:6</p> <p>December 234:18</p> <p>decide 245:8</p> <p>declaration 232:21,24</p> <p>deep 270:24</p> <p>default 263:18,19,20 264:24 265:7 266:10,12</p> <p>Defendant 187:9,16 188:11</p> <p>Defendant's 233:8</p> <p>Defense 236:11 252:15</p> <p>deferred 220:17</p> <p>definition 235:11 239:18</p> <p>deposit 254:2,24 259:12</p> <p>deposition 187:15 191:2 198:9,15 200:3 202:12 236:9 261:16 262:12 267:15 278:18,25</p>	<p>279:1</p> <p>described 208:17 221:7</p> <p>DESCRIPTION 190:2</p> <p>details 248:25</p> <p>determination 268:3</p> <p>determinations 228:10</p> <p>determine 267:24 270:25</p> <p>dialogue 258:7</p> <p>didn't 193:13 204:25 205:4 206:1 213:3 219:14 222:9,14 227:11 228:2,4,17 233:12 234:4 242:13 246:11 250:21 253:7 256:23 258:13 260:16</p> <p>difference 258:22,25</p> <p>different 198:25 203:9 211:17 228:13 232:25 235:8 242:14 252:1 267:19</p> <p>digitally 280:7</p> <p>direct 189:3 191:3 197:9,12 206:4,25</p>	<p>209:7 227:22 229:13 235:13 238:20 240:6 249:9 277:24</p> <p>direction 237:1</p> <p>directly 206:18 207:12 210:1 229:5 249:11</p> <p>directors 276:17,20</p> <p>disagreement 244:4</p> <p>disconnected 261:10</p> <p>discussed 216:14,19 273:22</p> <p>discussing 203:23</p> <p>discussion 202:10 236:7 261:14 262:10 267:13 274:11</p> <p>discussions 247:19 274:15</p> <p>distinction 201:14</p> <p>DISTRICT 187:1</p> <p>dive 270:24</p> <p>document 192:16,20,23 193:19 231:5,13,14 232:4 240:17 252:6 253:17 255:14 256:8</p>	<p>259:7 269:15 270:3,7,10 277:18,21,25</p> <p>documents 192:9,22 208:14 224:9,23 225:7 228:14 230:21 240:18 261:2</p> <p>doesn't 257:22</p> <p>dollar 234:20 247:24 259:14</p> <p>dollars 248:3,5 254:18</p> <p>Domiciled 195:11</p> <p>domiciling 195:15</p> <p>done 196:3 203:21 234:17 265:11 271:15</p> <p>don't 191:7 199:13 206:13 209:20 210:23,24 212:8 218:18 219:6 220:9 226:2,20 230:4,7 231:1 235:20,22 238:3 242:22 243:9,12,14 247:22,24 248:13,17,20 249:17,18 256:22 259:10 261:11 262:5,8</p>
---	---	---	---



<p>268:3,9,11 272:21 278:20,23 door 261:6 263:3 DORESC 195:7 down 194:8,9 197:4 241:18 244:20 draft 247:4 drop 264:12 dropped 261:7 264:14 drove 236:24 due 256:17,22 duly 281:8 during 202:20 208:19 213:21 214:24 223:2,4 240:5 248:22,23 269:25</p> <hr/> <p style="text-align: center;">E</p> <hr/> <p>each 211:19 252:16,24 253:11,19 254:11,20 Eagle 192:16 195:8 196:18 197:16,20,21 Eagles 196:16 earlier 202:24 203:24 205:15 208:7 218:10 227:15 231:21 233:12,21 238:4 240:16</p>	<p>241:17 250:2,23 253:10 261:1 271:9 275:19 early 250:3 271:9 easily 196:2 efforts 277:12 278:10 egregious 245:7 eight 223:1,2,4 either 222:3,16 242:12 245:8 else 197:22 209:14 214:4,24 219:7 222:5,17 238:17 245:17 259:19,23 265:10,13 278:21,23 e-mail 191:6 193:23 230:15,17,20 241:17 e-mails 196:19 208:13 209:25 employee 201:1 245:5,8 280:11,12 employees 203:9,16 225:6 245:1,3,10,11 ,12</p>	<p>enclosed 215:18 end 209:6 234:17,21 243:23 258:6 274:17 ended 243:25 244:2 enforcement 201:18,23 engagement 237:9 entered 269:7,11 entire 264:11 entities 191:17,22 193:6 195:10,15 204:12 217:24 entitled 223:22 entity 191:15,16 194:15 196:16 equity 276:2 Ernel 191:25 192:7 193:16 194:12,23 195:14 196:25 197:22 198:2 207:15,16,20, 21,25 208:2,8,10,21 ,22 209:4,10 210:1,6,7,9,1 2,25 211:8,17 214:25 215:2 217:4,8,10</p>	<p>218:1,10 219:3,4,9,11, 19 220:9,13 Ernel's 217:12 ESC 195:8,19 especially 217:22,23 ESQ 188:16 Esquire 188:3,7,12,20 189:3,5,6 estimate 195:7 234:17 265:19,21 et 187:8 etc 269:21 every 211:25 212:19,21 213:19 215:21,22 216:8 234:19 254:7,14 255:2,4 256:7 260:2 271:20 everybody 224:2 everybody's 236:1 everyone 198:8 everyone's 213:6 everything 205:15 206:24 220:23 221:1,10,11 264:3 everywhere</p>
--	---	--	--



<p>254:19 evidence 210:3 exactly 253:23 examination 189:1, 3, 4, 6 191:3 202:6, 13 206:5 207:1 238:21 240:6 268:13 275:16 example 214:22 228:24 261:2 275:20 Exchange 187:5 188:7 202:16 excuse 199:19 214:7 223:17 233:20 248:5 270:22 exhibit 190:2 191:6 192:11 193:20 196:22 198:4 231:4, 7, 9, 10 232:5, 22 233:9, 11, 12, 1 6 234:7, 14 235:1, 3, 4, 5, 1 2, 15, 16, 21 236:11, 14, 19 237:5, 14, 19, 2 3 238:5, 6, 7, 9, 1 7 252:8, 15 255:16, 19 256:9 259:20 260:18 265:10 266:1, 9, 18, 20 267:17, 19 268:15 270:14</p>	<p>Exhibits 190:1, 4 236:11 ex-partner 272:8 experienced 213:9 224:25 Expiration 281:15 explain 197:15 explained 246:16 259:11 262:21 266:22 275:15 exposure 263:6, 8, 10, 13 , 16, 23 264:2, 16, 19 265:6, 12 266:13, 14 269:21 Express 246:4 extensive 238:2 270:14 extent 198:12 <hr/> F <hr/> facilitated 226:14 facilitating 227:23 fact 203:13 205:10, 16 208:11 209:22 213:25 214:14, 15 215:5, 23 216:7 231:16 254:21</p>	<p>258:13, 19 266:23 270:13 factoring 265:17, 23 266:7 269:21 270:19 factory 269:24 facts 210:2 fair 207:12 208:22 212:12 214:17 218:5 224:10 232:7 242:16 251:20 fall 246:1 far 201:12 249:14 favorable 237:24 238:6 February 247:14 FELS 188:20 few 198:6 FIFTH 188:13 figure 224:21 252:16 253:12, 13, 19 258:16 260:23 262:23 263:11 figures 237:22 252:24 253:23 256:6 257:1 262:18 263:16 265:12 file 191:20 195:25 250:18 filed 251:14, 18, 23</p>	<p>filing 193:8 200:17, 21, 25 250:16 filings 251:11 final 198:6 236:17 finally 277:10 Finance 195:19 196:13 finances 200:19 financial 199:2, 6 233:13 236:14, 22 237:13, 25 238:6, 10 240:10, 19, 22 241:2, 4 248:11, 25 249:3, 19 266:21 267:2, 4, 5 275:1 277:20 278:5 financially 280:14 financials 228:9 232:20 277:19 Financing 192:13 194:16, 18 find 229:1 246:2 254:16, 18 256:2 fine 193:3</p>
---	---	--	---

finish 223:22,24 261:17	192:20 195:7,20 196:3,13 202:25 203:4,7,10,13 ,18,20 210:8,20 280:2,6,21 281:2,7,14	formed 197:14 forms 216:4 forward 195:11 238:19 244:16 found 244:21 246:14 253:19,21 foundation 192:5 197:25 248:14 fourth 256:13 FRIDMAN 188:20 Friedman 220:8,17 227:1,2,3,9,1 6,21 228:15,19,24 229:5,19 231:5,7,8,12, 13 232:19,25 234:17 236:15,22,23 237:4,6,7 271:5 272:5,11,13 273:1,16 274:14,20 277:22 Friedman's 231:14 from 191:1 194:18 195:4,20 196:7,9,25 200:18,22 204:7 206:11 207:23 209:2,14 210:13,18,20, 23 214:25	218:21 221:6,12 222:3,16 224:9 225:8 238:1 239:16 241:1 242:14 244:9 245:13 251:22 252:22 254:2,6,24 255:1 256:2 259:8,21,22 270:7 272:14 275:1 front 268:16 frustrated 255:24 Frye 238:25 240:7,18 241:1,12,13 242:18,19,22 243:17,20 244:10,14,22 245:16 249:13,16,20, 23 276:7,13 Frye's 243:3 246:16 FSP 193:5 197:23 201:3 fulfill 226:17 Full 202:21 204:14 208:5 220:14 233:15,22 248:23 249:2 fund 263:10 funded 259:13 262:14 264:7 265:12 266:23 267:6 268:19
finished 224:3,4 252:11 260:19 278:22			
firm 193:17 194:12,23 195:14 197:22 210:1 220:9 226:8 237:7 241:20 271:16,18	flow 235:8 followed 260:1 following 191:20 foregoing 280:8 form 192:1 193:9,11 198:11 205:21 206:9,20 208:12,25 209:15,24 210:3,15 211:4 214:6,18 215:10 216:22 218:6,15 219:13,14,15 220:5,6 221:4,15,20 223:9 224:11 225:10,11 226:4,9,22 228:20 229:23 230:1,22 231:19,23 248:13 249:8 251:1 253:4,24 254:23 255:11 256:19 259:19 263:1		
firms 220:8 229:20,22 230:19 232:14 248:20			
first 192:23 194:1 195:23,24 197:10,12 225:15 233:18 239:4,23 254:5,25 255:9,12,17 256:5 257:2 259:6 272:12 277:3			
First-hand 244:3			
five 235:24 236:2 257:9			
FL 188:8,17,21			
flagged 245:18			
FLOCH 188:16			
FLOOR 188:13			
Florida 187:1,19,25			



269:11,15 270:22 funding 187:8 233:15 235:4 238:10 239:2,10,21,2 2 240:12,14 241:15,17,23 242:9,15 243:18,21 244:21,23,25 245:9,21 246:24 247:2,5,9,17 248:23 249:2,18 250:1,16,24 251:10,14 252:7,17,20 254:2 259:12 260:2,7 262:17 263:13 264:7 266:9 267:18,24 269:1,7,21 270:17 275:1 funding/CBSG 197:14 Fundings 266:21 funds 243:6,8,9 263:2 267:25 further 202:1 268:5 278:13,21 280:10 Futerfas 188:12 189:3,6 191:4,7,10	192:6 193:13,21,23 194:7,11 195:1,3,21,22 ,24 196:24 198:3,16,17,2 2,24 199:8,14,18,2 1 200:4,5 201:16 202:1,8 205:3,7,8,10, 21 206:9,20 208:12,23 209:15,24 210:15 211:4,20 212:25 213:12,14 214:6,18 215:10 216:3,22,24 218:6,15 219:13 220:5 221:4,15,19 222:9,13 223:9,17,21 224:11 225:10 226:4,22 228:2,8,11,20 229:23 230:1,22 231:19,23 236:3,4 248:13 249:8 250:20,22 251:1,5 253:4,10,24 254:22 255:10 256:13,17,19 257:2,4,7,9,1 1,14,19,22 258:2,4,20,23	259:1 261:9 262:3 267:11 268:7,14 270:9 273:11,14 274:7 275:17 277:17,19,23 278:1,4,13,17 <hr/> G <hr/> GAAO 240:21 GAAP 235:6 241:2,3 GABLES 188:21 GABRIELA 187:24 280:5,20 281:5,14 GAETAN 188:3 gap 270:3,11 gather 270:17 gave 209:11 210:7 211:15 228:14 229:17 gears 232:18 generally 250:23 get 222:14 253:23 256:6 257:16 269:19 273:21 274:14 gets 221:17,25 getting 227:23 230:6 GG161505 281:15 give 208:10 231:9 234:4	235:20 261:11 given 198:21 208:20 giving 208:8 GJA@PIETRAGALL O.COM 188:5 go 191:6 192:23 194:4,9 195:22 196:17 197:4 199:21 202:6 213:15 217:19 225:13 229:5 233:12 235:20 238:13 239:12 253:2,22 256:6 259:11 260:6 262:1,3,6 263:10 272:22 274:2,8,25 275:17 276:5 going 191:21 192:1,10 193:9 195:11,25 196:22 197:9 198:11 199:11,12 201:7,11,19 205:21 223:25 229:14 232:18 235:19 237:3,23 238:19 247:16,17 250:9 252:11 260:18 261:12 262:1,3 264:5 267:7 268:15
--	--	--	--

<p>271:2 276:14 278:2 gone 221:7 253:1 261:6 good 194:9 268:11 GORDON 188:3 Great 202:20 233:8 243:17 251:9 262:13 group 187:8 202:25 203:5 204:12 209:5 226:15 247:22 252:2 guess 207:25 219:10 guidelines 245:3</p> <hr/> <p style="text-align: center;">H</p> <hr/> <p>had 192:7 200:14,17,22 203:15 204:14,17,22 207:24 209:4,18 211:3,16 221:7 222:16 229:4,16 230:10 231:13,18 234:10,17,18, 21 238:10 239:21 240:19 241:1,16 242:4,7,21 243:7 244:5,12,16,2 2 245:17,23</p>	<p>246:5,19 249:9 250:11 252:22 256:24 259:25 260:9 267:19 269:8,10 270:15 271:15 275:5 277:1 hadn't 221:8 half 212:5,6 216:20 hand 239:15 280:16 281:9 handful 271:21 handled 240:14 252:1 Hang 224:2 happen 198:13 209:13 212:16 happened 208:19 213:10 220:24 230:7 happy 234:8,12 harass 256:16 has 199:9,22 200:9 216:4 240:7 248:15 256:20 257:24 278:21 279:2 have 191:11 193:25 196:2 197:2,6 198:4,6,9,18 199:3 200:6 201:8,17 202:1,5 205:7 206:13 207:10 210:24 212:18 215:17,25</p>	<p>218:7 219:9,24 220:2,21 221:19 222:21,23 223:12 224:21 226:20 233:5,7,18 234:6 235:15 237:4,11 240:25 241:14,19 243:1,10,17 244:1,25 245:2 246:1 249:10,19,25 250:12 251:5,17,25 253:1,21 257:4,7 259:16,18 261:6 262:4,8 263:2 265:5,22 267:23 268:5,7,15 271:22 272:17 273:2,4 274:11 277:2,7 278:13,23 haven't 204:5 having 205:24 229:10 245:1,3 he 194:12,14,17, 19 196:12,16,18 199:5,9,16 206:3 208:23,24</p>	<p>211:21 212:18 213:1 214:2 215:1,13 219:14 223:18 226:6,7 234:8,11 241:8 242:21 244:5,12,14,1 7,22 246:9,12 249:17 250:14 252:21 253:11,21,23 254:2,3,5,8,1 1 255:1,8,12,15 256:5,6,10,11 ,14,24 257:22,23 259:8,9,10,11 260:1,2 262:8 272:14 274:6 275:15 276:13 277:4,6 278:2 head 231:7,14 240:1 hear 202:18 214:17 215:15 216:13 222:10 228:2 heard 212:24 213:6,8 215:21,22 221:12,21 224:24 226:10 hearing 208:9 hearsay 195:17 held 202:10 236:7 261:14 262:10 267:13 hello 204:22</p>
--	---	--	--



<p>215:16,23 help 225:21 230:12 232:2 helps 228:22 her 261:11 here 197:1 219:24 233:7 239:11 262:25 264:1,13 266:5 273:21 hereby 280:6 here's 254:15 he's 198:13,21 200:10,11 214:25 215:4 268:10 Hey 230:11 Hi 202:15 him 199:13,24 201:12,21 208:22 212:19 214:1 215:5,15,21,2 2 234:4 236:24 237:4 246:13 249:11 254:13 255:5,6 256:21,23,24 257:7 262:5,8 268:9,11 274:8 276:16 himself 208:3 hire 245:8 his 191:25 193:16 200:1 209:25 212:18 213:25 214:24</p>	<p>215:6,21 216:25 221:24 222:14 223:22,24,25 243:21,22 244:2,4,10 246:7,18 256:15 259:9 262:4 272:9 276:7,25 history 267:7 276:10,25 hit 247:14 Hold 202:6 224:2 holders 239:5 holding 215:5 Holdings 246:21,24 247:4,7,16,20 248:10 hour 250:7 hours 199:23 250:8 hundreds 248:1 <hr/> I <hr/> I'd 199:8,15,20 203:23 207:15 217:9 259:5 idea 191:24 192:8 197:19,21,22 198:1,2 209:4,11,19,2 1 210:10,14,18, 23 211:1</p>	<p>246:5 249:10 250:12 259:16 identify 204:25 II 187:14 I'll 198:24,25 200:5 234:25 235:13 239:11 253:9 258:9 260:19 273:20 I'm 191:19 192:1,10 193:3,9 197:9 198:11 199:11,12 200:10,11 201:11,19 202:15,21 205:5,21 212:22,23 213:4,9 215:13,25 217:15,23 221:16 222:9 224:17,21 225:1 228:2 230:23 231:6,9 233:20 234:1,4 235:19 237:17,19 238:14 241:13,24 243:14 248:14 249:16 254:10,15,18 255:23,24 256:2 257:15,21 258:6,11,12 260:14</p>	<p>261:7,22 272:22 273:12,14 276:5 278:2 imposed 198:14 imprisoned 277:5 INC 187:8 in-charge 272:6 include 263:1 included 209:25 261:5 includes 262:16 including 208:2 211:21 256:8 264:6 income 235:18 240:22 277:16 278:6 incorrect 221:6 INDEX 189:1 190:1 individual 191:21 240:11 269:25 individuals 247:21 275:5 inflow 267:25 influential 247:20 information 198:8,10,18,1 9,20,22 199:1,3,5</p>
--	--	--	---

<p>221:9 222:1,2,15,18 225:8,20 226:14,18 227:24 229:3 230:17 231:18 232:2 238:24 240:5,7,11,13 ,19 241:10 245:19,20 246:8 248:4,11 249:1,3,5,19 253:1,22 259:8</p> <p>initiated 201:17</p> <p>instead 191:20 224:24</p> <p>institution 275:1</p> <p>instruct 199:12 201:12,21</p> <p>interaction 249:25</p> <p>interactions 249:14</p> <p>interested 280:14</p> <p>intermittently 252:4</p> <p>interrupt 223:22</p> <p>interrupted 223:17,18</p> <p>interviewed 199:9 200:7,12</p>	<p>201:9,18</p> <p>into 222:11 266:7 269:11</p> <p>invest 247:21,22 250:10</p> <p>invested 239:21,25 242:20</p> <p>investment 247:18</p> <p>investments 276:3</p> <p>investor 239:12,15 247:2 250:1 267:25 275:11,14,21 276:2</p> <p>investors 239:3,7 240:12,14 241:11 242:15 249:6,15</p> <p>involved 226:1 251:10 271:20</p> <p>involves 201:13</p> <p>IRS 203:23,25 204:1,2,7,10, 13,19 205:15,18 206:2,5,14,16 ,17,25 207:11,12 220:24 221:2,9,11,12 222:2</p> <p>isn't 220:1</p>	<p>267:1</p> <p>issue 201:24</p> <p>issues 206:17</p> <p>it'd 274:16</p> <p>item 232:1 277:15 278:4</p> <p>items 211:18</p> <p>its 200:17 201:1 204:12 222:25 251:10</p> <p>it's 191:6 195:4 199:23 200:11,12 201:24 207:9 209:2 215:11 216:6 225:12 232:7 237:16 238:18 239:12 241:7 252:13,14 253:5 255:21 256:13 259:16 260:9,24 264:2 265:1,9,25 266:12,23 267:5,21 270:7 277:19,23</p> <hr/> <p style="text-align: center;">J</p> <hr/> <p>James 187:15 189:2 281:6</p> <p>January 234:18 255:21</p> <p>Joe 195:4,6 198:2 202:23 204:18 205:24 207:24 208:17</p>	<p>209:2,18 210:17 211:16 212:17 213:21 214:23 215:14 216:8 218:5 219:7,11 221:2,12 222:3,17 229:4 233:23,24 234:1,3,10 240:14 241:1 242:9 244:9,20 246:5,9,11,12 249:11 250:14 252:21,25 266:10 276:18</p> <p>Joseph 207:2,4,16,20 208:9,10,11,2 1 209:14,22 210:13 211:2,9 225:8 234:6 255:4</p> <p>judgment 251:2,3</p> <p>judgments 250:19</p> <p>July 187:17 194:11 196:6 200:22 201:1,5,8,17 281:8</p> <p>jumping 222:11</p> <p>June 255:21</p> <p>just 191:7,10 194:1,7 196:7,9 197:1,9,12,19</p>
--	---	---	---

<p>198:6 199:8 202:6,18 203:13,21 204:16,21,24 205:20 208:23 210:13,16 211:9 212:14 215:3,14 219:14 221:1,16,23 222:1,15 224:9 228:13 230:20 232:10,11,13,18 235:13,15,20,22,24 236:1 238:5,9,15,18,19 239:3 241:7,9,11 243:12,15 248:18,21 250:2,6,22 251:9 252:17 254:15,18 257:15 258:9,16 259:4 260:18 261:22 262:6,7 264:20 267:1,5,22 268:10 270:6 273:10 274:2,6,8 275:12 276:6 277:24 278:2</p> <p>justified 227:1</p> <hr/> <p style="text-align: center;">K</p> <hr/> <p>keep 251:13</p>	<p>257:23</p> <p>keeping 196:13</p> <p>Ken 205:23 206:1,11,22 207:1 211:16 212:19 213:24 214:2 215:13,14,15,16,23,24 216:8,11 221:7,13 222:3,16</p> <p>Kennedy 209:19</p> <p>Kenney 195:4,25 196:9,11 210:18</p> <p>Kenny 194:12 196:8</p> <p>kind 247:13</p> <p>Klenk 187:15 189:2 191:6 192:15 193:23 194:12 198:7,17 200:6,15 202:3 223:23 224:3,6,13 225:13 226:23 228:4 231:21,25 255:24 257:3,6,8,15 258:5,7,11,25 259:4 267:16 268:8,16 270:10 278:15 281:6</p> <p>knew 232:15 238:25 256:24</p>	<p>271:5 272:14 274:8 277:11</p> <p>know 191:11 202:8,18 204:25 205:5 206:3,25 208:24 209:20 210:23 212:8 215:15,23 216:8 217:16 221:2,10 222:2 229:13,21 230:4,7,8,14,16 231:1,6,16 232:1 234:9,11 242:3,22 243:15 245:1,10 246:11 247:7 248:17,20 249:16,17,18 252:13 254:7,20 255:4 256:3,11 258:17,19 259:10 276:25 278:20</p> <p>knowledge 205:14 206:14 207:10 210:25 212:23 213:5 216:1 218:3,11 219:9 220:2 223:8 224:22 226:20 229:13,18 232:4 239:3 244:3 249:12</p>	<p>251:21,25 256:25 264:15 277:2</p> <p>knows 205:6 278:3</p> <hr/> <p style="text-align: center;">L</p> <hr/> <p>lack 192:4 197:24</p> <p>lacks 248:14</p> <p>LaForte 234:1,3,6,11 235:1 236:19,21 242:12 245:23 246:5,11,18 276:10,24</p> <p>LaForte's 236:25</p> <p>language 196:3</p> <p>large 197:13</p> <p>largest 239:5,20,22 242:6</p> <p>last 191:19 222:13 238:10 252:5,10</p> <p>lastly 192:19</p> <p>late 200:22 201:5,8,17 245:13 252:13</p> <p>later 259:9</p> <p>law 188:12 201:18,23</p> <p>lawsuits 250:16,24 251:13,17,22</p>
--	---	--	---

<p>lawyer 268:8</p> <p>learn 245:23,25</p> <p>learned 209:13 210:13 244:11</p> <p>least 212:9 228:15 276:15 278:9</p> <p>length 217:7</p> <p>lengthy 274:15</p> <p>LEON 188:21</p> <p>less 198:7 237:24 238:6</p> <p>let's 198:4 235:22,24 238:20 261:21 262:1</p> <p>letter 196:21,25 197:3</p> <p>letterhead 229:4</p> <p>liability 220:18</p> <p>liaison 226:7</p> <p>limited 232:7 249:13,16</p> <p>limits 200:2</p> <p>Lindsay 243:6,19</p> <p>Lindsey 243:4</p> <p>line 195:12 196:7,9 197:12 277:15 278:4</p> <p>link 250:24</p>	<p>liquor 269:2,8,9</p> <p>list 211:14 232:1</p> <p>listed 205:10</p> <p>literally 229:16 271:6</p> <p>little 193:21 195:2 228:13,22 232:10,19 239:11</p> <p>LLP 188:3,16 236:23 237:7 273:1,16 274:14</p> <p>loan 263:17,20 264:24 275:21</p> <p>loaning 275:25</p> <p>loans 265:8</p> <p>locales 204:17</p> <p>locating 197:21</p> <p>location 203:14 218:23</p> <p>log 223:12 254:2,24 259:12</p> <p>long 257:12 260:9 278:14</p> <p>look 191:12 197:7 204:16 215:6 241:3,5 250:6 253:1 255:19 268:18 277:18</p> <p>looked 234:19</p>	<p>241:2 246:7,13 277:3</p> <p>looking 196:18 206:14 235:4,17 236:10 240:17 244:14,15 246:24 247:1,8 252:15 276:18</p> <p>looks 261:9</p> <p>loss 264:3</p> <p>losses 265:17,23 266:7,15 269:21,24 270:19</p> <p>lost 263:14 264:20 267:11,12 273:12</p> <p>lot 193:24 224:19 227:2 271:21</p> <p>Lou 252:22,25</p> <p>louder 196:5</p> <p>lower 264:6</p> <p>LUCIEN 188:20</p> <hr/> <p style="text-align: center;">M</p> <hr/> <p>Mack 233:23 246:10,12</p> <p>made 195:10 225:3 227:22 229:9 234:14 264:13 272:22</p> <p>mailed 229:10</p>	<p>main 195:8</p> <p>mainly 209:2</p> <p>maintain 231:5</p> <p>maintained 231:7</p> <p>maintaining 231:13</p> <p>majority 216:17</p> <p>make 199:15,19,20 204:16 205:1 221:24 225:16 226:16 228:10 239:11 265:23 268:2,10 274:9</p> <p>making 273:23</p> <p>managed 194:23</p> <p>manual 245:5,6</p> <p>many 203:9 207:19 208:3 212:2,4,9 271:17 277:1</p> <p>March 247:14</p> <p>MARCUS 188:16</p> <p>Mark 196:25 227:6</p> <p>MARKED 190:4</p> <p>MARKET 188:4</p> <p>matched 260:7</p> <p>matter 208:18 251:21</p> <p>may 243:1,10 249:19 261:5 263:2 264:10</p>
--	--	--	--



<p>maybe 207:25 208:6 212:10 217:16 228:22 243:4 250:8 273:12</p> <p>MCA 229:15,16 263:20 264:23 269:10</p> <p>me 191:5,11 192:9,15 193:19 196:20,21 199:19 200:13 202:17,18 208:17 209:18 210:17,21 214:7 216:7 218:18 220:4,11 223:17 225:15 230:3,14 231:9 232:16 233:11,20 234:11 235:3,20 236:13 238:5,9 244:20 248:5,9 249:1 250:18 254:25 255:12,15 258:9 259:7,8,11 262:8 264:25 265:2,4 266:8,17 267:22 270:22 274:24 277:24 281:6</p> <p>mean 199:11 207:21 220:3 227:9 234:4</p>	<p>237:22 239:9 242:13 254:3 261:20</p> <p>meaning 206:16 213:5 218:12 233:15 239:8 247:8 253:18</p> <p>meet 250:13</p> <p>meeting 236:24 272:17 273:2,4,7,9,1 2,18,22 274:2</p> <p>member 201:18</p> <p>members 276:17</p> <p>mention 234:11</p> <p>mentioned 261:1</p> <p>Merchant 265:8 266:10</p> <p>messages 230:20</p> <p>met 273:15</p> <p>methodology 259:9 260:1</p> <p>MIAMI 188:8,17</p> <p>MIAMI-DADE 280:3 281:3</p> <p>middle 213:1</p> <p>mid-year 217:19</p> <p>might 240:25 252:25 265:5</p> <p>million 248:2,6 261:4</p> <p>millions 240:3,4 248:1</p>	<p>mind 235:22 268:3</p> <p>mine 212:18</p> <p>minute 261:12</p> <p>minutes 235:24 236:2</p> <p>mischaracteriz ed 231:20</p> <p>mischaracteriz es 226:10</p> <p>misleading 260:24 262:15,18,21, 24 263:4,12,15 264:17 265:11 266:9,12,20</p> <p>misstates 231:21</p> <p>mistake 272:22</p> <p>misunderstood 219:24</p> <p>mixing 266:4</p> <p>moment 202:6,7 231:10 235:20 267:23 270:6 273:10,11</p> <p>money 195:20 239:16,21 247:16 261:5 275:21,25</p> <p>month 254:7,9,11,12 ,14,20 255:3,4,16,18 260:2 267:7 270:1</p> <p>months 212:4</p>	<p>260:13</p> <p>month's 270:20</p> <p>more 199:23 212:10,13 213:9 219:22 221:8 224:16 227:13 228:13,22 238:2 248:10 267:23 276:6 277:8</p> <p>morning 212:21 271:10</p> <p>move 209:6 210:17,20 238:19 259:5</p> <p>moving 196:14 202:25 209:4 210:7</p> <p>much 202:2 222:6 236:6 239:24 242:23 247:15,16 250:9 258:8 259:3,17</p> <p>multi-page 192:11</p> <p>multiple 256:20</p> <p>mute 205:7,12</p> <p>my 191:17 192:3,7 193:12 198:1 200:16 203:11,22 204:22 208:5 212:1,22 218:9 219:24 220:1 226:17</p>
---	---	--	--



<p>227:13,14 228:12,15,16 231:16 237:2 240:1 241:9 242:7 243:24 244:24 253:16 254:1 259:1 260:5 264:15 265:5 272:13 274:1,2,8 275:3 276:16 280:9,16 281:9</p> <hr/> <p style="text-align: center;">N</p> <hr/> <p>name 192:13,17,21 237:10</p> <p>named 233:23 246:5</p> <p>names 208:1</p> <p>narrative 257:13</p> <p>need 202:17 262:5,8 268:4</p> <p>needed 232:3,11</p> <p>negotiated 242:7</p> <p>NEIMAN 188:16</p> <p>never 200:14 206:16 217:12 227:3 230:11 240:13 242:2 246:19 250:11 268:3</p> <p>new 188:13 229:7 262:25 265:15 268:20</p>	<p>269:3,11,16</p> <p>next 193:19 196:22 207:15 269:6,19</p> <p>Nice 204:24 205:4</p> <p>no 187:2 190:4 193:3,15 195:2 200:9,20,24 201:4 202:1 203:6,8,15,17 204:3,5,9 206:3 209:18 211:13 214:9 215:1 216:16 217:6,12 218:21 220:22 221:8,21 222:1,17,23 224:15 225:19 226:5,25 227:3 233:5 236:4 238:18 242:2 244:3 246:5 249:9,10 250:11,12 251:5,12,15,1 9 252:1 255:6 259:16,22 260:16 261:20 263:13,23 264:1,13 265:1,9,18,21 268:5 270:9 276:6 278:13 281:15</p> <p>none 203:11</p> <p>non-GAAP 240:21</p>	<p>nor 280:12,13</p> <p>not 193:15,24 196:13 198:1,15 199:13,23 200:10 201:9,12,21,2 4 203:6 204:3,21 205:5 206:3 207:9,12 210:2 211:11,13,25 212:14 213:10,13,16, 20 215:17 216:2,15,16,1 7,24 217:15 218:3,21,23,2 5 220:14,22 222:5,23 225:4,19,20 226:1 230:18 233:25 234:8 235:2 238:18 239:7 240:1 241:24 243:14 245:7,8,19 247:2,6 248:14 251:3,10,12,1 5,19 253:5 254:12 255:6 256:9 257:21 261:6,7,21 263:2,15 264:10,23 265:1,9 266:1,18,23 267:4 270:2,3,7,10 271:1,6,20</p>	<p>274:1 280:10</p> <p>Notary 187:25 280:5,21 281:14</p> <p>note 242:21,22 243:7 248:11 275:21</p> <p>notes 219:24 249:7 275:5,6 280:9</p> <p>nothing 238:17 259:22</p> <p>notices 277:4</p> <p>November 261:2,3</p> <p>now 195:1 201:5 226:2 231:9,10 232:18 239:14 240:1 241:7 269:19 274:20</p> <p>number 191:8,22 211:21 234:12,14 247:20 254:9,12 256:11 257:25 259:14 262:25 263:21 264:5 265:22 271:13</p> <p>numbers 234:8,12,23 248:8 250:5 254:20 255:1 256:2,12 257:17 259:20,22 264:9 269:22 273:24</p>
---	---	---	--



<p>274:10,13</p> <p>numerical</p> <p>278:9</p> <hr/> <p style="text-align: center;">0</p> <hr/> <p>oath 215:1</p> <p>217:25 224:20</p> <p>227:20 254:17</p> <p>255:3 256:1</p> <p>257:17,24</p> <p>281:1</p> <p>object</p> <p>192:1,2,4</p> <p>193:9 198:11</p> <p>201:7,11,19,2</p> <p>2 205:21</p> <p>206:9,20</p> <p>208:24 209:15</p> <p>210:3,15</p> <p>211:4</p> <p>214:6,18</p> <p>215:10</p> <p>216:4,22</p> <p>218:6,15</p> <p>219:13,15</p> <p>220:5,6</p> <p>221:4,15</p> <p>223:9 224:11</p> <p>225:10,11</p> <p>226:4,9,22</p> <p>228:20 229:23</p> <p>230:1,22</p> <p>231:19,23</p> <p>248:13 249:8</p> <p>251:1</p> <p>253:4,24</p> <p>254:23 255:11</p> <p>256:13,19</p> <p>objection</p> <p>193:11 195:17</p> <p>197:24</p> <p>199:4,20</p>	<p>208:12,23</p> <p>209:24</p> <p>211:20,22</p> <p>212:25 213:12</p> <p>216:3</p> <p>221:19,22</p> <p>236:4,5</p> <p>250:20 251:6</p> <p>254:22 255:10</p> <p>257:13</p> <p>258:20,23</p> <p>270:6,7</p> <p>273:8,11</p> <p>274:5 275:15</p> <p>277:17</p> <p>objections</p> <p>259:1</p> <p>obligation</p> <p>269:4,11</p> <p>obligations</p> <p>268:23 269:17</p> <p>observed 223:4</p> <p>observing</p> <p>230:18</p> <p>obtained 269:1</p> <p>occasions</p> <p>217:19</p> <p>occur 213:19</p> <p>occurred</p> <p>207:18 209:23</p> <p>211:3 212:15</p> <p>213:18 214:13</p> <p>277:7</p> <p>o'clock 238:19</p> <p>off 194:18</p> <p>196:12 200:2</p> <p>202:6,10</p> <p>213:1 228:4</p> <p>235:20 236:7</p>	<p>240:1 242:14</p> <p>247:14</p> <p>261:8,14</p> <p>262:1,2,10</p> <p>265:18</p> <p>267:6,13</p> <p>269:25 270:19</p> <p>278:18</p> <p>office</p> <p>203:4,7,10,13</p> <p>,14,15,20</p> <p>204:15,20,22</p> <p>205:17 212:17</p> <p>217:14,15</p> <p>227:7 235:15</p> <p>241:25 242:2</p> <p>250:3 272:18</p> <p>officers</p> <p>233:22</p> <p>offices 188:12</p> <p>215:17</p> <p>217:10,12,18</p> <p>271:7</p> <p>offs 267:3</p> <p>often 207:17</p> <p>Oh 195:2</p> <p>205:7,9 234:1</p> <p>237:17 238:15</p> <p>okay 191:5,24</p> <p>192:9,10,11</p> <p>193:1,4,13,19</p> <p>194:5,9,10,17</p> <p>,25</p> <p>195:2,10,21,2</p> <p>4</p> <p>196:10,15,20,</p> <p>23 197:5,9,19</p> <p>198:3,4,16</p> <p>199:14,18</p> <p>200:4,15</p>	<p>201:5,16</p> <p>202:1,5,18,20</p> <p>,24</p> <p>203:9,13,17,2</p> <p>0,23</p> <p>204:19,24</p> <p>205:9,13</p> <p>206:1,4,13,24</p> <p>207:4,7,9,15</p> <p>208:7,18</p> <p>209:3,9,20</p> <p>210:19,22,24</p> <p>211:7,14</p> <p>212:2,8,13,20</p> <p>213:3,15,23,2</p> <p>5 214:4,10,22</p> <p>216:10,12,18</p> <p>217:4,16,21,2</p> <p>5 218:9,17,24</p> <p>219:2,8,16</p> <p>220:11,20,23</p> <p>221:10,16</p> <p>222:4,15,24</p> <p>223:3,20</p> <p>224:5</p> <p>225:13,22</p> <p>226:13,20</p> <p>227:1,4,8,19</p> <p>229:12,18</p> <p>230:13</p> <p>231:10,22</p> <p>232:4,7,24</p> <p>233:8,14,19</p> <p>234:9,25</p> <p>235:24</p> <p>236:1,10,18,2</p> <p>1,25</p> <p>237:3,13,22</p> <p>238:9,13,17</p> <p>239:6,8,18,24</p> <p>240:2,5,10,16</p> <p>241:6,14,22,2</p> <p>5 242:3,13,18</p>
--	--	--	--



<p>243:3, 6, 11, 17 , 20 244:1, 5, 8, 10, 21, 25 245:9, 14, 21 246:13, 20, 23 247:7, 11, 23 248:4, 7, 9 249:20, 23 250:9, 13, 15 251:4, 9, 20 252:5, 10, 23 253:16 254:3, 7, 13 255:2, 7, 14 257:14 258:2 259:2, 24 260:4, 11, 14, 1 7, 20, 23, 25 261:25 262:13, 17, 20, 23 263:4, 6, 16 264:16, 19, 23 265:2, 10 266:6, 8, 17 267:20, 22 268:6, 11, 18, 2 5 269:6, 7, 14, 19 270:2, 13, 21, 2 3 271:2, 4, 9, 17, 22 272:1, 7, 11, 16 , 22 273:4, 6, 20, 25 274:3, 11, 17 275:4, 9, 23 276:1, 13, 20, 2 4 277:7, 10 278:8, 12, 16, 2 4 on 187:16</p>	<p>188:2, 11 194:11 195:24 196:6 197:3, 10 198:4, 9 202:6 203:12, 20 204:1 205:5, 7, 11, 20 , 23 206:4, 7, 25 207:1, 4, 9 208:1, 6, 9, 11, 20, 24 209:22 211:2, 8, 11, 15 212:11, 14, 16 213:20, 21, 24, 25 214:1, 5, 9, 15, 16, 25 215:1, 4, 9, 13, 16, 21 216:2, 8, 14, 15 , 16, 19, 20 217:18 218:3, 4, 11 219:10, 11 220:4, 13, 16, 2 0 221:2, 6, 12 223:7 224:2, 3, 9, 23 225:7 227:10, 14 229:4, 14 231:17 233:3 236:2 237:14 238:17, 20 239:15 242:9 244:15 245:7, 10, 12 246:8 252:16, 24 253:19 254:18 256:9 258:17</p>	<p>259:1, 5, 9, 14, 25 261:21, 22, 23 262:3, 5, 7, 9, 2 5 263:1 264:9, 13, 18, 2 0 265:6, 7, 16, 17 , 19 266:5, 15 269:10, 15, 23 270:18 271:9 275:2, 15 276:14, 17, 20 278:4, 14 281:8 once 234:11 244:21 258:18 one 193:2, 19 196:2 200:16 203:11 222:17 224:17 231:9 234:21 241:18 243:6 248:8 250:2 259:17 267:23 278:1 one-page 191:6 only 197:15 203:11 213:16 214:8 216:18 219:8 220:2 229:18, 21 230:7, 14 241:13 251:20 260:15 264:1 open 232:1 233:11 operations 200:23 203:17 opinion 233:13 236:16</p>	<p>237:14, 16, 17, 18, 19 274:16, 18, 25 opportunity 191:12 193:25 197:6 opposed 275:14 Order 187:19 281:7 original 210:20 originating 191:24 other 194:8 201:3 205:16 214:9, 13 215:7 217:19 218:25 220:11, 20 223:5 224:19 227:8 228:1, 17 229:19 239:15 240:11 241:10 242:15 245:16 249:6, 19, 23, 2 5 251:5, 17 259:17 267:18 275:5 our 197:13 204:16 215:17 217:18 218:23 229:1, 4 234:16 236:16 261:5 269:23 out 192:16 196:5 203:18 212:2 221:9 223:1 224:21 228:24, 25</p>
--	--	--	---

<p>229:1,10 239:12 244:21 246:2,14 254:16,18 256:3 258:16 260:10 261:6 263:3 264:10,13,14 273:21 277:6</p> <p>Outside 226:24</p> <p>outstanding 223:14</p> <p>over 212:1,8 216:20 217:19 218:21 221:22 233:12 247:8 248:2 265:11 268:19 277:20</p> <p>overheard 206:7 207:1</p> <p>oversee 219:1</p> <p>owed 269:9</p> <hr/> <p style="text-align: center;">P</p> <hr/> <p>p.m 187:17 278:25</p> <p>PA 188:4</p> <p>page 189:2 190:2 192:15,19 194:1,2,3,4,6 195:3,23,25 197:10 235:17</p> <p>paper 275:2</p> <p>papers 225:19</p> <p>Par 187:8 233:15 235:4 238:10 239:2,9,21,22</p>	<p>240:12,14 241:15,16,22 242:15 243:18,21 244:21,23,25 245:9,21 246:24 247:2,5,8,17 248:23 249:2 250:1,16,24 251:10,13 266:9,21 267:24 274:4</p> <p>paragraph 197:13</p> <p>paragraphs 197:10</p> <p>parent 192:13,17,21</p> <p>part 193:6 222:14 232:3 241:17 242:10 247:21 252:10,24</p> <p>participate 207:20 211:19,24</p> <p>participated 211:21,25 212:15</p> <p>participating 207:12,17 208:3</p> <p>particular 229:2 232:3 235:17 267:6 277:21</p> <p>parties 187:18 220:21</p>	<p>280:11,12</p> <p>partner 237:10,11 272:3,5,15</p> <p>parts 215:18</p> <p>party 225:5,19</p> <p>pass 244:17</p> <p>passionate 273:23</p> <p>patience 278:14</p> <p>paying 239:16</p> <p>payment 264:12</p> <p>payroll 203:12</p> <p>pendulum 244:19</p> <p>people 208:1 211:15 214:9 217:11 219:3,5,25 224:19 227:4 228:17 273:16</p> <p>per 274:1</p> <p>percentage 263:23 264:5,16,19,24</p> <p>perform 227:11 229:8</p> <p>performance 199:2,6</p> <p>performing 204:11 218:19</p> <p>perhaps 219:23</p> <p>period 229:2 230:9 255:20</p>	<p>277:5</p> <p>periods 213:22</p> <p>person 203:12 204:25 217:8 237:4 249:21,25 250:3 272:8</p> <p>personal 206:14 207:9,22 210:24 212:23 213:4 216:1 218:3,11 223:8 224:22 226:20 229:18 235:23 237:11 256:25</p> <p>personally 207:20 208:9 209:12 210:11 213:5,6,8 216:20 220:3,12 224:25 226:1 229:24 240:15 242:19</p> <p>persuade 274:9</p> <p>Philadelphia 188:4 204:17</p> <p>phone 207:16,19 211:11,15 212:18 214:5,8,9,16, 23,25 215:2,4,5,13, 15,21 216:13 221:7</p> <p>physical 204:17</p>
---	--	--	--



<p>physically 215:5</p> <p>pick 215:18</p> <p>picture 246:7</p> <p>PIETRAGALLO 188:3</p> <p>PINEIRO 188:16</p> <p>place 203:18 272:12</p> <p>Plaintiff 187:6 188:2</p> <p>plan 276:15</p> <p>planning 217:19</p> <p>plea 273:24</p> <p>please 192:24 197:4 208:16 209:1 210:4 211:23 213:15 216:6 217:1 223:21 226:12 230:25 235:23 243:13 257:11 275:18</p> <p>PLLC 188:20</p> <p>point 199:17 206:22 244:16 246:3 278:22</p> <p>policy 244:25 245:2</p> <p>PONCE 188:21</p> <p>portfolio 265:22</p> <p>position 193:5 237:25 273:25 274:1,4 276:21</p>	<p>positions 232:10</p> <p>possibility 247:10,11,13</p> <p>post 201:20</p> <p>posting 246:3</p> <p>potential 245:11</p> <p>predated 210:21</p> <p>pre-existing 269:8</p> <p>prepare 193:14 218:8 254:8,11 255:5,6</p> <p>prepared 193:16 236:15 252:20,21 253:17 270:3,11</p> <p>prepares 256:8</p> <p>preparing 194:20</p> <p>present 204:10 213:11,16 217:10 219:8 222:24 223:2 234:21,22 273:18</p> <p>pretty 253:16</p> <p>previously 259:6</p> <p>principal 226:7 263:14 264:2,3,21 266:15</p>	<p>prior 200:6,8,11,13 ,17,21,25 246:9 254:9,11 269:10 270:19 277:1</p> <p>privilege 201:23</p> <p>privy 245:19</p> <p>problem 234:14 276:8</p> <p>problematic 237:24</p> <p>proceedings 191:1 280:8</p> <p>process 193:6 194:22</p> <p>Processing 208:5</p> <p>Processing's 204:15</p> <p>product 262:16 263:2 264:10</p> <p>professional 273:6</p> <p>profitability 235:9</p> <p>profitable 235:2,5 267:25</p> <p>profits 242:4</p> <p>profit-sharing 241:15</p> <p>program 261:5 264:13,14</p> <p>promissory</p>	<p>243:7 248:11 249:6 275:6</p> <p>proper 241:14</p> <p>property 217:22,24</p> <p>proposed 194:23</p> <p>proposing 195:15 196:16</p> <p>pros 274:12</p> <p>provide 240:10 247:17 248:25</p> <p>provided 198:8,9,13,18 ,22 199:1,3,5 222:18 225:20 229:3,16 232:5 238:24 240:7,13,19 241:10 242:25 248:10,12 249:4,5,11</p> <p>provides 249:3</p> <p>providing 208:1</p> <p>Public 187:25 271:15,17 280:6,21 281:14</p> <p>pull 231:9 233:3 235:12,15,21 278:1</p> <p>pulled 214:22 255:1</p> <p>pulling 247:20</p> <p>purchase 244:15 247:8</p>
---	--	--	---



<p>276:19</p> <p>purchasing</p> <p>249:6</p> <p>purported</p> <p>218:22</p> <p>purpose 193:7</p> <p>237:3 267:19</p> <p>purposes</p> <p>195:18</p> <p>pursuant</p> <p>187:19 281:7</p> <p>put 229:4,9</p> <p>255:12,15</p> <p>270:15</p> <p>puts 276:2</p> <p>putting 193:6</p> <p>197:20 215:4</p> <hr/> <p style="text-align: center;">Q</p> <hr/> <p>qualified</p> <p>237:14,18</p> <p>quarter 241:18</p> <p>248:2</p> <p>question</p> <p>193:10 196:10</p> <p>198:12,24</p> <p>199:12</p> <p>200:6,12</p> <p>201:6,13,16,2</p> <p>0 202:17</p> <p>205:22</p> <p>206:10,21</p> <p>208:13,14,15,</p> <p>25 209:16,25</p> <p>210:2,16</p> <p>211:5,24</p> <p>212:22 213:2</p> <p>214:6,19</p> <p>215:11</p>	<p>216:5,24</p> <p>217:2</p> <p>218:7,9,16,18</p> <p>219:17</p> <p>220:1,6</p> <p>223:10,13</p> <p>224:12,14</p> <p>225:11,12</p> <p>226:5</p> <p>228:5,12,16,2</p> <p>3 230:2,23</p> <p>231:10,16,20,</p> <p>24 238:3</p> <p>241:9 243:13</p> <p>248:14,16,22</p> <p>249:8 251:2</p> <p>253:5,8,16,25</p> <p>254:1,23</p> <p>256:14,15,20</p> <p>257:9,25</p> <p>258:10,12</p> <p>259:5 265:5</p> <p>268:11</p> <p>270:8,9</p> <p>273:15 274:7</p> <p>275:3,18</p> <p>questions</p> <p>197:2 198:7</p> <p>200:16 202:2</p> <p>223:12 224:18</p> <p>232:12 248:19</p> <p>250:24 268:5</p> <p>271:4,7,11</p> <p>272:2 274:22</p> <p>275:4,7</p> <p>276:7,9,11</p> <p>277:11,13</p> <p>278:13,21</p> <p>quick 235:24</p> <p>quickly</p> <p>271:2,3</p> <p>272:23 275:4</p>	<hr/> <p style="text-align: center;">R</p> <hr/> <p>raise 243:9</p> <p>raising 243:8</p> <p>RASHBAUM</p> <p>188:16</p> <p>RASPANTI 188:3</p> <p>rate</p> <p>263:6,18,19,2</p> <p>0 264:24</p> <p>265:6,7</p> <p>266:12</p> <p>rates 266:11</p> <p>rather 245:2</p> <p>reaction 234:6</p> <p>read 191:10,11</p> <p>194:1 196:4</p> <p>197:2 224:23</p> <p>225:7</p> <p>Reading 279:1</p> <p>ready 194:2</p> <p>202:9 258:7</p> <p>realize 213:3</p> <p>realized</p> <p>238:18 269:22</p> <p>really 230:16</p> <p>257:12,15</p> <p>reason 210:20</p> <p>262:20</p> <p>reasons 197:15</p> <p>203:21 209:4</p> <p>210:16 266:22</p> <p>recall 203:2</p> <p>209:7 211:9</p> <p>220:9 227:15</p> <p>232:22</p> <p>233:14,24</p>	<p>238:4,21</p> <p>240:8,16</p> <p>243:9,12</p> <p>246:21</p> <p>247:6,15</p> <p>250:9,17,18,2</p> <p>2 252:8</p> <p>253:10 271:11</p> <p>274:21 275:6</p> <p>276:11</p> <p>receivable</p> <p>229:6 267:2</p> <p>receive 233:16</p> <p>received</p> <p>229:21 234:7</p> <p>236:15</p> <p>249:17,19</p> <p>269:10</p> <p>receiver</p> <p>198:10,14</p> <p>199:25 200:1</p> <p>201:9 243:22</p> <p>245:22 247:12</p> <p>receivership</p> <p>198:14</p> <p>200:8,13</p> <p>201:13,21</p> <p>202:22 212:3</p> <p>receiving</p> <p>230:20 242:4</p> <p>recollection</p> <p>203:22 228:15</p> <p>recommendation</p> <p>s 225:3</p> <p>recommended</p> <p>211:1</p> <p>recommending</p> <p>195:18</p> <p>reconnect</p>
---	---	--	---



261:12 record 202:7,11 205:5 235:21 236:2,8 244:6,12,22 245:23 246:14,18 259:1 261:15,21,22, 24 262:1,2,4,6,7 ,9,11 267:14 278:19 280:9 records 214:23 245:4 recovered 263:15 277:16 278:5 re-direct 189:6 268:7,13 Reference 245:15 referenced 270:13 referral 272:14 referred 268:22 referring 196:11,12 240:21,24 277:18 reflected 269:3 reflecting 205:2 264:20 reflection	263:17 269:17 regard 242:16 regarding 219:18,19 220:17 222:2,5,17 242:12 244:4 regular 207:24 related 201:13 204:12 213:22 relationship 237:12 246:17 relative 280:10,12 relaying 208:11 relevant 201:24 relocated 195:19 remain 196:2 remaining 212:13 remember 219:6 220:22 233:2 239:24 240:2,20 242:21 247:19,24,25 251:7 253:14 254:25 257:22 271:7 272:3 277:13 remembered 257:23 remotely 187:18 188:6,10,15,1	9,23 281:6 rented 203:15 reorganization 194:19 repeat 202:17 222:15 261:19 262:4,9 275:19 rephrase 202:17 208:15 225:15 258:9 273:15 report 202:22 233:1 236:17,18,19 280:7 reported 187:24 218:4 Reporter 187:24 205:6 221:17,25 261:23 280:1,5,20 281:14 reporting 235:7 representation 266:9,21 request 223:23 227:22 229:9,21 requested 226:25 229:15 241:1 requesting 226:18 227:24 requests 226:16,17	230:8 require 238:2 respect 195:15 228:1 235:6 256:18,22 266:22,24 276:24 response 230:8 250:23 responses 238:1 responsibiliti es 271:23 rest 222:10 228:3 restate 200:13 201:6 210:5 221:24 222:13 268:1 results 251:16 277:11 278:8,9 resumed 191:2 202:12 236:9 261:16 262:12 267:15 return 193:7 returned 229:10 returns 191:17,21,22 194:20 218:8,22 264:12 review 193:25 211:17 225:19 227:10 242:10 251:16
--	--	---	--



<p>reviewed 197:19 217:8 218:1,8,11 224:9</p> <p>revise 237:5</p> <p>Riggle 188:7 189:5 202:15</p> <p>right 192:12 194:12 195:12 196:15,20 197:6,10 198:3 230:13 238:25 239:2 240:1 247:1,3 254:8 255:21 261:11 263:7 264:8 266:4,14 268:3 269:12,17,20, 21 270:4,24,25 271:14 273:16 274:18 276:14,22 277:8,16 278:10,18</p> <p>Rod 191:25 192:7 198:1 207:15,16,19, 21,25 208:2,8,10,21 ,22 209:3,10 210:6,7,9,12, 25 211:8,17 214:25 215:2 217:4,8,10,12 218:1,10 219:2,4,9,11, 19 220:13</p> <p>role 274:2,8</p>	<p>roles 271:23</p> <p>roll 241:7</p> <p>rolled 250:4</p> <p>rolling 244:19</p> <p>room 272:18</p> <p>roughly 212:5,6 233:17 250:7 277:5</p> <p>RTR 262:23,25</p> <p>rule 244:25 245:2</p> <p>run 263:19</p> <hr/> <p style="text-align: center;">S</p> <hr/> <p>said 191:19 204:24 205:4 208:22 209:18,21 214:17 217:3 218:8 219:14,22 229:22 244:17 257:20 262:8 272:20,25 274:6,14,15 275:19</p> <p>same 197:24 199:19 201:16 212:17 216:4 227:1,23 229:6,7,19 240:10 241:10 248:25 249:3 256:14 258:20,23 260:1 262:20 265:7 267:21</p> <p>sat 250:4</p>	<p>274:6</p> <p>save 195:20 257:11</p> <p>saw 205:16 212:24 213:5,8,21 214:1 218:12,19 224:24 240:5 242:2 246:8 277:4</p> <p>say 203:19 206:7 207:6,13 208:22 209:2 215:15,16,22 218:5,7 224:10 233:25 238:14 242:16 243:15 248:18,21 251:20 262:1 265:3 271:20 272:10 276:22</p> <p>saying 195:6 225:18 238:15 241:8 255:21 257:23</p> <p>says 214:24</p> <p>scene 230:5,7 231:2</p> <p>SCOTT 188:16</p> <p>screen 233:3</p> <p>scroll 191:7,9 194:2,4,7,8 195:1 197:4</p> <p>se 274:1</p> <p>SEC 191:8 198:10,19</p>	<p>199:3,10 200:7,10,12,1 4,17,18,22 201:1,9,10,17 ,22</p> <p>second 193:2 194:2,4 196:7,9</p> <p>SEC's 200:21,25</p> <p>section 267:3</p> <p>Securities 187:5 188:7 202:16</p> <p>security 276:22</p> <p>see 191:8 192:22 193:2 194:8 195:7,12 196:3 197:17 198:5 214:15,16 215:5 228:17 229:15 236:19 237:14 238:20 241:2,25 247:4 249:2,5 255:6 260:6,20 262:14 263:6,7 267:22 268:8,9,20 274:9 278:1</p> <p>seeing 223:8 242:22</p> <p>seek 275:1</p> <p>seemed 275:10</p>
---	---	--	--



<p>selected 272:11</p> <p>send 223:11 226:17 228:24,25 230:11 236:21 242:9 264:10 269:1</p> <p>sending 230:21</p> <p>sent 230:8,9,14 263:3 270:15,23</p> <p>sentence 197:13,17 228:3</p> <p>served 271:13</p> <p>set 191:15 238:13,15</p> <p>seven 271:19</p> <p>sharing 242:4</p> <p>she 261:7,9</p> <p>sheet 235:18 240:22 270:17</p> <p>Shehebars 238:21,24 239:2,19 240:8,18 241:12,14,23 249:13,17,21, 24 275:5</p> <p>shift 232:10</p> <p>short 202:10 236:7 261:14 262:10 267:13</p> <p>should 205:7 272:9</p>	<p>show 191:5 192:9,11,15 193:19 196:20,21 266:13</p> <p>showed 214:23 235:1 237:24 241:17 255:12,15 259:8,11 261:4</p> <p>showing 254:25 264:2 265:15 267:1,2,5,7</p> <p>shown 231:4 232:21 240:6,17 252:7 253:20 263:16 264:1 265:6 267:18</p> <p>shows 255:19</p> <p>Sidran 196:25</p> <p>sign 229:4</p> <p>signed 246:18</p> <p>significant 276:21</p> <p>signing 279:1</p> <p>silent 221:8</p> <p>similarly 209:3,9</p> <p>simple 200:12 253:16</p> <p>simpler 239:11</p> <p>since 201:5,6,8,16</p> <p>single 213:19 215:22 255:3</p>	<p>260:2</p> <p>sit 274:2</p> <p>site 204:13</p> <p>six 192:16 195:8 196:16,18 197:16,20,21 199:23</p> <p>sliding 213:22</p> <p>slot 212:19</p> <p>snapshot 238:6</p> <p>Solutions 187:8 192:13 194:16,18 195:19 196:13 202:25 203:5 204:12 209:5 226:15</p> <p>some 197:16 240:7,18 243:25 250:6 255:1 265:23 275:4</p> <p>somebody 197:22 276:2</p> <p>someone 204:14,24 205:4 209:14 214:24,25 233:22 262:7 264:12 275:24</p> <p>something 207:1 209:12,13 210:11,12 245:7 248:18,21 257:23 258:18</p> <p>somewhere</p>	<p>248:6 272:18</p> <p>sorry 191:19 202:21 205:3,8 217:23 221:16 222:9 228:2 230:23 232:11 233:20 234:1,4 237:17,19 238:14 247:23 254:10 255:24 258:6 260:14 276:5</p> <p>sort 197:16 245:2 253:17 254:19</p> <p>SOTO 188:20</p> <p>sounds 256:4</p> <p>source 252:16,24 253:3,11,13,1 8 254:15,17 256:1</p> <p>SOUTHERN 187:1</p> <p>space 203:15</p> <p>speak 204:6,19 237:9 272:3 274:1</p> <p>speaker 205:2,6</p> <p>speakerphone 216:15,16</p> <p>speaking 207:11 219:11 257:13</p> <p>specific 219:22 224:16</p>
--	--	--	--



<p>227:14</p> <p>spectrum</p> <p>202:21 204:14</p> <p>208:5 220:15</p> <p>233:15,22</p> <p>245:2 248:24</p> <p>249:2</p> <p>speculate</p> <p>243:14</p> <p>speculating</p> <p>209:17 210:14</p> <p>212:14 213:18</p> <p>214:15 215:3</p> <p>216:2</p> <p>231:8,17</p> <p>252:25 253:21</p> <p>254:19 255:7</p> <p>258:17</p> <p>speculation</p> <p>192:5 205:20</p> <p>218:4</p> <p>spin 196:12</p> <p>spoke 206:16</p> <p>221:22 222:17</p> <p>spoken 200:14</p> <p>spot</p> <p>260:9,11,12,15,16</p> <p>spreadsheet</p> <p>270:14</p> <p>spun 194:18</p> <p>stand 218:21</p> <p>256:21</p> <p>standing</p> <p>211:16 271:6</p> <p>started 203:1</p> <p>239:4,20,23</p> <p>244:19 245:12</p>	<p>254:5,25</p> <p>255:9,12,17</p> <p>256:6 259:7</p> <p>starting 194:6</p> <p>269:20</p> <p>state 187:25</p> <p>220:18 221:17</p> <p>280:2,6,21</p> <p>281:2,14</p> <p>stated 210:16</p> <p>259:6</p> <p>statement</p> <p>235:18 236:14</p> <p>237:13 238:11</p> <p>240:22 267:4</p> <p>statements</p> <p>233:13 236:22</p> <p>241:3,4 250:7</p> <p>277:20 278:5</p> <p>STATES 187:1</p> <p>static</p> <p>254:9,12</p> <p>261:2</p> <p>status 220:24</p> <p>223:11,12</p> <p>266:10,21</p> <p>267:2,5</p> <p>STE</p> <p>188:8,17,21</p> <p>still</p> <p>223:14,19</p> <p>247:13 269:9</p> <p>stock</p> <p>239:13,14</p> <p>275:20</p> <p>Stop 194:9</p> <p>195:2</p> <p>store</p>	<p>269:2,8,9</p> <p>Street 188:4</p> <p>227:7</p> <p>strike 266:19</p> <p>subject 198:15</p> <p>208:18 251:21</p> <p>276:21</p> <p>subsequent</p> <p>236:14</p> <p>Subsidiary</p> <p>192:20</p> <p>substance</p> <p>216:13</p> <p>SUITE 188:4</p> <p>summer 246:1</p> <p>277:4</p> <p>support 274:3</p> <p>Supreme 187:19</p> <p>281:7</p> <p>sure 204:16</p> <p>205:1,5 210:6</p> <p>215:13 221:24</p> <p>225:16,17</p> <p>227:15 230:24</p> <p>231:12 235:10</p> <p>238:4 243:13</p> <p>248:15 252:12</p> <p>259:6 268:10</p> <p>272:24</p> <p>swearing</p> <p>257:17</p> <p>switch 232:18</p> <p>swore 256:1</p> <p>sworn 281:8</p> <hr/> <p style="text-align: center;">T</p> <hr/> <p>tab 254:2</p>	<p>256:6 259:12</p> <p>260:8</p> <p>take 197:1</p> <p>204:16</p> <p>235:22,23,24</p> <p>247:8</p> <p>TAKEN 187:16</p> <p>taking 203:18</p> <p>talk 207:15</p> <p>215:15 217:9</p> <p>222:5</p> <p>232:9,19</p> <p>250:15</p> <p>252:6,17</p> <p>260:18</p> <p>talking 207:24</p> <p>214:2,23</p> <p>219:19 220:17</p> <p>235:6,7</p> <p>255:18 263:21</p> <p>267:3</p> <p>tax</p> <p>191:16,21,22</p> <p>193:7 195:18</p> <p>203:21 209:4</p> <p>210:7 217:19</p> <p>218:8,22</p> <p>220:18 230:19</p> <p>232:14 237:10</p> <p>272:3,15</p> <p>taxes 195:20</p> <p>196:1</p> <p>tax-free</p> <p>194:19</p> <p>team 191:25</p> <p>telephone</p> <p>213:21 214:1</p> <p>220:16</p> <p>tell 204:22</p>
--	---	--	--

<p>216:7 226:25 228:18 230:5,11 254:3 255:24 273:21 275:12</p> <p>telling 207:2</p> <p>tenure 208:5 212:1</p> <p>terminate 245:8</p> <p>terminated 244:11,23 246:17</p> <p>test 244:18</p> <p>testified 199:16,17 202:24 203:24,25 204:8 205:15 206:25 207:16 208:7,23 209:3 210:9 211:7 213:10 217:7,25 219:2,25 221:11 222:20 223:3,5 224:18,23 225:2 226:6 227:8,16 228:13,14,16 231:3,5,12 233:21 238:20 240:19 246:20 250:2,15 252:16,23 253:18 254:17 257:24 258:13,14 270:15 276:13</p>	<p>testify 216:18 219:14 258:13</p> <p>testifying 199:22 209:10 215:1,20 219:4,6 227:20 250:23 255:3</p> <p>testimony 198:21 205:18 206:4 207:23 208:20 209:7,21,25 210:6 211:2 216:25 218:10 219:24 220:6,7,9,23 223:15,16 224:7 225:3,22,25 226:5,10 227:9 228:18 231:21 238:2 242:19 253:6 256:15 259:20 271:9</p> <p>than 199:23 205:16 212:10,13 213:9 215:7 220:20 223:5 227:8 228:1,13 238:7 245:16 249:23 251:5 259:17 277:8</p> <p>thank 191:5,14 198:3 200:16 202:2,4 205:11,22 208:15 210:16</p>	<p>218:6 222:6,8,19 223:15,16 224:1,6 226:11 228:8,11 230:6 231:3 232:9,16 233:21 236:6 241:9 248:16 252:3,13 254:13 258:8 259:2,15,17,2 4 260:4,17 275:3 276:6</p> <p>Thanks 252:5</p> <p>that 191:8,10,12,1 5 192:15,19 193:12,21 194:14,17,19, 22 195:12,18 196:3 197:7,17,21,2 2 198:4,8,12,21 199:3 200:2,9,15,16 201:12 203:2,17,18,2 1,24 204:1,7,17,23 ,25 205:5,8,14,16 ,19,20,23 206:3,6,8,19, 25 207:1,2,4,6,1 0,24 208:8,9,10,18 ,20 209:3,7,10,11</p>	<p>,12,13,18,22, 23 210:9,10,11,1 2,18,23 211:3,9,15 212:9,10,11,1 4,15,19 213:3,10,18,1 9,20,25 214:2,8,9,10, 13,14,15,20,2 3,24 215:1,5,7,9,2 0,23 216:1,15,19 217:9 218:2,3,5 219:9,10,12,1 5,18,20,25 220:1,3,4,14, 18,20,22,24,2 5 221:1,2,3,6,7 ,12,24 222:18 223:5,6,7 224:8,9,10,24 225:7,25 226:2,6,7,10, 24 227:9,10 228:3,14 229:8,16,22,2 4 230:13,14 231:1,18 232:2,5,7,17, 22 233:2,10,22,2 4,25 234:9,11,13,1 4,22 235:17,21 236:1,2,13,15 ,16,18,24,25 237:4,13</p>
--	--	--	---



238:1,4,10,21 239:9,19,20 240:5,6,7,8,1 0,20,25 241:3,10,11,1 3,17,20,24 242:10,12,16, 19 243:3,7,14 244:4,5,8,10, 12,16,17,19,2 1,22,24 245:1,17,19,2 3,25 246:3,5,9,19, 21,24 247:3,6,7,10, 11,21 248:4,9,11,18 ,23 249:5,20,25 250:3,4,11,17 ,21 251:5,7,13,17 ,20,21,22,25 252:1,4,5,6,8 ,17,19 253:1,2,5,13, 14,19,22,23 254:4,14 255:3,4,5,7,1 6 256:3,5,6,7,2 1,23 257:9,19,20,2 2,23 258:1,4,14,17 259:11,13,17, 19,25 260:1,14,15,2 3,25 261:4,5,7,13 262:14,20,23, 24	263:1,4,7,11, 14,17 264:5,14,18 265:3,4,7,11, 19,22 266:3,8,17,18 ,19,20,23 267:8 268:4,19,22 269:2,4,7,9,1 4,15,25 270:7,14,23 272:4,6,8,9,1 1 273:1,4,16,18 ,22 274:14 275:2,13,15 276:14,17,18 277:2,4 278:8,17 280:6,8,10 281:6 that's 194:15 196:22 199:11 201:20 203:22 211:6 212:9,12 213:6 214:21 216:24 228:15 230:6 232:15 233:3 235:24 236:16 237:21 239:17 240:23 241:7 244:19,20 246:14 248:19 254:5 255:7,8 256:10,11 260:5 262:6 263:14,15 264:1,2,20,23 265:19 267:22 269:6 270:8	274:17 275:24 their 206:5 217:11,14,15 218:13 223:8 225:6,19,21 226:19,24 227:5 228:10 230:17,20 242:11 247:17 250:4 253:3 271:6,23 274:14 them 197:2 204:22 205:16 206:18 207:17 212:16 213:11,17 214:11 217:13 218:12,13,19 219:2 225:21 226:17 227:6,24 228:14,17 229:10,11,17 230:8,9,19 232:1,2 234:14,23 239:16 240:20 241:25 242:2,10 244:16 245:8 249:11 250:4,11,13 270:25 themselves 205:1 then 192:19 194:1 195:3,22,24 198:14,17 201:6 214:4 221:4,20	230:10 233:9 235:16 243:23 245:6 246:13 252:5 259:5 260:17,19 262:13 263:6 266:8 268:20 269:10 272:1 276:1 there 191:5 195:2 196:11 197:11 203:11,16,17 204:13 208:13 212:3 214:14 217:11 219:1 220:9 221:8 226:5 227:2,11 229:14 230:18 231:3 233:22 236:11,13 237:9,23 239:21 244:4 245:7 246:8 248:6,24 250:2 259:19 263:17 265:10,13,18, 21 267:4 268:8,9,10,12 271:19 272:8 274:2,6 277:15 278:4 therefore 256:7 there's 193:24 204:18 235:8 245:5 Thereupon 202:10 236:7 261:14 262:10
---	--	--	---

<p>267:13</p> <p>these 192:10</p> <p>193:14 208:19</p> <p>216:1 224:18</p> <p>230:19 232:14</p> <p>236:22 248:20</p> <p>252:20 254:20</p> <p>259:13,20</p> <p>they 191:21</p> <p>193:16 195:18</p> <p>197:15 203:15</p> <p>204:10,14,17,19</p> <p>205:19</p> <p>206:6,15</p> <p>207:17 211:17</p> <p>213:18,19</p> <p>215:17</p> <p>217:8,13,16,18</p> <p>218:2,4,7,8,12,13,21,22,25</p> <p>219:5,6,25</p> <p>220:13,16,18,21</p> <p>221:7,8</p> <p>223:1,6,11</p> <p>224:7,8</p> <p>225:2,4,6,23,24</p> <p>226:16,18,24</p> <p>227:6,22,24</p> <p>228:3,9,25</p> <p>229:9,15,19</p> <p>230:4,10,14</p> <p>231:14,17</p> <p>232:2,15,16</p> <p>234:18,22</p> <p>239:4,7,9,20,21,22,24</p> <p>241:16,19,22</p> <p>242:3,6,7,10,11,14</p> <p>243:1,9,10</p>	<p>244:14,15,22</p> <p>245:9,12</p> <p>247:1,16</p> <p>249:10,11,19</p> <p>250:4,6,9</p> <p>263:14 264:12</p> <p>269:10 272:13</p> <p>274:14,15</p> <p>276:16</p> <p>they'd 223:12</p> <p>they're 226:18</p> <p>227:4 231:2</p> <p>239:7 276:17</p> <p>thing 191:19</p> <p>229:6,7 265:7</p> <p>things 207:4</p> <p>217:20 221:12</p> <p>224:17,23,24</p> <p>225:24 226:24</p> <p>think 196:12</p> <p>199:16 200:9</p> <p>212:25</p> <p>221:21,22</p> <p>240:17,23</p> <p>243:1 256:23</p> <p>258:7 260:24</p> <p>265:4 267:22</p> <p>276:13 278:17</p> <p>thinking</p> <p>206:15 224:8</p> <p>225:6,23</p> <p>226:6 232:16</p> <p>third 192:19</p> <p>194:3,6</p> <p>220:21</p> <p>225:5,18</p> <p>third-party</p> <p>200:10 220:14</p> <p>this 191:24</p> <p>192:11,12</p>	<p>193:5,7,19,23</p> <p>194:11,22</p> <p>196:20,21,24</p> <p>197:3</p> <p>198:9,18</p> <p>199:17 200:5</p> <p>201:24 207:11</p> <p>213:21 216:12</p> <p>225:5 228:22</p> <p>230:12 231:13</p> <p>232:1,4,11</p> <p>233:12</p> <p>238:5,18</p> <p>248:19</p> <p>252:10,21</p> <p>253:12,17</p> <p>254:8,18</p> <p>256:6,8,14,15,23,24</p> <p>257:11,12,16,25</p> <p>258:11,14,15</p> <p>259:7 261:1,3</p> <p>263:1</p> <p>265:4,14</p> <p>266:1</p> <p>267:1,7,19</p> <p>269:11,15</p> <p>270:2,3,7,10</p> <p>271:3,10</p> <p>274:24</p> <p>278:3,14,21</p> <p>280:16 281:9</p> <p>those 192:22</p> <p>206:17 207:19</p> <p>208:1,3</p> <p>211:11,15,19,24</p> <p>212:15</p> <p>213:9,20</p> <p>223:2,4</p> <p>226:17</p> <p>229:11,22</p> <p>234:12,16,21,</p>	<p>22 248:8</p> <p>250:7 253:23</p> <p>256:2 262:18</p> <p>264:9</p> <p>268:20,22</p> <p>269:16,22,24</p> <p>271:7,11</p> <p>274:10,12,21</p> <p>275:6 276:11</p> <p>277:1,13</p> <p>though 242:23</p> <p>274:24</p> <p>thought 195:25</p> <p>246:9,12</p> <p>258:14</p> <p>thousands</p> <p>247:25</p> <p>threatening</p> <p>257:19</p> <p>three 192:22</p> <p>268:20</p> <p>three-pages</p> <p>192:12 193:24</p> <p>through 232:17</p> <p>234:18</p> <p>235:13,19</p> <p>243:19 246:4</p> <p>247:22 250:4</p> <p>253:10 255:21</p> <p>259:7 269:20</p> <p>thrown 248:8</p> <p>Thursday 216:9</p> <p>tied 260:10</p> <p>time 197:2</p> <p>202:20 212:19</p> <p>213:22 214:24</p> <p>219:21,23</p> <p>238:10,18</p> <p>241:11 243:25</p>
---	---	---	---



<p>248:23 255:20 256:7,13 260:9,15 271:19 277:3,5</p> <p>timeframe 277:6</p> <p>times 211:21 215:12 216:5 256:21 257:9,25</p> <p>time-to-time 251:22</p> <p>today 198:18,21 199:1 200:6 202:24 203:24 205:16 208:8,20 213:7 217:7,25 218:10 221:11 225:22 226:10 227:15 231:4,21 232:21 240:16 250:23 252:7 253:10 258:13 259:20</p> <p>today's 200:2,11</p> <p>together 191:17 215:4 229:9 235:14 247:20 255:13,15 270:15</p> <p>told 207:5 208:21 209:18,22</p>	<p>210:17 211:3 218:5 221:3 244:3,8,20 255:8 256:5 258:18</p> <p>took 234:22 253:10 270:17</p> <p>top 195:3 196:7 240:1</p> <p>total 260:21 261:1,4 262:14,17,21 264:7 265:11,12,15 266:22,23 268:19,25 269:3,7,12,15 ,16,20,23</p> <p>totally 231:20</p> <p>totals 264:6 270:20,22</p> <p>trace 250:7</p> <p>track 251:13</p> <p>transaction 247:5</p> <p>transactions 246:4</p> <p>transcribe 280:8</p> <p>transcript 205:1 280:9</p> <p>traveled 273:1</p> <p>traveling 272:2</p> <p>travelled 272:20</p> <p>Treated 197:15</p>	<p>true 220:1 230:17 280:9</p> <p>try 239:11 258:9 271:3</p> <p>trying 215:25 224:17,21 231:9 232:13 254:15,18 255:23 256:2 257:16 258:12,16 272:22</p> <p>turn 203:23 235:16</p> <p>turning 222:19 260:17 275:3</p> <p>two 197:2,10 212:5,6 216:20 232:25 250:8 276:6</p> <p>two-and-a-half 248:24 258:18</p> <p>two-page 196:24</p> <hr/> <p style="text-align: center;">U</p> <hr/> <p>U.S 188:7 202:15</p> <p>under 191:22 192:21 193:6 195:11 196:1 197:20 201:1,23 215:1 217:25 224:19 227:20 243:21 254:17 255:3 256:1 257:17,24 269:2,3</p>	<p>underlying 230:16</p> <p>undersigned 281:5</p> <p>understand 194:21,22 195:8 199:13 201:14 218:18 224:13 225:14,16 226:2 238:1,3 239:18 243:15 245:13 247:3,10 253:7 254:1 258:12,21,24 265:24 266:3 268:22 269:15 272:21</p> <p>understanding 191:18 192:3,7 193:4,5,12 198:1 203:11,21 233:23 237:2 239:19 242:7 243:24 244:1,24 252:19 254:1 256:5 260:5 271:22 272:13 276:16</p> <p>understood 242:24 249:20 265:25 267:9 270:10</p> <p>underwriting 201:2</p> <p>unhappy 235:1</p>
--	--	--	--



<p>unintelligible 225:12 UNITED 187:1 unqualified 233:13 until 243:21 247:11 up 191:9,15 192:8 193:21 195:1 209:10,19,21 210:9,14 211:1 214:22 215:18 233:3,11 235:12,15,21 246:7,13 247:11 260:7 270:25 274:17 277:3 278:2 updates 223:11 242:9 upset 234:15 us 202:8 228:18 230:11 233:2,6 273:21 275:12 use 274:25 275:10 used 241:8 275:9,19 using 266:2 275:13 <hr/>v<hr/>vague 224:15 value 278:9 various 230:8</p>	<p>251:16 versions 232:25 235:8 versus 224:22 266:1 270:19 VIA 188:6,10,15,1 9,23 view 239:12 virtual 203:14 virtually 217:17 visit 203:4 204:13 236:22 237:4 visited 204:20 Volume 187:14 191:1 vs 187:7 <hr/>W<hr/>Wait 270:6 273:10 waived 279:2 walk 235:13,19 want 193:2,25 196:4 197:4 215:3 221:1 232:9,11,19 252:17 265:14 267:1 268:10,11,18 269:14 275:9 wanted 232:9,10 235:23 250:6,15</p>	<p>251:9 252:6 wasn't 204:21 205:11 207:23 217:14 234:11 237:6 watch 227:4 255:5 watched 217:17 227:6 way 194:8 198:25 206:18 215:14 220:12 234:25 235:3 238:5 239:12 248:22 259:10 271:9 we 191:5 194:2,18 195:1,25 196:1 198:4 202:6 203:15 204:17 205:1 207:23 221:21,24 225:20 226:1,10 229:3,4,8,9 230:10 233:3,5,12 235:12,20,21, 23 236:1,10,19 237:9,14 240:5,16 245:6,7 246:19 255:2 258:6 261:11,17,21, 22 262:1,3,5,6,8 263:6</p>	<p>267:11,12 269:4,8 270:18 273:21 274:17 278:22 week 211:19,25 213:19 215:21,22 216:8 233:18 weekly 211:8,11,16,2 4 214:14 216:1,13 weeks 212:9,10 we'll 235:13 259:5 went 217:12 229:16 234:20 236:23 237:9 241:18 253:14,19,23 254:20 255:2 259:7 268:19 were 191:21 193:16 194:21 195:18,25 203:17 204:10 206:6,15 207:11,23,25 208:3 209:17 210:13 211:11,15 212:2,11,14 213:10,11,13, 16,18,20 214:14 215:9,17 216:1,2,15,16 ,17,20 217:11,13 218:12,13,22 219:8,11,25</p>
--	--	---	--



220:13,16,20	weren't	232:5,15	245:25 246:13
223:6	206:17,18	233:9	247:14
224:8,19	207:11 227:11	234:13,17	252:15,23
225:6,23	we've 197:19	235:6,18	253:17
226:1 227:24	265:11	236:13 237:3	254:5,25
228:4	what 191:14,19	238:14 239:8	255:9,12
231:4,8,17	192:10	240:23	256:5 258:12
232:16	195:11,14	241:2,4,7,8	259:6
234:16,22	196:11	242:18	260:1,2,11
236:10	198:13,20	244:3,12,19,2	266:7,12
239:4,9,19,20	199:23 203:25	0 245:13	269:7,10,19
,22 240:17	204:22	249:10,16,17	271:6
241:19	205:18,19	252:10 253:13	272:16,19
242:3,4,7,14	206:5,7,14	254:15	276:25
244:14,15	208:19,21	255:4,8,18,23	277:1,3,6
245:9,21	209:9,20,22	258:13,14,15	where 204:14
247:1,17,19	210:6,7,25	259:10 260:7	210:23
248:10,12,24	211:2,14	262:8,13,23	220:13,16
249:6,10	212:23,24	267:5 269:23	237:23 239:2
250:9	213:5,6,8	270:8,19	252:25
251:10,22	214:17 215:25	271:5,22	253:11,18,21,
252:7,24	216:13,18	273:21,25	23
253:19 254:19	217:7,8,23	275:19,24	254:6,19,25
258:17	218:1,4,7,10,	whatever 196:1	256:2,9,10,11
259:13,24	21,22 219:3	223:25	,25 257:17
262:1 267:18	221:2,6	what's 265:21	259:8,20,22
271:4,6 272:1	222:20	267:16	261:5 263:6
273:18 274:16	223:3,6,7,16,	whatsoever	264:12
275:4	24	200:24 201:4	whether
276:1,7,9,16,	224:7,8,19,21	when 191:11	200:9,11
18 277:2,10	,22	194:1 199:16	223:13 245:6
we're 219:19	225:2,3,4,5,6	202:8	248:19 256:24
238:19 252:11	,16,23,25	204:10,19	267:24 271:5
260:18	226:5,21	208:7 213:9	277:11
261:12,20,23	227:2,9,10,13	214:24	which 192:16
267:3 278:17	,14,16,19,20	217:10,25	194:15
Were 204:10	228:3,14,17,1	218:13 219:11	196:15,16
217:10 220:12	9	222:24 223:5	197:15
222:24	229:1,13,21,2	225:1 227:6	234:19,20
253:17,21	4	233:14,16	236:14
We're 195:6	230:4,6,7,8,9	234:7	263:2,21
232:18 278:18	231:2,7,10,14	239:4,20,23	265:18 267:18

<p>277:17 whichever 277:25 while 217:13 218:12 235:21 245:21 who 196:25 202:22 205:6 207:17 208:1 209:21 210:14 211:1,7,15 212:15 213:19 214:4 215:3 216:19 219:5 233:23 237:11 238:25 244:8 245:17 246:5,11 249:6,21,23 250:13 270:24 275:5 whose 237:10 why 191:7 225:2,24 231:5,6,12,13 ,14,17 232:15 234:9,13 235:20 242:3 244:2 246:16 248:19 260:25 261:11 262:6 275:12,13 will 194:20 201:6 212:19 215:14 241:4 248:22 252:14 271:2 273:15 278:1 Willem 237:10 272:3,5</p>	<p>274:9,12 William 276:18 wire 261:1,4 262:21 264:7 265:11 266:22 268:19,25 269:2,3,15 270:20 wired 260:20 with 191:24 192:8 194:6,12 195:15 198:2 200:1,9,14 202:15 203:2 204:6,7,18,19 205:15,24 206:2,11,16,1 8 207:11,16,25 209:5,6,11,19 ,21 210:1,9,14 211:1,16 214:25 215:2,4,13 216:8,11 218:13 220:4,13,21,2 4 222:17 224:15 225:18 227:23 228:1,22 230:3,12,14,1 9 232:16 234:8,10,12 236:1,13,24 237:9,10,12,1 4 240:18 241:3,11,15,1 6,20 242:11 243:3,7,13,18</p>	<p>,22,24 244:23 246:17 247:5 248:9 249:9,14,25 250:4,11,13 251:10 252:4 254:13 256:17,22,23 259:7,18,25 260:7 264:25 265:2 266:8,17,22,2 4 267:9 268:8 269:8,20 272:3 273:12,16 274:2,8,11,15 ,17,25 275:6 276:13,24 280:13 withdraw 198:24 without 267:25 268:12 witness 189:2 192:5 199:9,22 201:15 202:2 212:16 213:1 216:4 217:13,14 219:14 220:12 221:20,22,23 222:10,11,13 223:18,21 224:4 228:6,9 248:15 253:6 256:14,20 257:20,24 261:19 262:4 268:6 278:2,16,20,2</p>	<p>4 279:2 280:16 281:9 witnessed 209:13 210:12 220:3 wonder 235:12 word 275:10,13 work 200:1 204:1,11 206:2,6 217:4,11 218:2,13,19 222:21,25 223:6,8 225:19 226:1,2 227:2,5,12 229:19 241:22 242:1 243:22,24 244:2 248:20 250:8 271:15 worked 203:9 222:21 227:3,16 248:23 working 202:20 203:1 206:17 212:3 217:13 218:13 227:11 230:18 232:14 243:20 245:21 256:9 271:17 would 195:11 196:16 198:13,14 201:22 203:19 207:6 208:14 209:2 212:18 214:15,16</p>
---	--	---	---



215:14,15,16	yeah 195:13	244:7,14,24	,22
220:3	196:9 205:10	245:24	201:2,9,14,18
223:11,12	221:19 226:13	246:11,15,22	202:2,4,16,17
226:16	232:1 234:3	247:10,13	,18,22,24
228:24,25	235:19 236:4	249:22 250:19	203:1,2,4,7,2
230:11,14	237:18 238:23	251:8,24	4
233:2,18	254:24	252:9,21	204:1,4,6,8,1
236:13 238:2	261:9,20,25	253:15 254:11	0,16,19
241:3	268:2	258:1,8,23	205:10,11,15,
242:9,11	year 271:20	260:3,22	16,22
246:1 248:9	years 203:1	261:23	206:7,13,16,1
249:13	212:2,6	262:16,19,22	7,24,25
254:8,11,12	216:21 248:24	263:3,5,9,10,	207:1,5,10,11
256:6 259:11	256:9 258:18	11,25	,16,20,21,25
261:25 262:25	271:13,17,19	264:18,22	208:3,7,9,11,
264:24 265:2	277:1,8	267:21	15,16,21,24
266:8,17,18,2	yes 191:13	268:17,21,24	209:3,7,10,12
0 269:2,12	192:23,25	269:5,18	,13,17,20,22
271:20 274:14	193:12 194:24	270:1,12	210:5,9,11,12
276:22 277:7	197:8 198:22	271:8,12,16,2	,13,16,24
278:8,9	201:15 202:19	5 273:3,5,19	211:3,7,9,11,
wouldn't	203:3,19,22	274:23 275:8	15,19,24
230:16 244:17	206:11,12	276:12,23	212:3,11,14,1
write 267:3	207:6,14	277:9,14	6,23,24,25
writes 195:25	209:2,8	278:7,11	213:5,8,9,10,
writing	211:10	yet 261:6	11,13,16,18,2
194:14,17	212:7,12	YORK 188:13	0
written 265:18	214:3,12	you	214:1,4,14,15
267:6	216:23 217:3	191:5,7,10,11	,16
269:24,25	218:20 222:12	,14,19	215:4,5,6,9,1
270:19 275:2	224:4,17	192:6,9,11,15	5,18,20,21,22
WY 195:11	227:18	,22	,23,25
Wyoming 192:17	230:4,10	193:2,13,14,2	216:1,2,7,12,
195:16,20	231:1	0,21,25	13,14,15,18,1
196:2,14,17	232:6,8,23	194:4,7,9,21	9
197:14,21	236:16,20	195:7,8,12,22	217:1,4,7,10,
209:6,19	237:2,8,21	196:3,4,20,21	13,16,17,25
210:7,17	238:8,12	197:3,4,6,12,	218:5,6,12,13
<hr/>	239:4,23	17	,18
<hr/>	240:9 241:1	198:4,7,8,9,1	219:2,4,8,9,1
<hr/>	242:17	8 199:1,3,8	0,16,18,22,25
<hr/>	243:5,16,19	200:5,6,16,18	220:2,3,11,12
<hr/>			,20



221:1, 3, 10, 11 , 12, 17, 22 222:6, 8, 10, 19 , 20, 21, 24 223:3, 5, 15, 16 , 17, 18, 22 224:1, 3, 6, 9, 1 3, 15, 21, 22, 23 , 24 225:1, 2, 5, 7, 8 , 14, 15, 18, 25 226:2, 11, 20, 2 3, 25 227:1, 2, 4, 8, 1 1, 13, 15, 20 228:4, 8, 11, 13 , 14, 16, 17, 18, 22 229:13, 21, 22, 24 230:3, 5, 6, 7, 8 , 9, 12, 13, 14, 1 6, 17, 24 231:3, 4, 5, 6, 8 , 12, 16, 17, 18, 25 232:5, 9, 15, 16 , 22 233:2, 14, 15, 1 6, 21, 24 234:2, 9, 11, 25 235:6, 13, 19, 2 0, 22 236:6, 13, 15 237:23 238:4, 5, 13, 14 , 15, 20, 21 239:8, 12, 14, 1 6, 20, 24 240:2, 6, 8, 10, 16, 17, 19, 20, 2 1, 24 241:9, 25 242:3, 13	243:14, 15 244:1, 8, 13 245:1, 10, 16, 2 1, 22, 25 246:2, 9, 13, 14 , 16, 20, 21 247:3, 7, 15, 25 248:9, 16, 17, 1 9, 20, 21, 23, 24 , 25 249:1, 2, 5, 20, 24 250:9, 13, 15, 1 6, 18, 21, 22 251:7, 9, 13, 16 , 21, 25 252:3, 6, 7, 8, 1 1, 13, 16, 23, 25 253:1, 9, 10, 11 , 13, 14, 17, 18, 19, 21, 22 254:4, 7, 13, 17 , 19, 20 255:4, 5, 7, 8, 9 , 16, 18, 19, 25 256:1, 3, 5, 9, 1 1, 23 257:4, 7, 19 258:8, 11, 12, 1 3, 14, 16, 17, 18 , 19, 21, 24 259:2, 4, 8, 15, 17, 18, 24, 25 260:1, 4, 6, 11, 15, 17, 20 261:12, 17, 19 262:14, 20 263:7, 14, 21 264:10, 24 265:2, 4, 14, 22 , 24 266:8, 13, 17, 1 8, 20, 22	267:7, 18, 24 268:1, 2, 4, 8, 1 2, 15, 16, 18, 20 , 22 269:14, 19 270:10, 15 271:4, 5, 6, 7, 1 0, 11, 13, 18, 22 272:1, 3, 16, 17 , 20, 25 273:1, 4, 11, 12 , 15, 18, 20 274:3, 7, 11, 20 , 21, 24 275:3, 4, 6, 9, 1 2, 13, 17, 20, 21 276:1, 6, 7, 9, 1 1, 13, 22, 24 277:1, 2, 10, 11 , 13, 18, 24 your 193:4, 5 196:10 197:1, 2, 9, 22 201:6 202:20 203:20 205:14, 18, 20 206:4 207:23 208:14, 20 209:7, 21 210:2, 6 211:2 212:23 213:4 218:3, 4, 10, 11 219:24 220:23 221:17 223:8, 15 224:3, 6, 22 225:3, 22 227:9, 10, 19, 2 0 228:18, 23 229:18 231:10 232:4, 21, 24 233:23 235:15 238:1, 3 239:3, 18, 19	242:18, 19 249:6, 12, 14 251:20 254:1 259:19 261:17 264:3 265:15 267:11, 12, 16, 17 268:8 271:9, 10 272:25 273:25 278:14 you're 194:2 199:24 202:9 214:25 215:3 216:7 223:8, 16 224:15 225:16 230:18, 20 232:13, 21 235:7, 17 239:16 255:3 256:7, 10 257:16 264:6 266:4 268:3 275:20, 22 277:15, 25 yourself 195:4 you've 191:11 224:18, 25 <hr/> <p style="text-align:center">Z</p> <hr/> Zingerelli 236:23 237:11 272:14, 16 273:1, 13, 15, 2 3 274:3, 15 Zingerelli's 272:9 274:4 ZOOM 188:6, 10, 15, 1 9, 23
---	--	---	---

1 UNITED STATES DISTRICT COURT
 2 SOUTHERN DISTRICT OF FLORIDA
 3
 4 SECURITIES AND EXCHANGE)
 5 COMMISSION,)
 6 Plaintiff,)
 7 vs.) CASE NO.
 8) 20-CV-81205-RAR
 9 COMPLETE BUSINESS SOLUTIONS)
 10 GROUP, INC. D/B/A PAR)
 11 FUNDING ET AL.,)
 12)
 13 Defendants, and)
 14)
 15 L.M.E. 2017 FAMILY TRUST,)
 16)
 17 Relief Defendant.)
 18 _____)
 19
 20 REMOTE VIDEOTAPED DEPOSITION OF
 21 JOEL GLICK, CPA, CFF, CFE
 22 Thursday, September 2, 2021
 23
 24 Reported by:
 25 Denise Sankary,
 RPR, RMR, CRR
 Job No. 210902DSA

1

1 UNITED STATES DISTRICT COURT
 2 SOUTHERN DISTRICT OF FLORIDA
 3
 4 SECURITIES AND EXCHANGE)
 5 COMMISSION,)
 6 Plaintiff,)
 7 vs.) CASE NO.
 8) 20-CV-81205-RAR
 9 COMPLETE BUSINESS SOLUTIONS)
 10 GROUP, INC. D/B/A PAR)
 11 FUNDING ET AL.,)
 12)
 13 Defendants, and)
 14)
 15 L.M.E. 2017 FAMILY TRUST,)
 16)
 17 Relief Defendant.)
 18 _____)
 19
 20 Remote videotaped deposition of JOEL
 21 GLICK, CPA, CFF, CFE, taken on behalf of Plaintiff,
 22 all parties appearing remotely, commencing at
 23 10:07 a.m. and ending at 8:09 p.m., on Thursday,
 24 September 2, 2021, before Denise Sankary, RPR, RMR,
 25 CRR, and Notary Public of the State of Florida,
 pursuant to notice.

2

1 APPEARANCES (All appearing remotely):
 2
 3 For the Plaintiff:
 4 UNITED STATES SECURITIES AND EXCHANGE COMMISSION
 5 BY: AMIE RIGGLE BERLIN, ESQUIRE
 6 801 Brickell Avenue, Suite 1800
 7 Miami, Florida 33131
 8 Telephone: 305-982-6300
 9 Email: berlina@sec.gov
 10
 11 On behalf of Ryan Stumphauzer, Court-Appointed
 12 Receiver:
 13
 14 STUMPHAUZER FOSLID SLOMAN ROSS & KOLAYA
 15 BY: TIMOTHY KOLAYA, ESQUIRE
 16 One Biscayne Tower
 17 2 South Biscayne Boulevard, Suite 1600
 18 Miami, Florida 33131
 19 Telephone: 305-614-1400
 20 Email: tkolaya@sflslaw.com
 21
 22 and
 23
 24 PIETRAGALLO GORDAN ALFANO BOSICK & RASPANTI, LLP
 25 BY: GAETAN ALFANO, ESQUIRE
 1818 Market Street, Suite 3402
 Philadelphia, Pennsylvania 19103
 Telephone: 215-988-1441
 Email: gja@pietragallo.com
 On behalf of Joseph LaForte:
 FRIDMAN FELS & SOTO, PLLC
 BY: ALEJANDRO SOTO, ESQUIRE
 2525 Ponce De Leon Boulevard, Suite 750
 Coral Gables, Florida 33134
 Telephone: 305-569-7701
 Email: asoto@ffslawfirm.com

3

1 APPEARANCES (All appearing remotely):
 2
 3 On behalf of Joseph Cole Barleta:
 4 LAW OFFICES OF BETTINA SCHEIN
 5 BY: BETTINA SCHEIN, ESQUIRE
 6 565 Fifth Avenue, 7th Floor
 7 New York, New York 10017
 8 Telephone: 212-880-9417
 9 Email: bschein@bettinascheinlaw.com
 10
 11 On behalf of Perry Abbonizio:
 12 MARCUS NEIMAN RASHBAUM & PINEIRO, LLP
 13 BY: JEFFREY MARCUS, ESQUIRE
 14 One Biscayne Tower
 15 2 South Biscayne Boulevard, Suite 2530
 16 Miami, Florida 33131
 17 Telephone: 305-400-4260
 18 Email: jmarcus@mnrlawfirm.com
 19
 20 On behalf of Joseph LaForte:
 21 KOPELOWITZ OSTROW FERGUSON WEISELBERG GILBERT
 22 BY: DAVID FERGUSON, ESQUIRE
 23 BY: JOSH LEVINE, ESQUIRE
 24 1 West Las Olas Boulevard, 5th Floor
 25 Fort Lauderdale, Florida 33301
 Telephone: 954-525-4100
 Email: ferguson@kolawyers.com
 Email: levine@kolawyers.com
 On behalf of Dean Vagnozzi:
 AKERMAN, LLP
 BY: BRIAN MILLER, ESQUIRE
 Three Brickell City Centre
 98 SE 7th Street, Suite 1100
 Miami, Florida 33131
 Telephone: 305-374-5600
 Email: brian.miller@akerman.com

4

<p>1 APPEARANCES (All appearing remotely): 2 3 On behalf of Dean Vagnozzi: 4 BOCHETTO and LENTZ 5 BY: GEORGE BOCHETTO, ESQUIRE 6 1524 Locust Street 7 Philadelphia, Pennsylvania 19102 8 Telephone: 215-735-3900 9 Email: gbochetto@bochettoandlentz.com 10 11 On behalf of Michael Furman: 12 MILLENNIAL LAW, INC. 13 BY: ZACHARY HYMAN, ESQUIRE 14 501 East Las Olas Boulevard, Suite 200/308 15 Fort Lauderdale, Florida 33301 16 Telephone: 954-271-2719 17 Email: zach@millenniallaw.com 18 19 ALSO PRESENT: 20 Joseph LaForte 21 Joseph Cole 22 Michael Furman 23 Nancy Holmstock, Videographer 24 25</p> <p style="text-align: center;">5</p>	<p>1 Exhibit 97 Complete Business Solutions 232 Group, Inc. Customer Open Balance as of July 27, 2020 2 3 Exhibit 98 Complete Business Solutions 234 Group, Inc. Customer Open Balance as of July 27, 2020 4 5 Exhibit 99 Complete Business Solutions 258 Group, Inc. Customer Open Balance as of July 27, 2020 6 7 Exhibit 100 Complete Business Solutions 261 Group, Inc. Customer Open Balance as of July 27, 2020 8 9 Exhibit 102 Complete Business Solutions 264 Group, Inc. Customer Open Balance as of July 27, 2020 10 11 Exhibit 104 Complete Business Solutions 202 Group, Inc. A/R Aging Summary as of December 31, 2012 12 13 Exhibit 105 Summary of QB A/R Aging as of 230 7/27/2020 14 15 Exhibit 106 2021 Small Business Credit 133 Survey 16 Exhibit 107 2017 Survey 135 17 Exhibit 108 Printout from investor.gov 49 titled Ponzi Scheme 18 19 Exhibit 109 Mr. Glick's Expert Report in 147 the Rothstein, Rosenfeldt, Adler bankruptcy case 20 21 Exhibit 110 SEC v. Quiros Notice 64 22 23 Exhibit 111 Eleventh Circuit Court of 63 Appeals case In Re: Rothstein, Rosenfeldt, Adler, P.A. 24 25 Exhibit 112 Client Group count and amount 79 document</p> <p style="text-align: center;">7</p>
<p>1 INDEX 2 WITNESS. EXAMINATION 3 JOEL GLICK, CPA, CFF, CFE 4 BY MS. BERLIN 12 5 6 EXHIBITS 7 No. Page 8 Exhibit 88 Subpoena to Testify at a 12 Deposition in a Civil Action for Joel Glick 9 10 Exhibit 89 Nonparty Joel Glick's 18 Objections and Responses to the SEC's Subpoena for Documents 11 12 Exhibit 90 April 15, 2021 Declaration of 31 Joel Glick 13 14 Exhibit 91 07/13/21 Declaration of Joel 281 Glick 15 Exhibit 92 August 13, 2021 Expert Report 296 from Joel Glick 16 17 Exhibit 93 Complete Business Solutions 161 Group, Inc. and Affiliate Consolidated Financial Statements Year Ended December 31, 2017 and Independent Auditors' Report 18 19 Exhibit 94 Complete Business Solutions 159 Group, Inc. and Affiliate Consolidated Financial Statements Year Ended December 31, 2017 and Independent Auditors' Report 20 21 Exhibit 95 FASB Accounting Standards 191 Update No. 2016-13 June 2016 22 23 Exhibit 96 Receiver's presentation to the 232 Court 24 25</p> <p style="text-align: center;">6</p>	<p>1 Exhibit 113 Client Group count and amount 80 document 2 Exhibit 114 Monthly TF Analysis 80 3 Exhibit 115 Complete Business Solutions 271 Group, Inc. Profit and Loss November 1, 2011 through July 27, 2020 4 5 6 Exhibit 116 Complete Business Solutions 275 Group, Inc. Balance Sheet as of July 27, 2020 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25</p> <p style="text-align: center;">8</p>

1 Thursday, September 2, 2021
2 10:07 a.m. - 8:09 p.m.
3
4 THE VIDEOGRAPHER: We are on the record.
5 This is Video Number 1, video deposition of
6 Joel Glick in the matter of Securities and
7 Exchange Commission versus Complete Business
8 Solutions Group Inc. doing business as Par
9 Funding, et al., pending before the United
10 States District Court, Southern District of
11 Florida, Case Number 20-CV-81205.
12 This deposition is being held remotely by
13 WebEx videoconferencing. The physical video
14 recording is held in Culpeper, Virginia on
15 September 1, 2021 [sic]. The time is now
16 10:07 p.m. [sic] Eastern Time.
17 My name is Nancy Holmstock, legal video
18 specialist from the firm Gradillas Court
19 Reporters. Court reporter today is Denise
20 Sankary with Gradillas Court Reporters.
21 For the record, will counsel now please
22 introduce yourselves and state whom you
23 represent, starting with the taking attorney.
24 MS. BERLIN: Yeah, good morning. This is
25 Amie Riggle Berlin for the U.S. Securities and

9

1 Exchange Commission.
2 MR. ALFANO: Gaetan Alfano on behalf of
3 the receiver.
4 MR. KOLAYA: Timothy Kolaya on behalf of
5 the receiver.
6 MR. SOTO: Alejandro Soto, counsel for
7 defendant LaForte, and my firm hired
8 Mr. Glick's firm.
9 MR. LEVINE: Joshua Levine, co-counsel for
10 defendant LaForte.
11 MS. SCHEIN: Bettina Schein, counsel for
12 Joe Cole.
13 MR. MARCUS: Jeff Marcus, counsel for
14 Perry Abbonizio.
15 MR. FERGUSON: Dave Ferguson, counsel for
16 Joseph LaForte.
17 MR. MILLER: Brian Miller from Akerman for
18 defendant Vagnozzi, and my co-counsel George
19 Bochetto is on as well.
20 MR. BOCHETTO: That's me, thanks.
21 THE VIDEOGRAPHER: Anyone else?
22 MS. BERLIN: Mr. Furman, are you there?
23 MR. FURMAN: Yeah, Michael Furman. I'm on
24 for myself.
25 THE VIDEOGRAPHER: Will the court reporter

10

1 please administer the oath.
2 THE COURT REPORTER: Sure.
3 Mr. Glick, would you raise your right
4 hand, please?
5 Do you swear the testimony you're about to
6 give today will be the truth, the whole truth,
7 and nothing but the truth?
8 THE WITNESS: I do.
9 Thereupon:
10 JOEL GLICK, CPA, CFF, CFE
11 having been first duly sworn, was examined and
12 testified as follows:
13 THE WITNESS: I heard someone say
14 September 1st. Today is the 2nd, just for
15 clarification.
16 THE COURT REPORTER: Thank you.
17 THE VIDEOGRAPHER: Sorry, can we go off
18 the record for a second?
19 MS. BERLIN: Sure.
20 THE VIDEOGRAPHER: The time is now
21 10:09 p.m. -- a.m. Going off the record.
22 (Recess taken.)
23 THE VIDEOGRAPHER: We're back on the
24 record. The time is now 10:10 a.m. on
25 September 2, 2021.

11

1 EXAMINATION
2 BY MS. BERLIN:
3 Q. Thank you.
4 Good morning, Mr. Glick. My name is Amie
5 Riggle Berlin. I'm senior trial counsel with
6 Securities and Exchange Commission.
7 If you need to take a break at any time,
8 just let me know and we will accommodate you. And
9 if you don't understand a question that I ask, just
10 let me know and I'll rephrase it, okay?
11 A. Sounds good.
12 Q. Okay. I wonder if we could please show
13 the exhibit marked as 88.
14 (Thereupon, marked as Exhibit 88.)
15 MS. BERLIN: Thank you. Can we enlarge it
16 a bit?
17 BY MS. BERLIN:
18 Q. Mr. Glick, I'm showing you what we've
19 marked as Exhibit 88. It's a subpoena to testify
20 and to produce documents.
21 MS. BERLIN: Can we scroll down, please,
22 in the exhibit to the next page.
23 BY MS. BERLIN:
24 Q. Do you recognize this document?
25 A. I do.

12

1 Q. And did you receive this subpoena?
 2 A. Not directly, but through counsel, yes.
 3 Q. And did you understand that you -- that
 4 documents were due pursuant to the subpoena in July
 5 of this year?
 6 A. I -- no. My understanding was that the --
 7 when the deposition was rescheduled from the
 8 original date -- I -- let's back up.
 9 I -- I didn't see this document until, I
 10 guess, a week -- a week ago, so I had no idea of the
 11 original date. I just knew when my depo was
 12 scheduled for today, and it had been canceled once
 13 before.
 14 Q. Okay. So my question is a little
 15 different. It sounds like if you just saw this for
 16 the first time a week ago, you were not aware of the
 17 fact that documents were due pursuant to the
 18 subpoena in July.
 19 Is that a fair statement?
 20 A. That's correct.
 21 Q. Okay.
 22 MS. BERLIN: And can we please scroll down
 23 to the next page of the document. Continue
 24 scrolling, please. Thank you. Can you stop
 25 there.

13

1 BY MS. BERLIN:
 2 Q. Did you produce all of the documents
 3 that -- I'm showing you the Attachment A to the
 4 subpoena that was issued to you.
 5 Do you see that on your screen?
 6 A. I do.
 7 Q. Did you produce all of the documents
 8 requested in Attachment A?
 9 A. I believe, to the best of my ability, I
 10 did, to the best of my knowledge.
 11 MS. BERLIN: Can we scroll down to the
 12 next page, please, and scroll down to Item 17,
 13 please.
 14 BY MS. BERLIN:
 15 Q. Do you see where Item 17, you were
 16 subpoenaed to produce all of your work papers?
 17 It says, "All work papers created by
 18 Mr. Glick and those employees, agents, and
 19 contractors he supervises prepared in connection
 20 with this case."
 21 Do you see that?
 22 A. I do.
 23 Q. Okay. Did you -- did you produce all of
 24 your work papers?
 25 A. I believe I produced all the work papers I

14

1 felt were relevant to my declaration.
 2 Q. Do you have work papers that you did not
 3 produce because you deemed them not relevant?
 4 A. Well, I had -- I had work papers related
 5 to other -- other reports or -- or declarations that
 6 weren't requested in this subpoena.
 7 Q. So this subpoena is asking you for all of
 8 your work papers prepared in connection with this
 9 case.
 10 You see that, right?
 11 A. Well -- well, if you want to go to the
 12 top, the subpoena is actually a little confusing
 13 because you defined the term "declaration" and it's
 14 used throughout, so I assumed that this was related
 15 to my original declaration.
 16 Q. Well, Mr. Glick, the word "declaration"
 17 doesn't even appear in Item 17. I'm going to read
 18 it for the record. Item 17, you were subpoenaed to
 19 produce, quote, "all work papers created by
 20 Mr. Glick and those employees, agents, and
 21 contractors he supervises prepared in connection
 22 with this case."
 23 Did I read that correctly?
 24 A. You did.
 25 Q. Okay. So I'm going to ask again, are

15

1 there any work papers that were prepared in
 2 connection with this case that were not produced?
 3 A. I'm sure --
 4 MS. BERLIN: I hear a clicking sound. I'm
 5 not sure whose phone that is, but I wonder if
 6 you could mute yourself. Thank you.
 7 BY MS. BERLIN:
 8 Q. Mr. Glick, can you answer the question?
 9 A. I did. I said -- I said I believe that.
 10 Q. I didn't hear you.
 11 A. My guess is there probably are.
 12 Q. Okay. So what additional work papers did
 13 you -- do you have that were not produced? Can you
 14 describe them?
 15 A. Off the top of my head, no, because, as I
 16 said -- is I've issued two declarations, a report
 17 and a rebuttal report, and there were a lot of
 18 schedules for each one of those. So off the top of
 19 my head, I couldn't tell you what was or -- what
 20 does currently exist or doesn't exist.
 21 Q. Well -- and so let me -- I'll -- I'll tell
 22 you that you produced three things. One was a
 23 true/false chart that's six pages long, and then
 24 yesterday, we received two other schedules, and that
 25 is all.

16

1 So are there more than those three
2 documents that you produced that reflect your work
3 paper for work done in connection with this case?
4 MR. SOTO: Objection. Asked and answered.
5 A. The answer was yes, there are.
6 BY MS. BERLIN:
7 Q. And who made the decision not to -- to
8 produce them? Did you -- did you -- did you decide
9 on your own not to turn them over?
10 A. I already explained how I -- how I
11 interpreted the subpoena to relate to the
12 declaration.
13 Q. Right. But you now see that this request
14 does not reference your declaration at all. Request
15 Number 17 does not reference your declaration at
16 all, Mr. Glick.
17 Do you read it -- do you see the word
18 "declaration" in there? I just want to make sure
19 we're looking at the same document on the screen
20 because I'm not the one sharing the screen?
21 MR. SOTO: Objection. Form.
22 Argumentative.
23 A. We are looking at the same document, and
24 for the fourth time, no, the word "declaration"
25 doesn't appear in Item Number 17, but I take the

17

1 subpoena to mean the word "declaration."
2 BY MS. BERLIN:
3 Q. Okay. So if I understand correctly, you
4 didn't produce when the subpoena required it because
5 you didn't have the subpoena until more than a month
6 or at least a month after the date your documents
7 were due, and you have additional work papers that
8 are responsive to Item 17 that you haven't yet
9 produced; is that fair?
10 A. That's a correct statement.
11 Q. Okay. And you don't recall -- sitting
12 here, you can't tell us off the top of your head,
13 sitting here today, what those work papers are that
14 have not been produced.
15 Did I understand you correctly?
16 A. That is correct.
17 Q. Okay.
18 MS. BERLIN: I wonder if we could please
19 show Exhibit 89.
20 (Thereupon, marked as Exhibit 89.)
21 BY MS. BERLIN:
22 Q. Have you seen -- I'm showing you
23 Exhibit 89, which is -- says, "Nonparty Joel Glick's
24 objections and responses to the SEC's subpoena for
25 documents."

18

1 Do you see that?
2 A. I do.
3 Q. Okay.
4 MS. BERLIN: And I wonder if we could
5 please scroll to the end of this document and
6 continue to the last page. Thank you.
7 BY MS. BERLIN:
8 Q. And this is dated October 23, 2021?
9 A. August 23rd.
10 Q. I'm sorry, August 23, 2021?
11 A. It is.
12 Q. Did you review the responses in
13 Exhibit 89?
14 A. I did.
15 Q. Okay. Are these responses true?
16 MR. SOTO: Objection. Some of these
17 responses are legal responses.
18 A. I was actually going to say, I was going
19 to read it. But any reference to Rule 26 is -- I'm
20 not a lawyer, so that would be -- I'm not going to
21 question counsel's knowledge of the law, so if he
22 references a legal statute...
23 BY MS. BERLIN:
24 Q. Okay. So do you see here for Item 17
25 what -- we just looked at that in the subpoena. Do

19

1 you see that your response to Item 17 is, quote,
2 "Mr. Glick objects on the grounds of work product,
3 as the work papers he created for his declaration
4 constitute drafts protected from disclosure under
5 Federal Rule of Civil Procedure 26(b)(4)(B). Any
6 schedules prepared in final and used to support
7 Mr. Glick's opinions will be electronically produced
8 contemporaneously with the service of this
9 response."
10 Do you see that?
11 A. I do.
12 Q. Okay. So when this response was -- was
13 served to the SEC, you produced one schedule which
14 was a true/false schedule.
15 Is that the only schedule that you relied
16 on in preparing the declaration that you're
17 referencing in your response to 17?
18 A. No, I believe, as you mentioned earlier,
19 that there were two other schedules that were also
20 provided, and again, as it relates to the
21 declaration, those were the three that I thought
22 were responsive to your request.
23 Q. Okay. So the two schedules that you
24 produced yesterday to us, am I understanding you
25 correctly that those were prepared in connection

20

1 with a declaration and not in connection with your
 2 expert report?
 3 **A.** They were prepared in connection with the
 4 April declaration which was referenced in the
 5 subpoena.
 6 **Q.** Okay. And then there are -- in addition
 7 to those three, you have additional work papers and
 8 schedules for the -- for the declaration?
 9 **A.** I don't --
 10 MR. SOTO: Mischaracterizes his testimony.
 11 **A.** I don't believe to the declaration. I
 12 believe I answered, for the declaration, I sent -- I
 13 provided what I believed was responsive. What I
 14 didn't produce was any similar type of schedules or
 15 work papers, as you call them, responsive to my
 16 second declaration in my report or my rebuttal
 17 report.
 18 BY MS. BERLIN:
 19 **Q.** Okay. So I'm sorry, I'm confused. So
 20 we're just going to break this down.
 21 With respect to your declaration, so your
 22 first declaration, that was dated as April 2020; is
 23 that right?
 24 **A.** April '21. It was a typo, but yes.
 25 **Q.** Okay, April '21, yeah? Okay. So for the

21

1 April '21 declaration, are we correct in
 2 understanding that you prepared the three schedules
 3 that you have produced, the one true/false schedule
 4 and then the two additional schedules that you
 5 produced yesterday, and that you have additional
 6 schedules in connection with that April 2021
 7 declaration that you chose not to produce?
 8 MR. SOTO: Objection to form.
 9 BY MS. BERLIN:
 10 **Q.** Am I understanding you correctly?
 11 **A.** No, you're not.
 12 **Q.** Okay. So why don't you explain it again?
 13 MR. SOTO: Objection. Asked and answered.
 14 BY MS. BERLIN:
 15 **Q.** I don't think it's clear. We're trying to
 16 understand, you have additional schedules or work
 17 papers for the April 2021 declaration other than --
 18 other than the three that you produced, and I wonder
 19 if you could just give us a clear answer on that?
 20 MR. SOTO: Objection. His answer was
 21 clear. Objection to the form. Objection.
 22 Asked and answered.
 23 You can answer, Mr. Glick.
 24 **A.** I'm just going to wait until you guys are
 25 done, that's all.

22

1 MR. SOTO: You can answer, Mr. Glick.
 2 **A.** I think this response is -- is clear as a
 3 position that's being taken, which is, the three
 4 documents that you received fit into that last
 5 sentence: Any schedule prepared in final and
 6 used -- used as support for my opinions was
 7 provided. Anything that's draft was not provided
 8 because it's considered a draft. It goes along with
 9 a draft report.
 10 BY MS. BERLIN:
 11 **Q.** So the three schedules that you produced
 12 are the only final schedules that you prepared in
 13 connection with the April 2021 declaration; is that
 14 correct?
 15 **A.** Yeah. Everything else was a table or a
 16 snapshot in the report itself.
 17 **Q.** And then you have -- for your subsequent
 18 declaration and your expert report, you produced
 19 none of your work papers; is that accurate?
 20 **A.** We've established that, yes.
 21 MS. BERLIN: We're going to have to take a
 22 five-minute, ten-minute break at this point,
 23 and we'll go off the record. Thank you. We'll
 24 come back at 10:40.
 25 THE VIDEOGRAPHER: The time is now

23

1 10:26 a.m. Going off the record.
 2 (Recess taken.)
 3 THE VIDEOGRAPHER: We're back on the
 4 record. The time is now 10:40 a.m.
 5 BY MS. BERLIN:
 6 **Q.** Mr. Glick, are you willing to produce all
 7 of your work papers in connection with this case?
 8 **A.** Well, so can we -- just for clarification,
 9 if it would be easier and then I can answer the
 10 question if you want to put the subpoena back up.
 11 **Q.** I'm -- I'm -- Mr. Glick, I'm asking you a
 12 question.
 13 Are you willing to produce all of your
 14 work papers that were prepared in connection with
 15 this case?
 16 MR. SOTO: And Ms. Berlin, he is asking if
 17 you can put up the last exhibit, the subpoena,
 18 in order to answer that question.
 19 BY MS. BERLIN:
 20 **Q.** I don't -- unfortunately, Mr. Glick, I
 21 just ask the questions.
 22 **A.** I understand.
 23 **Q.** And my question is simple. Will you or
 24 will you not produce all of your work papers in
 25 connection with this case?

24

1 **A.** Are you referring to -- are you referring
2 to the subpoena?
3 **Q.** Mr. Glick, I'm just asking you a question.
4 Will you or will you not -- I'm not sure
5 what the -- why it seems to be a bit of a combative
6 subject for you, but I'm just asking a simple
7 question. Will you or will you not --
8 **THE COURT REPORTER:** I'm sorry, I need one
9 at a time, please. Thank you.
10 **BY MS. BERLIN:**
11 **Q.** Mr. Glick -- Mr. Glick, please don't
12 interrupt me.
13 **MS. SCHEIN:** Objection to the form.
14 **BY MS. BERLIN:**
15 **Q.** Will you or --
16 **MR. SOTO:** Objection to the form.
17 Objection. He isn't interrupting you. You
18 need to let him -- you need to let him complete
19 his thoughts when he's speaking. You're
20 speaking over him. He did speak over you. It
21 wasn't intentional.
22 **Ms. Berlin,** continue your question.
23 **MS. SCHEIN:** I want to lodge -- I want to
24 lodge an objection to form. It's not clear
25 "work papers" what you're referring to.

25

1 Objection to form.
2 **BY MS. BERLIN:**
3 **Q.** Okay. So Mr. Glick, will you produce your
4 work papers in connection with your work in this
5 case, and that would mean in connection with the two
6 declarations that you issued and executed and your
7 expert report?
8 **MR. SOTO:** Objection. Mr. Glick is asking
9 you whether you're asking him to produce
10 documents in response to the existing subpoena
11 or whether you're going to issue some other
12 subpoena. That is his question. He wants
13 clarification. He's asked for it twice.
14 **BY MS. BERLIN:**
15 **Q.** Mr. Glick, please answer the question.
16 **A.** So the answer is, as it relates to this
17 subpoena and this -- the -- the declaration that's
18 covered under this subpoena, the answer is yes, I
19 will to the extent they exist. To any other report
20 that didn't exist, the answer is, if I get a
21 subpoena, then I will adhere to that subpoena.
22 **Q.** Okay. So you're taking -- you're taking
23 the position that the subpoena we issued to you that
24 asked -- that we read into the record, that Item 17,
25 you believe it does not relate to all of your work

26

1 papers in this case, and therefore, you're refusing
2 to produce your work papers in connection with
3 your -- both declarations and your expert report
4 unless the SEC issues a new subpoena to you.
5 **Am I understanding you correctly?**
6 **MR. SOTO:** Ms. Berlin, I'm objecting to
7 this question. You're asking him to respond
8 to -- give you a response with respect to a
9 legal document, a subpoena. When you issued
10 the subpoena, no other reports --
11 **MS. BERLIN:** Mr. Soto --
12 **MR. SOTO:** Ms. Berlin, I have a right to
13 state my objection, and I'm stating it. Please
14 don't interrupt me.
15 **At the time that you issued the subpoena,**
16 **no other declarations or reports existed, and**
17 **Mr. Glick responded to the subpoena you**
18 **requested based on the declarations that**
19 **existed at the time that you issued the**
20 **subpoena. There was only one, and there was**
21 **only one defined in that subpoena.**
22 **THE WITNESS:** Can I just clarify --
23 **MS. BERLIN:** I would like to just -- I
24 would like to just make an objection to the
25 speaking objection.

27

1 **BY MS. BERLIN:**
2 **Q.** And Mr. Glick, the question is simple, and
3 if you could just answer it because you have -- you
4 have admitted that you have additional work papers
5 that you did not produce and that you only saw the
6 subpoena a week ago. A Court can decide what you're
7 required to produce.
8 **I am asking you if you will produce your**
9 **other work papers, and if you could answer that, we**
10 **will move on to the substance of your deposition**
11 **today. But it's 10:45 a.m. --**
12 **A.** Okay.
13 **Q.** -- and the issue with you producing your
14 work papers seems to be an issue we did not
15 anticipate. So I'm simply trying to find out, so
16 I'm going to ask my question again, and if you could
17 answer it and then we will move on. And you can
18 speak as long as you would like about the subpoena.
19 **But my question is very simple, and here it is.**
20 **Are you ready?**
21 **A.** I'm ready.
22 **Q.** Okay. Will you produce all of your work
23 papers in connection with all work that you did in
24 connection with this case?
25 **MS. SCHEIN:** Objection to form and

28

1 objection to the repeated questions about
 2 production which were not part of the SEC's
 3 subpoena.
 4 **A.** I'm ready to answer when everybody else
 5 stops talking.
 6 Ms. Berlin, I'm just asking you because
 7 you asked me not to interrupt you. Last time I
 8 started answering, you interrupted, so you just said
 9 I could talk -- I could respond as long as I want,
 10 so please let me finish.
 11 It is --
 12 **Q.** Mr. -- excuse me. This is being video
 13 recorded, and it will be clear. I am not
 14 interrupting you. I haven't spoken. It has been
 15 silent. So I'm not sure what -- if you're hearing
 16 maybe audio from another speaker, but -- but I was
 17 not speaking just now. If you are hearing from
 18 some -- from anyone else, please let us know that so
 19 we can sort of check the connection; otherwise,
 20 please just answer the question that's posed.
 21 **A.** Okay. I wasn't referring to this second.
 22 The -- you made a point when you brought
 23 up the subpoena that I didn't produce that -- it was
 24 to be produced back in July of this year. In July
 25 of this year, you were very clear on -- on what the

29

1 wording of Item Number 7 was, work papers. It
 2 didn't mention declaration specifically, but as of
 3 that date, my August 13th report didn't exist, my
 4 August 27th rebuttal report didn't exist. In July,
 5 if you're going to hold me to the July date, which
 6 you made a point of, I can't produce something that
 7 didn't exist.
 8 So all I'm saying is, if you send me a
 9 subpoena now for those new reports, I will abide by
 10 those subpoenas.
 11 **Q.** And we will take that up with the Court.
 12 I was just trying to get your answer, and it sounds
 13 like your answer is no, you will not produce these
 14 documents unless you get a new subpoena; am I
 15 correct?
 16 **A.** That's correct.
 17 **Q.** Okay. That's what we needed to know.
 18 MS. BERLIN: Now, we will proceed, and I
 19 am reserving the right to recall this witness
 20 after we seek compliance with the subpoena that
 21 was issued to him that he reviewed for the
 22 first time a week ago. And so let's now move
 23 on.
 24 BY MS. BERLIN:
 25 **Q.** When were you retained in this case,

30

1 Mr. Glick?
 2 **A.** I believe it was August of 2020.
 3 **Q.** And that was by the law firm Fridman Fels
 4 Soto?
 5 **A.** Correct.
 6 **Q.** Did you -- did you read the complaint in
 7 this case?
 8 **A.** At one point I did, yes.
 9 **Q.** Did you -- are you aware that the SEC
 10 sought a restraining order and an asset freeze in
 11 this case?
 12 **A.** I am, yes.
 13 **Q.** And you're a certified fraud examiner?
 14 **A.** I am.
 15 **Q.** Do you have any understanding of the
 16 source of the funds that you are receiving from the
 17 defendants for your work in this case?
 18 **A.** I do not.
 19 **Q.** Have you made any inquiries about this
 20 whatsoever?
 21 **A.** I have not.
 22 MS. BERLIN: I would like to show
 23 Exhibit 90, please.
 24 (Thereupon, marked as Exhibit 90.)
 25

31

1 BY MS. BERLIN:
 2 **Q.** And Mr. Glick, is this a declaration that
 3 you executed in April 2021?
 4 **A.** It appears to be. It's -- it's got a
 5 docket entry number on it.
 6 MS. BERLIN: Why don't we scroll up to the
 7 last page so Mr. Glick can confirm whether this
 8 is his declaration.
 9 **A.** You've got to go up a little bit.
 10 MS. BERLIN: If the videographer could
 11 just scroll up a bit.
 12 **A.** Keep going. I think page 33, maybe.
 13 That is my signature.
 14 BY MS. BERLIN:
 15 **Q.** Okay. So Exhibit 90 is your declaration
 16 in this case?
 17 **A.** It is.
 18 **Q.** And how did this declaration come about?
 19 **A.** I'm not sure I understand the question.
 20 **Q.** How did it come about that you prepared a
 21 declaration in this case that we see as Exhibit 90?
 22 Were you asked to do that, for example?
 23 **A.** Yes. It states that in the beginning of
 24 the declaration.
 25 **Q.** When were you asked to do -- when were you

32

1 asked to do the work that's reflected in Exhibit 90?
2 **A.** I don't recall. I would have to look at
3 my -- the bills of when we started the work.
4 **Q.** Okay. And what specifically were you
5 asked to do?
6 **A.** For this one, my -- my recollection was,
7 if we scroll up, is to basically look at the DSI,
8 the declaration that was filed and rebut it.
9 **Q.** I'm sorry. So to look at the DSI
10 declaration and rebut it, is that -- did I
11 understand you correctly?
12 **A.** Yes.
13 **MS. BERLIN:** Okay. I wonder if we could
14 please scroll to Footnote 40. If you could
15 just scroll down, Madam Videographer. Thank
16 you. And I'll just -- I'll tell you when to
17 stop.
18 Just scroll -- I'm sorry, that's a little
19 fast for me. Continue. Keep going.
20 Can you go a little bit more slowly? I'm
21 sorry. Continue. I think it's on page 30 --
22 keep going. Thank you.
23 If we could -- why don't you try page 30.
24 We'll start from there and then I'll have you
25 scroll up.

33

1 Thank you. Can you scroll down to the
2 bottom of the page, please. Continue.
3 **THE VIDEOGRAPHER:** It would be helpful if
4 you just say the PDF page, if you know.
5 **MS. BERLIN:** I don't have -- if I knew the
6 PDF page, I would advise you. I was just
7 hoping if you could scroll down. Thank you.
8 **THE VIDEOGRAPHER:** Okay, sorry.
9 **MS. BERLIN:** Continue, please. So I was
10 saying if you could scroll to page 30, around
11 page 30, that would be helpful and we could go
12 from there. I'm not sure if you heard me.
13 Right now you're on 19. Now you're on 20.
14 Thank you. Continue, please. Stop, please.
15 So if you could go to PDF -- it's page 31.
16 **BY MS. BERLIN:**
17 **Q.** Mr. Glick, do you see your exhibit -- I'm
18 sorry, your declaration on PDF page 31 of 33,
19 Footnote 40?
20 **MS. BERLIN:** And I wonder if the
21 videographer could just scroll so that Footnote
22 40 is visible on the screen. It's at the
23 bottom of the page. Thank you.
24 **A.** I can see it.
25

34

1 **BY MS. BERLIN:**
2 **Q.** Okay, great.
3 Could you please read that for the record?
4 **A.** "While both DSI and BPB agree as to the
5 cash transactions recorded, BPB has not audited or
6 otherwise independently verified the accuracy of
7 these CBSG internally prepared income statements."
8 **Q.** Okay. So is it true that you have not
9 verified anything in connection with this
10 declaration?
11 **MR. SOTO:** Objection to form.
12 Mischaracterizes his testimony.
13 **A.** I -- I think the sentence was very clear
14 that we didn't verify the accuracy of the internal
15 income statements. It doesn't mean we didn't verify
16 anything.
17 **BY MS. BERLIN:**
18 **Q.** Okay. So is your work based on the
19 assumption that CBSG's GAAP-reported information is
20 accurate?
21 **A.** Yes.
22 **Q.** And why are you comfortable relying on
23 that?
24 **A.** Because I'm not telling you that it's a
25 hundred percent accurate because we haven't verified

35

1 it, but as clear in my declaration is, I believe
2 GAAP rule basis accounting is the way to assess the
3 profitability, not for cash analysis.
4 **Q.** That's not responsive to my question.
5 My question is simply, why are you
6 comfortable relying on the assumption that CBSG's
7 GAAP-reported information is accurate?
8 **A.** Because I am. And I didn't say it was
9 accurate. You said -- I never said it was accurate.
10 The statement is very clear: We have not audited or
11 otherwise independently verified the accuracy.
12 I'm not saying it's accurate, but I am
13 relying on it.
14 **Q.** In looking at the documents reviewed in
15 preparation for the April declaration that we see as
16 Exhibit 90, it shows -- you listed Item E,
17 identifying that you reviewed bank statements and
18 ACH vendor statements for CBSG.
19 **A.** Correct.
20 **Q.** Was that from inception through July 2020?
21 **A.** I would have to look at a date range, but
22 it was whatever was produced to us. I don't recall,
23 as I sit here.
24 **Q.** Okay.
25 **A.** I would have to look at the production.

36

1 Q. Okay. And -- and you did not produce any
 2 of those underlying documents to the SEC, correct?
 3 MR. SOTO: Objection to form.
 4 A. They weren't requested.
 5 BY MS. BERLIN:
 6 Q. My question -- that's an issue for the
 7 Court to assess in looking at your subpoena.
 8 My question to you, Mr. Glick -- you're a
 9 witness -- is, did you produce those or not?
 10 MR. SOTO: Objection to form.
 11 A. My answer was, having nothing to do with
 12 what the Court is going to decide is they -- I
 13 didn't produce them because they weren't requested
 14 to be produced.
 15 BY MS. BERLIN:
 16 Q. Okay. So your answer is you did not
 17 produce them?
 18 MR. SOTO: Objection to form.
 19 BY MS. BERLIN:
 20 Q. So I understand. Let's move on.
 21 Did you do a reconciliation of those bank
 22 statements and ACH vendor statements for CBSG?
 23 A. No, we did not. We -- we -- the cash
 24 balance for QuickBooks that -- that we looked at and
 25 reviewed agreed to what DSI used, which was

37

1 \$44.8 million, and so we relied on the cash activity
 2 up through the end of '19.
 3 Q. And so you did not prepare a
 4 reconciliation.
 5 Did I understand -- that was the question
 6 I had: Did you do a reconciliation? Is the answer
 7 no?
 8 A. The answer is no.
 9 Q. Okay. You also identified that you
 10 reviewed CBSG internally prepared spreadsheets
 11 including but not limited to daily deposit logs,
 12 investor logs, and bank activity logs; is that
 13 correct?
 14 A. That is correct.
 15 Q. And for what time period did you review
 16 those spreadsheets?
 17 A. Again, for the entire period that was
 18 produced.
 19 Q. You mean produced to you by the
 20 defendants?
 21 A. Correct. Yes. Said another way, for the
 22 entire period that we received.
 23 Q. Okay. And do you -- okay. I'm asking
 24 what that time period is.
 25 Do you know what time period it was that

38

1 you -- for the daily deposit logs, investor logs,
 2 and bank activity logs, what time period were those
 3 spreadsheets for?
 4 A. It may be stated in my declaration, and we
 5 can go read it up in my declaration, but I don't
 6 have it memorized as to the time period.
 7 Q. Was it for the entire time period of CBSG
 8 from inception through July 2020?
 9 A. I believe the daily deposit logs started
 10 maybe in '16. So the answer is no because CBSG
 11 started back in 2012. I believe the funding tab did
 12 go back to 2012.
 13 Q. Okay. And -- and so for the daily deposit
 14 logs, did you review every one of them from 2016
 15 through July 2020?
 16 MR. SOTO: Objection to form.
 17 A. No. Not -- not each type independently,
 18 no.
 19 BY MS. BERLIN:
 20 Q. And what about the investor logs? Did you
 21 review every one of those?
 22 A. I'm sorry, the investor log? You need to
 23 be a little more clear on what that is.
 24 Q. Well, you identified it in Item F of your
 25 declaration. These are your words. You state that

39

1 you reviewed CBSG internally prepared spreadsheets,
 2 and then you list daily deposit logs, investor logs,
 3 and bank activity logs.
 4 So I'm asking you for what you identified
 5 as investor logs, what time period were those for?
 6 A. My recollection on the investor log,
 7 actually, was only one document, so the plural was
 8 incorrect, and it was a listing as of July 20, 2020
 9 of the existing investors at that point. It was not
 10 a -- a list from inception to the -- to the end.
 11 Q. And what does that investor -- what is the
 12 investor log, and what does it show?
 13 A. It showed a listing of the -- the
 14 noteholders, the amount that they -- they -- of
 15 their note. The amount -- the balance due, the
 16 interest rate, and the date of maturity.
 17 Q. And who prepared that?
 18 A. I'm assuming the client.
 19 Q. You mean -- is your client Fridman Fels
 20 Soto law firm, or who is your client exactly?
 21 A. Good point. It is -- I believe it was
 22 CBSG. It was CBSG documents.
 23 Q. Do you mean the receiver produced it, or
 24 are you referring to the individual defendants, or
 25 are you referring to -- well, let me ask you this

40

1 way: When was that investor log prepared?
2 **A.** I don't know exactly when it was prepared.
3 I believe the date of it was July of 2020. I don't
4 know when it was prepared. I don't know how it was
5 produced. You first asked about who prepared it,
6 and then you mentioned something about who produced
7 it. It could be two different people.
8 **Q.** Okay. So you don't -- I'm just trying to
9 get an answer to -- these are very preliminary
10 questions. I didn't anticipate they were going to
11 be so complex, so I apologize. I'm going to ask my
12 question again. And if you don't know the answer,
13 you can just say you don't know.
14 **But if you could just listen to the**
15 **question, I was just asking who, who prepared the**
16 **investor logs that you reviewed, if you know?**
17 **MR. SOTO:** Objection to strike and object
18 **to the commentary.**
19 **A.** I don't know who specifically prepared the
20 schedule.
21 **BY MS. BERLIN:**
22 **Q.** Okay. And is that something that you
23 would produce to the SEC if you received a subpoena
24 for it?
25 **A.** Yes, and I believe that was produced.

41

1 **Q.** You believe it was produced?
2 **A.** I believe that if -- I'm now going by
3 memory is Item Number 5 on the subpoena that you
4 won't put on the screen asked for items 14D through
5 H -- I mean, E through H, and it was the bank
6 statement. Actually, now that I'm thinking about
7 it, I believe it was -- it was the deposit logs, so
8 I produced those; it was the investor logs, so I
9 produced that; and then it was a third bullet
10 under -- under that item. So yes, I produced it.
11 **Q.** Okay. So everything that you relied on
12 that's reflected in E through H, you produced to the
13 SEC; is that fair?
14 **A.** I'm sorry, you faded out for a second.
15 Could you ask that again?
16 **Q.** Sure. You just referenced the subpoena --
17 **A.** Yes.
18 **Q.** -- and said that it requested the items
19 that you relied upon.
20 **My question is, did you produce all of --**
21 **all of the documents that were requested in the**
22 **subpoena with respect to Items E through H?**
23 **A.** I did, yes.
24 **Q.** Okay. In your declaration, are you giving
25 an expert opinion as -- or at any time, are you

42

1 giving an expert opinion as to the legal definition
2 of a Ponzi scheme?
3 **A.** No, I'm not a lawyer.
4 **MS. BERLIN:** I wonder if we could please
5 turn to page 6 of this exhibit. Thank you.
6 And scroll up a bit. It's paragraph 20. Thank
7 you.
8 **BY MS. BERLIN:**
9 **Q.** And so do you see Exhibit 20 [sic] of your
10 April 2021 declaration on the screen in front of
11 you?
12 **A.** Exhibit 90, paragraph 20, yes.
13 **Q.** Okay. And in paragraph 20, you provide in
14 your declaration definitions of a Ponzi scheme.
15 Do you see that?
16 **A.** I do.
17 **Q.** And what is the purpose of paragraph 20?
18 **A.** To -- to show -- to define what a Ponzi
19 scheme is from these various sources.
20 **Q.** And why is that -- is that important for
21 relevance -- oh, I'm sorry, I didn't mean to speak
22 over you. Go ahead.
23 **A.** There's -- there's no legal definitions
24 here.
25 **Q.** So why are you providing -- let me ask it

43

1 another way.
2 **Is paragraph 20 relevant to the**
3 **remaining -- any other portion of your declaration?**
4 **A.** Yeah, one -- yes. One -- the --
5 **Q.** How so?
6 **A.** The receiver's expert -- I don't know what
7 they were defined as -- DSI's report, I'm sorry.
8 DSI's declaration basically insinuated or alleged
9 without coming out and saying it that this was a
10 Ponzi scheme. So I'm just -- again, I was asked to
11 rebut the allegations or assertions made in that
12 declaration. So that's why this section is in here.
13 **Q.** And do you rely on these definitions that
14 are in paragraph 20 in your conclusions that are in
15 the remainder of your declaration?
16 **A.** As it relates to it being a Ponzi scheme,
17 yes, or not being a Ponzi scheme.
18 **Q.** And so one of the things that -- you cite
19 to three sources. One is in paragraph 20.
20 **The first bullet point is the association**
21 **of certified fraud examiners, an article by**
22 **Dr. Josephs T. Wells in the Encyclopedia of Fraud;**
23 **is that right?**
24 **A.** That's what it says, yes.
25 **Q.** Okay. The other is a definition you

44

1 pulled from the FBI's website --
2 **A.** Correct.
3 **Q.** -- is that true?
4 Okay. And then the third is something
5 that you found on the Securities and Exchange
6 Commission's website for investors; is that right?
7 **A.** That's correct.
8 **Q.** And did you rely on the SEC's investor.gov
9 website to define and assess a Ponzi scheme for
10 purposes of Exhibit 90?
11 **A.** Could you rephrase that question? I'm not
12 sure I understand.
13 **Q.** Did you rely on the investor.gov website
14 that's in paragraph 20 to define a Ponzi scheme for
15 purposes of the analysis in your declaration that
16 you see as Exhibit 90?
17 **A.** I mean, it's -- if it's in my report, I
18 relied on it.
19 **Q.** So is the answer yes?
20 **A.** Yes.
21 **Q.** And that -- the investor -- what is the
22 investor.gov website?
23 **A.** If you scroll down, I think it's
24 referenced in the footnote.
25 **Q.** I'm not asking -- we absolutely can scroll

45

1 down for you, but I'm asking you what the website
2 is. You can see that your footnote, I think, just
3 references --
4 **MS. BERLIN:** Go down to the next page,
5 please, Madam Videographer. If you could go to
6 the next -- perfect. And then just scroll all
7 the way down and he'll see his footnote. I
8 think it's Footnote 14.
9 **BY MS. BERLIN:**
10 **Q.** It just says "Ponzi schemes,
11 investor.gov."
12 Do you see that?
13 **A.** I do.
14 **Q.** Okay. So I wasn't asking about the
15 footnote.
16 I was asking, what is your -- what is your
17 understanding of what the investor.gov website is
18 that you're relying on?
19 **A.** It's -- that's, I guess, a footnote is a
20 poor -- a footnote is a poor description of the
21 website, but it's a site on the SEC, and my
22 understanding is it's for investors. It's a
23 reference for investors. SEC is there to protect
24 investors, so I'm assuming that that section of the
25 website is there to inform investors of various --

46

1 answer various questions or other information they
2 may be concerned with.
3 **Q.** And why do you -- do you believe that the
4 investor.gov web page on Ponzi schemes is an
5 appropriate authority on what a Ponzi scheme is?
6 **A.** It is -- it is one source that I cited.
7 **Q.** Right. You also cited an encyclopedia and
8 then the FBI -- a page from the FBI. We've already
9 covered what you cited. But my question is
10 different.
11 We're talking about the investor.gov
12 website, and that's identified if you look at
13 page -- the page that we're on.
14 **MS. BERLIN:** If the videographer could
15 please scroll up to the top of the page so he
16 could -- the witness could -- thank you so
17 much.
18 **BY MS. BERLIN:**
19 **Q.** Do you see the second bullet point where
20 you're referencing per the SEC what a Ponzi scheme
21 is and then citing to the investor.gov website? Do
22 you see that?
23 **A.** I do see that.
24 **Q.** Okay. So I assume if you're relying on
25 the investor.gov website, then you determined that

47

1 that is a valid source for you to rely on in
2 preparing a sworn declaration about Ponzi schemes.
3 Is that a fair assumption?
4 **MR. SOTO:** Objection to form.
5 **A.** The answer is yes. If it's -- if it's --
6 if the government is putting this out to investors,
7 who it's supposed to protect, I believe it's a
8 reliable source to rely on.
9 **BY MS. BERLIN:**
10 **Q.** Okay. And -- and that's -- is that
11 because you understood that this is the -- the
12 investor.gov website, and what appears there
13 reflects the position of the Securities and Exchange
14 Commission?
15 **A.** In general, or as it relates to this
16 matter, or -- I'm not clear on the question.
17 **Q.** Well, it's -- you relied on the
18 investor.gov website.
19 Am I correct in assuming then that you
20 believe -- well, just look at your language. We'll
21 try it this way. We'll try it another way.
22 **Mr. Glick,** because I -- I don't mean to be
23 so -- I don't mean to cause you so much confusion.
24 Do you see where you wrote, "Per the SEC,
25 a Ponzi scheme is," and then you go on for several

48

1 lines? Do you see that?
2 **A.** I do.
3 **Q.** Okay. So my question was -- it wasn't a
4 trick question. It was simple.
5 Do you believe that the investor.gov
6 website reflects the position of the SEC?
7 **MR. SOTO:** Objection to form. Object to
8 the commentary.
9 You can answer, Mr. Glick.
10 **A.** I -- I believe it represents their
11 definition and view of what a -- a Ponzi scheme is.
12 **BY MS. BERLIN:**
13 **Q.** Okay. And that's why you relied on the
14 investor.gov website?
15 **MR. SOTO:** Objection to form.
16 **A.** Correct.
17 **MS. BERLIN:** Okay. I wonder if we could
18 show on the screen Exhibit 108.
19 (Thereupon, marked as Exhibit 108.)
20 **BY MS. BERLIN:**
21 **Q.** And so what we're showing -- what we're
22 showing you on the screen is Exhibit 108.
23 Do you see on your screen that it's a
24 printout from investor.gov and then it says "Ponzi
25 Scheme" at the top?

49

1 **A.** I do see that.
2 **Q.** Okay. Is this what you relied -- is this
3 what you are referring to in your declaration?
4 **A.** This looks familiar, yes.
5 **Q.** Okay. And relying on the investor.gov
6 website to provide the SEC's position or to analyze
7 something under a definition printed on that website
8 is not an appropriate method of analysis, correct?
9 **MR. SOTO:** Objection to form.
10 **A.** I think they have nothing to do with each
11 other. A method is not a reference on a definition.
12 A method is --
13 **BY MS. BERLIN:**
14 **Q.** But you utilized --
15 **A.** A method is --
16 **Q.** But you utilized this investor.gov website
17 and its language throughout your declaration not
18 only to define a Ponzi scheme, but also to later,
19 subsequently, in your -- in your same declaration
20 you review other language in this investor.gov
21 website including red flags in order to assess
22 whether or not CBSG is acting as a Ponzi scheme.
23 Do you agree with me?
24 **MR. SOTO:** Objection. Mischaracterizes
25 his report.

50

1 **A.** No, I don't agree with you.
2 **BY MS. BERLIN:**
3 **Q.** Okay.
4 **A.** I included --
5 **Q.** Let's go back to the report. Let's go
6 back to the report and we'll show you.
7 **MR. SOTO:** Ms. Berlin, I'm going to ask
8 you -- this is probably the third time that
9 you've interrupted Mr. Glick. I assume it's by
10 mistake, but I'd ask that you allow him to
11 complete his answers to your questions.
12 **BY MS. BERLIN:**
13 **Q.** Oh, Mr. Glick, I did not know that I was
14 interrupting you, and I apologize. That can be
15 confusing with the audio. So if I -- if I interrupt
16 you, just let me know. You'll always be allowed to
17 finish your answer.
18 I believe you said no, that that's not
19 what your report says, and so we are going to go
20 back to your report and we -- we will dig into it a
21 little.
22 **MS. BERLIN:** So let's show Exhibit 90,
23 please.
24 **BY MS. BERLIN:**
25 **Q.** And while the videographer is doing that,

51

1 Mr. Glick, you can -- was there more you wanted to
2 say about that issue?
3 **A.** Well, yes. So I'm citing three
4 definitions, and you're taking this out of context
5 as to why I'm citing the -- the definitions. It's
6 in -- in response to the receiver's statements in
7 the, I believe it was a December of 2020 transcript,
8 and there was a whole discussion between him and the
9 Court about Ponzi scheme. And the point of these
10 three definitions was addressed to -- to that topic.
11 **Q.** Okay. Well -- and you testified earlier.
12 I asked you why you used these definitions,
13 Mr. Glick, and then I -- I asked you if you also
14 utilized the investor.gov website to look at the red
15 flags that are listed on the investor.gov website
16 and then to assess whether those red flags are
17 present here, and I believe your answer was no.
18 Did I understand you correctly?
19 **A.** Well, also, so if we want to go back and
20 read it, I don't recall you asking me anything
21 specifically about me looking at red flags and
22 applying red flags. So -- and we can go back and
23 look at the -- the question and answer if you would
24 like.
25 **Q.** Yes, we will do that. And I want -- just

52

1 want to state, these are very preliminary -- it's
 2 now 11:19. These are just very preliminary
 3 questions. We have not reached the substance of
 4 your testimony at all.
 5 MS. BERLIN: If we could just scroll
 6 through Mr. Glick's report, and I will just
 7 stop the videographer when he is discussing the
 8 investor.gov website red flags again.
 9 If you could just go ahead, Madam
 10 Videographer, I would appreciate it. Thank
 11 you.
 12 THE VIDEOGRAPHER: Where do you --
 13 which --
 14 MS. BERLIN: It's on PDF page 7 if you
 15 could just scroll down.
 16 THE VIDEOGRAPHER: To 7?
 17 MS. BERLIN: Yeah, just keep going.
 18 THE WITNESS: You passed it.
 19 MS. BERLIN: Stop, please. Thank you.
 20 BY MS. BERLIN:
 21 Q. Do you see in paragraph 22 -- and we can
 22 scroll back up.
 23 Do you see where you're also discussing --
 24 MS. BERLIN: If you could just scroll up a
 25 little bit more.

53

1 record that you said and you asked me about red
 2 flags previously, and you did not. That's all I'm
 3 doing.
 4 Q. So Mr. Glick, let me ask my question
 5 again.
 6 Do you agree with me that you took the red
 7 flags identified on the investor.gov website and
 8 then you assessed those red flags in your
 9 declaration in your review of whether or not CBSG
 10 was a Ponzi scheme?
 11 A. Correct.
 12 Q. Okay.
 13 MS. BERLIN: Now let's go to the
 14 investor.gov exhibit that we just had up.
 15 Thank you so much.
 16 BY MS. BERLIN:
 17 Q. And I -- Mr. Glick, do you understand that
 18 the -- did you review the investor.gov website to
 19 understand who presented and what its purpose is?
 20 A. I don't recall.
 21 Q. Okay.
 22 MS. BERLIN: I wonder if we could please
 23 scroll to the next -- to the last page of
 24 Exhibit 108.
 25

55

1 BY MS. BERLIN:
 2 Q. -- that the SEC warns of Ponzi scheme red
 3 flags. This is a quote from your declaration,
 4 paragraph 22. "Further, the SEC warns of Ponzi
 5 scheme red flags such as," and then it continues on
 6 to the next page for several bullet points, and you
 7 have a footnote where you are citing to the
 8 investor.gov website.
 9 Do you see that?
 10 A. I do.
 11 Q. Okay. And then do you see that your first
 12 bullet point is about high returns with little or no
 13 risk as a red flag on the investor.gov website? Do
 14 you see that?
 15 A. I do.
 16 Q. And then if you scroll to paragraph 23 --
 17 and just go ahead and look. Look at your bullet
 18 points that are at the top of page 8 where you're
 19 inserting quotes from the investor.gov website.
 20 Do you see that?
 21 A. We can cut to the chase. And yes, I -- I
 22 list those three bullet points, and I discuss a
 23 subsequent paragraph on each one of those bullet
 24 points. I'm not disputing that. All I'm saying is
 25 that you -- you said -- I'm just correcting the

54

1 BY MS. BERLIN:
 2 Q. Did you see the disclaimer on the
 3 investor.gov website?
 4 A. If I didn't, I see it now.
 5 Q. Okay. Would you please read it into the
 6 record?
 7 A. Sure. "The Office of Investor -- Investor
 8 Education and Advocacy has provided this information
 9 as a service to investors. It is neither a legal
 10 interpretation, nor a statement of SEC policy. If
 11 you have questions concerning the meaning or
 12 application of a particular law or rule, please
 13 consult with an attorney who specializes in
 14 securities law."
 15 Q. So do you understand now that the
 16 investor.gov website is a presentation website by
 17 The Office of Investor Education and Advocacy and
 18 that the website specifically states that it is not
 19 a statement of SEC policy or any legal
 20 interpretation?
 21 A. I understand that, and I'm not -- and I'm
 22 not an attorney either and my report is not a legal
 23 interpretation, but it is a definition on your -- on
 24 the SEC's website that I relied on.
 25 Q. So let me just ask my question again. My

56

1 question wasn't about that, Mr. Glick.
 2 My question is just, do you now understand
 3 that the investor.gov website is a website of The
 4 Office of the Investor Education and Advocacy Group
 5 at the SEC and that it does not reflect SEC policy
 6 or legal interpretation?
 7 MR. SOTO: Object to form.
 8 MR. HYMAN: Objection to form.
 9 A. I read it, and I understand what it says.
 10 BY MS. BERLIN:
 11 Q. So do you now understand that investor.gov
 12 is a website that is created by the Office of
 13 Investor Education and Advocacy, and it does not
 14 reflect any legal interpretation or statements of
 15 the SEC's policies? Do you now understand that?
 16 A. Well, I understand that the Office of
 17 Education provided information to investors, and
 18 yes, it is not a legal interpretation or -- or an
 19 SEC -- SEC policy.
 20 Q. Or a statement of the SEC's policies. So
 21 you now understand that.
 22 A. Yes.
 23 Q. So let's return to your -- your
 24 declaration, which is Exhibit 90.
 25 MS. BERLIN: Thank you.

57

1 BY MS. BERLIN:
 2 Q. So would you agree with me that case law
 3 and courts define what a Ponzi scheme is?
 4 A. I would agree that the legal definition of
 5 a Ponzi scheme is determined by a court.
 6 Q. Well, there is not a formal accounting
 7 definition of a Ponzi scheme, is there? Is there an
 8 accounting rule that is called a Ponzi scheme?
 9 A. No, it's the nature -- it's the nature of
 10 the transactions and the intent of the parties.
 11 Q. So -- well, is there -- are you citing to
 12 a particular accounting rule when you say that?
 13 A. No, based on experience.
 14 Q. Oh, okay. Would you agree with me that
 15 case law and the courts define what a Ponzi scheme
 16 is?
 17 A. I am not an attorney, so I don't -- I
 18 don't know the answer to that, but I know that a
 19 Ponzi scheme is not a -- is not an accounting --
 20 it's not in an accounting book anywhere.
 21 Q. Okay. In defining a Ponzi scheme in
 22 paragraph 20 of your declaration that is Exhibit 90,
 23 did you review any case law for the definition of a
 24 Ponzi scheme?
 25 A. I did not.

58

1 Q. And you were -- do you consider yourself
 2 to be an expert on Ponzi schemes?
 3 A. I've done a fair share of Ponzi scheme
 4 work, so I guess, yes. I know --
 5 Q. And do you claim -- I'm sorry, go ahead.
 6 MR. SOTO: Objection. Go ahead.
 7 A. I was going to say, there's -- there's
 8 varieties of Ponzi schemes, but I think I've had
 9 enough experience that I -- that I can intelligently
 10 discuss it.
 11 BY MS. BERLIN:
 12 Q. And I saw in your declaration that you
 13 cite that you're an expert in connection -- your
 14 experience on Ponzi schemes include matters related
 15 to the Scott Rothstein Ponzi scheme; is that
 16 accurate?
 17 A. That is accurate.
 18 Q. But you weren't the accountant who did
 19 the -- any sort of the analysis on the Scott
 20 Rothstein Ponzi scheme that he was operating in
 21 the -- in the case against him, correct?
 22 A. I'm sorry, you --
 23 THE COURT REPORTER: Can you repeat that?
 24 BY MS. BERLIN:
 25 Q. You were not an accountant to -- I can

59

1 repeat it.
 2 You were not the accountant on the case
 3 against Scott Rothstein, correct?
 4 A. Not correct. I was Herb Stettin's
 5 forensic accountant, and I was the accountant that
 6 dealt with the Ponzi scheme.
 7 Q. And Herb Stettin is a -- was a bankruptcy
 8 trustee?
 9 A. Yes, he was. Former Judge Stettin was the
 10 bankruptcy trustee.
 11 Q. So I -- I know that and -- and -- but I'm
 12 asking something different. I'm not asking about
 13 your work with Herb Stettin. We'll talk about that.
 14 I was asking about the case against Scott Rothstein.
 15 So were you familiar with the fact that
 16 there was a case against Scott Rothstein for
 17 engaging in a Ponzi scheme?
 18 MR. SOTO: Objection to form.
 19 A. A -- a specific case against Scott
 20 Rothstein? I don't recall. I mean, this goes back
 21 years. I don't recall all of the various pleadings
 22 and complaints that were filed.
 23 BY MS. BERLIN:
 24 Q. Okay. I mean, and you were an accountant
 25 who worked for Herb Stettin who was the bankruptcy

60

1 trustee in connection with the law firm and some of
 2 the Banyon entities in the bankruptcy court; is that
 3 accurate?
 4 **A.** No. Herb Stettin --
 5 **Q.** It is not?
 6 **A.** Herb Stettin was the trustee for the law
 7 firm. The Banyon entities were investors in the
 8 Ponzi scheme. I was the forensic accountant for the
 9 bankruptcy.
 10 **Q.** So I'll try to be clearer. I apologize if
 11 I wasn't.
 12 Well, you know what? I think that the
 13 records are clear.
 14 You're not claiming to have been the
 15 person who did the accounting work on the Scott
 16 Rothstein Ponzi scheme and figured out that it was a
 17 Ponzi scheme? And by that, I'm referring to the
 18 massive Ponzi scheme for which he was sentenced to
 19 several decades in prison.
 20 **A.** Are you asking if I'm -- if I was the
 21 whistleblower that uncovered the whole thing?
 22 **Q.** I'm asking, in your declaration, you
 23 referenced your work in connection with the
 24 Rothstein Ponzi scheme, and I'm just trying to
 25 clarify.

61

1 Here, let me ask you another way: Did you
 2 do any work for the FBI in connection with the Scott
 3 Rothstein case? Were you retained by the FBI?
 4 **A.** I was not.
 5 **Q.** And you were not retained by the SEC in
 6 connection with that case either, correct?
 7 **A.** I was not.
 8 **Q.** Nor were you retained by the U.S.
 9 Attorney's office, correct?
 10 **A.** I was not.
 11 **Q.** Instead, there was a bankruptcy trustee
 12 for the law firm, and you were the forensic
 13 accountant that he retained in the bankruptcy case;
 14 is that fair?
 15 **A.** That is correct.
 16 **Q.** Okay. And in the Rothstein case --
 17 MS. BERLIN: I wonder if we could show --
 18 let me just pull up the exhibit. One moment.
 19 BY MS. BERLIN:
 20 **Q.** In the Rothstein case, since you
 21 referenced the Rothstein Ponzi scheme in your
 22 declaration, the Eleventh Circuit Court of Appeals
 23 actually identified what a Ponzi scheme; isn't that
 24 right?
 25 MR. SOTO: Objection to form.

62

1 **A.** I don't recall.
 2 MS. BERLIN: Can we please show
 3 Exhibit 111, and can you please to turn to
 4 Footnote 5.
 5 (Thereupon, marked as Exhibit 111.)
 6 BY MS. BERLIN:
 7 **Q.** We're showing you Exhibit 111, which is an
 8 Eleventh Circuit Court of Appeals case involving
 9 concerning Scott Rothstein. And Footnote 5 --
 10 MS. BERLIN: If you scroll down one more
 11 page. Thank you. Is there a way? On my end,
 12 it's very blurry. I don't know if other people
 13 are having the same issue, but I wonder if the
 14 videographer could maybe make it a little bit
 15 larger. Thank you.
 16 BY MS. BERLIN:
 17 **Q.** And do you see Footnote 5?
 18 **A.** I see Footnote 5, small, but yes.
 19 **Q.** Okay. And do you see that the Eleventh
 20 Circuit Court of Appeals in the Rothstein case
 21 identifies that quote, "The modus operandi of a
 22 Ponzi scheme is to use newly invested money to pay
 23 off old investors and convince them that they are
 24 earning profits rather than losing their shirts."
 25 Do you see that?

63

1 **A.** I do.
 2 **Q.** And so did you consider the Eleventh
 3 Circuit decision in the Rothstein case that you
 4 referenced throughout your declaration, did you
 5 consider that definition in assessing whether CBSG
 6 was or was not a Ponzi scheme?
 7 **A.** This specific footnote, no, I did not.
 8 MS. BERLIN: I wonder if we could just
 9 show the witness Exhibit 110.
 10 (Thereupon, marked as Exhibit 110.)
 11 BY MS. BERLIN:
 12 **Q.** This is -- did you review this notice?
 13 This is a case against Mr. -- by the SEC against
 14 Ariel Quiros, and that was one of your -- your
 15 former clients, correct?
 16 **A.** Oh, this is not a case that I worked on,
 17 but I recognize some of the names.
 18 **Q.** Right. And your law -- your firm was
 19 Mr. Quiros' accountant prior to the SEC bringing its
 20 case, correct?
 21 **A.** I don't know.
 22 **Q.** And did you review -- the case that you
 23 see in Exhibit 110, did you review this case in
 24 considering what a Ponzi scheme is when you were
 25 providing your definition of a Ponzi scheme?

64

1 A. I did not. I did not know it existed.
 2 Q. Are you aware -- who is the Berkowitz?
 3 The name of your accounting firm is what?
 4 A. Berkowitz Pollack Brant.
 5 Q. And who is Mr. -- what is Mr. Berkowitz's
 6 name?
 7 A. Richard.
 8 Q. Are you aware that he was -- he provided a
 9 declaration in connection with the Quiros case
 10 because of your firm's involvement representing
 11 these defendants prior to the SEC's case and files?
 12 A. I was not aware of that.
 13 Q. Okay.
 14 MS. BERLIN: I wonder if the videographer
 15 could please turn to -- in Exhibit 110, to
 16 please turn to page 10.
 17 BY MS. BERLIN:
 18 Q. And Mr. Glick, do you see where it states
 19 "conclusions of law"? Can you see that on your
 20 screen?
 21 A. If you zoom in. One more time. Okay.
 22 Okay. Thank you.
 23 Q. And the videographer controls the
 24 exhibits, so if at any time you want her to zoom in
 25 or move up or down, you can just -- you don't have

65

1 to ask me to ask her to do it. You can feel free to
 2 direct her to move it up or down for you or to zoom
 3 in and out, okay?
 4 A. Okay, thanks.
 5 Q. Sure.
 6 So do you see on your screen -- I just
 7 want to make sure we're seeing the same thing --
 8 that it says "conclusions of law"?
 9 A. I do.
 10 Q. Okay.
 11 MS. BERLIN: And I wonder if we could
 12 please turn to page 13 in this conclusions of
 13 law section.
 14 BY MS. BERLIN:
 15 Q. And do you see the bold text that says,
 16 "Section 10(b) and Rule
 17 10b-5(b) misrepresentations/omissions"?
 18 A. I do.
 19 Q. Okay. And do you see the paragraph right
 20 above that?
 21 A. "The Court recognizes?" Yes.
 22 Q. Okay. Could you please read that?
 23 A. "The Court recognizes that Phases I
 24 through V are complete and operating. However, the
 25 existence of an operating business does not negate

66

1 Quiros' fraudulent conduct. While the typical Ponzi
 2 scheme involves earlier investors receiving their
 3 returns from the funds of later investors, often
 4 with no underlying business, the facts of this case
 5 still sound -- the facts of this case still sound in
 6 fraud."
 7 In quotes, "The likelihood that the
 8 defendant conducted legitimate business operations
 9 does not counteract the existence of a Ponzi scheme
 10 because the distributions made to the investors were
 11 nevertheless funded by other investors' money," end
 12 quote.
 13 Keep going?
 14 Q. Yes, if you could just read one more
 15 sentence, the next sentence.
 16 A. "In addition, commingling funds --" again
 17 in quote -- "is a common characteristic of Ponzi
 18 scheme," closed quote. "Quiros --" if I'm saying
 19 that right -- "commingled funds. Quiros paid
 20 obligations from prior phases with later phase
 21 funds. Quiros used investor funds for his personal
 22 expenses. This all supports the Court's finding
 23 that the SEC has established the prima facie case
 24 that Quiros was the architect of a scheme to defraud
 25 in violation of Section 17A, subsections 1 and 3 and

67

1 Rule 10(b)(5), subsections A and C."
 2 Q. Thank you. So in your definition of a
 3 Ponzi scheme that you provide in paragraph 20 of
 4 your declaration, do you now understand that whether
 5 or not there was some legitimate business operations
 6 or whether -- do you understand whether there are
 7 legitimate business operations that doesn't
 8 counteract the existence of a Ponzi -- Ponzi scheme
 9 because the issue is whether or not investors
 10 received other investor funds?
 11 MR. SOTO: Objection to form. Object to
 12 specifically asking him to opine with respect
 13 to a legal document.
 14 BY MS. BERLIN:
 15 Q. Mr. Glick?
 16 A. I'm just waiting until everybody is done.
 17 So -- so I am aware that, yes, a Ponzi
 18 scheme doesn't have to be a Ponzi scheme from day
 19 one. A business can be a legitimate business and
 20 then at some point it could -- you know, it could
 21 morph into a -- a Ponzi scheme.
 22 Q. And while it's a Ponzi scheme, it can
 23 still be complete and -- it can still be operating
 24 and it can still have some legitimate business at
 25 the same time it's a Ponzi scheme.

68

1 Do you understand that as well?
2 **A.** I do.
3 **Q.** And do you also understand that
4 commingling funds is a common characteristic of a
5 Ponzi scheme?
6 **MR. SOTO:** Objection to form. Objection
7 to asking him to comment on a legal document,
8 the comment with respect to a legal definition.
9 **BY MS. BERLIN:**
10 **Q.** Mr. Glick?
11 **A.** Okay. So just to -- for going forward is,
12 I'm going to wait every time for you to say
13 Mr. Glick so I don't interrupt anybody.
14 **Q.** Okay. Thank you. Because sometimes I
15 feel -- I'm glad you said that because sometimes
16 when I say "Mr. Glick," I'm just trying to let you
17 know everyone is finished objecting.
18 **A.** That's all, yeah.
19 **Q.** I'm worried that it makes it seem like I'm
20 saying to you, Mr. Glick come on and answer, instead
21 of like signaling to you that I think it's like
22 everybody is done talking.
23 So yes, that sounds great, and please
24 understand that when I say "Mr. Glick," I'm sort of
25 signaling to you, okay, the objections are over.

69

1 **A.** So I'm sorry. After all that, can you ask
2 the question again?
3 **Q.** Yes, of course.
4 So the question is, in your -- you provide
5 definitions of a Ponzi scheme in paragraph 20, and
6 then you go on in paragraph 22, 21 to discuss the
7 red flags of a Ponzi scheme.
8 And my question is, do you -- do you agree
9 that commingling funds is a common characteristic of
10 a Ponzi scheme?
11 **MR. SOTO:** Objection to form. Same
12 objections as before.
13 **A.** You didn't say "Mr. Glick."
14 **BY MS. BERLIN:**
15 **Q.** Mr. Glick.
16 **A.** So -- all right. I would agree that it
17 can be a characteristic of a Ponzi scheme. I'm not
18 going to use the word "common," but it could be --
19 could be a characteristic.
20 **Q.** Do you have any reason to believe that the
21 Court in the decision I'm showing you in Exhibit 110
22 where it states that commingling funds is a common
23 characteristic of a Ponzi scheme, do you have any
24 reason to believe that the Court is incorrect in
25 making that finding?

70

1 **MR. SOTO:** Objection to form. Again,
2 objection to asking him to opine with respect
3 to a legal opinion.
4 **BY MS. BERLIN:**
5 **Q.** Mr. Glick?
6 **A.** So the answer is, you know, in -- in what
7 I do, I read various opinions from various courts,
8 and I don't always agree. So this is the opinion of
9 this Court. I can't tell you that if this --
10 another court would have said the same thing. So as
11 I said, I agree that it's a characteristic of a
12 Ponzi scheme. I don't know if it's a common
13 characteristic of a Ponzi scheme.
14 **Q.** How many Ponzi schemes have you worked on?
15 **A.** Over the course of the last 24 years, a
16 handful in various aspects.
17 **Q.** Okay. And what -- what -- can you
18 quantify a bit by what you mean by "a handful"?
19 **A.** Six, seven. I don't -- I don't recall.
20 I've been doing this for a while, so...
21 **Q.** Are you giving an expert opinion in this
22 case that CBSG was not a Ponzi scheme?
23 **A.** Based on -- based on what I've seen, yes,
24 my opinion is that they were not a Ponzi scheme.
25 **Q.** Okay. I was just trying to clarify if you

71

1 were giving an opinion that it was not a Ponzi
2 scheme versus an opinion that, like, DSI had not
3 accurately shown it was a Ponzi scheme.
4 So am I correct in understanding that your
5 expert opinion is that you have determined that CBSG
6 was not a Ponzi scheme; is that correct?
7 **A.** Based on -- based on what I've seen, I do
8 not believe it's a Ponzi scheme.
9 **Q.** Okay. And was that analysis to reach the
10 conclusion that CBSG is not a Ponzi scheme, is that
11 based on your assumption that CBSG's GAAP-reported
12 information is accurate?
13 **MS. BERLIN:** Excuse me?
14 **THE WITNESS:** Someone is not on mute.
15 **MS. BERLIN:** Okay. Whoever is having a
16 conversation, we hear you. Please mute your
17 phone.
18 **THE WITNESS:** Madam Reporter, would you
19 mind reading back the question, please?
20 **BY MS. BERLIN:**
21 **Q.** I can -- I can just -- I'll reask it.
22 Is your conclusion that CBSG is not a
23 Ponzi scheme based on -- based on your review of
24 CBSG's GAAP-reported information without verifying
25 any of that information?

72

1 MR. SOTO: Objection to form.
 2 A. It is based on my -- my opinion is based
 3 on the flow of funds on an accrual basis as opposed
 4 to a cash basis. And so to the extent that it
 5 relies on what -- what was currently reflected in
 6 the books at the time, then my answer is yes.
 7 BY MS. BERLIN:
 8 Q. All right. Let me ask it another way
 9 because I thought we covered this earlier today, so
 10 let me just be clear.
 11 Your conclusion that CBSG is not a Ponzi
 12 scheme, was that work based on the assumption that
 13 CBSG's GAAP-reported information is accurate?
 14 MR. SOTO: Objection to form.
 15 A. No, I think we established that -- we
 16 determined that we didn't verify the accuracy of the
 17 financial statements. That was in the footnote.
 18 BY MS. BERLIN:
 19 Q. Okay. So your decision about -- your
 20 opinion about CBSG not being a Ponzi scheme is not
 21 based on any work -- I'm confused.
 22 So you -- am I correct in your -- let me
 23 ask it again, I apologize.
 24 Your -- is it -- am I correct that your
 25 conclusion that CBSG is not a Ponzi scheme, that

73

1 that opinion is made without having independently
 2 verified the accuracy of the financial documents
 3 that your client provided to you for CBSG?
 4 MR. SOTO: Objection to form.
 5 A. As I said is, we didn't verify the
 6 internally prepared financial statements. It
 7 doesn't mean that we didn't verify any of the data
 8 that we used.
 9 BY MS. BERLIN:
 10 Q. Okay. So what data did you verify?
 11 A. We looked at the actual underlying
 12 transactions, which if we go to my report, there
 13 were, you know, millions of transactions that were
 14 recorded in QuickBooks.
 15 Q. Can you verify each of them?
 16 A. No, that would be impossible.
 17 Q. Okay. So you relied on the QuickBooks?
 18 A. QuickBooks and the deposit logs, yes.
 19 Q. The QuickBooks and deposit logs.
 20 And you did not perform your own audit,
 21 and you did not do anything to verify the accuracy
 22 of the deposit logs and the QuickBooks that were
 23 maintained by your clients; is that correct?
 24 MR. SOTO: Objection to form.
 25

74

1 BY MS. BERLIN:
 2 Q. Mr. Glick?
 3 A. The -- we -- we looked at the -- we
 4 reconciled the bank statements and ACH statements to
 5 the QuickBooks.
 6 Q. Oh, you -- you reconciled the bank
 7 statements from the ACH records to the QuickBooks?
 8 Did I understand you correctly?
 9 A. To the best -- to the best -- not to the
 10 penny, to the best we could. There were, as
 11 Ms. Davis indicated in her report is, there were
 12 situations -- there were transactions that were
 13 recorded that, for whatever reason, flowed through
 14 the bank accounts that didn't actually impact the
 15 cash balance, and so that could -- that could
 16 overstate, you know, receipts and overstate
 17 disbursements. So we had to try and adjust for
 18 those, but we weren't able to fully reconcile that.
 19 Q. Okay. And so am I correct that you, in
 20 conducting your Ponzi scheme analysis and reaching
 21 your opinion about that, that you relied on the
 22 QuickBooks and the deposit logs, but you did not
 23 audit or otherwise independently verify the accuracy
 24 of those documents?
 25 MR. SOTO: Objection to form.

75

1 A. Yeah, I think that we tried to the best we
 2 could reconcile deposit logs, which is money coming
 3 into ACH, the processor statements. Did we do every
 4 single transaction? Absolutely not, but we did as
 5 much testing to get ourselves comfortable as
 6 possible.
 7 BY MS. BERLIN:
 8 Q. Okay. So my question was a little bit --
 9 it wasn't whether you did some testing. I'm just
 10 going to ask it again.
 11 With respect to the conclusions that you
 12 reached that it was not a Ponzi scheme, did you or
 13 did you not audit or otherwise independently verify
 14 the accuracy of all of the data that you relied upon
 15 in QuickBooks and the deposit logs?
 16 MR. SOTO: Objection to form. Asked and
 17 answered.
 18 A. And I think my answer is, we certainly did
 19 not audit anything, and we did verify what we could
 20 verify.
 21 BY MS. BERLIN:
 22 Q. So am I correct in understanding that you
 23 did not audit anything and you independently
 24 verified a sample of it, but that you were not able
 25 to complete a bank reconciliation? Did I understand

76

1 you correctly?
 2 MR. SOTO: Objection to form.
 3 A. To -- to clarify is, an audit is a term of
 4 art in the accounting world. So no one audits --
 5 how you're asking the question, no one audits the
 6 way you're suggesting. They can reconcile. They
 7 can perform an analysis. An audit is a very
 8 specific -- excuse me -- a test function that is for
 9 presenting, you know, financial statements, not
 10 looking at specific accounts.
 11 But to, again, answer the question is, we
 12 reconciled as much information as we could
 13 reconcile.
 14 BY MS. BERLIN:
 15 Q. All right. I'm going to ask it another
 16 way.
 17 So Mr. Glick, now you're talking about the
 18 definition of audit. I'm going to read you a quote.
 19 We started our day with this. Your Footnote 40 in
 20 your current declaration Exhibit 90, it states --
 21 this is your -- I'm using your words.
 22 A. Okay.
 23 Q. You wrote that you did not audit or
 24 otherwise independently verify the accuracy of the
 25 CBSG internally prepared documents.

77

1 Do you remember that?
 2 A. Let's -- let's get there so I can see the
 3 exact words.
 4 Q. Absolutely. Why don't we take a break and
 5 you can take a while and check -- and read it.
 6 MS. BERLIN: Let's go off the record.
 7 THE WITNESS: We don't need to.
 8 MS. BERLIN: Let's go off the record. I
 9 can hear lots of people speaking, but I can't
 10 make out what you're saying because you're
 11 speaking over each other.
 12 We'll take a ten-minute break, and we'll
 13 come back at 12:02.
 14 And if -- while we're on the break, if the
 15 videographer could please just have up on the
 16 screen Exhibit 90 so that -- at the last page,
 17 just Footnote 40.
 18 THE VIDEOGRAPHER: Okay.
 19 MS. BERLIN: So that he could review his
 20 words about audit. Thank you so much.
 21 We're off the record.
 22 THE VIDEOGRAPHER: Okay. The time is now
 23 11:53 a.m. Going off the record.
 24 (Recess taken.)
 25 THE VIDEOGRAPHER: We're on the record.

78

1 The time is now 12:05 p.m.
 2 BY MS. BERLIN:
 3 Q. So Mr. Glick, you wanted to see Exhibit 40
 4 [sic] again in Exhibit 90.
 5 And did you -- you had an opportunity to
 6 do that during the break to look at your footnote
 7 again?
 8 A. I did. So if it's possible that she could
 9 read back the question.
 10 Q. No. Mr. Glick -- Mr. Glick, my question
 11 is, did you have a chance to look at it again?
 12 A. I said yes.
 13 Q. Great. Your -- that footnote appears in a
 14 declaration from April 2021.
 15 Do you agree with me?
 16 A. I do.
 17 Q. Excuse me?
 18 A. I said I do.
 19 Q. Okay. Is that footnote still true today?
 20 A. It is.
 21 Q. Great.
 22 MS. BERLIN: Can we please show the
 23 witness Exhibit 112.
 24 (Thereupon, marked as Exhibit 112.)
 25

79

1 BY MS. BERLIN:
 2 Q. Mr. Glick, is Exhibit 112 one of the work
 3 papers that you testified you relied upon in -- or
 4 that you prepared in connection with Exhibit 90?
 5 A. Yes.
 6 Q. Great.
 7 MS. BERLIN: Can we show Exhibit 113,
 8 please.
 9 (Thereupon, marked as Exhibit 113.)
 10 BY MS. BERLIN:
 11 Q. Is Exhibit 113 another one of the work
 12 papers that you testified you relied upon in
 13 connection with Exhibit 90?
 14 A. Yes.
 15 MS. BERLIN: And can we show Exhibit 114.
 16 (Thereupon, marked as Exhibit 114.)
 17 BY MS. BERLIN:
 18 Q. Is Exhibit 114 one of the work papers you
 19 testified about relying upon in connection with
 20 Exhibit 90?
 21 A. Correct.
 22 Can I ask a question or not? A
 23 question -- can I ask --
 24 Q. No.
 25 A. Not a question --

80

1 Q. No.
 2 A. -- to confirm documents.
 3 Q. Mr. Glick, are Exhibits 112 through 114
 4 the sole final work papers that you prepared in
 5 connection with Exhibit 90?
 6 A. Yes.
 7 Q. Thank you.
 8 MS. BERLIN: We can take Exhibit 114 off
 9 the screen.
 10 MR. SOTO: Ms. Berlin, this is Mr. Soto,
 11 if you're done with this exhibit.
 12 If the witness is asking for
 13 clarification, I ask that you allow him to ask
 14 the question if he's asking for clarification,
 15 or I'm going to insist that he not answer the
 16 question because he doesn't understand it,
 17 which is unfair to him. So if he is trying to
 18 get clarification on something and you're
 19 refusing to provide it to him, I'm not going to
 20 ask -- I'm not going to allow him to answer
 21 that question.
 22 BY MS. BERLIN:
 23 Q. Mr. Glick, you -- again, at the onset of
 24 this deposition, I told you if you don't understand
 25 a question, just tell me you don't understand and

81

1 I'll rephrase it. You've already done that a couple
 2 times today, and I've rephrased questions for you,
 3 so I think you understand.
 4 Is there -- when I asked you about
 5 Exhibits 112 through 114, were you confused in any
 6 way by my questions about those three exhibits?
 7 A. No, my -- and I apologize if there was
 8 confusion. I wanted to ask a procedural favor is,
 9 when you refer to Exhibit 90, can you just say "the
 10 declaration" because we're starting to get into a
 11 lot of numbers and I'm losing track of what exhibit.
 12 If you just say Exhibit 90, I got to
 13 remember it's the declaration. That's all I'm
 14 asking.
 15 Q. I'd like to turn back to Exhibit 90 which
 16 is the April 2021 -- April 2021 declaration of
 17 Mr. Glick.
 18 MS. BERLIN: And if we could please scroll
 19 down to paragraph 19.
 20 BY MS. BERLIN:
 21 Q. And so do you see on the screen in front
 22 of you, do you see "basis for conclusions," and it
 23 says, "alleged/implied Ponzi scheme," paragraph 19?
 24 A. I do.
 25 Q. Okay. And do you see that from paragraph

82

1 19 through 22, so it continues on to the next
 2 page --
 3 MS. BERLIN: If we could scroll down so
 4 the witness can see it.
 5 BY MS. BERLIN:
 6 Q. Paragraph 19 through 22, you discuss the
 7 Ponzi scheme issue, and you also discuss your work
 8 on the -- the Rothstein bankruptcy case.
 9 Do you see that?
 10 A. I -- I do. I don't have 21 and 22, but
 11 I'm -- I'm -- Okay.
 12 Q. Okay.
 13 MS. BERLIN: I wonder if you can just
 14 continue to scroll down. Thank you.
 15 BY MS. BERLIN:
 16 Q. You write in your declaration about your
 17 work in the bankruptcy case, and some of that
 18 involved work that you did in connection with the
 19 Banyon Income Fund; is that correct?
 20 A. Yeah, there was a report that I issued
 21 regarding the Banyon fund.
 22 Q. Okay. So in the -- in that case, if
 23 Banyon Income Fund had recorded the fake settlement
 24 receivables as income, would it be appropriate to
 25 look at the accrual-based income?

83

1 A. I'm sorry. Ask the question again. This
 2 is also going back a number of years, so...
 3 Q. Okay. So that's why I was referring you
 4 to your declaration where you discussed the work in
 5 connection with that matter.
 6 And my question is, in that case, if
 7 Banyon Income Fund had recorded the fake settlement,
 8 do you remember that that concerned -- that matter
 9 concerned fake settlement receivables?
 10 A. Yeah, I do.
 11 Q. Okay. So in that matter, if Banyon Income
 12 Fund recorded the fake settlement receivables as
 13 income, would it be appropriate to look at the
 14 accrual-based income?
 15 A. No.
 16 Q. Okay. Why not?
 17 A. Because if it -- if it was proven that
 18 those were fraudulently recorded receivables,
 19 then -- then it wouldn't look at the -- the income
 20 on an accrual basis that's generated from it because
 21 it's fictitious.
 22 Q. Okay.
 23 MS. BERLIN: I wonder if we could please
 24 look at paragraph 23 in Exhibit 90, which is
 25 the April 2021 declaration.

84

1 A. It's in front of me.
 2 BY MS. BERLIN:
 3 Q. Okay, great. Do you -- thank you.
 4 Do you see at paragraph 23 where you
 5 write, quote, "CBSG raised funds through debt
 6 financing, not equity financing. As such, it
 7 offered an annual rate of interest to noteholders as
 8 reflected in promissory notes. This is not a
 9 promise of high rates of returns to investors," end
 10 quote.
 11 Do you see that?
 12 A. I do.
 13 Q. And you're discussing the promise of high
 14 rates of returns to investors because of the quoted
 15 language from the investor.gov website in paragraph
 16 22 that discusses that as a red flag?
 17 MR. SOTO: Objection to form.
 18 A. That -- that addresses that bullet point,
 19 yes.
 20 BY MS. BERLIN:
 21 Q. Okay. So that's what I was trying to --
 22 like, you are addressing this because you are
 23 referring to the red flag of -- of promises of high
 24 rates of returns to investors that appeared on the
 25 investor.gov website that you quoted in paragraph 22

85

1 of your declaration?
 2 MR. SOTO: Objection to form.
 3 A. Correct.
 4 BY MS. BERLIN:
 5 Q. Mr. Glick?
 6 A. Correct.
 7 Q. Okay. Thank you.
 8 What -- what do you mean in paragraph 23?
 9 Could you explain paragraph 23, please? Explain
 10 what you mean by this.
 11 A. I guess I'll -- I'll try and say it
 12 another way. I think it's self-explanatory, is that
 13 the money that came into CBSG was raised through
 14 promissory notes, it wasn't -- they weren't selling,
 15 you know, a piece of the business. So it was debt
 16 financing, not equity financing. So hopefully we'll
 17 go down that first part.
 18 Q. We're not. Hold on just a moment. I'll
 19 stop you there a second, okay, and then we'll go to
 20 the second part.
 21 So just so I understand, are you -- are
 22 you giving an opinion that if a security investment
 23 is done through a promissory note, then the money
 24 paid to investors is not considered an investment
 25 return?

86

1 A. No, that's not what I'm saying at all.
 2 Q. Oh, okay.
 3 A. I'm looking -- I'm looking at how this is
 4 recorded in the books. Remember, I'm an accountant,
 5 not an attorney. So if I -- if a business raises
 6 money, money goes into the bank and, you know, this
 7 is why people don't become accountants. The debits
 8 and credits have to balance, left/right. If I debit
 9 my cash, I have to credit something. I either
 10 credit a payable -- in this case, it would be
 11 because of debt financing, I owe somebody that money
 12 back or a credit equity that they're investing in
 13 the company.
 14 And so all I'm commenting on is -- is that
 15 the -- the noteholders, what you call the investors,
 16 who -- who were issued promissory notes, that's debt
 17 financing, not equity financing as it was reflected
 18 in the books of CBSG.
 19 Q. Oh, okay. So you're not asserting that --
 20 well, let me ask you -- let me ask you another way.
 21 So if one of these investors for the
 22 promissory note was promised, you know, 40 percent
 23 interest in their promissory note or 20 percent
 24 interest in their promissory note, you're not
 25 asserting that they were not -- that the investor

87

1 was not promised a high rate of return by the person
 2 who told them that's what they were going to get,
 3 but instead, in paragraph 23, you're discussing how
 4 these are reflected on the books of CBSG?
 5 MR. SOTO: Objection. Mischaracterizes
 6 his report.
 7 MS. BERLIN: So I'm going to ask Mr. Soto,
 8 who has had an unwavering commitment to making
 9 sure that no one says anything but objection to
 10 form, to comply with his own directive and
 11 threats -- threaten sanctions if we do anything
 12 other than that.
 13 BY MS. BERLIN:
 14 Q. My question was asking you, Mr. Glick, if
 15 that's what you were saying, and if you were not,
 16 you will have an opportunity to then explain it to
 17 me. So I'm going to ask my question to you again
 18 because it might have been confusing.
 19 But what I'm trying to understand is, in
 20 paragraph 23, are you giving an opinion that if an
 21 investor is promised, you know, 20 percent interest
 22 rate and a 20 percent return through their
 23 promissory note, that that somehow is not a promise
 24 to that investor of a high investment return, or are
 25 you instead in paragraph 23 simply referring to how

88

1 the promissory note interest is reflected in the
 2 books and records of CBSG?
 3 MR. SOTO: Objection to form.
 4 BY MS. BERLIN:
 5 Q. Mr. Glick?
 6 A. So it's a -- it's a little bit of both is,
 7 yes, is I'm talking about how it's recorded in the
 8 books. It's recorded as debt versus equity and --
 9 but I am also saying that the interest rates that
 10 were in the -- contained in the notes -- I'm not
 11 saying it's not a promise. Clearly, it is. If --
 12 if you lend me money and I say I'm going to pay you
 13 interest, I'm promising to pay you that rate.
 14 So I'm not saying they're not promising
 15 the return is, I was referring to specifically
 16 the -- the high rate.
 17 Q. Okay. So are you claiming that the
 18 promissory notes are not investments?
 19 MR. SOTO: Objection to form.
 20 BY MS. BERLIN:
 21 Q. Is that one of your opinions?
 22 A. Can I go?
 23 Q. Yes, Mr. Glick.
 24 A. No, I'm not. It's clearly -- whoever is
 25 on the other end of this, the person who is giving

89

1 the money to CBSG is -- from their perspective, it's
 2 an investment. From CBSG's perspective, it's debt
 3 financing. That's what I'm saying.
 4 Q. Is it your opinion that a Ponzi scheme, if
 5 it is typically operating as a Ponzi scheme, that it
 6 is no longer a Ponzi scheme and loses that
 7 characteristic if an investor contributes funds
 8 using a promissory note?
 9 MR. SOTO: Ms. Berlin, your question broke
 10 up. We could not hear you.
 11 THE WITNESS: I apologize. Yeah, it was a
 12 little long in the beginning. It was a little
 13 garbled. I couldn't get it.
 14 BY MS. BERLIN:
 15 Q. Okay. Thank you for letting me know.
 16 Is it -- is it your contention that if a
 17 company is paying investors using new investor
 18 money, that it loses the characteristic of a Ponzi
 19 scheme if the investors are contributing funds
 20 through promissory notes?
 21 A. No, not at all.
 22 Q. Okay. So going back to paragraph 23, is
 23 paragraph 23 -- you -- you offer a statement here
 24 that it's not a promise of a high return to
 25 investors, and so I just want to dig into that a

90

1 little bit. I'm going to ask you a few questions
 2 about that.
 3 If a promissory note was promising to an
 4 investor that they were going to get 40 percent
 5 interest on their money, is it your opinion that
 6 that is not a high return?
 7 A. No, I would say 40 percent is high.
 8 Q. Okay. So what is the relevance of
 9 paragraph 23 with respect to -- like, why does
 10 paragraph 23 matter to -- or does it? Maybe it
 11 doesn't. You'll tell -- you let me know, please.
 12 What is the relevance, if any, of
 13 paragraph -- of your statement in paragraph 23 to
 14 your analysis of whether Par Funding was paying
 15 investors their promissory note returns using funds
 16 that included other investors' money?
 17 A. So that was a long question, but -- so I'm
 18 not saying that they were paying -- if I heard you
 19 correctly, and if I didn't, correct me, is, I didn't
 20 say that they were paying money with other
 21 investors. You said that.
 22 Is the -- the significance of 23 is it was
 23 just there as a rebuttal point to that first bullet
 24 point.
 25 Q. Oh, you were just rebutting the red flags

91

1 on the investor.gov website?
 2 A. Correct.
 3 Q. Okay. Did you perform any analysis to
 4 determine whether any of the investors in Par
 5 Funding received money that included any other
 6 investor funds, whether commingled or direct
 7 investor funds?
 8 A. I did not do a commingling analysis,
 9 specifically.
 10 Q. So what rates of return were paid to the
 11 Par funding investors?
 12 A. They were paid -- they were paid their --
 13 the rates based on their promissory notes.
 14 Q. Right. So because you referenced the
 15 rates, right? And you -- you include in paragraph
 16 23 that they did not receive high rates of return.
 17 What rates were promised to the Par
 18 Funding investors that you -- what rates did you
 19 review, and what was promised to the Par Funding
 20 investors?
 21 A. My understanding -- based on what I saw,
 22 it is -- on average, I think it was 20 percent.
 23 Some were 18, higher was 20.
 24 Q. And so you -- and some of them included a
 25 return of 44 percent.

92

1 Did you see that?
 2 **A.** I did not.
 3 **Q.** Okay. So did you see the 44 percent
 4 return -- oh, I'm sorry. You just said you did not.
 5 I'll move on.
 6 Some of the -- some of the promissory
 7 notes included a 35 percent interest rate.
 8 Were you aware of those?
 9 **A.** I don't know how many. Like I said, on
 10 average, when I looked at the whole thing, it was
 11 about 20 percent.
 12 **Q.** So are you giving -- are you giving an
 13 opinion in this case that 20 percent is not a high
 14 investment return?
 15 **A.** I don't believe it's -- in context of what
 16 I'm used to seeing is, it was not -- it was not
 17 excessively high based on the risk of this type of
 18 business.
 19 **Q.** Okay. And what is the basis, what are you
 20 relying on to opine that a 20 percent interest rate
 21 is not a high rate of return?
 22 **A.** I just said, in comparison to -- for
 23 example, the work I did in Rothstein is the lowest
 24 rate there was -- the lowest rate was 46 percent,
 25 and most of the rates were triple digits.

93

1 **Q.** Okay. So compared to the Rothstein -- I'm
 2 not asking you to compare it to -- or you can if
 3 that's your answer.
 4 So compared to the Rothstein case, and you
 5 mean what Rothstein himself was offering to
 6 investors? Like, through his offering fraud?
 7 **A.** I'm sorry, state that again.
 8 **Q.** Sure. When you refer to the Rothstein
 9 Ponzi scheme, can you just be clear, because as you
 10 know, there were several other sort of mini
 11 enterprises involved.
 12 Are you referring to the Ponzi scheme that
 13 was conducted by Scott Rothstein through his law
 14 firm for settlements in legal proceedings?
 15 **A.** Correct.
 16 **Q.** Okay. And so compared to the Scott
 17 Rothstein interest rates that were offered, am I
 18 understanding that that's the basis for you finding
 19 that 20 percent -- a 20 percent investment return is
 20 not high?
 21 **MR. SOTO:** Objection to form.
 22 **A.** That was my basis, yes.
 23 **BY MS. BERLIN:**
 24 **Q.** Okay. Is there any other basis?
 25 **A.** No. It's not like there's a book you can

94

1 open up and say, what's considered a high rate of
 2 return? It depends on the risks inherent in
 3 whatever business that you're dealing with.
 4 **Q.** And so just to be clear, and then we can
 5 move on, the 20 percent interest rate, you are
 6 giving an opinion that 20 percent interest rate is
 7 not a high rate of return based on the Rothstein
 8 Ponzi scheme promise rate and nothing else? Like,
 9 you're not citing to any other source; is that
 10 correct?
 11 **MR. SOTO:** Objection to form.
 12 **A.** No, I'm not citing to any -- any
 13 authoritative source because there is no
 14 authoritative source out there.
 15 **THE COURT REPORTER:** I'm sorry, I didn't
 16 hear you.
 17 **A.** I'm not citing to an authoritative site
 18 because there is no authoritative site to determine
 19 what a high rate of interest is.
 20 **BY MS. BERLIN:**
 21 **Q.** And so you're providing an expert opinion
 22 based on this one case that you worked on about ten
 23 years ago?
 24 **A.** And that's probably the one that jumps out
 25 first. I'm sure there's others I've worked on over

95

1 the course of time.
 2 **Q.** Okay. What other cases are you relying on
 3 then? If it's more than the Rothstein case, then
 4 what other cases are you relying on?
 5 **A.** Again, I apologize. I was talking over
 6 you.
 7 It is, I've been doing this for 24 years,
 8 so I've worked on a lot of cases in 24 years. I
 9 can't tell you every single case I've worked on by
 10 name, and certainly, not -- you know, every single
 11 one of them is not a Ponzi scheme. But in 24 years,
 12 based on my experience, you know, I think I know
 13 what is -- what is high and what is not based on --
 14 based on my experience.
 15 **Q.** Okay. So based on your experience, and
 16 you cannot identify any other source other than the
 17 rates offered by Scott Rothstein.
 18 Did I summarize this correctly?
 19 **A.** Yes.
 20 **Q.** Okay. So do investors in a Ponzi scheme
 21 have to be equity investors?
 22 **A.** No.
 23 **Q.** Have you ever encountered a Ponzi scheme
 24 where investors invested through an equity interest?
 25 **A.** Off the top of my head, no, but it doesn't

96

1 mean I didn't.
 2 **Q.** What about the Woodbridge case?
 3 **A.** I don't know what the Woodbridge case is.
 4 **Q.** What about the Pearlman case?
 5 **A.** Lou Pearlman? I -- I -- again, I don't.
 6 I don't. I wasn't involved in that case.
 7 **Q.** Okay. Again, here in paragraph 24, you're
 8 writing to distinguish Par Funding from the red flag
 9 warnings on the investor.gov website; is that
 10 accurate, in paragraph 24?
 11 **A.** 24 would be responsive to the second
 12 bullet point.
 13 **Q.** Okay. So paragraph 24, you are analyzing
 14 Par Funding under the red flag warnings you found on
 15 investor.gov as reflected in the second bullet point
 16 of paragraph 22.
 17 Did I say that correctly?
 18 **A.** Yes.
 19 **Q.** Okay. So what was the source of funds
 20 that Par Funding used to pay investors?
 21 **A.** Based on the analysis, the way I looked at
 22 it, it was --
 23 THE COURT REPORTER: I'm sorry, based on
 24 the analysis?
 25 **A.** Let me start again because there was a

97

1 reverb.
 2 Is based on the analysis the way I did it
 3 is, my opinion, it was based on merchant dollars
 4 coming back in, repayment.
 5 BY MS. BERLIN:
 6 **Q.** So were all of the monies paid to
 7 investors comprised -- comprised exclusively of
 8 profits from the MCA deals?
 9 **A.** So that's -- that's a tricky question to
 10 answer. Are you asking from the perspective of -- I
 11 know you mentioned commingling before. Or -- are
 12 you saying from a flow of funds or the actual
 13 dollars that were used? I just want to understand
 14 the question so I answer it right.
 15 **Q.** You -- you can discuss it in each of those
 16 contexts if you prefer.
 17 And I'm just asking if -- did you
 18 determine whether all of the monies that were paid
 19 to investors were comprised exclusively of profits
 20 from MCA deals?
 21 And so if you did, you could explain --
 22 you know, explain that and how you did it. I don't
 23 know what your answer will be, so I don't know how
 24 to help you with that, but I'll ask you the question
 25 again.

98

1 Did you determine whether all of the
 2 monies paid to investors were comprised exclusively
 3 of profits from the merchant cash advance deals?
 4 **A.** So the answer is yes, but I did the --
 5 true -- if that answers your question.
 6 **Q.** You're breaking -- Mr. Glick, you're
 7 breaking up. I don't know if the court reporter
 8 could make that out, but I --
 9 THE COURT REPORTER: Nope.
 10 BY MS. BERLIN:
 11 **Q.** -- I couldn't. I'm sorry.
 12 You know, let's go off the record for a
 13 second, and then I'll give you a tip about how
 14 to fix it.
 15 THE VIDEOGRAPHER: The time is now
 16 12:32 p.m. Going off the record.
 17 (Recess taken.)
 18 THE VIDEOGRAPHER: We're back on the
 19 record. The time is now 12:38.
 20 BY MS. BERLIN:
 21 **Q.** So I think we were having a difficult
 22 time. I'm just going to ask the question again,
 23 Mr. Glick, and I apologize that we have to ask you
 24 to repeat it, but just because your voice was
 25 cutting in and out.

99

1 **A.** No.
 2 **Q.** Sorry. I had asked -- the question is,
 3 did you determine that all of the monies that were
 4 paid to the investors were comprised exclusively of
 5 profits from the MCA deal?
 6 **A.** From profits, no.
 7 **Q.** Did you determine that all of the monies
 8 paid to investors were funds that came exclusively
 9 from merchant borrowers that had paid Par Funding?
 10 **A.** Again, one more time.
 11 **Q.** Sure. Did -- did you determine that all
 12 of the monies paid to investors were monies that --
 13 let me ask another way.
 14 Did you determine that all of the monies
 15 paid to investors were comprised exclusively of
 16 monies that merchant borrowers had paid to Par
 17 Funding?
 18 **A.** Based on my FIFO analysis, yes.
 19 THE COURT REPORTER: Based on my what
 20 analysis?
 21 **A.** FIFO. F as in frank, I as in Iowa, F as
 22 in Frank, O as in Oscar. FIFO.
 23 THE COURT REPORTER: Thank you.
 24 BY MS. BERLIN:
 25 **Q.** And you did conclude -- you do agree with

100

1 me that the Par Funding accounts were commingled
 2 with respect to, like, they had investor funds as
 3 well as the monies from the borrowers?
 4 MR. SOTO: Objection to form.
 5 A. I agree they were commingled.
 6 BY MS. BERLIN:
 7 Q. And your FIFO analysis did not include any
 8 assessments -- like, it didn't take into
 9 consideration or try to do a commingled analysis,
 10 correct?
 11 A. It specifically disregarded the
 12 commingling.
 13 Q. In paragraph 25 of Exhibit 90, you write
 14 that profitability should be considered when
 15 evaluating a Ponzi.
 16 Are you -- are you relying on the SEC's
 17 investor.gov website for that -- for that
 18 contention?
 19 A. Give me -- bear with me so I could just
 20 read it.
 21 No, actually, that -- that Paragraph
 22 Number 25 relates to a receiver -- excuse me -- a
 23 statement by the receiver.
 24 Q. Oh, okay.
 25 A. It's not -- it's not tied back to a red

101

1 flag.
 2 Q. Okay. So you're not -- are you -- is it
 3 your opinion -- and I think we looked at this
 4 earlier today when we looked at the exhibits of the
 5 case law that I showed you, but I just want to make
 6 sure it's clear.
 7 Are you giving an opinion, an expert
 8 opinion that profitability must be considered when
 9 evaluating whether investors were paid with new
 10 investor funds?
 11 A. I am giving an opinion that the receiver
 12 misstated or made a misstatement is that -- he is
 13 correct. Profitability is a factor.
 14 Q. So what do you -- oh, I apologize. Go
 15 ahead.
 16 A. He said profitability is a factor, which I
 17 agree, but then he goes on to state that a cash
 18 analysis is a proxy of profit -- for profitability,
 19 which I do not agree with. And I'd just go on to
 20 say that the accounting basis is what provides the
 21 best and most accurate and most widely accepted
 22 method for analyzing profitability.
 23 Q. Okay. So what is the basis for you -- for
 24 your position and your opinion that profitability
 25 should be considered when determining whether

102

1 investors are paid their return using funds that
 2 include other investor monies?
 3 A. I apologize. I'm not sure I understand
 4 the question.
 5 Q. So if I understood correctly, you just
 6 testified that your opinion is that profitability
 7 must be considered when evaluating whether investors
 8 are paid their returns using funds that include
 9 other investor funds.
 10 Did I understand you correctly?
 11 A. I said it is a -- it is a factor to be
 12 considered.
 13 Q. Okay. And so what is the basis for your
 14 opinion that profitability is a factor that should
 15 be considered?
 16 A. Based on the -- the multiple definitions
 17 of -- of what a Ponzi scheme is. As you pointed
 18 out, I don't remember which exhibit it was, that the
 19 Court said it doesn't need to -- I'm probably
 20 paraphrasing. I know I'm paraphrasing -- is that it
 21 doesn't need to be a fraudulent case. It could be a
 22 business that is operating, still conducting, you
 23 know, a Ponzi scheme at the same time, but
 24 profitability is a component of looking at a Ponzi
 25 scheme.

103

1 Q. Okay. And so I'm asking you to tell me
 2 what source, what authority you rely on for your
 3 position and your opinion that profitability is a
 4 factor that should be considered when determining
 5 whether investor returns included other investors'
 6 monies.
 7 Are those the definitions that you
 8 provided in paragraph 20? Is that what you relied
 9 on?
 10 A. That, and my experience.
 11 Q. Okay. Anything else?
 12 A. No.
 13 Q. Let's turn to the next paragraph. And in
 14 the Rothstein case that you cite throughout your
 15 declaration, the Court did not find that
 16 profitability was -- was part of the equation,
 17 correct? The Court examined a Ponzi scheme was
 18 found based on whether investors were paid with
 19 other -- with money that included other investors'
 20 funds.
 21 Do you agree with me?
 22 A. I do.
 23 Q. In paragraph 25 of Exhibit 90, which is
 24 your April 2021 declaration, you opine that
 25 profitability should be determined on a GAAP basis;

104

1 is that correct?
2 **A.** Correct.
3 **Q.** So if -- if income reported on a GAAP
4 basis is not actual income that will be collected,
5 is this something that should be considered in
6 evaluating profitability?
7 **A.** Absolutely.
8 **Q.** And why is that?
9 **A.** Why is -- why fictitious profits should be
10 ignored? Because they're fictitious.
11 **Q.** Oh, I thought I asked it the other way.
12 Maybe I misspoke. Let me -- I'll ask the question
13 again. Either I misspoke or you misheard me, I
14 think. Maybe not. I'm going to ask the question
15 again. I apologize, Mr. Glick.
16 If the income reported on a GAAP basis is
17 not actual income that will be collected, is this
18 something that should be considered in evaluating
19 profitability?
20 **A.** Oh, I apologize. Yes. So I misheard the
21 question. Yes, until you know if it's going to be
22 collected or not, it's -- GAAP accrual accounting
23 requires in GAAP-reported accrual accounting that
24 you record the receivable and the corresponding
25 revenue, and then you also have a separate account

105

1 to account for the credit loss or the -- or the bad
2 debt, as it used to be called, of potentially not
3 collecting on that income.
4 **Q.** Okay. So if you have -- if you -- the
5 income report that's done on a GAAP basis is
6 comprised of funds that are not going to be
7 collected, am I correct that that amount does not
8 automatically get added to the equation for income
9 in determining profitability?
10 **MR. SOTO:** Objection to form.
11 **A.** I'm not sure -- excuse me. I'm not sure I
12 follow the question. I think the answer is no, but
13 if you could ask it again.
14 **BY MS. BERLIN:**
15 **Q.** Yeah. No problem.
16 So if -- if income is reported on a GAAP
17 basis --
18 **A.** Got it.
19 **Q.** -- and it's not actual income that's
20 going to be collected, it's income that, like, for
21 example, it's like more than 90 days past due, shows
22 no indication of -- of being collected upon, has not
23 been able to be collected upon, is that the type
24 of -- are those numbers for this income that's not
25 likely to be collected, is that something that gets

106

1 added to the income sum?
2 **MR. SOTO:** Objection to form.
3 **A.** So again -- so I'll go back to my previous
4 answer, which is -- and I'll give you an example.
5 Is if I record a hundred thousand dollars receivable
6 and the corresponding entry is a hundred thousand
7 dollars of income on a GAAP or accrual basis, is, if
8 your question is at some point in the future it's
9 determined that some portion of the hundred thousand
10 is not going to be collectible, there are provisions
11 that require you to -- to record and estimate for
12 that, but the hundred thousand dollars is in income.
13 **BY MS. BERLIN:**
14 **Q.** So the \$100,000 that's not likely to be
15 collected, it still gets included as income?
16 **A.** Short answer is yes, until it is
17 determined that it will not be collected and it is
18 written off, then the income is in the income and
19 the offset is, in this case would be factoring
20 losses.
21 **THE COURT REPORTER:** Would be what?
22 **BY MS. BERLIN:**
23 **Q.** And are --
24 **A.** Factoring, F-A-C-T-O-R-I-N-G, factoring
25 losses.

107

1 **THE COURT REPORTER:** Thank you.
2 **BY MS. BERLIN:**
3 **Q.** And are there rules that govern when to --
4 like, at what point monies are determined to be
5 collectible or not for purposes of competing
6 incomes?
7 **A.** That's a -- that's a management decision.
8 **Q.** And so if the management decision doesn't
9 have any sort of rigid framework in it and is purely
10 discretionary, does that affect the reliability of
11 the income figures?
12 **MR. SOTO:** Objection to form.
13 **A.** I mean, it would affect the -- the
14 profitability of the company depending on how they
15 choose to, you know, analyze their receivables.
16 **BY MS. BERLIN:**
17 **Q.** So would you agree with me that the
18 profitability as reflected under the scope of what
19 you just discussed, that the profitability then as
20 reported is only as accurate and only as reliable as
21 the process that management has in place for
22 determining whether to write off accounts
23 receivable?
24 **MR. SOTO:** Objection to form.
25 **A.** Well -- so it's -- that -- that's the

108

1 first part of it, and then if you -- if you have an
 2 audited set of financial statements, the auditors
 3 would then come in and propose an adjustment in
 4 order to record the -- the allowance on the balance
 5 sheet and the factoring loss on the P&L.
 6 BY MS. BERLIN:
 7 Q. Would you agree with me that regardless of
 8 how it's reported as far as profitability or income
 9 on a spreadsheet, that that doesn't impact the
 10 reality of whether or not money that an investor
 11 received as their return actually includes
 12 commingled investor money?
 13 MR. SOTO: Objection to form.
 14 A. Again, I apologize, but I'm not sure I
 15 understand your -- your question.
 16 BY MS. BERLIN:
 17 Q. Sure. So would you agree with me that
 18 regardless of how profitable a company is and how --
 19 what the records show and how management decides to
 20 write off monies that haven't yet been realized that
 21 are accounts receivable, that that doesn't impact
 22 the reality of whether or not money that goes into
 23 an investor's account as purported investment
 24 returns includes commingled investor money?
 25 MR. SOTO: Objection to form.

109

1 A. I'm not sure I know how to -- I'm not
 2 sure. I can't answer it. But again, I'm just
 3 confused on -- on the question. I -- I understand
 4 the first part. I don't understand the link to the
 5 second part of the question. I apologize.
 6 BY MS. BERLIN:
 7 Q. Okay. Well, can you imagine a case --
 8 have you ever -- have you ever worked on or can
 9 you -- I think we've covered it. I think you talked
 10 about profitability earlier, so I'm going to move
 11 on.
 12 Paragraph 31.
 13 MS. BERLIN: I wonder if we could just
 14 scroll to paragraph 31.
 15 BY MS. BERLIN:
 16 Q. And here, I think, this is just reflecting
 17 what you testified to earlier today that you
 18 acknowledge that investor proceeds were commingled
 19 with merchant payments in the CBSG account, correct?
 20 A. (Reading.) Yes.
 21 Q. Okay. And you agree with me that
 22 commingled funds are a characteristic of a Ponzi
 23 scheme?
 24 MR. SOTO: Objection it form.
 25 A. They can be, and they also could -- but by

110

1 definition just simply means, as I said, that
 2 dollars are mixed or blended. And I actually gave
 3 an example of a situation where monies can be
 4 commingled and it doesn't mean it's a Ponzi scheme.
 5 BY MS. BERLIN:
 6 Q. I -- I understand, but I'm asking it
 7 differently.
 8 I'm asking you, do you agree with me that
 9 commingled funds are a characteristic of a Ponzi
 10 scheme?
 11 MR. SOTO: Objection to form. Asked and
 12 answered.
 13 A. It is a characteristic.
 14 BY MS. BERLIN:
 15 Q. Okay.
 16 MS. BERLIN: Paragraph 35, please.
 17 A. We're moving along.
 18 BY MS. BERLIN:
 19 Q. And in paragraph 35, you list what you
 20 call some basic premises.
 21 Do you see that?
 22 A. I do.
 23 Q. And what is the source for this list of
 24 premises that you provided?
 25 A. My 24 years of -- of being an accountant

111

1 and understanding how businesses operate, and -- you
 2 know, yeah, that's it.
 3 Q. So under these premises, for example,
 4 looking at paragraph 35(4)(b), you have as a premise
 5 the ability to purchase inventory, machinery, and
 6 equipment to manufacture products they sell.
 7 Do you see that?
 8 A. I do.
 9 Q. Is that applicable to Par Funding?
 10 A. I believe -- actually, yes, because the
 11 purchase of inventory -- in this business, their
 12 inventory is cash, right? They are -- they're
 13 borrowing money and -- which is their inventory that
 14 they're using to then advance to merchants.
 15 So I think it's 100 percent applicable.
 16 Q. Okay. And what about, is there any
 17 machinery or equipment that you took into
 18 consideration in your analysis?
 19 A. No, this is -- again, this is a basic
 20 premise. It wasn't geared specifically to this
 21 business. It was a basic premise of -- of looking
 22 at a business.
 23 Q. Okay. And you agree with me that Par
 24 Funding's business is moving cash?
 25 A. I'm sorry, I believe that Par Funding is

112

1 what?
2 **Q.** Do you agree with me that Par Funding's
3 business is moving cash?
4 **MR. SOTO:** Objection to form.
5 **A.** I mean, you use the word "moving." I'm
6 not sure if like -- they -- I -- they have cash and
7 they -- they get repaid based on a factor rate. So
8 I mean, I don't know what your definition of moving
9 is, but...
10 **BY MS. BERLIN:**
11 **Q.** Moving could be -- do you agree with that
12 me that Par Funding's business was advancing or
13 transferring cash to merchants and then receiving
14 cash back from those merchants? Do you agree with
15 me on that?
16 **A.** I do.
17 **Q.** Okay. In paragraph 36, you indicate that
18 Par Funding's business model supports the use of
19 FIFO tracing, which is that first in/first out,
20 correct?
21 **A.** Correct.
22 **Q.** Did you prepare a FIFO analysis in support
23 of Exhibit 90 or April 2021's declaration?
24 **A.** Yes, I believe it's what you referred to
25 as that TF analysis. I don't know if it was in

113

1 Exhibit 110, -11, -12, one of those.
2 **Q.** So did you do a FIFO tracing?
3 **A.** I just said yes, it was that schedule that
4 I provided.
5 **MS. BERLIN:** I wonder if we could please
6 show Exhibit 114.
7 **THE WITNESS:** Can you blow it up a little
8 bit?
9 **BY MS. BERLIN:**
10 **Q.** Is this your FIFO, the FIFO analysis that
11 you conducted?
12 **A.** (Reading) Hold on. Yes.
13 **Q.** And is this, like, still today your FIFO
14 analysis? Is it reflected in Exhibit 114?
15 **A.** This is my FIFO analysis that is
16 corresponding to this declaration.
17 **Q.** Okay. So beyond this declaration, like
18 sitting here today, have you done any other FIFO
19 tracing analysis other than Exhibit 114?
20 **A.** No.
21 **Q.** I apologize. I couldn't make out what you
22 said. You broke up.
23 **A.** No.
24 **Q.** Okay. Thank you. I'm sorry.
25 **A.** No problem.

114

1 **MS. BERLIN:** We can take down the exhibit.
2 **BY MS. BERLIN:**
3 **Q.** In paragraph 37 of Exhibit 90, your
4 April 2021 declaration, do you see where you take
5 the position that each month there was sufficient
6 merchant cash received by Par Funding's business
7 operations that exceeded the amount of principal and
8 interest paid to investors?
9 **A.** I do.
10 **Q.** And you took the position that each month
11 there were more merchant advances than money
12 received from investors?
13 **A.** Yes.
14 **Q.** And you don't take the position that the
15 investor inflows were consumed by the transfers to
16 the merchant cash advances?
17 **A.** The investor inflows were consumed by --
18 yes.
19 **Q.** Okay. And are those opinions based on
20 Exhibit 114, the FIFO tracing analysis that we just
21 saw?
22 **A.** Yes.
23 **Q.** Okay. Is there anything else that you
24 relied on for these conclusions, or is it reflected
25 in the FIFO tracing?

115

1 **A.** It's in that analysis.
2 **Q.** I'm sorry?
3 **A.** It's in -- excuse me -- it's in that
4 analysis.
5 **Q.** Okay. Exhibit 114?
6 **A.** I'm sorry, I don't know the numbers, but
7 yeah, the -- the one that you just had up on the
8 screen.
9 **Q.** Okay. So in paragraph 37, do you see
10 where you write about investor dollars being, you
11 used the word "committed" to merchant advances?
12 **A.** Which page am I looking at, please?
13 **Q.** Paragraph 37.
14 **A.** Got it. Got it. Got it. "Therefore, in
15 these months where investor dollars were not all
16 committed." No.
17 **Am I looking in the middle of the**
18 **paragraph -- middle of the paragraph on top of page**
19 **13? Is that where you want me to look?**
20 **MS. BERLIN:** Can -- I wonder if the
21 videographer could just scroll up to the
22 beginning of paragraph 37. Thank you.
23 **A.** Got it.
24 **I still don't see the word "committed," so**
25 **I'm looking for the reference to "committed" in the**

116

1 paragraph.
 2 How about this: How about you ask me the
 3 question again, and I'll see if I can answer it.
 4 MS. BERLIN: Could we scroll down, please.
 5 BY MS. BERLIN:
 6 Q. Do you see -- so on the -- it's on page 13
 7 of 33 of Exhibit 90 in the paragraph that continues
 8 on to page 13 of 33, and it's about, I don't know, a
 9 third of the way down. It starts with "therefore."
 10 A. Yes, I see it.
 11 Q. "Therefore, in these months where investor
 12 dollars were not committed to merchant advances," do
 13 you see that?
 14 A. I do.
 15 Q. Okay. So did you determine that the
 16 investor funds were committed to merchant cash
 17 advances?
 18 A. Submitted, meaning legally? Committed.
 19 What? What's your definition of committed? I can't
 20 answer without --
 21 Q. I'm asking you. I'm so sorry. I'm asking
 22 you because you used the word "committed," so I'm
 23 just asking you: Did you determine that merchant
 24 cash advances were committed to -- I'm sorry, that
 25 investor funds were committed to merchant cash

117

1 advances?
 2 MR. SOTO: Objection to form.
 3 A. So I'm trying to see the best way to
 4 answer so I hopefully only have to answer it once.
 5 The pace at which the merchant advances
 6 were going out compared to the pace at which
 7 investor dollars were coming in like -- sorry. I
 8 apologize. That's poorly worded.
 9 The pace -- the growing pace of merchant
 10 dollars going out outpaced the growing pace of
 11 investor money coming in, right? And so -- so if
 12 you -- if you were to look at that over time, is --
 13 and I think you said it -- it earlier is that yes, I
 14 said that all the investor dollars would be subsumed
 15 by the -- the -- that excess of unfunded merchant
 16 advances.
 17 And so when I say "committed," I'm not
 18 talking about legally committed because I'm not an
 19 attorney and I haven't looked at any documents, is
 20 I'm saying that in that particular month that that
 21 one instance happened of significance, 3.9 million,
 22 is there was such an excess of money going out to
 23 merchants that I'm just saying that, effectively,
 24 that \$3.9 million was also -- even though on that
 25 one particular instance in time in that month, it

118

1 exceeded the money that went out to merchants. The
 2 cumulative excess was so much that it just -- it was
 3 a reduction of that excess.
 4 BY MS. BERLIN:
 5 Q. Okay. So when you talk about committed,
 6 you're not opining that investor funds were used to
 7 fund a specific merchant cash advance?
 8 A. Correct, and I believe I have a footnote
 9 that specifically states that, that the investors
 10 were -- the money was going to the company. It was
 11 not that -- while investors' money was going to --
 12 you know, it would be like Portlands Bagels, right?
 13 I don't know if you like bagels. There was no
 14 relationship between the money coming in from an
 15 investor and it going to a specific merchant.
 16 Q. And do you -- do you agree with me that
 17 they pooled the investor funds?
 18 A. I'm sorry, did they pool the investor
 19 funds?
 20 Q. Do you agree with me -- yes.
 21 You referenced your footnote in your
 22 expert report. I think it's Footnote 11 that
 23 discusses how investor funds are pooled together and
 24 not used to fund a specific MCA.
 25 Do you remember that?

119

1 A. I do. That's the footnote I was
 2 referencing.
 3 Q. Okay. And that's still your position
 4 today?
 5 A. That is my understanding of -- of the --
 6 the business and what investors were told.
 7 Q. Okay. Do you agree with me that there
 8 were numerous interfund account transfers?
 9 A. Define "interfunds." I don't know what
 10 you mean by that.
 11 Q. Do you agree with me that Par Funding had
 12 numerous bank accounts, ACH accounts and -- and
 13 other accounts that were all where money was
 14 transferred between them?
 15 A. So -- so -- yes. Okay. So yes, they had
 16 multiple -- they had multiple bank accounts and
 17 there were -- and there were transfers between the
 18 bank accounts, yes.
 19 Q. And do you have any support that investor
 20 funds were actually committed by CBSG to paying
 21 merchant cash advances as opposed to anything else?
 22 A. Do I have -- I'm sorry, do I have what?
 23 Do I have support for it?
 24 Q. So when you reference in paragraph 37 that
 25 investor funds were committed to merchant cash

120

1 advances, did you review any documents of CBSG that
 2 stated that investor funds are committed and -- in
 3 some way and if there's some methodology to ensure
 4 that they go to paying merchant cash advances?
 5 **A.** No.
 6 **Q.** When you state in paragraph 37 that
 7 sufficient merchant cash was received by CBSG's
 8 business operations, does that include both profit
 9 and return of the original amount advanced?
 10 **A.** If you could point me to the sentence just
 11 so I could read it.
 12 **Q.** Okay. So in paragraph 37.
 13 MS. BERLIN: Can you scroll down, please.
 14 BY MS. BERLIN:
 15 **Q.** Do you see the last sentence of paragraph
 16 37?
 17 **A.** Starting with "moreover"?
 18 **Q.** Yes. Do you see where you discuss the
 19 merchant dollars being sufficient to cover
 20 operational expenses and other payments?
 21 **A.** Let me just read it.
 22 I do.
 23 **Q.** Okay. Does this include both profit and
 24 return of the original amount that was advanced?
 25 **A.** Yes, it -- it reflects the cash that came

121

1 return of advance and a thousand dollars return of
 2 advance and \$300 of income, factoring income.
 3 **Q.** So for each transaction, did you determine
 4 how much of the cash was profit versus just a return
 5 of the original amount -- excuse me -- of the
 6 original amount advanced?
 7 **A.** No.
 8 **Q.** Did you prepare a tracing analysis that
 9 demonstrates on a transactional level basis that all
 10 investor dollars were used to fund merchant cash
 11 advances?
 12 MR. HYMAN: Object to form.
 13 THE COURT REPORTER: Who was that?
 14 MR. HYMAN: Zachary Hyman, counsel for
 15 Mr. Furman.
 16 THE COURT REPORTER: Thank you.
 17 **A.** Can I go? I'm sorry. Ask the question
 18 again.
 19 BY MS. BERLIN:
 20 **Q.** Yeah, sure. No problem. Let me see if I
 21 can remember the question, but I'll do my best.
 22 Did you prepare a tracing analysis that
 23 demonstrates on a transactional level basis that all
 24 the investor dollars were used to fund the merchant
 25 cash advances?

123

1 in.
 2 **Q.** All right. So the cash that came in, does
 3 that reflect the amounts that were initially
 4 advanced to the merchant, or does it reflect the
 5 amounts that that merchant was paying under their
 6 factoring agreement, or does it include both, or did
 7 you distinguish?
 8 **A.** Well -- so that brings up -- that brings
 9 up a good distinction. And so we'll go back to our
 10 example of the hundred thousand dollars, and let's
 11 just, for argument's sake, say it's a factor -- of
 12 130-.
 13 So I'm going to advance a hundred thousand
 14 dollars to the merchant and expect \$130,000 back.
 15 And I think it's actually an example in my
 16 declaration. Let's just assume to make the math
 17 easy that it's a hundred-day term. So the daily
 18 payment is \$1,300. Under GAAP and accrual, you --
 19 you -- not accrual, sorry. Under GAAP, you would be
 20 required on that \$1,300 payment -- each payment has
 21 a portion of return of the initial advance and a
 22 portion of income.
 23 So the \$1,300 that came in, I included the
 24 full \$1,300 as far as cash available to pay those
 25 expenses, but it was comprised of -- based on GAAP,

122

1 MR. HYMAN: Object to form.
 2 **A.** No.
 3 **Q.** Okay. Did you assume that the inflows
 4 from the merchant cash advances were used to pay the
 5 investor interest?
 6 MR. SOTO: Object to form.
 7 MR. HYMAN: Join.
 8 **A.** Yeah, like I said, I -- I believe that is
 9 very clear in the report. My -- my report is based
 10 on the assumption that FIFO applies.
 11 BY MS. BERLIN:
 12 **Q.** Okay. So there's an underlying assumption
 13 that the inflows from the merchant cash advance
 14 funds are used to pay the investor interest.
 15 Am I saying that correctly?
 16 **A.** Among -- among other payments, yes.
 17 **Q.** Okay.
 18 MS. BERLIN: I wonder if we could look at
 19 paragraph 39.
 20 BY MS. BERLIN:
 21 **Q.** And do you see here where you refer to
 22 CRM?
 23 **A.** Yes.
 24 **Q.** What are you referring to?
 25 **A.** I think it's called -- it's a CRM system.

124

1 I think they call it ConvergeHub.
 2 **Q.** And what did you review in ConvergeHub?
 3 **A.** The -- all -- all of the -- the
 4 transactions that were -- were entered into it, and
 5 there -- there was a field. And if you scroll down
 6 a little bit to that chart, the doughnut chart,
 7 whatever you want to call it. So basically, the --
 8 the data that was -- was exported from that, and so
 9 if we receive it from the receiver. So it's got a
 10 receiver Bates number on it.
 11 We looked at that information and we
 12 looked to see, you know, what was -- there was a
 13 field that was -- indicated whether it was funded or
 14 declined, as it shows in that chart on the left, and
 15 we just summarized that information.
 16 **Q.** So you didn't look at the specific deals
 17 on ConvergeHub, you looked at a summary chart that
 18 was provided by the receiver; is that correct?
 19 **A.** Again, no, I didn't look at any underlying
 20 documents. This was a, you know, 80,
 21 70-some-odd-thousand row spreadsheet, and it had a
 22 whole bunch of columns in it. And one of the
 23 columns was, you know, one of the funding companies,
 24 but then it was also whether or not the -- the
 25 application, I guess, it -- it was funded or -- or

125

1 declined.
 2 **Q.** And that chart that you relied upon, it
 3 does not indicate to you that an application was
 4 declined due to underwriting reasons; it simply says
 5 "declined," correct?
 6 **A.** Correct. This -- what paragraph is this?
 7 THE WITNESS: Scroll up a little bit,
 8 please.
 9 BY MS. BERLIN:
 10 **Q.** Paragraph 39.
 11 **A.** 39 is not any opinion on a quality of
 12 underwriting. It was -- it was just an analysis of
 13 the information that was provided to us as far as
 14 the applications that they received and looking at
 15 how many were approved -- how many were -- were
 16 funded, I guess, or declined. And we calculated
 17 that percentage, and then we compared it to federal
 18 statistics. That was -- that's the extent of this
 19 paragraph.
 20 **Q.** Okay. Did you take into consideration or
 21 review what the meaning of "declined" means in
 22 ConvergeHub?
 23 **A.** I did not.
 24 **Q.** Did you examine whether something being
 25 coded as declined includes applications that were

126

1 where a merchant applicant never returned their
 2 signed contract?
 3 MR. SOTO: Objection to form.
 4 **A.** So for instance, I don't recall. I don't
 5 know. Like I said, I have no underwriting documents
 6 or underwriting files. None of that was produced.
 7 All I have is this spreadsheet, and I don't recall
 8 what commentary was or was not included in there
 9 discussing whether something was -- or why something
 10 was or was not declined.
 11 BY MS. BERLIN:
 12 **Q.** Okay. And you do not know what the word
 13 "declined" on that chart actually means and whether
 14 it indicates that CBSG made an affirmative decision
 15 to decline an applicant; is that correct?
 16 MR. SOTO: Objection to form.
 17 **A.** Well, my understanding is that they
 18 declined it. The reason behind it, I don't know.
 19 But my understanding of declined means it was
 20 declined.
 21 BY MS. BERLIN:
 22 **Q.** Why do you think it was declined? Is it
 23 just based on the word "declined" in the chart, or
 24 did you do any other work to find out what that word
 25 actually means?

127

1 **A.** I think I just answered that, which is the
 2 fact that it says "declined," I'm assuming it was
 3 declined. The reason behind it --
 4 **Q.** Okay.
 5 **A.** -- is -- is I don't know the reason behind
 6 it.
 7 **Q.** Okay. And you also don't know for sure
 8 whether those were all declined, you only know what
 9 this chart reads. And if it said the word
 10 "declined," you assume that Par Funding declined the
 11 application.
 12 Am I stating that correctly?
 13 **A.** That is a fair statement.
 14 **Q.** Okay. Now, you relied here on some
 15 government small business credit surveys, correct?
 16 MR. SOTO: Objection. Form.
 17 **A.** Yeah. I keep trying to scroll the screen
 18 myself.
 19 THE WITNESS: Yeah, can you scroll down a
 20 little bit?
 21 BY MS. BERLIN:
 22 **Q.** Oh, no. Yeah, no, I do the same thing.
 23 You can ask our videographer to scroll down for you.
 24 **A.** Muscle memory, I just do it.
 25 **Q.** I know. I do the same thing.

128

1 A. I'm sorry. Am I looking in the paragraph
 2 or the footnote?
 3 Q. Well, in the paragraph, do you see that
 4 that you state that -- hold on one second -- you
 5 rely on the federal small business credit survey for
 6 the percentage of applications that are approved in
 7 the merchant cash advance industry.
 8 So if you look at paragraph 39, do you see
 9 where you wrote, "According to the U.S. Federal
 10 Reserves 2017 small business credit survey,
 11 7 percent of respondents sought a merchant cash
 12 advance as a financing product. Of those in the FRB
 13 survey, 79 percent of the applicants were approved."
 14 Do you see that?
 15 A. I do.
 16 Q. Do you see that language? I'm not sure if
 17 we lost you, if you're still on.
 18 A. I said I do.
 19 Q. I'm sorry. I -- thank you so much. I'm
 20 sorry, I didn't hear you.
 21 And why did you rely on the U.S. Federal
 22 Reserve's 2017 small business credit survey?
 23 A. Because I thought it was -- it was on
 24 point. It's the federal reserve, which is a
 25 government site, which, in addition to the Bureau of

129

1 Labor Statistics, the Bureau of Economic Analysis,
 2 those are all the type of sites that accountants and
 3 forensic accountants rely on.
 4 Q. Okay. And you also relied on the 2021
 5 survey, the same thing, the U.S. Federal Reserves
 6 small business credit survey but for 2021, correct?
 7 A. Correct. Correct.
 8 Q. Okay. So what makes a survey reliable?
 9 A. Again -- I'm again trying to scroll.
 10 It's -- it's the source of the data and --
 11 and the Federal Reserve is considered a reliable
 12 source of data.
 13 Q. Well, right. The Federal Reserve is
 14 summarizing a survey in these credit reports, right?
 15 You agree with me that these documents are
 16 summarizing the results of a survey that they issued
 17 to small businesses? Do you agree with me on that?
 18 A. I do.
 19 Q. Okay. And so in assessing whether a
 20 survey is reliable, do you -- what factors are
 21 considered other than the entity that conducted the
 22 survey? Which I understand you said is one of the
 23 factors you considered. But what other factors
 24 affect the reliability of a survey?
 25 A. The sampling, I guess, that they did in

130

1 order to -- you know, the population of the survey
 2 to make sure it was an appropriate and fair
 3 cross-section, I guess.
 4 Q. Okay.
 5 A. And again, that goes back -- that goes
 6 back to the reliability of the entity that's
 7 conducting the survey.
 8 Q. Okay. Well, and -- but doesn't the
 9 Federal Reserve have a lot of disclaimers in these
 10 credit -- in these surveys about using the surveys
 11 and how they compile the information?
 12 MR. SOTO: Objection to form.
 13 A. They do.
 14 BY MS. BERLIN:
 15 Q. Okay. And would you agree with me that
 16 the size of a survey, so like the number of people
 17 who are questioned, generally, as a general
 18 principle affects the reliability of a survey?
 19 A. Generally.
 20 Q. Okay. Are there instances where the
 21 size -- the number of people that are surveyed does
 22 not affect the reliability of -- of a survey?
 23 A. You just asked me generally, so I agreed,
 24 generally.
 25 Q. Okay. And also, would you agree with me

131

1 that whether or not another factor that's considered
 2 in determining the reliability of a survey is
 3 whether or not the individuals who are surveyed,
 4 whether it's a random cross-section of the
 5 population? Would you agree with me on that?
 6 A. Well, random, to a point, has got to be
 7 applicable to the -- the survey that is being
 8 conducted. You wouldn't -- you wouldn't survey
 9 someone who is not a small business and isn't
 10 looking for any kind of financing or -- or funding,
 11 so...
 12 Q. How many applications -- I'm sorry.
 13 A. So within -- within -- again -- again, you
 14 have to look at the -- the basis or the purpose of
 15 that survey, and then within that purpose is you
 16 come up with your -- your cross-section.
 17 Q. Okay. And how many applicants were there
 18 to CBSG?
 19 A. If you scroll down, based on that chart,
 20 it looks like there was 77,000, in excess of 77,000
 21 for that time period listed.
 22 Q. For that time period alone, right?
 23 A. It looks like, yeah, October '16 through
 24 June of '20.
 25 Q. Okay. And how many people were surveyed

132

1 in the surveys that you're citing as support for
 2 what the approval rating is in the merchant cash
 3 advance industry?
 4 **A.** I don't have a survey in front of me. I
 5 would have to look.
 6 **Q.** Okay.
 7 **MS. BERLIN:** I wonder if we could pull up
 8 Exhibit 106.
 9 (Thereupon, marked as Exhibit 106.)
 10 **A.** And there it is.
 11 **BY MS. BERLIN:**
 12 **Q.** Is this the 2021 Small Business Credit
 13 Survey that you're citing?
 14 **A.** It looks familiar.
 15 **Q.** Okay. Well, why don't you take your time
 16 and look at it so we can make sure this is what you
 17 relied on.
 18 Do you see at the bottom of the page it
 19 says, "Federal Reserve Banks," and it says, "2021
 20 report --
 21 **A.** I do.
 22 **Q.** -- Small Business Credit Survey"?
 23 **A.** Yes.
 24 **Q.** Is this what you were citing?
 25 **A.** Again, I would have to look at the

133

1 specific page and where the information came from,
 2 but I will -- I will trust that you did your
 3 homework and this is the right one.
 4 **Q.** Okay.
 5 **MS. BERLIN:** Can we turn to page 26,
 6 please.
 7 **A.** I think she means 26 of the document, not
 8 of the PDF.
 9 **MS. BERLIN:** On my side it's very blurry
 10 and hard to read. Is it just me? Is there a
 11 way to make it a bit larger? Thank you.
 12 Perfect. Thank you very much.
 13 **BY MS. BERLIN:**
 14 **Q.** So looking at this, do you see the bottom
 15 half of the screen it says, "Approval rate by type
 16 of loan/line of credit"?
 17 **A.** I do.
 18 **Q.** Okay. And do you see merchant cash
 19 advances is the second line down?
 20 **A.** Yes.
 21 **Q.** And it shows an 84 percent approval rate
 22 for the merchant cash advances of the people who
 23 were surveyed?
 24 **A.** I do.
 25 **Q.** Okay. And do you see the number of people

134

1 that that concerns?
 2 **A.** I do.
 3 **Q.** And how many is it?
 4 **A.** 173. I'm assuming that N equals 173 is
 5 the number surveyed.
 6 **Q.** Okay. So your -- let's now turn to the
 7 next exhibit, which I think is 107.
 8 (Thereupon, marked as Exhibit 107.)
 9 **BY MS. BERLIN:**
 10 **Q.** Yes. And now we'll pull up the 2017
 11 survey that you cite.
 12 Is this the 2017 survey that you cite and
 13 rely on in your declaration?
 14 **A.** Again, it looks like it. I'm going to
 15 trust that we're going to go to a page that we can
 16 verify it.
 17 **Q.** Okay.
 18 **MS. BERLIN:** So can we please turn to page
 19 8.
 20 **A.** Again, I think it's page 8 of the
 21 document, not the PDF.
 22 **MS. BERLIN:** And can we make it larger?
 23 Thank you.
 24 **THE WITNESS:** Is this the right --
 25 actually, is this the right one?

135

1 **MS. BERLIN:** No.
 2 **THE WITNESS:** No, this doesn't look like
 3 the right one.
 4 **MS. BERLIN:** Can you please scroll up.
 5 Hold on. What PDF page -- Madam
 6 Videographer, what -- what -- I can't see the
 7 page number that you're on or the PDF page. So
 8 that page 7.
 9 And what PDF page is it?
 10 **THE WITNESS:** 13.
 11 **THE VIDEOGRAPHER:** 13.
 12 **MS. BERLIN:** Okay. Can you go to PDF page
 13 8.
 14 **THE VIDEOGRAPHER:** Page 8? I'm sorry, I
 15 didn't hear that.
 16 **MS. BERLIN:** PDF page 8, please.
 17 **THE VIDEOGRAPHER:** 8, okay.
 18 **MS. BERLIN:** Thank you. One moment,
 19 please. Okay.
 20 Can you turn to page 9 of the document,
 21 please.
 22 **THE VIDEOGRAPHER:** So you need --
 23 **MS. BERLIN:** The bottom of the page should
 24 have a 9 on it.
 25 **THE VIDEOGRAPHER:** Okay. There you go.

136

1 MS. BERLIN: Thank you.
2 THE WITNESS: There we go.
3 BY MS. BERLIN:
4 Q. So do you see the page that says
5 "applications"?
6 A. I do.
7 Q. Okay. And it says, "financing and credit
8 products sought," and it's then breaking it down by
9 percentage of applicants, and we see that merchant
10 cash advance has 7 percent.
11 Do you see that?
12 A. Correct, I do.
13 Q. Is that what you're referring to in
14 paragraph 39 of your declaration where you say that
15 7 percent of the companies surveyed applied for a
16 merchant cash advance?
17 A. That seems to be correct, yes.
18 Q. Okay. And so do you see at the top of
19 this chart that this is summarizing -- you see
20 financing and credit products sought, percentage of
21 applicants, and then we see N equals 3,522.
22 Do you see that?
23 A. Excuse me. Yes, I do.
24 Q. Okay. So do you understand that this
25 survey is saying that 7 -- what is -- I can pull out

137

1 a calculator. 7 percent of 3,522 of people sought a
2 merchant cash advance.
3 Do you see that?
4 A. I do.
5 Q. So approximately, how many people would
6 that be at 7 percent of 3,522?
7 A. Well, since you can't have half a person,
8 we'll go with 246.
9 Q. Okay. And so you're relying in your
10 paragraph 39 is based on a couple hundred people or
11 less than 200 people in 2021 applying for a merchant
12 cash advance and just, you know, around 240 people
13 in 2017.
14 Do you agree with me?
15 A. I do.
16 Q. Do you still think that that's a
17 reasonable basis for you to assert what the approval
18 rate for merchant cash advances is?
19 A. For who?
20 Q. Well, you're the one in your declaration,
21 Mr. Glick, who states what the -- you're stating to
22 the Court what the approval rate is on applications,
23 and you're relying on these two surveys that we've
24 just shown. One involves less than 200 people being
25 surveyed and the other involves about 240 people

138

1 being surveyed.
2 And from that, I'm asking you, do you
3 believe that a survey of that small population of
4 people reliably reflects what the approval rate is
5 for applications in the merchant cash advance
6 industry?
7 MR. SOTO: Objection to form.
8 A. So can we go back to my declaration?
9 BY MS. BERLIN:
10 Q. Okay. We can, but I'm just asking you --
11 set your declaration aside for a moment.
12 I'm just asking you, do you believe that a
13 survey of about 200 people accurately or reliably
14 reflects or could be used as authority to state what
15 the approval rate is in the merchant cash industry?
16 A. I believe it could be used as a source.
17 Is it authoritative? No. Could there be other
18 studies out there? Absolutely.
19 Q. Okay. And so these surveys alone would
20 not be the -- would not reliably demonstrate on
21 their own what the approval rate is.
22 Would you agree with me on that?
23 A. I do agree with you on that.
24 Q. And do you also know -- if we can scroll
25 down. Let me flip my own copy. It would be easier

139

1 for me to find the page for you.
2 Did you examine methodology that's
3 utilized by -- that's utilized for obtaining these
4 survey results before citing to them in your
5 declaration?
6 A. I'm sure I read it. I couldn't tell you
7 what it says, but I'm sure I read it at the time.
8 Q. And so do you understand that it's --
9 these are not random surveys and that the -- that
10 they're based on surveys that take about 6 to 12
11 minutes to complete, and that the participants are
12 selected from publicly available e-mail lists and
13 are contacted directly by the Federal Reserve?
14 MR. SOTO: Objection to form.
15 BY MS. BERLIN:
16 Q. Is that something that you considered?
17 A. I don't recall.
18 Q. Okay.
19 MS. BERLIN: We can take down this
20 exhibit.
21 I wonder if we could turn to paragraph 43.
22 THE VIDEOGRAPHER: On what exhibit, ma'am?
23 MS. BERLIN: Oh, I'm so sorry. On
24 Exhibit 90, which is the April 2021
25 declaration.

140

1 BY MS. BERLIN:
2 Q. Do you see that in paragraph 43 you're
3 opining that cash analysis is improper to determine
4 profitability, that the information DSI presented
5 based on cash is not useful to the Court, and that
6 you did not understand the cash presentation because
7 it is not consistent with GAAP? Is that an accurate
8 summary of what you wrote here in paragraph 43?
9 MR. SOTO: Objection to form.
10 A. Yes.
11 BY MS. BERLIN:
12 Q. Mr. Glick?
13 A. I said yes. I'm sorry, we were speaking
14 over each other. I apologize.
15 Q. Have you ever performed a cash analysis,
16 or do you always use an accrual analysis?
17 A. You have to have the cash analysis. No, I
18 have not always used an accrual analysis.
19 Q. So on which matters have you done a cash
20 analysis?
21 A. I couldn't -- I couldn't tell you, as I
22 sit here. The application of the cash analysis or
23 an accrual analysis depends on the facts and
24 circumstances of that matter.
25 Q. Okay. And so what facts and circumstances

141

1 do you consider?
2 MR. SOTO: Objection to form.
3 A. The -- the business, and as we keep going
4 back to is, the way I see that the flow of funds
5 would occur based on my understanding of the
6 business, which is on a critical basis. So that's
7 how I would -- in this particular case, that's how I
8 would consider it. In another case, I might
9 consider it differently.
10 BY MS. BERLIN:
11 Q. So other than the -- when you say "the
12 business," what do you mean by that? Do you mean
13 what type of business it is?
14 A. Yeah, what's the -- yeah, what's the
15 nature of the business? What do they do?
16 Q. Okay. And so why is the nature of what
17 Par Funding does, why does -- why does that require
18 an accrual analysis?
19 A. Well, if we're talking about -- you know,
20 the accrual analysis has to do with if you're -- if
21 you're trying to figure out profitability, then you
22 do an accrual analysis. A cash analysis is
23 unless -- unless it's a cash basis entity, and even
24 then, technically, it's -- it's not as reliable as
25 accrual-based accounting purposes, it's not recorded

142

1 on a cash basis, but accrual on a cash basis. But
2 accrual basis will always provide a -- a better
3 picture of profitability.
4 Q. In every instance, or is it contingent on
5 the facts and circumstances of what you're
6 analyzing?
7 A. Well, profitability on an accrual basis
8 versus a cash basis, accrual basis will always
9 provide a better estimate of profitability. That's
10 why GAAP requires it.
11 THE COURT REPORTER: That's why what?
12 A. GAAP, G-A-A-P.
13 THE COURT REPORTER: Yep, "requires it."
14 Got it.
15 BY MS. BERLIN:
16 Q. What about in assessing something
17 different which is assessing whether certain
18 transfers included investor funds -- or I'm sorry,
19 assessing whether certain transfers were comprised
20 of nothing other than merchant cash advance funds?
21 A. Unfortunately, I think when you paused --
22 can you just ask it from the beginning again?
23 Q. Yeah, sure. So I understand you just
24 talked about profitability analysis, but I'm
25 asking -- I said let's -- let's switch gears a bit.

143

1 What about an analysis of whether a
2 certain monetary -- money transfers included funds
3 from commingled accounts to determine whether the
4 dollars transferred were exclusively from one source
5 as opposed to any other?
6 MR. SOTO: Object to form.
7 A. Well -- and so it goes back to what I had
8 asked for clarification before when you asked that
9 question is commingling of cash versus the
10 characteristic and how you view the cash are
11 different.
12 And so to answer your question is, I guess
13 it depends on the -- the intent of what your -- what
14 your -- the intent and the assumption. So if the
15 assumption is that there was fraud and you're trying
16 to figure out, you know, where did the money go and
17 whose money is left over, a certain type of tracing
18 analysis would be applicable in that scenario. If
19 you're just looking to see, how did money flow
20 through this company, even if in an account it was
21 commingled, if there is sufficient cash in total,
22 again, under my FIFO analysis, I believe that the --
23 the merchant money that came was what was used to
24 pay investor, principal, and interest and operating
25 expenses.

144

1 BY MS. BERLIN:
 2 Q. Okay. My question is a little different.
 3 My question was about the accrual versus cash
 4 methodologies. And you testified about why you
 5 think an accrual method is appropriate for a
 6 profitability analysis of GAAP statements, but I'm
 7 asking something different, and I'm not -- I'm not
 8 asking for you to repeat your opinion about what
 9 happened. I'm asking about the methodology. So I'm
 10 sorry if I wasn't clear.
 11 In assessing -- I'll repeat the question.
 12 In assessing whether or not monies that
 13 were transferred, like specific monetary transfers
 14 here, the monetary transfers to investors, whether
 15 any of those dollars included monies that came from
 16 something other than exclusively merchant payments,
 17 is it still your position that an accrual method is
 18 the only way to do that?
 19 MR. LEVINE: Object to form.
 20 MR. SOTO: Objection to form.
 21 BY MS. BERLIN:
 22 Q. Or is it a little different?
 23 A. So -- so the accrual method has nothing to
 24 do with that. Again, I'm talking -- accrual method
 25 has to do with when you recognize revenue, when you

145

1 recognize an expense, which equals payables and
 2 things of that nature. That's accrual accounting,
 3 and that helps you measure profitability at a
 4 certain cutoff time, whatever that -- whatever that
 5 is.
 6 I'm only talking about the cash flow, and
 7 I'm -- and I'm talking about if you look at the flow
 8 in a -- in a certain view, then based on a FIFO,
 9 which, again, has nothing to do with accrual versus
 10 cash, it's just the method of looking at the -- the
 11 flow of the dollars, is then the money that was paid
 12 for principal and interest was from merchant advance
 13 monies coming in.
 14 Your -- your question about, you know,
 15 we've already established the money in the bank
 16 account -- accounts, plural, were commingled.
 17 Q. So does GAAP require that you consider --
 18 I think we established that GAAP requires that you
 19 consider collectibility, correct?
 20 A. Yes.
 21 Q. And did you evaluate the collectibility of
 22 the each of the CBSG merchant transactions?
 23 A. No, that wasn't part of the scope of my
 24 engagement.
 25 Q. Okay. And would you agree with me -- let

146

1 me ask you this: What about the Banyon Income Fund
 2 that you reference in your declaration? What type
 3 of analysis did you do there?
 4 A. As far as what?
 5 Q. Well, you issued an expert report in
 6 Banyon, correct?
 7 A. Ten years ago, yes, or more.
 8 Q. Okay. And you -- did you do a first
 9 in/first out analysis or an accrual-based GAAP
 10 analysis of the Banyon Income Fund?
 11 A. In that one, the answer is most likely no,
 12 because there was the Ponzi -- Ponzi presumption.
 13 It was already determined it was a Ponzi by a court,
 14 so we didn't have to worry about those -- the whole
 15 thing with intent. Is the Court said this was a
 16 Ponzi, and once the Court said that, then it was a
 17 question of, okay, now we know how we need to look
 18 at the flow of funds.
 19 Q. Let's look at Exhibit 109, please.
 20 (Thereupon, marked as Exhibit 109.)
 21 MS. BERLIN: One moment, please.
 22 BY MS. BERLIN:
 23 Q. This is your expert report --
 24 A. Yes, it is.
 25 Q. -- in the Rothstein Rosenfeldt Adler

147

1 bankruptcy case that we've marked as Exhibit 109?
 2 A. It appears to be, yes. I'll tell you,
 3 this is one of a number of reports that I issued,
 4 but yes.
 5 Q. Well, would it surprise you to hear that
 6 you only produced a small handful of reports to us?
 7 MR. SOTO: Objection.
 8 A. I produced all -- I produced all of the
 9 Rothstein reports that I issued, and it's more than
 10 one. That's all I'm saying.
 11 BY MS. BERLIN:
 12 Q. But you -- you have issued other expert
 13 reports other than in the Rothstein bankruptcy
 14 matter that you did not produce to us, correct?
 15 A. With regard to what?
 16 MR. HYMAN: Object to form on that one.
 17 BY MS. BERLIN:
 18 Q. We'll go back to -- we can go back to your
 19 subpoena at the end of your deposition and we can go
 20 through what we requested and asked if you produced
 21 all of the expert reports.
 22 So for now, let's just look at
 23 Exhibit 109.
 24 MS. BERLIN: And if we could please turn
 25 to page 4, PDF page 4. Or actually, you want

148

1 to turn to PDF page 3.
 2 BY MS. BERLIN:
 3 Q. Do you see where it's indicating that you
 4 were asked to perform certain things by the trustee?
 5 THE WITNESS: Scroll down. It looks like
 6 it's on the next page.
 7 A. Okay. So I see these, yes.
 8 BY MS. BERLIN:
 9 Q. Okay. And then do you see your expert
 10 findings on PDF page 4?
 11 A. I do.
 12 Q. Okay. And it indicates that you traced
 13 and verified 972 million of advances from the Banyon
 14 entities to RRA, which was the Rothstein law firm,
 15 correct?
 16 A. Correct.
 17 Q. And that you also traced and verified
 18 advances from investors of about 160 million and
 19 approximately 19 million of the payments from the
 20 entities to the investors totaling 179 million.
 21 Do you see that?
 22 A. I'm sorry, you skipped -- so number 3,
 23 yes.
 24 Q. Okay. And you also made a finding -- if
 25 you turn to page 5 at the top, do you see where you

149

1 found that the Banyon investor funds were commingled
 2 with the RRA law firm revenues, client funds, and
 3 other investor funds?
 4 A. I do.
 5 Q. And do you see -- you'll agree with me
 6 that if you just look on the same page at Item 3,
 7 that this involved equity investors?
 8 A. Yes, I see that.
 9 Q. Okay. Do you see that on this page in
 10 Number 5, you also made a finding that the Banyon
 11 entities were connected as a result of the flow of
 12 Ponzi funds?
 13 A. I see that, yes.
 14 Q. And that, "although the initial injection
 15 of investment stems from outside investors, the
 16 circular nature of the flow of funds shows how the
 17 paths lead back to 1030-32," which was one of the
 18 Banyon funds.
 19 Do you -- do you see that?
 20 A. I do.
 21 Q. And you also found that the funds were --
 22 tainted all future investments flowing through the
 23 other Banyon entities because they would reinvest
 24 profits from the equity deals?
 25 A. I see it says that, yes.

150

1 Q. Okay.
 2 MS. BERLIN: And on PDF page 8 --
 3 A. Excuse me.
 4 MS. BERLIN: Just one moment. I'm sorry,
 5 can we go to -- I apologize. Can we go to page
 6 8 of the document. So that should be PDF page
 7 10.
 8 BY MS. BERLIN:
 9 Q. Do you see what you wrote -- where you
 10 wrote at the top of page 8 of your report, which is
 11 PDF page 10 of the exhibit that, "The sheer
 12 magnitude in terms of the number of transfers and
 13 number of accounts involved demonstrates the
 14 commingling of funds in the operating accounts,
 15 payroll accounts, trust accounts, and third-party
 16 accounts. The results of the diverting and
 17 commingling of funds was such that at any given time
 18 it was extremely difficult, if not impossible, to
 19 identify with a reasonable degree of certainty the
 20 exact nature of the funds in any of the RRA
 21 accounts."
 22 Do you see that?
 23 A. I'm not sure whether it says exact source,
 24 but yes.
 25 Q. Okay. And so here, even though you --

151

1 you've testified that there had been a finding by a
 2 court that the -- that Scott Rothstein was operating
 3 a Ponzi scheme, here, even with that, I guess what
 4 you -- I understood you to say you made that sort of
 5 assumption with respect to your work, even then, it
 6 was extremely difficult, if not impossible, to
 7 identify with a reasonable degree of certainty the
 8 exact nature of the funds in any of the accounts
 9 because of the commingling, the magnitude, and the
 10 size of transfers and all of the various accounts,
 11 correct?
 12 MR. HYMAN: Object to form.
 13 A. Correct.
 14 BY MS. BERLIN:
 15 Q. I'm sorry, I heard the lawyer's objection,
 16 but I didn't -- I think you said correct.
 17 Did I hear you correctly?
 18 A. You heard me correctly say correct.
 19 Q. Okay. Thank you.
 20 MS. BERLIN: Let's go off the record for a
 21 moment and we'll discuss our break.
 22 THE VIDEOGRAPHER: The time is now
 23 1:58 p.m. Going off the record.
 24 (At this time, a luncheon was recess taken
 25 from 1:58 p.m. to 3:45 p.m.)

152

1 THE VIDEOGRAPHER: We're back on the
 2 record. The time is now 3:47.
 3 BY MS. BERLIN:
 4 Q. Mr. Glick, how many years was Par Funding
 5 in operation?
 6 A. Two -- 2012 through 2020 when the receiver
 7 took over. I don't know, was that eight years?
 8 Q. Okay. Until -- I'm sorry, until -- until
 9 July 2020?
 10 A. Yeah, July -- was it July 27, I guess, was
 11 the date of the receivership.
 12 Q. Okay. And during that time period, how
 13 many audited financial statements are you aware of
 14 for Par Funding?
 15 A. I'm aware there's -- there was a draft
 16 unqualified 2017. There was a signed adverse 2017.
 17 I don't recall if there was a 2018 or not.
 18 Q. What's -- have you received -- have you
 19 reviewed any financial, any audited financial
 20 statements for CBSG?
 21 A. I looked at the two I mentioned and if I
 22 wasn't -- like I said, I don't recall if it was a
 23 2018 or not.
 24 Q. Okay. So you reviewed 2017 financial --
 25 audited financial statements, and I don't want to

153

1 put words in your mouth, but am I understanding
 2 correctly that you don't remember if you reviewed an
 3 audited financial statement for 2018?
 4 A. Correct.
 5 Q. Okay. So is -- is part of your opinion
 6 that because there was an audited financial
 7 statement pursuant to GAAP for one of those years
 8 that Par Funding was in operation, that only a GAAP
 9 analysis can be done?
 10 A. No. My --
 11 Q. Okay.
 12 A. They are required for tax purposes also,
 13 also to report on an accrual basis in addition to
 14 keeping their books on an accrual basis.
 15 Q. Okay.
 16 A. It's not just GAAP. The tax requires it
 17 as well.
 18 Q. Okay. So -- all right. So is there any
 19 impact -- are you claiming that because they filed
 20 taxes and the tax laws require them to comply -- to
 21 provide GAAP -- GAAP analysis figures that any --
 22 I'll just let you explain it.
 23 What is the relevance of Par Funding
 24 filing taxes, if any, to your expert opinions?
 25 A. The point is is that the company maintain

154

1 their books on an accrual basis both for book
 2 purposes and tax purposes. GAAP just says that
 3 accrual basis is the proper way to determine
 4 profitability of a company.
 5 Q. Okay. So is it your opinion that in
 6 any -- for any company that files taxes and
 7 maintains the records in a GAAP basis that they have
 8 to use an accrual basis to determine their
 9 profitability?
 10 A. Repeat the question.
 11 MR. SOTO: Objection to form.
 12 A. Could you repeat the question?
 13 BY MS. BERLIN:
 14 Q. Is it -- are you -- are you saying that
 15 there's a rule for all companies if they file
 16 taxes -- I -- I -- can you just repeat your answer
 17 because I don't -- I really don't understand, and
 18 I'm trying to understand.
 19 And if you could just tell me the basis or
 20 cite whatever rule you're relying on for your
 21 position that companies that file taxes and keep the
 22 records in compliance with GAAP have to use an
 23 accrual basis -- accrual method of accounting to
 24 determine profitability.
 25 MR. SOTO: Objection to form.

155

1 A. Okay. So number one is, that's not
 2 exactly what I said. Is -- I said as -- as a fact
 3 statement is, they filed their taxes on an accrual
 4 basis. It's required -- I think it's Internal
 5 Revenue Code 448 as far as gross receipts, which
 6 they -- they meet, so they were required to file
 7 their taxes as a C corporation on an accrual basis.
 8 As far as the books, they -- they were
 9 filing based on accrual, and they were
 10 GAAP-compliant. Again, GAAP just says accrual
 11 accounting is the more correct method or the only
 12 correct method to determine profitability. I'm not
 13 saying anything about requiring that they had to
 14 be -- had to keep their books on an accrual basis.
 15 They kept their books on an accrual basis because
 16 they kept -- they kept their books according to
 17 GAAP, and GAAP requires it.
 18 BY MS. BERLIN:
 19 Q. Can you tell me which GAAP rule you're
 20 requiring -- you're relying on?
 21 A. For what? That -- that GAAP requires
 22 accrual accounting?
 23 Q. For -- you -- you just provided a lengthy
 24 explanation explaining to or testifying to what GAAP
 25 requires and that -- for your answer that you just

156

1 gave so I don't have to repeat it back to you,
 2 hopefully you remember what you said.
 3 Could you please cite to me all of the
 4 GAAP provisions that you're relying on?
 5 **A.** And I asked a clarifying question is, are
 6 you asking as far as a GAAP provision that requires
 7 accrual accounting? I just want to make sure.
 8 **Q.** I think it might be more than that. We
 9 can have the court reporter read your answer back to
 10 you, and you could listen to it, and then I would
 11 like to know for your answer that you gave and your
 12 testimony which -- what are you relying on,
 13 specifically? So if you don't remember what you
 14 said, we could just have the court reporter read it
 15 back.
 16 **MS. BERLIN:** And I wonder if the court
 17 reporter could just do that. We'll go off the
 18 record so the court reporter can go back and
 19 get his answer, then read it back to him.
 20 **BY MS. BERLIN:**
 21 **Q.** And then I'd like you to tell me what
 22 you're relying on.
 23 **A.** Sure.
 24 **THE VIDEOGRAPHER:** Okay. The time is now
 25 3:54 p.m. Going off the record.

157

1 (Recess taken.)
 2 **THE VIDEOGRAPHER:** We're on the record.
 3 The time is now 3:55.
 4 **BY MS. BERLIN:**
 5 **Q.** So Mr. Glick, the -- you just heard them
 6 read you your answer back, and the question that I
 7 had asked you to do was listen to your answer and
 8 then please provide all of the support for what you
 9 stated.
 10 **MR. SOTO:** Objection to form.
 11 **A.** It would be Statement of Financial
 12 Accounting Concepts Number 1, Number 5, Number 8.
 13 It all has the language in there that talks about
 14 the matching principal and that -- that GAAP is --
 15 not GAAP -- rather, accrual basis is the method
 16 because it more appropriately measures the
 17 profitability, the estimates that are required
 18 because accrual basis is -- the risk of the
 19 estimates and the costs are -- are worth using the
 20 accrual method as opposed to a cash receipts and
 21 cash disbursements method.
 22 **BY MS. BERLIN:**
 23 **Q.** I'm sorry. I realized I'm on mute maybe.
 24 **MS. BERLIN:** I'm not sure, did the
 25 videographer -- did you hear me ask to show

158

1 Exhibit 96?
 2 **THE VIDEOGRAPHER:** No, I did not. I will
 3 show that now.
 4 **MS. BERLIN:** I thought it was taking her
 5 awhile to find Exhibit 96. Sorry about that.
 6 **THE VIDEOGRAPHER:** It's okay.
 7 **MS. BERLIN:** All right. I think that is
 8 actually -- I think they were renumbered. Just
 9 one moment. Hold on. Okay. Sorry about that.
 10 Go to Exhibit 94, please.
 11 (Thereupon, marked as Exhibit 94.)
 12 **MS. BERLIN:** I'm not sure if you heard me.
 13 I -- I might have been on mute.
 14 Oh, there we go. Thank you.
 15 **BY MS. BERLIN:**
 16 **Q.** Have you seen Exhibit 94 before,
 17 Mr. Glick?
 18 **A.** I can't tell if this is the adverse
 19 opinion or the unqualified, but I've seen --
 20 **MS. BERLIN:** We can scroll. Why don't we
 21 go to the next page and scroll through a few
 22 pages.
 23 **BY MS. BERLIN:**
 24 **Q.** And Mr. Glick, you can just direct how you
 25 want it to go.

159

1 **THE WITNESS:** Yep. Keep going. Okay.
 2 **A.** Yes, I've seen -- well, I'm sorry I said
 3 yes, I've seen both of them, but yes, I've seen
 4 this.
 5 **BY MS. BERLIN:**
 6 **Q.** Okay. What is it?
 7 **A.** It's an audited financial statement for
 8 the year end December 31, 2017 of CBSG.
 9 **Q.** Okay. And is it signed?
 10 **A.** I believe it was.
 11 **THE WITNESS:** If we could go back down a
 12 couple pages, I believe it was signed, yes.
 13 One more.
 14 **A.** Yes, it was signed.
 15 **BY MS. BERLIN:**
 16 **Q.** And so you've seen both versions of this.
 17 This is for the year 2017.
 18 What is the other version that you've
 19 seen?
 20 **A.** So there's also an unsigned, so therefore,
 21 an unissued 2017 draft for an unqualified opinion.
 22 **Q.** And so did you consider Exhibit 94 when
 23 you were preparing your opinions in this case?
 24 **A.** I did.
 25 **Q.** Okay.

160

1 MS. BERLIN: And could we show, please,
 2 Exhibit 93.
 3 (Thereupon, marked as Exhibit 93.)
 4 BY MS. BERLIN:
 5 Q. Okay. So that you can see -- determine if
 6 you've seen it before --
 7 MS. BERLIN: I wonder if we could just
 8 scroll down a few pages.
 9 THE WITNESS: Next page. Okay.
 10 BY MS. BERLIN:
 11 Q. Have you seen Exhibit 93?
 12 THE WITNESS: You can go back to the top.
 13 A. I've seen it.
 14 BY MS. BERLIN:
 15 Q. Mr. Glick, do you want her to show you
 16 more of the document?
 17 A. No, no. I said -- I already said I
 18 recognize it.
 19 Q. Oh, okay. So -- and what is Exhibit 93?
 20 A. This is the financial statements that I
 21 referred to. This was the --
 22 THE WITNESS: If you go to the next page.
 23 I'm sorry, one more page.
 24 A. This -- this would have been the
 25 unqualified audit that had been signed and issued in

161

1 the same time period.
 2 BY MS. BERLIN:
 3 Q. Is this cash flow statement presented in
 4 accordance with GAAP?
 5 A. You would have to show me a cash flow
 6 statement.
 7 Q. Oh, I'm sorry. I thought you said you
 8 were familiar with it.
 9 Do you need time to review it?
 10 A. I just need --
 11 THE WITNESS: If you flip down, just
 12 scroll down the GAAP.
 13 BY MS. BERLIN:
 14 Q. Yeah, just -- you can just direct our
 15 videographer how to move the pages and where you'd
 16 like her to go.
 17 THE WITNESS: So go down more. More.
 18 Another one. There you go.
 19 A. So this is the direct -- direct method
 20 cash flow statement that would be prepared in
 21 accordance with preparing the financial statements.
 22 BY MS. BERLIN:
 23 Q. I'm sorry. So is this -- is this
 24 presented in accordance with GAAP or not?
 25 A. This is -- this was -- this has the

162

1 provision of the \$20 million that -- so this was the
 2 crux of the argument. So this is based on the
 3 Fridman, the language in the adverse is, they are
 4 saying that this would be the correct presentation
 5 under GAAP.
 6 Q. Okay. So I'm just asking something a
 7 little different, not about what Fridman said or
 8 anything else. I'm just asking a more direct
 9 question.
 10 Is Exhibit 93, is -- is this statement
 11 presented in accordance with GAAP or not?
 12 A. Again, Statement 93 or just this specific
 13 page?
 14 Q. Exhibit 93 --
 15 A. Yes.
 16 Q. Let's go to the first page.
 17 So do you see Exhibit 93 says, "Complete
 18 Business Solutions Group and Affiliate Consolidated
 19 Financial Statements year ended December 31, 2017
 20 and independent auditors' report"? Do you see that?
 21 A. I do.
 22 Q. Okay. And let's scroll to the next page.
 23 And do you see that this document,
 24 Exhibit 93, includes an independent auditors' report
 25 as well as consolidated financial statements?

163

1 A. I do.
 2 Q. Okay. And have you ever -- have you
 3 reviewed Exhibit 93 before today?
 4 A. Yes.
 5 Q. Oh, okay. So are you familiar with the
 6 document?
 7 A. I've reviewed it. I haven't memorized it,
 8 but I'm familiar with it.
 9 Q. Well, is -- so do you remember if
 10 Exhibit 93, if -- if the cash flow statement in
 11 Exhibit 93 is presented in accordance with GAAP?
 12 A. The entire set of financials are in
 13 accordance with GAAP.
 14 Q. Okay. And so is Exhibit 93 signed or not?
 15 A. It is not.
 16 Q. Okay. And why?
 17 A. As I -- as I understand --
 18 MR. SOTO: Objection to form.
 19 Go ahead, Mr. Glick.
 20 A. As I understand is, this was the first --
 21 I don't want to say first. This was the -- I guess
 22 the version that was presented to CBSG. They didn't
 23 agree with the --
 24 THE WITNESS: If you scroll down the
 25 income statement. One more. Oh, I apologize.

164

1 Go -- I went too far. Go up one more. Right
2 there. Okay.
3 **A.** So in the operating expense section in the
4 middle of the page, provision for credit losses net
5 recoveries, Fridman came up with a 20 million and
6 change number based on the authoritative GAAP. And
7 the company disagreed with it, and they wanted to
8 use an income tax method, which was -- which
9 recognizes actual writeoffs, which I think was
10 roughly half that number. And so that was the --
11 basically, the disagreement, and so this -- this
12 audit was never signed and therefore never issued.
13 BY MS. BERLIN:
14 **Q.** Okay. And that's your understanding from
15 who? Like, what is your source for the information
16 you just testified about as to why this Exhibit 93
17 wasn't signed?
18 **A.** CBSG.
19 **Q.** Okay. Well, who at CBSG?
20 **A.** Joe Cole.
21 **Q.** Okay.
22 MS. BERLIN: I wonder if we could turn to
23 the next page in the exhibit. And one more
24 page. Thanks.
25

165

1 BY MS. BERLIN:
2 **Q.** So now is there another -- we looked at
3 Exhibit 94, right, which is the other version of the
4 audited financial statement for 2017.
5 Do you recall that?
6 **A.** Well, it's really -- technically, it's the
7 only version because that was signed, but yes.
8 **Q.** Okay. I thought you said -- I was using
9 your words. You said there were two of them. So I
10 don't -- I'm not trying to be tricky here,
11 Mr. Glick, I'm just trying to point you to
12 Exhibit 94 that we looked at just a few minutes ago.
13 Do you remember that document? Do you
14 remember me showing it to you on a screen?
15 MR. SOTO: Objection to form.
16 **A.** I do.
17 BY MS. BERLIN:
18 **Q.** Okay. So is Exhibit 90 -- and we can look
19 at it again if you want to.
20 Is Exhibit 94 presented in compliance with
21 GAAP?
22 **A.** It is not.
23 **Q.** Okay. So let's look at Exhibit 93, and we
24 are on -- at the top of the page it says page 10 of
25 56.

166

1 Do you see the first line that says "net
2 loss"?
3 **A.** I'm sorry, you said page 10 of 56?
4 **Q.** I am stating the page that we are on for
5 the record.
6 **A.** Oh, I'm sorry. I was looking at the --
7 I'm sorry, I was looking at the PDF not the program.
8 **Q.** Understood.
9 So on your PDF, it would be page 6. If
10 you're holding a hard copy in your hands --
11 **A.** No.
12 **Q.** -- it's going to say 6 at the bottom, and
13 if you're looking at the screen, it's a copy that
14 was filed with the Court. It has got the words
15 stamped that says page 10 of 56.
16 **A.** We're clear. I was looking at the wrong
17 place. Yes, page 10 of 56, got it.
18 **Q.** Okay. Do you see the first line that it
19 says -- the very first line says "net loss"?
20 **A.** I do.
21 **Q.** Okay. What -- what does that mean?
22 **A.** That there was a -- on an accrual basis,
23 they had a loss for the year 2017.
24 **Q.** And so it shows that they had a net loss
25 of \$6,695,103?

167

1 **A.** Correct.
2 **Q.** Okay. And in this year, based on the GAAP
3 financials, does the cash flow statement indicate
4 that there was sufficient cash flow from the
5 operations to fund the investor payments?
6 **A.** It shows a negative 58 million --
7 \$58.7 million.
8 **Q.** Okay. So you see that where it says, "net
9 cash flow from operations," and it's got negative
10 \$58.7 million? Do you see that?
11 **A.** Yes.
12 **Q.** So on a GAAP basis, the funds to and from
13 the merchant cash advances are grouped together in
14 the top section of the statement; is that correct?
15 **A.** Let me see. Accounts receivable. It
16 looks like that would be in the -- where is it?
17 Hold on a second.
18 Yeah, the merchant -- the merchant
19 activity is included up in the operating section.
20 **Q.** Okay. So essentially, the GAAP statement
21 shows the net amount of funding and repayments and
22 other expenses to arrive at the net cash outflow of
23 58.7 million?
24 **A.** Yes.
25 **Q.** Okay. And can you tell from this page on

168

1 Exhibit 93 how much was provided by the investors.
 2 If you look down to -- do you see the heading that
 3 says "cash flows from financial activities" in bold?
 4 **A.** I do.
 5 **Q.** And then it says -- three lines down it
 6 says, "Borrowings from investors loans payable"?
 7 **A.** Uh-huh.
 8 **Q.** And so do you see that 88.9 million was
 9 provided by the investors?
 10 **A.** Correct, and 18 million was repaid to
 11 investors, yes.
 12 **Q.** Thank you.
 13 That was my next question. I was going to
 14 ask you how much was paid to the investors.
 15 So 18.6 million was paid to the investors?
 16 **A.** Correct.
 17 **Q.** Okay. So given that the operations didn't
 18 generate any cash flow -- in fact, the operations
 19 used \$58 million in cash -- what source was
 20 available to fund the shortfall?
 21 **MR. SOTO:** Objection to form.
 22 **A.** Again, this is converting it to cash. I'm
 23 not -- my analysis is not -- is not a cash analysis.
 24 **BY MS. BERLIN:**
 25 **Q.** So I -- I'm not asking about your

169

1 declaration or your expert report right now, I'm
 2 asking you about the document in front of you, which
 3 is Exhibit 93.
 4 **A.** Okay.
 5 **Q.** And I'm asking you, and I'll just ask it
 6 again: Given that the operations didn't generate
 7 any cash flow, and in fact, the operations used
 8 \$58 million in cash, what source was available to
 9 fund the shortfall?
 10 **MR. SOTO:** Objection to form.
 11 **A.** The only positive amount on there would be
 12 the \$68 million, which is the net cash provided from
 13 financing activities.
 14 **BY MS. BERLIN:**
 15 **Q.** Right. Which includes the borrowings, the
 16 88 million from investors, correct?
 17 **A.** Correct.
 18 **Q.** And in fact, when you look at that
 19 section, you're saying the 68 million there, but in
 20 fact, in that -- in that section, it shows us that
 21 the only positive, we had \$88,990,275 coming from
 22 investors, about \$1.8 million coming from borrowings
 23 from a note payable and a related party, and then
 24 all of the other -- all of the other cash flows from
 25 financing activities were negative, correct?

170

1 **A.** That is correct.
 2 **Q.** Okay. So the \$68 million that you just
 3 cited is actually the investor funds, and a portion
 4 from -- a small portion from borrowings from note
 5 payable related party.
 6 Agreed with me?
 7 **A.** I think you -- I understand your question,
 8 but I think you mis -- misspoke as far as a number.
 9 I think the \$88 million is what you're
 10 talking about?
 11 **Q.** I asked you what the source of funds
 12 was --
 13 **A.** Right.
 14 **Q.** -- to cover the shortfall, and you said
 15 net cash provided by financing activities.
 16 So you took me to the total line on the
 17 page that you're looking at because we're all
 18 looking at page 10 of 56 on docket entry 177-52.
 19 So you took us to the total summary line
 20 of 68 million, and I'm just going to say 68 million,
 21 but everyone can see on the screen and the document
 22 is an exhibit that there's more after that. It's
 23 \$68,097,291.
 24 So this is not -- I'm asking you, okay,
 25 you look at the total, but what is that total really

171

1 comprised of?
 2 And I asked if you agreed with me that the
 3 total 68 million shows that it's coming from five
 4 different sources.
 5 Do you agree with me on that?
 6 **MR. SOTO:** Objection to form.
 7 **A.** It's -- yes, five different amounts are
 8 netting to the \$68 million.
 9 **BY MS. BERLIN:**
 10 **Q.** All right. So we'll walk through them.
 11 The first one, it says -- well, why don't
 12 you read it? What does the first one say?
 13 **A.** Borrowings from note payable related
 14 party.
 15 **Q.** And how much was that?
 16 **A.** I'm going to round it, 1.8 million.
 17 **Q.** And what's the next one?
 18 **A.** Repayments of note payable to related
 19 party.
 20 **Q.** And how much was that?
 21 **A.** Outflow of -- I'm going to round --
 22 2.1 million.
 23 **Q.** So in other words, you would subtract the
 24 2.1 million from the 1.8 million that you just
 25 referenced?

172

1 A. Correct.
 2 Q. Okay. So then what's the next entry?
 3 A. Borrowings from investor loans payable.
 4 Q. Okay. And how much is that?
 5 A. Rounding, 89 million.
 6 Q. Okay. So then that brings us back up to a
 7 positive number.
 8 Would you agree with me so far?
 9 A. I would.
 10 Q. Okay. So then what's -- what's the next
 11 entry?
 12 A. Repayments of investor loan payable -- I'm
 13 rounding -- outflow of 19 million.
 14 Q. Okay. And so what you mean by that is
 15 that you subtract -- from the positive figure of
 16 investor funds we just reached, you're going to
 17 subtract about \$19 million from that amount,
 18 correct?
 19 A. That is correct.
 20 Q. Okay. And so then what's the next item?
 21 A. Payment for debt issuance costs.
 22 Q. Okay. And is that a positive number or a
 23 negative number?
 24 A. That's a negative number. It's an outflow
 25 of \$2 million.

173

1 Q. Okay. So what do you subtract that from,
 2 the amount that you've tallied so far, correct?
 3 A. Correct.
 4 Q. Okay. So the 68 million that you cited as
 5 the cash that would cover the shortfall was
 6 comprised of the borrowings from investor loans
 7 payable.
 8 Would you agree with me?
 9 A. I would.
 10 Q. Okay. So let's then move on.
 11 I believe you testified that in reading
 12 Exhibit 93, it shows that \$18.6 million was paid to
 13 investors; is that right?
 14 A. I'm sorry, 18.6-?
 15 Q. Million.
 16 A. Yes.
 17 Q. Okay.
 18 A. Was repaid to investors, yes.
 19 Q. Okay. So -- and you would agree with me
 20 that since this is a GAAP analysis, that in this
 21 year, so for the year 2017, the only source of funds
 22 available to pay the investors is the funds from the
 23 investors?
 24 MR. SOTO: Objection to form.
 25 A. You're ignoring the -- the timing of the

174

1 flow of cash.
 2 BY MS. BERLIN:
 3 Q. Okay. So hold on a second.
 4 So is your answer no, you don't agree with
 5 me that since this is under GAAP in this year, the
 6 only source of funds available to pay the investors
 7 is the funds from investors?
 8 MR. SOTO: Objection to form.
 9 A. Mathematically, what you're saying is
 10 correct. \$68 million -- or \$88 million is the
 11 source of funds that is available or was available
 12 in aggregate to cover the \$58.7 million of cash used
 13 in aggregate for the year.
 14 BY MS. BERLIN:
 15 Q. Okay. And in your declaration, your
 16 April 2020 declaration, you testified that had DSI
 17 prepared its cash flow analysis in such a way that
 18 investors or the Court could get a sense of the
 19 financial operations comparable to other businesses
 20 using the most widely accepted framework, do you
 21 mean GAAP when you say that?
 22 A. I mean GAAP and a format similar to this.
 23 Q. Okay. And DSI's analysis presented the
 24 receipts from the merchant cash advances and the
 25 disbursements to merchant cash advances, correct?

175

1 A. They did.
 2 Q. Okay. So how is that different than from
 3 the Par Funding cash flow statement that presents
 4 the same thing?
 5 A. Because -- because I'm not saying every
 6 single -- every single component of their cash
 7 analysis was improper. They chose investment
 8 activity, merchant activity, which would -- would
 9 correspond to these sections here, and then they
 10 specifically broke out consulting fees and related
 11 party fees. And I was just commenting on, I wasn't
 12 clear on why they broke it out that way as opposed
 13 to showing it this way. That's all.
 14 Q. But the related party payments are
 15 described in the notes of the financial statements,
 16 correct?
 17 A. They are described there, yes.
 18 Q. And is it your position that that
 19 adequately explains why Heritage, Beta Abigail, and
 20 Newfield Ventures were paid?
 21 MR. SOTO: Objection to form.
 22 A. I'm not sure I understand the question.
 23 BY MS. BERLIN:
 24 Q. Okay. So do you recall -- and maybe we
 25 can go back to your declaration.

176

1 MS. BERLIN: Exhibit 90, please.
2 THE VIDEOGRAPHER: Would you like to go on
3 the top of the page?
4 MS. BERLIN: We'll just go -- we'll just
5 go to where -- hold on a second. I'll tell you
6 what paragraph he writes this in. Hold on.
7 Give me a second.
8 All right. Go to paragraph 46, please.
9 BY MS. BERLIN:
10 Q. Do you see 46A --
11 A. I do.
12 Q. -- and B, or do you read -- do you want to
13 just read 46?
14 A. I know what it says.
15 Q. Let me know when -- you already know what
16 it says. Okay. So maybe I'm misunderstanding what
17 you wrote.
18 In Exhibit -- or I'm sorry, paragraph 46,
19 is it your opinion that the notes of the financial
20 statements adequately explain why Heritage, Beta
21 Abigail, and Newfield Ventures were paid?
22 A. Yeah, it explains the relationship.
23 Q. Really? So in which financial statements
24 should we go look at to see the actual relationship
25 of those three companies? Or wait.

177

1 First, tell me what you mean by that.
2 What did those -- what did those notes tell you
3 about the relationship?
4 MR. SOTO: Objection to form.
5 A. Heritage Business Consulting is an entity
6 affiliated with CBSG due to common ownership. That
7 tells me a relationship.
8 BY MS. BERLIN:
9 Q. Okay. And why did Heritage receive funds
10 from CBSG?
11 A. That would be pursuant to a consulting
12 agreement, I guess, or whatever underlying agreement
13 that existed.
14 Q. Is there one?
15 A. Off the top of my head, I can't recall
16 for -- for -- specifically for SBC. I believe I've
17 seen one for Full Spectrum and --
18 Q. I'm not -- I'm not asking about that.
19 MR. SOTO: Objection to form.
20 Ms. Berlin -- Ms. Berlin, you're going to
21 permit him to answer the question or we're not
22 going to continue.
23 MS. BERLIN: No, I'm not.
24 BY MS. BERLIN:
25 Q. So Ms. Glick --

178

1 MR. SOTO: Ms. Berlin, we're not going to
2 continue unless you allow him to answer the
3 question. You can't cut him off.
4 MS. BERLIN: Mr. Soto, you can do what you
5 want to do.
6 BY MS. BERLIN:
7 Q. But Mr. Glick, I'm going to ask you to
8 listen to the questions.
9 We're on page 7 of -- we -- I understand
10 you want to tell me a lot of things, but I am asking
11 you very specific questions. If you could listen to
12 the question. I just asked you about Heritage, and
13 you're talking about other companies. I really --
14 if you could just listen. I'm going to ask my
15 question again, and I am going to ask you to answer
16 the question and listen carefully.
17 I asked you about Heritage Consulting.
18 There's one little question: Have you seen an
19 agreement for them?
20 Do you know what -- and I'll ask you, do
21 you know what services Heritage provided?
22 A. I don't recall if I saw the agreement or
23 not. It references an agreement. I don't know if I
24 saw it.
25 Q. Okay. What about Beta Abigail?

179

1 MR. SOTO: Objection to form.
2 BY MS. BERLIN:
3 Q. Same question.
4 What did they do for the company, if
5 anything?
6 A. They -- there is a consulting agreement
7 between Beta Abigail and CBSG.
8 Q. Okay. And -- and what is the -- what is
9 Beta Abigail paid for doing according to that
10 contract?
11 A. I don't recall off the top of my head, but
12 I've seen -- I've seen the -- I think it's
13 consulting on -- on business operations. I don't
14 know. I'd have to look at the actual contract to
15 familiarize myself.
16 Q. What about Newfield Ventures? Did you
17 look at that contract to see what they were getting
18 paid for?
19 A. I believe I did, yes.
20 Q. And what was it? What were they -- what
21 was their contract?
22 A. Again, same answer. I'd have to look at
23 the contract.
24 Q. Oh. Did the notes disclose that --
25 actually, hold on just a moment.

180

1 Did you take any -- did you undertake any
 2 independent analysis to determine if the payments to
 3 Heritage were accurate?
 4 **A.** How about this? I'll answer it this way
 5 is, I don't have Heritage -- I don't have books and
 6 records for Heritage, so I can't verify whether a
 7 payment from CBSG was received by Heritage.
 8 **Q.** Okay. So --
 9 **A.** I have no way to verify the payments to
 10 Heritage.
 11 **Q.** Okay. So is it correct that you did not
 12 take any -- you did not undertake any independent
 13 analysis to determine if the payments to Heritage
 14 were accurate?
 15 **MR. SOTO:** Objection to form.
 16 **A.** Correct.
 17 **BY MS. BERLIN:**
 18 **Q.** Did you validate the payments in any way
 19 to Heritage?
 20 **A.** We -- we relied on the -- the information
 21 as it was reflected in QuickBooks.
 22 **Q.** Okay. Did you review any invoices or
 23 supporting documentation or maybe interview the
 24 principal of Heritage to confirm the nature and
 25 purpose of payments to Heritage?

181

1 **A.** I did not.
 2 **Q.** Did you engage in any work to determine
 3 what Heritage did in exchange for payments?
 4 **A.** I don't recall.
 5 **Q.** Well, what kind of company is Heritage?
 6 What is it in the business of doing?
 7 **A.** I don't recall.
 8 **Q.** Who owned -- well, do you recall who owns
 9 Heritage or why -- how it is a related party?
 10 **A.** As I sit here, no.
 11 **Q.** Did you undertake any analysis to
 12 determine what Heritage did with the funds it
 13 received from Par Funding?
 14 **A.** No.
 15 **Q.** Did you conduct any independent analysis
 16 to determine the purpose and reason for the Newfield
 17 Venture, the Newfield payments?
 18 **A.** Again, other than I'm sure I looked at the
 19 consulting agreements, no.
 20 **Q.** Did you conduct any work to determine if
 21 those consulting agreements and the notes to the
 22 financial statements were accurate and correct?
 23 **A.** I'm sorry, say that again or ask it again,
 24 please.
 25 **Q.** Sure. Did you do any work to determine if

182

1 the amounts shown in the financial statements
 2 payable for Heritage, Eagle 6, Newfield Ventures,
 3 Beta Abigail, did you engage in any work whatsoever
 4 to -- to determine whether or not the amounts in the
 5 financial statements were accurate?
 6 **A.** Got it. No.
 7 **Q.** Was Newfield -- did you learn at any time
 8 or determine that Newfield was being paid from CBSG
 9 solely to raise money from investors who were
 10 purchasing promissory notes?
 11 **MR. SOTO:** Objection to form.
 12 **A.** Specifically to -- to Newfield -- Newfield
 13 Ventures? No.
 14 **BY MS. BERLIN:**
 15 **Q.** So did you simply rely on the note in the
 16 financial statements and accept that that was
 17 accurate?
 18 **MR. SOTO:** Objection to form.
 19 **A.** Accurate that it's -- that it's owned by a
 20 director in investor relations?
 21 **BY MS. BERLIN:**
 22 **Q.** Okay. We can break it down.
 23 Did you simply rely on the note in the
 24 financial statements for the amount that was
 25 received by Beta Abigail, Newfield, Heritage, Eagle

183

1 6, and any other related entity?
 2 **A.** Well, the financial statements are only
 3 going to show an ending balance. It's not going to
 4 show all of the -- the activity. So that's --
 5 that's -- it's -- it's hard to answer the question
 6 because I looked at the transactions that took place
 7 to see, you know, what payments were made to the
 8 various entities, what was the basis for the
 9 liability on financial statements.
 10 The answer is no, I did not look at
 11 anything other than, like I said, is the consulting
 12 agreements that would have established what they
 13 were due.
 14 **Q.** Okay. You didn't do anything to verify it
 15 or to confirm the accuracy of it, you relied on what
 16 was represented in the financial statements.
 17 Is that a good summary?
 18 **MR. SOTO:** Objection to form.
 19 **BY MS. BERLIN:**
 20 **Q.** What you just testified to?
 21 **A.** I relied on what was recorded in the
 22 financial statements and looking at the consulting
 23 agreements.
 24 **Q.** Okay. And nothing further, correct?
 25 **A.** Nothing further.

184

1 Q. Please turn to paragraph 49 of Exhibit 90.
 2 And do you see here in paragraph 49 that
 3 you're opining that DSI did not review contracts,
 4 agreements, et cetera to determine if a related
 5 party transactions were arm's length?
 6 A. Yes.
 7 Q. Okay. What did you do to verify that
 8 these were arm's length?
 9 A. I didn't do anything. I wasn't -- I
 10 wasn't the one who was making the statements. I was
 11 rebutting them.
 12 Q. Okay. So I'm not arguing with you,
 13 Mr. Glick, I'm just asking, what did you do to
 14 verify that these were arm's length transactions?
 15 Is the answer that you didn't do anything?
 16 MR. SOTO: Ms. Berlin, I'm just going to
 17 comment one more time that you've cut off this
 18 witness now a multiple of times, numerous
 19 times. If you persist, we're going to take a
 20 break and we're going to have to go to the
 21 magistrate. I don't want to do that. I'm
 22 asking you to stop cutting him off. This is
 23 probably the third or the fourth time I've
 24 asked you to stop doing this.
 25 MS. BERLIN: And Mr. Soto, I think you

185

1 know, because you've cut off the witness
 2 throughout the day with your objections, it's
 3 not intentional. We are all conducting a
 4 deposition from different locations online. If
 5 Mr. Glick isn't finished speaking, I do not
 6 know that.
 7 BY MS. BERLIN:
 8 Q. And Mr. Glick, if I interrupted you, I
 9 apologize. And I think that you know that by now.
 10 I'm not -- I'm not trying to intentionally interrupt
 11 you. You're not discussing anything controversial
 12 that would require interruption. I'm sorry if I
 13 stepped on your words.
 14 Were you finished testifying before I
 15 spoke?
 16 A. I believe I was still saying something,
 17 but now I don't know what I was saying.
 18 Q. Well, I'll repeat the question again.
 19 A. Okay.
 20 Q. The question was this: What did you do to
 21 verify that these were arm's length transactions?
 22 A. And my response was, nothing because I
 23 didn't need to for what -- the purpose that I made
 24 the statement was. That was bad English, but I
 25 apologize.

186

1 Q. Are you finished with your answer?
 2 A. I am.
 3 Q. Okay, great.
 4 So did you rely on the GAAP-based profit
 5 and loss statements in undertaking your analysis of
 6 the profitability of Par Funding?
 7 A. No.
 8 MR. SOTO: Objection to form.
 9 A. I did not rely on the -- I'm sorry, ask it
 10 again.
 11 BY MS. BERLIN:
 12 Q. Did you rely on the GAAP-based profit and
 13 loss statements in undertaking your analysis of the
 14 profitability of Par Funding?
 15 A. No.
 16 Q. Would the payments to the related parties
 17 have had any impact on your analysis, or did they?
 18 MR. SOTO: Objection to form.
 19 A. To the extent that they were expensible
 20 items and they were deductions, then they would
 21 impact profitability.
 22 BY MS. BERLIN:
 23 Q. Okay. And just to confirm, you did not
 24 engage in any work to independently verify the
 25 reasonableness of the related party transactions,

187

1 correct?
 2 A. Correct.
 3 Q. If you could look at paragraph 50.
 4 THE WITNESS: Can you scroll down a little
 5 bit, or up, I guess. Okay.
 6 BY MS. BERLIN:
 7 Q. Okay. Do you see where here you're
 8 opining that the analysis of cash flows is not the
 9 proper basis to determine an entity's profitability?
 10 A. I do.
 11 Q. And you also state that while an analysis
 12 of cash flows has its use, it is neither a good
 13 proxy nor a measure of profitability.
 14 Do you see that?
 15 A. I do.
 16 Q. Okay. What is your basis -- what is the
 17 basis for you saying that cash flow has its use but
 18 that it is neither a good proxy nor measure of
 19 profitability?
 20 A. I think we talked about this before is --
 21 is the GAAP guidance. It talks about accrual basis
 22 accounting is the proper measure for profitability.
 23 Q. So if a company reports millions of
 24 dollars in income or accounting profit but never
 25 collects, then do you still consider that to be a

188

1 profit?
 2 MR. SOTO: Objection to form.
 3 A. If they never collect it? Unfortunately,
 4 because of GAAP -- well, no. How about this?
 5 Because of accrual accounting is, there would be
 6 some kind of allowance that is required to be
 7 reported, but until those receivables that are
 8 determined not to be collected are actually written
 9 off is, yeah, you will -- you record the income.
 10 BY MS. BERLIN:
 11 Q. Okay. Does Par Funding pay its investors
 12 with cash or accounting profit?
 13 MR. SOTO: Objection to form.
 14 A. A combination of both. I presume is they
 15 sent -- they send money which is a combination of
 16 return of merchant dollars and which includes --
 17 going back to the example on the \$1,300 -- a
 18 thousand dollars is -- is returned principal or cash
 19 advance and \$300 is profit.
 20 BY MS. BERLIN:
 21 Q. Okay. So I just want to be sure that you
 22 and I are -- that I'm understanding you correctly.
 23 Is it your testimony that Par Funding pays
 24 its investors with accommodation of cash and
 25 accounting profit?

189

1 MR. SOTO: Objection. Asked and answered.
 2 A. Yeah, once -- once the cash comes back in,
 3 it's available to be used however the company
 4 decides to use it. So if -- if it -- it loses its
 5 nature of just purely cash or -- or the distinction,
 6 rather, between a piece of partly cash and partly
 7 income.
 8 BY MS. BERLIN:
 9 Q. So where did you see -- like, did you --
 10 if investors are paid with accounting profit, did
 11 you quantify what that amount was?
 12 A. No, because I just said that that's not
 13 how I looked at it.
 14 Q. Okay. So you did not quantify -- your
 15 testimony is that investors were paid with
 16 combination of cash and accounting profit, but that
 17 you didn't quantify the amount that they were paid
 18 with accounting profit.
 19 Am I understanding correctly?
 20 MR. SOTO: Objection to form.
 21 A. It sounds --
 22 BY MS. BERLIN:
 23 Q. Excuse me?
 24 A. It sounds like you're understanding it
 25 correctly.

190

1 Q. Okay. So although Par Funding allegedly
 2 maintained its accounting records on a accrual
 3 basis, does that mean you ignore cash flow?
 4 MR. SOTO: Objection to form.
 5 A. No, you don't ignore cash flow.
 6 MS. BERLIN: I wonder if you could go to
 7 paragraph 54. Is it possible to make it a
 8 little bit bigger? Thank you.
 9 BY MS. BERLIN:
 10 Q. So in paragraph 54, it looks like you're
 11 indicating that Par Funding adopted a certain FASB
 12 ASU 2016-13 measurement of credit losses; is that
 13 right?
 14 A. Actually, I don't say that they adopted
 15 it, no. I actually say that they weren't entitled
 16 to adopt it yet.
 17 MS. BERLIN: So I wonder if we could
 18 show -- hold on -- I think it's Exhibit 100,
 19 but these were moved around a little bit, so
 20 hold just on a second. Let me make sure.
 21 It's Exhibit 95. I wonder if we could
 22 show Exhibit 95.
 23 (Thereupon, marked as Exhibit 95.)
 24 BY MS. BERLIN:
 25 Q. So is this the FASB Account Standards

191

1 Update in 2016-13 that you're referring to in
 2 paragraph 54?
 3 A. It is.
 4 Q. Okay. And did you evaluate whether or not
 5 Par Funding -- wait. So hold on.
 6 Is it your testimony that Par Funding did
 7 apply this FASB?
 8 A. No, it was my -- my testimony was that
 9 they did not. They could not.
 10 Q. And why not?
 11 A. Because for 2017, it wasn't adoptable.
 12 Q. Okay. So I'm sorry, we're not talking
 13 about 2017 -- are you -- did Par Funding ever adopt
 14 this FASB?
 15 A. I don't -- you asked earlier if I looked
 16 at a 2018 statement, financial statement, and I said
 17 I don't recall. So I don't know what -- what, if
 18 anything, they adopted prior to this credit loss.
 19 Q. Okay. And if Par Funding had adopted this
 20 FASB, would it have had an impact on their financial
 21 reporting?
 22 A. Well, so the -- this is going to be a long
 23 answer. So the -- the 2017 financial statements
 24 that you put up before -- I don't know what exhibits
 25 they were, I think 93 and 94 -- is, at the end of

192

1 the day, the unsigned, unissued, unqualified
 2 financial statements that show the 20 million-dollar
 3 credit loss that Fridman calculated and the company
 4 disputed was ultimately the number that the company
 5 left on their books. And then going forward,
 6 they -- they had very large allowances recorded on a
 7 go-forward basis. And that would have been pursuant
 8 to -- if it wasn't -- if they hadn't adopted this
 9 guidance, the previous guidance that this replaced
 10 was -- was FASB 114.
 11 **Q.** Okay. But you're not sure if they applied
 12 it, and so --
 13 **A.** Well, again, it's irrelevant because they
 14 were still -- they were still following GAAP by
 15 using at least the earlier versions of FASB 114 or
 16 whatever the ASCII now that replaced it because it
 17 got codified.
 18 **Q.** And you're referring to the 2017 financial
 19 statement, correct?
 20 **A.** Going forward. '17 forward.
 21 **Q.** Oh, so you've seen the financial
 22 statements -- you've seen audited financial
 23 statements for after 2017 as well?
 24 **A.** No.
 25 **MR. SOTO:** Objection. Asked and answered.

193

1 **A.** I've seen their QuickBooks, and as I said,
 2 it is in their QuickBooks. They recorded the
 3 \$20 million that Fridman had suggested that they
 4 weren't happy with because it was clearly larger,
 5 but they went ahead with it in order to comply with
 6 GAAP. And then in 2018 and '19, if you look at the
 7 QuickBooks, they record a 34-ish million-dollar
 8 number one year and 36 million the next.
 9 **BY MS. BERLIN:**
 10 **Q.** And so what does this -- what does FASB
 11 ASU 2016-13 measurement of credit losses provide
 12 for?
 13 **A.** So it is, as I said, it replaced FASB 114
 14 and -- and basically required a -- an addition to
 15 the requirements of -- actually, I think it was FASB
 16 5 and -- and 114, that you have to look
 17 prospectively and estimate future losses. It's not
 18 just an estimate based on historical losses, and
 19 that was -- that's the main change in -- in this
 20 update.
 21 **Q.** Okay. Hold on a second. Okay.
 22 **MS. BERLIN:** Is it possible to just zoom
 23 in a bit on the exhibit, and we're going to
 24 just scroll down. Could we scroll down to
 25 the -- scroll through the document a bit, and

194

1 I'll just tell you when to stop. And we can go
 2 to the next page. And keep going. Hold on one
 3 second. Go up to the table of contents. I'm
 4 looking for a specific -- I just don't know the
 5 page number to tell you. Can you just scroll
 6 up. Thanks.
 7 Could we turn to page 123.
 8 **BY MS. BERLIN:**
 9 **Q.** And do you see, this -- is this -- on page
 10 123, is this the page that has the criteria for the
 11 allowance for doubtful accounts?
 12 **THE COURT REPORTER:** For what accounts?
 13 **MS. BERLIN:** Doubtful.
 14 **THE COURT REPORTER:** Thank you.
 15 **BY MS. BERLIN:**
 16 **Q.** It's page Number 123.
 17 **A.** No, I got it. I'm reading it.
 18 **Q.** Okay.
 19 **A.** It appears to be, yes.
 20 **Q.** Okay. And do you see there's a part that
 21 addresses the timing of required principal and
 22 interest payments?
 23 **A.** Point me to it so I make sure I see it.
 24 **Q.** Okay. Hold on one second. I'm reading it
 25 myself to tell you which page number. Oh, wait.

195

1 **MS. BERLIN:** Can you just go to the --
 2 sorry. The page -- document page is 123. I
 3 think we're on PDF page 123.
 4 I apologize to the videographer. That's
 5 why I can't find it.
 6 Can you go to -- go to PDF page 129.
 7 **THE VIDEOGRAPHER:** I'm sorry, did you say
 8 129?
 9 **MS. BERLIN:** So if you're looking at the
 10 PDF page, it would be 129, and then that should
 11 show a document page number on the exhibit of
 12 page 123. So I think you're passing it.
 13 You're at 133.
 14 **THE VIDEOGRAPHER:** Is this the page?
 15 **MS. BERLIN:** Yes. This is the page.
 16 Thank you so much.
 17 **BY MS. BERLIN:**
 18 **Q.** So now we're on the right page, Mr. Glick.
 19 Is this -- do you see here that it has the
 20 criteria the allowance for doubtful accounts?
 21 **A.** "Information considered when estimating
 22 expected credit losses," are you referring to that
 23 box?
 24 **Q.** Yes.
 25 **A.** I see it.

196

1 Q. Okay. This is Section 326-20-55-2.
 2 And do you see that it reads -- can you --
 3 can you read that into the record? It's very small
 4 on my end.
 5 A. Do you want me to restate the -- the
 6 section number or --
 7 Q. If you could just read it.
 8 A. Sure, okay. "So in determining -- in
 9 determining its estimate of expected credit losses,
 10 an entity should evaluate information related to the
 11 borrowers' creditworthiness, changes in its lending
 12 strategies and underwriting practices, and the
 13 current and forecasted direction of the economic and
 14 business environment. This subtopic does not
 15 specify a particular methodology to be applied by an
 16 entity for determining historical credit loss
 17 experience. That methodology may vary depending on
 18 the size of the entity, the range of the entity's
 19 activities, the nature of the entity's financial
 20 assets, and other factors.
 21 Q. Okay. are you aware of management's
 22 policies for determining which accounts were
 23 collectible?
 24 A. I am not.
 25 MS. BERLIN: I wonder if we could just go

197

1 to the next page.
 2 BY MS. BERLIN:
 3 Q. So do you see that on this next page it
 4 lists through different criteria. It says,
 5 "Examples of factors an entity may consider include
 6 any of the following. Depending on the nature of
 7 the assets, not all of these may be relevant to
 8 every situation, and other factors not on the list
 9 may be relevant," and then it has a list of A
 10 through K.
 11 Do you see that?
 12 A. I do see that.
 13 Q. Okay. And so do you know -- and I -- I
 14 think you just testified you don't know, but I
 15 just -- sorry, I just want to confirm from you.
 16 Am I correct in understanding you don't
 17 know whether or not Par Funding's management's
 18 policies for determining which accounts are
 19 collectible complied with the criteria on page 124
 20 of Exhibit 95?
 21 A. I wouldn't know if they complied because,
 22 as I stated, I don't know what they are.
 23 Q. Okay.
 24 MS. BERLIN: I wonder if we could just go
 25 to PDF page 125. So it's PDF page 125. So in

198

1 the top, it would say 125 out of -- yes, thank
 2 you -- out of 291. Thank you.
 3 BY MS. BERLIN:
 4 Q. And do you see on PDF page 125 where it
 5 says -- it's in a red box. It says, "Allowance for
 6 credit losses, 326-20-50-10," and it states, "An
 7 entity shall provide information that enables a
 8 financial statement user to do the following:
 9 Understand management's method for developing its
 10 allowance for credit losses. Understand the
 11 information that management used in developing its
 12 current estimate of expected credit losses.
 13 Understand the circumstances that caused changes to
 14 the allowance for credit losses thereby affecting
 15 the related credit loss expense or reversal reported
 16 for the period."
 17 Do you see that?
 18 A. I do.
 19 Q. And so this section requires management to
 20 provide information so that the financial statement
 21 user can understand their calculation for the
 22 allowance.
 23 Would you agree with me on that?
 24 A. That seems to be what it says, yes.
 25 Q. And did Par Funding do that?

199

1 A. So the answer is, in 2017, they didn't
 2 because they weren't required to because 326 wasn't
 3 applicable. And in 2018, I told you I don't recall
 4 if I saw an audited financial statement, so I can't
 5 answer.
 6 Q. Okay. So what about for 2019 or 2020 or
 7 any other year, 2016, 2015? For any other year, are
 8 you aware of management ever doing what is listed on
 9 page 125 of Exhibit 95 under 326-20-50-10?
 10 A. Okay. And what we'll say again for the
 11 record is -- I'm not trying to be argumentative --
 12 is prior to an early adoption for years starting
 13 after December 15 of 2018, this doesn't apply. So
 14 retroactively, 2016, 2015, whatever year, they
 15 couldn't do this. I mean, I guess they could have
 16 if they chose to, but there was no requirement to do
 17 any of this prior to the adoption of this rule,
 18 which the earliest they could have done it was
 19 effectively 2019, actually, because it's fiscal year
 20 starting after December 15 of 2018 and their account
 21 there on a calendar year, so that would make it
 22 January 1st of 2019. So prior to 2019, none of this
 23 applies.
 24 Q. Okay. So did they do it in 2019?
 25 A. I don't recall if I saw financial

200

1 statements for 2019. I don't believe there were
 2 financial statements for 2019. So I can't answer.
 3 **Q.** Would you agree with me that in 2019, if
 4 management didn't do what's listed here on page 125
 5 under 326-20-50-10, if management didn't do what's
 6 listed there, how would you know that their
 7 financials are in accordance with GAAP?
 8 **A.** So you're asking -- so just to be clear,
 9 you're asking me to answer a hypothetical of what
 10 if, if they didn't do this?
 11 **Q.** So yeah, my question is, if they didn't do
 12 what is required and what's listed under
 13 326-20-50-10 in the years in which that provision
 14 was applicable -- so you stated that's 2019 and
 15 forward -- then how do you know that their
 16 financials are in compliance with GAAP?
 17 **MR. SOTO:** Objection to form.
 18 **A.** I don't. I don't, and I never said that
 19 they were. Again, to clarify, that's a
 20 hypothetical.
 21 **MS. BERLIN:** So I wonder if we could look
 22 at PDF page 130. Just make sure -- perfect.
 23 We're on PDF page 130 of Exhibit 95.
 24 **BY MS. BERLIN:**
 25 **Q.** And do you see the part about making

201

1 payments on time?
 2 **A.** Do you want to point me to it and make it
 3 quicker and I'll go there?
 4 **Q.** Sure. The -- one second.
 5 It's in Section B, the second line, "the
 6 borrower's ability to make scheduled interest or
 7 principal payments."
 8 **A.** I see that.
 9 **Q.** Okay. And so do you see that that is one
 10 of the factors that should be considered? This is
 11 the same list of criteria that we looked at a few
 12 minutes ago.
 13 **A.** I'm not sure I understood the question.
 14 **Q.** It's -- it's simple.
 15 Do you see that in the criteria that --
 16 that management should consider that one of them is
 17 Item B, "the borrower's ability to make scheduled
 18 interest or principal payments"?
 19 **A.** I see that.
 20 **Q.** Okay, thank you.
 21 **MS. BERLIN:** We can take this exhibit
 22 down.
 23 I wonder if we could please show
 24 Exhibit 104.
 25 (Thereupon, marked as Exhibit 104.)

202

1 **BY MS. BERLIN:**
 2 **Q.** So do you see on your screen Exhibit 104?
 3 It says, "A/R aging summary as of December 31,
 4 2012."
 5 **A.** I see that.
 6 **MS. BERLIN:** And I wonder if we could
 7 scroll down to page 9. Just scroll to the last
 8 page.
 9 **BY MS. BERLIN:**
 10 **Q.** Okay. So looking at -- do you see that
 11 this is page 9 of Exhibit 104 is the A/R aging
 12 summary of July 27, 2020?
 13 **A.** I see that.
 14 **Q.** Okay. And do you see that this -- this
 15 document is showing what is current, what is 1 to 30
 16 days overdue, the amount that is 31 to 60 days
 17 overdue, and the amount is 61 to 90 days overdue,
 18 and the amount that is more than 90 days?
 19 **A.** I see that.
 20 **Q.** Okay. And so do you see, in 2020, we see
 21 that there's a total of \$419 million -- I'm just
 22 going to round -- \$419 million total?
 23 **A.** I see that.
 24 **Q.** Okay. And do you see that of that amount,
 25 325 million is more than 90 days past when it's

203

1 supposed to be paid?
 2 **A.** I see -- excuse me. I see 325 million in
 3 that column, yes.
 4 **Q.** Okay. And so what was the average term
 5 of -- I mean, do you agree with me that the average
 6 term of Par Funding MCA deal was about 120 days?
 7 **A.** Yes, it was roughly four months.
 8 **Q.** Okay. And so these are -- what we're
 9 seeing in Exhibit 104 is that 325 million of the
 10 419 million is more than 90 days past due on MCA
 11 deals that average 128 days.
 12 Do you agree with me?
 13 **A.** I agree that 325 million is in the column
 14 of greater than 90 days, and I agree with you
 15 that -- those roughly are 128 days.
 16 **Q.** Okay. Well, I mean, are you doubting the
 17 validity of this report that we're showing you in
 18 Exhibit 104?
 19 **A.** I'm not doubting the validity -- well, two
 20 things. One is, how much of that 325 -- it's
 21 greater than 90 days. Is it 91 days, is it 92 days,
 22 or 180 days or 120 days? You know, it's -- that's a
 23 lot of time after 90 days. So it's a little skewed
 24 because you're not -- the report is not showing like
 25 any other bucket.

204

1 Q. Okay. But 128 days is the average length,
 2 so if what we're seeing here is that a large
 3 percentage of this is -- your -- 128 days, are you
 4 telling me there's a difference on a 128-day MCA
 5 transaction when it's supposed to be completed then
 6 whether it's 90 days past due or even longer?
 7 MR. SOTO: Objection to form.
 8 A. Yeah, I would -- I would want to
 9 understand more of the 325 and also understand why
 10 they're late.
 11 BY MS. BERLIN:
 12 Q. So does this much delinquent accounts
 13 receivable call into question the collectibility of
 14 the accounts receivable?
 15 MR. SOTO: Objection to form.
 16 A. I can't opine on the -- the delinquency of
 17 \$325 million.
 18 BY MS. BERLIN:
 19 Q. I'm not asking you to opine on it, I'm
 20 just asking you -- I'll ask you a much -- I'm going
 21 to ask it in an even simpler way.
 22 Looking at this exhibit and knowing that
 23 we understand that 128 days is the average date of a
 24 deal and that 325 million of the 419 million A/R is
 25 more than 90 days past due on one hundred -- deals

205

1 that were supposed to be completed in 128 days, does
 2 that call into question the collectibility of the
 3 accounts receivable?
 4 MR. SOTO: Objection to form.
 5 A. And the answer is, without having a better
 6 understanding of the 325 and why it's in that
 7 column, I can't answer the question.
 8 BY MS. BERLIN:
 9 Q. No, Mr. Glick.
 10 GAAP does not specify to understand why an
 11 accounts receivable is delinquent, correct?
 12 MR. SOTO: Objection to form.
 13 A. I'm sorry, ask the question again.
 14 BY MS. BERLIN:
 15 Q. Sure. You said that you need to know why
 16 it was delinquent, but isn't it true that GAAP does
 17 not specify that -- to understand why an account --
 18 why A/R is delinquent, just that the payments are
 19 delinquent, correct?
 20 MR. SOTO: Objection to form.
 21 A. My answer was in response to your
 22 question, and I can't answer your question without
 23 understanding the 325. Your question -- your
 24 initial question wasn't about GAAP.
 25

206

1 BY MS. BERLIN:
 2 Q. Well, you're the -- you're an expert
 3 witness who claims that GAAP is the appropriate way
 4 to review this.
 5 So you can answer it according to GAAP or
 6 however else you want, but I'm asking you as an
 7 expert witness in this case who's provided the
 8 opinions that you have, does this much delinquent
 9 accounts receivable call into question the
 10 collectibility of the -- of Par Funding's A/R?
 11 MR. SOTO: Objection to form.
 12 A. So --
 13 BY MS. BERLIN:
 14 Q. Wait. Let me -- let me finish my
 15 question.
 16 With the understanding, which -- well, I
 17 don't think you've answered me. I'm going to back
 18 up because I asked you if you agree with me that
 19 GAAP does not specify to understand why accounts
 20 receivable are delinquent, just that the payments
 21 are delinquent.
 22 Do you agree with me about that?
 23 MR. SOTO: Objection. Asked and answered.
 24 A. The guidance talks about considerations on
 25 determining allowances, so timing is a factor.

207

1 BY MS. BERLIN:
 2 Q. We're looking at the timing, but GAAP does
 3 not specify to understand why an accounts receivable
 4 is delinquent.
 5 Do you agree with me or not?
 6 MR. SOTO: Same objection.
 7 BY MS. BERLIN:
 8 Q. And if you don't, then please provide the
 9 GAAP provision that you're relying on for that.
 10 A. The GAAP provision said that it's
 11 management's -- management has to make these
 12 decisions. I'm not management.
 13 Q. Well, we're not talking about that.
 14 Mr. Glick, I'm asking you a question about GAAP. So
 15 I'm going to ask it again. We can pull up GAAP and
 16 you can search it if you'd like if that's the only
 17 way that you can answer it.
 18 I'm asking you, do you agree with me about
 19 what GAAP says, and do you agree with me that GAAP
 20 does not specify to understand why an accounts
 21 receivable is delinquent, just that the payments are
 22 delinquent?
 23 There's nothing in GAAP that says that you
 24 should specify or why the A/R is delinquent.
 25 Do you agree with me about that or not?

208

1 MR. SOTO: Objection. Asked and answered
 2 three times.
 3 A. If you want to put the guidance back up
 4 and -- and we can look it again, I'll read it again
 5 and see what it says.
 6 BY MS. BERLIN:
 7 Q. Okay. We'll take a break. We'll go off
 8 the record to give you time and you can go review
 9 GAAP and then come back and tell us what you find.
 10 Let's take a break.
 11 How long do you think you'll need,
 12 Mr. Glick?
 13 A. I was just asking you to put back up the
 14 326, which I'm assuming is what you were referring
 15 to as far as GAAP.
 16 Q. Not necessarily. I'm asking you what GAAP
 17 says. So let's go off the record. We'll take five
 18 minutes. If you need more time, you'll just let us
 19 know.
 20 THE VIDEOGRAPHER: The time is now
 21 5:10 p.m. Going off the record.
 22 (Recess taken.)
 23 THE VIDEOGRAPHER: We're back on the
 24 record. The time is now 5:19.
 25 MS. BERLIN: Thank you.

209

1 BY MS. BERLIN:
 2 Q. Mr. Glick, you took sometime to review,
 3 and I wonder if you're prepared to answer the
 4 question?
 5 A. Yes. If we could -- what was the exhibit
 6 for the ASU 2016 that you had up, if we could call
 7 it up?
 8 Q. Sure. Hold on one second.
 9 THE VIDEOGRAPHER: Do you mean Exhibit 104
 10 was the last exhibit that we were looking at?
 11 MS. BERLIN: No, no, no. He wants to see
 12 Exhibit 95.
 13 THE VIDEOGRAPHER: Okay.
 14 THE WITNESS: So if you could go to page
 15 130 of 291.
 16 A. So this is the same section that you were
 17 citing to before is these are examples of factors.
 18 They're examples, so that means that they're not all
 19 inclusive, but -- so two things. One is the period
 20 that you're looking at as of the end of July of --
 21 July 27 of 2020 is going to be impacted by COVID,
 22 right? So a lot of people around the country on a
 23 lot of their obligations, whether it's for CBSG or
 24 whatnot, were having issues.
 25 But if you look at Item K, K2 -- well, I

210

1 guess, first, so the environmental factors -- so K
 2 talks about the environmental factors of a borrower,
 3 and then Item Number 2 changes and expected changes
 4 in the general market condition.
 5 And so just back to my point, which is,
 6 without understanding why they're late in this
 7 particular situation, I can't give you an answer as
 8 to whether or not that is excessive.
 9 BY MS. BERLIN:
 10 Q. Okay. And so is this -- I asked you if
 11 you could point me to anything in GAAP that provided
 12 that you should consider the why of -- the reason
 13 why something is in default rather than just the
 14 fact that it is in default for accounting purposes.
 15 And am I correct in understanding that
 16 your answer to that is page 130 of Exhibit 95 at
 17 Item K2?
 18 A. As one -- yes.
 19 Q. Okay. So wouldn't those changes that you
 20 just -- now, let me ask: Are you speculating that
 21 COVID caused an issue with the collectibility for
 22 CBSG as -- or are you -- did you review that and --
 23 and assess how COVID affected the company?
 24 A. Collections were down. No new investor
 25 money was -- was taken in. Repayments, like, their

211

1 business was impacted.
 2 Q. I'm asking, are -- do you know, did you do
 3 any sort of analysis to look at the transactions of
 4 the accounts in default to determine whether or not
 5 there was some COVID-related reason for the
 6 defaults?
 7 A. Specifically, no, I did not look at
 8 default analysis by borrower -- by merchant.
 9 Q. Okay. And let's -- I'm sorry, I didn't
 10 mean to step on your words.
 11 Were you finished?
 12 A. I said -- I just corrected myself and said
 13 merchant instead of borrower.
 14 Q. Okay. And then let's go back to -- you
 15 remember the -- the chart that I was showing you --
 16 the -- the aging report that you were looking at, it
 17 was as of July 27, 2020.
 18 Do you remember that?
 19 A. I do.
 20 Q. Okay. And so when did COVID -- would you
 21 agree with me that COVID sort of began in the United
 22 States in March 2020?
 23 A. Mid March, yeah.
 24 Q. Okay. And so approximately four months
 25 before this -- the as-of date on the A/R aging

212

1 report I showed you?
2 A. Uh-huh.
3 Q. Okay. And you -- was that a yes?
4 A. I'm sorry. Yes. I apologize. Yes.
5 Q. Okay. And we agree -- I just wanted to
6 clarify again -- that 128 days is the average date
7 of the -- of the MCA deals.
8 You agree with me on that, correct?
9 A. Give or take a couple days, yeah.
10 Q. Okay. Now, would those changes that you
11 just testified about also caused the collectibility
12 and associated income to decrease?
13 A. It would impact the entire company.
14 Q. Okay. So it would cause the
15 collectibility and the associated income to
16 decrease?
17 A. Yes.
18 Q. Okay. How large should the allowance for
19 doubtful accounts be considering that 325 million is
20 past due as of July 2020 on 128-day term deals?
21 MR. SOTO: Objection to form.
22 A. So Number 1 is, I'm not an auditor.
23 That's not what I do. That's -- that's not an area
24 where I practice in, Number 1. And Number 2, I
25 haven't looked -- we haven't undertaken that because

213

1 it wasn't part of scope of my engagement.
2 BY MS. BERLIN:
3 Q. Okay. So you cannot give me a range or an
4 amount for what would be an allowance -- what the
5 allowance should be for doubtful accounts, correct?
6 MR. SOTO: Objection.
7 A. No, correct.
8 BY MS. BERLIN:
9 Q. Okay. So let's look at the other years.
10 And I think you will agree with me that
11 COVID should not be a factor, correct, for 2019?
12 A. It would not be.
13 Q. Okay. Let's look at 2019.
14 MS. BERLIN: So let's go back to the
15 exhibit that we were just on. I think it was
16 104, but let me just check. It was 104. Thank
17 you so much.
18 Could we go to page 8, please.
19 BY MS. BERLIN:
20 Q. So do you see this is the A/R aging
21 summary as of December 31, 2019?
22 A. I do.
23 Q. Okay. And do you see that the total
24 accounts receivable -- I'm going to just round the
25 numbers if that's okay.

214

1 A. That's fine.
2 Q. Okay. Is \$442 million?
3 A. I see that.
4 Q. And that the amount that is past due for
5 over 90 days is about \$278 million?
6 A. I'm not sure if you're talking away from
7 your phone. It was hard to hear.
8 Q. Oh, I'm sorry.
9 Would you -- do you see on this same
10 report that it shows that about \$278 million of the
11 442 million A/R is more than 90 days past due?
12 A. I see that.
13 Q. And so does this indicate anything about
14 the collectibility about the accounts receivable?
15 MR. SOTO: Objection to form.
16 A. Again, I'm going to go back to my same
17 answer, which is, the -- yes, COVID didn't exist,
18 but that -- the point is that there's other factors
19 to consider that we don't know what they were. So I
20 can't tell you that -- I can't -- Number 1, it
21 wasn't -- it wasn't part of the scope of my
22 engagement, and Number 2 is, I can't tell you -- I
23 can't opine on \$278 million on the collectibility of
24 that.
25

215

1 BY MS. BERLIN:
2 Q. Okay. Did any of your opinions take into
3 consideration the information shown in Exhibit 104?
4 A. No.
5 Q. Is this much delinquent A/R a sign of a
6 healthy company?
7 MR. SOTO: Objection to form.
8 A. For the same reason I can't opine on the
9 277, I can't tell you the impact of whether the
10 company -- if it would be healthy or not.
11 BY MS. BERLIN:
12 Q. Let's look at 2018.
13 MS. BERLIN: So scroll up one page,
14 please. Thank you.
15 BY MS. BERLIN:
16 Q. Do you see here that the total A/R is 300-
17 and -- it's roughly 306 million?
18 A. I do.
19 Q. Okay. And -- sorry -- that it shows
20 current is about 2.9 million.
21 Do you see that?
22 A. Yeah. Yes. Very left column.
23 Q. Okay, great.
24 So do you -- you understand that the
25 current column is the total amount that's overdue,

216

1 correct? And that it's broken down in the
 2 subsequent columns 1 to 30, 31 to 60, 61 to 90, and
 3 more than 90?
 4 **A.** No, that's not how this reads. The
 5 current column is -- is what's due now. The
 6 88.3 million is what's due and is 1 to 30 days old.
 7 The 37 is 31 to 50 and so forth.
 8 **Q.** Okay. So I'm sorry, let me rephrase my
 9 question.
 10 Do you understand that the -- the amounts
 11 that are past due that are shown in the second,
 12 third, fourth, and fifth columns meaning 1 through
 13 30, 31 through 60, 61 through 90, and greater than
 14 90, that those amounts show the total amount that is
 15 due, but that is past due?
 16 **A.** Yes, anywhere from one day and greater.
 17 Yes, I see that.
 18 **Q.** Okay. And so similarly, I mean -- and you
 19 could just tell me if your answer is going to be the
 20 same for each of the years whether or not this
 21 reflects a healthy company and whether or not you
 22 believe that these figures should be considered in
 23 assessing the collectibility of the A/R.
 24 **A.** So -- so two things. One thing is,
 25 again -- I don't know, for some reason you keep

217

1 getting muffled.
 2 But yeah, basically, the answer will be
 3 the same for all of these years because I -- I --
 4 we -- we were not asked to undertake an analysis of
 5 the A/R, nor did we.
 6 **Q.** Okay.
 7 **MS. BERLIN:** Can we go -- can we scroll up
 8 one page, please.
 9 **BY MS. BERLIN:**
 10 **Q.** And for this, I won't go through -- I'm
 11 not going to ask you the same questions again.
 12 Don't worry. I understand your questions -- your
 13 answers will be the same for all of them. I'm going
 14 to ask you something different.
 15 So now, do you see on your screen it says,
 16 "A/R aging summary as of December 31, 2017"?
 17 **A.** I do.
 18 **Q.** Okay. And it shows the total A/R is about
 19 177 million and -- but of that, it shows -- all of
 20 the amount shows that about \$96 million is more than
 21 90 days past due, that that more than \$21 million is
 22 61 to 90 days past due, that about \$27 million is 31
 23 to 60 days past due, and that about 32 million is
 24 between 1 and 30 days past due?
 25 **A.** I see that.

218

1 **Q.** Okay. When is a merchant cash advance
 2 considered to be in default?
 3 **MR. SOTO:** Objection to form. Objection
 4 to form, sorry.
 5 **A.** I guess you would have to ask management
 6 that, sorry.
 7 **BY MS. BERLIN:**
 8 **Q.** Okay. So you don't know; is that
 9 accurate?
 10 **A.** Don't know, no.
 11 **Q.** I'm sorry. If you answered, I couldn't
 12 hear you.
 13 **A.** I said -- I said -- I'm sorry. I
 14 apologize. I don't know.
 15 **Q.** Okay. No, you don't have to apologize.
 16 It's -- it's tricky with --
 17 **A.** No, sometimes my voice goes down. Closing
 18 my door.
 19 **Q.** I can't imagine why. You've only been
 20 talking for four and a half hours. I'm sorry.
 21 **A.** I'm sipping.
 22 **Q.** So I'm sorry about that. Just let me
 23 know, again, if you need a break or want to get
 24 something to drink, because I've been talking for as
 25 long as you have, and I know you're telling me my

219

1 voice goes in and out, so I'm sorry for that on my
 2 end.
 3 Did you review in any way the -- the
 4 default, the cases that -- or any information about
 5 the cases that CBSG filed against merchants for
 6 defaulting on their merchant cash advances?
 7 **A.** No.
 8 **Q.** Is there a standard definition of default
 9 that's utilized?
 10 **MR. SOTO:** Objection to form.
 11 **A.** In what context? There's legal -- there's
 12 legal documents that define, you know, events of
 13 default and -- and remedies and default and all that
 14 kind of stuff, and then there's default from an
 15 accounting perspective, but that's -- that's based
 16 on management. They determine is -- is default.
 17 **BY MS. BERLIN:**
 18 **Q.** Okay. So in looking at the numbers in the
 19 A/R aging summary that we've looked at on the pages
 20 from 2017 through 2020, I mean, does this appear to
 21 be -- based on the figures that you are seeing of
 22 how much is past due and by how much, does this
 23 appear to be a company -- would you be surprised to
 24 learn that this company, based on the figures you're
 25 seeing here, tells potential investors that they

220

1 have a default rate that's around 1 percent?
 2 MR. SOTO: Objection to form.
 3 A. Well -- so the default rate, it, again,
 4 depends on how they're defining the default rate, if
 5 that's what they're actually calling it.
 6 BY MS. BERLIN:
 7 Q. Okay. So if they're calling it a default
 8 if they're saying that they have -- the default rate
 9 is about 1 percent --
 10 A. Right. And -- and --
 11 Q. We're looking at a company where, in many
 12 of the years, more than half of the A/R is past due
 13 by more than 30 days, and in some instances, more
 14 than half is past due by more than 90 days on
 15 short-term 128-day merchant cash advances.
 16 MR. SOTO: Objection to form.
 17 A. I'm sorry, is there a question pending?
 18 I -- sorry.
 19 BY MS. BERLIN:
 20 Q. Yes. You said that it depends on what
 21 definition they're giving you and that they're
 22 providing if they say default, and so I was
 23 explaining to you that -- that yes, that if, in
 24 fact, a company had -- you know, half of their A/R
 25 was more than 90 days past due on short-term 128-day

221

1 merchant cash advance deals, would you agree with me
 2 that that doesn't reflect a default rate of
 3 1 percent?
 4 A. Well, again, it depends --
 5 MR. SOTO: Objection to form. Sorry.
 6 A. It depends on the -- the basis on how
 7 they're calculating here. I -- I know by the number
 8 that you're referring to that you're referring to
 9 the KPI report, and that report is -- is a cash over
 10 cash determination, it's not a -- it's not done on
 11 an accrual recording of receivables which would be
 12 the -- including the total amount due including the
 13 income.
 14 BY MS. BERLIN:
 15 Q. So if the company has -- so is it your
 16 opinion that -- well, I guess you've answered it.
 17 You don't -- you don't have enough
 18 knowledge and you haven't assessed whether or not
 19 the overdue amounts or anything in Exhibit 104, you
 20 haven't reviewed this, and you don't have any
 21 opinions on it, correct?
 22 A. That is correct.
 23 MR. SOTO: Objection to form.
 24 BY MS. BERLIN:
 25 Q. Okay. Then I will move on.

222

1 But now that you've seen this much
 2 delinquent accounts receivable, do you still believe
 3 your assumption that the GAAP financials as reported
 4 by management are accurate?
 5 MR. SOTO: Objection to form.
 6 A. Again, I'd be speculating because I have
 7 not done any analysis, so I can't answer that
 8 question.
 9 MS. BERLIN: So I wonder if we could just
 10 turn back to Exhibit 90, which is the April
 11 2021 declaration. Could we go to the page that
 12 has paragraph 68. Thank you. Right there.
 13 That's perfect.
 14 BY MS. BERLIN:
 15 Q. So looking at the chart right above
 16 paragraph 68, Mr. Glick, what does -- what is that
 17 chart -- what does that chart reflect? What is the
 18 purpose of the chart?
 19 A. Well, this is not my chart. This is an
 20 excerpt from the DSI report, and it is their, I
 21 guess, summary or analysis of what they referred to
 22 as the exception portfolio.
 23 Q. And do you see where it shows the net cash
 24 exposure for B&T group?
 25 A. Yes, 21.4 million rounded.

223

1 Q. So if -- in paragraph 69, you have a
 2 paragraph about the methodology that you think
 3 should be applied under GAAP.
 4 Do you see that?
 5 A. Yes.
 6 Q. Okay. So how would you calculate the net
 7 cash exposure for B&T group, the \$21 million that's
 8 negative? How would you calculate that as you
 9 describe it in paragraph 69?
 10 A. Well, so the cash out is, I think
 11 everybody would agree is the cash out. So that
 12 would be the thousand dollars that went out to, or I
 13 guess it would be -- well, the thousand dollars that
 14 went out to B&T, that would be cash back is -- this
 15 is where I believe that their schedule is incorrect,
 16 is they included for purposes of cash back the full
 17 \$1,300 in that column and didn't --
 18 THE WITNESS: If you could -- if the court
 19 reporter could scroll up a touch to the
 20 headings of the chart. Perfect. Thank you.
 21 A. So the -- you got your cash out column,
 22 you got your cash back column, you got your net
 23 exposure. And that's the net is obviously a net of
 24 out and back.
 25 Then you've got the column that says

224

1 outstanding fees and other charges. That's their
 2 version, I guess, of income. And so the total on
 3 the very bottom, the grand total of 31 million plus
 4 the 165 million and change is the total outstanding
 5 balance all the way out on the right.
 6 And the -- going back to your question is
 7 the thousand dollars would be included or is -- the
 8 way they're showing is included in the 92 million,
 9 the 1,300 is included in the 71 million, and so the
 10 21 million would -- in that particular case would be
 11 a positive \$300 in that particular instance because
 12 they -- they shelled out a thousand, they got back
 13 1,300. If the dollars were reversed, the math
 14 would -- would reverse and the 21 million would have
 15 included a negative 300 where -- I'll leave it.
 16 That's fine.
 17 BY MS. BERLIN:
 18 Q. Okay.
 19 A. You didn't ask me that.
 20 Q. And looking at the chart above paragraph
 21 68, for the 21 million-dollar cash loss, how much
 22 profit is included in that amount?
 23 A. I don't know, and that's so -- so that is
 24 the error that they -- that DSI has in this chart
 25 is, I don't have the detail on each one of those

225

1 numbers, but it becomes apparent if you actually
 2 look at --
 3 THE WITNESS: If we zoom in a little bit.
 4 It's a little fuzzy. So in the middle
 5 section -- perfect.
 6 A. In the middle one, in the middle section,
 7 rather, Colorado Homes, and also in the
 8 second-to-last one or the last one, National
 9 Brokers, you're looking at net cash exposure column,
 10 you've got negative amounts in there. And so what
 11 that tells me is that you can't have negative cash
 12 exposure, right? If I have -- if I gave a thousand
 13 dollars out, my exposure is a thousand dollars. If
 14 I collected \$1,300, I can't have a negative \$300
 15 exposure.
 16 So what that tells me is that DSI included
 17 in the 31 million, or in your specific ask, the
 18 21 million, some amount of income. And so at the
 19 end of the day, the 91 million all the way out to
 20 the right doesn't change, it just changes the mix of
 21 what's in the 21 million-dollar number and what's in
 22 the 69.9 million-dollar number two columns over.
 23 Q. Okay. So the 91 million --
 24 A. You broke up. You went silent.
 25 Q. No problem.

226

1 The 91 million is what they owe?
 2 A. The \$91 million is the -- yes, that's --
 3 that's the accounts receivable balance for B&T group
 4 according to DSI.
 5 Q. Okay. And on a 21 million-dollar cash
 6 loss, should there be any GAAP profit at all?
 7 MR. SOTO: Objection to form.
 8 A. Yes, until -- yes. For Number 1, I just
 9 got finished saying the \$21 million isn't a -- isn't
 10 proper based on GAAP because they're -- they're
 11 miscategorizing the -- again, in my example down
 12 below, the \$300. But yeah, until a receivable is
 13 collected is you can have a what you're referring to
 14 as a cash loss, which is really just a cash exposure
 15 and still have income. Until -- until the
 16 receivable is collected, you don't know, ultimately,
 17 what your income is going to be. But going back
 18 earlier is GAAP requires you to record the income
 19 when it is earned.
 20 BY MS. BERLIN:
 21 Q. Do you see the net balance transferred
 22 column?
 23 A. Yes, I do.
 24 Q. Okay. And what do those numbers
 25 represent?

227

1 A. Based on my recollection of the DSI report
 2 and how they described it is those were -- so all of
 3 the entities on the very left that are B&T,
 4 Lifeguard and so forth are considered part of the
 5 B&T group. And so this was transferring of balances
 6 between the -- those entities of the group, and it
 7 looks like they consolidated most of it into
 8 Lifeguard and B&T Supply. It's a zero -- it's a
 9 zero balance.
 10 Q. So why would Par Funding transfer the
 11 balances between the various B&T group clients?
 12 A. You would have to ask them.
 13 MR. SOTO: Objection to form.
 14 BY MS. BERLIN:
 15 Q. I'm sorry, I couldn't hear you, Mr. Glick.
 16 Mr. Soto --
 17 A. I said I don't know, you would have to ask
 18 them.
 19 Q. Okay. Do these -- does this appear to be
 20 arm's length?
 21 MR. SOTO: Objection to form.
 22 A. Again, I don't know. You would have to
 23 ask them. I don't know. I haven't seen any
 24 documents. I don't know anything about the
 25 transfers.

228

1 BY MS. BERLIN:
 2 Q. Okay. And the \$91 million that's
 3 remaining, I mean, and the other receivables for
 4 B&T, how old are these receivables?
 5 A. Based on this chart, I have no idea.
 6 Q. And what is your opinion on the
 7 collectibility of these advances?
 8 A. I have no opinion. It goes back to the
 9 same thing on the A/R schedule, aging schedule.
 10 Q. Okay. What impact do you think the
 11 reloads have on the collectibility?
 12 A. They could have multiple -- various
 13 impact. They could -- they could have no impact
 14 because there are situations where merchants
 15 reloaded and paid off everything they owed, and then
 16 there is instances where there were reloads and the
 17 balance is continuing to grow.
 18 Q. Okay. Are you aware that B&T reloaded
 19 \$70 million?
 20 A. I -- I don't know the specific amount, but
 21 I know that -- that, again, in the DSI report, they
 22 discuss the amount of reloads.
 23 Q. I understand that your testimony was for
 24 B&T Supply that it could, under GAAP analysis, still
 25 despite showing a 21 million-dollar loss, that it

229

1 could actually be showing -- there could be some
 2 income on a GAAP basis.
 3 Did I understand you correctly?
 4 MR. SOTO: Objection to form.
 5 A. Yes.
 6 BY MS. BERLIN:
 7 Q. There could still be some GAAP profit?
 8 A. So -- and to clarify is, you're adding the
 9 words that they're not adding is that even they're
 10 using net cash exposure. They're not calling it a
 11 loss.
 12 Q. Okay. Well, do you agree with me that
 13 looking at this chart that -- well, let me just ask
 14 you: Is looking at this chart on a cash basis, is
 15 there a profit for B&T Supply?
 16 A. Again, I -- I can't comment on whether or
 17 not there is a -- a profit or loss on a cash basis
 18 because you can't do that until the receivable is
 19 resolved.
 20 MS. BERLIN: I wonder if we could look at
 21 Exhibit 105.
 22 (Thereupon, marked as Exhibit 105.)
 23 BY MS. BERLIN:
 24 Q. I'm showing you Exhibit 105, which is a
 25 summary of the A/R aging as of -- sorry, it's

230

1 QuickBooks A/R aging as of July 27, 2020.
 2 Is that what you see on your screen as
 3 well?
 4 A. I do see that, yes.
 5 Q. Okay. And do you see B&T Supply is the
 6 first line on this chart?
 7 A. I do.
 8 Q. Okay. And do you see that they have about
 9 \$59 million that's more than 90 days past due?
 10 A. I see that.
 11 Q. Okay. On the total amount of 78 million
 12 in the last column?
 13 A. I see that, too.
 14 Q. So does that make you question the
 15 collectibility for B&T Supply?
 16 A. Same answer as the other A/R aging reports
 17 that you showed me is we -- we weren't asked to do
 18 any analysis. I have no opinions on A/R.
 19 Q. Well, I'm asking you as an accountant.
 20 So as -- as an accountant, Mr. Glick,
 21 seeing these figures for B&T Supply and that
 22 \$60 million is past -- is past due and the total
 23 amount of A/R, does that make you question the
 24 collectibility for B&T as an accountant?
 25 MR. SOTO: Objection to form.

231

1 A. It doesn't matter if I'm an accountant or
 2 a forensic accountant. As I indicated, without
 3 understanding this and understanding why it's late
 4 and so forth is I can't opine and I'm not going to
 5 opine. I have no opinion.
 6 BY MS. BERLIN:
 7 Q. Okay.
 8 MS. BERLIN: I wonder if we could please
 9 turn to Exhibit 96.
 10 (Thereupon, marked as Exhibit 96.)
 11 BY MS. BERLIN:
 12 Q. I'm showing you Exhibit 96. These are
 13 pages from the receiver's presentation to the Court.
 14 Did you review this?
 15 A. I've never seen this.
 16 Q. Okay. Did you review the receiver's
 17 presentation to the Court about the collectibility
 18 of the merchant cash advances?
 19 A. I did not.
 20 Q. Okay.
 21 MS. BERLIN: So let's move on to
 22 Exhibit 97, please.
 23 (Thereupon, marked as Exhibit 97.)
 24 BY MS. BERLIN:
 25 Q. Okay. Do you see this is the customer

232

1 open balance?
 2 It's for B&T, and it shows you in the
 3 upper left-hand corner accrual basis.
 4 Do you see that?
 5 **A.** I do see that.
 6 **MS. BERLIN:** Can we scroll down, please.
 7 Can we scroll down. I'm sorry, can we scroll
 8 down a little bit more.
 9 **BY MS. BERLIN:**
 10 **Q.** And Mr. Glick, would you like to see more
 11 of this document because I don't want to walk
 12 through all 131 pages, but I also don't know if
 13 you've seen this before.
 14 **A.** I have not. I guess it depends on your
 15 question.
 16 **Q.** Okay. One moment.
 17 What -- what impact does \$70 million of
 18 reloads have on the collectibility of accounts
 19 receivable?
 20 **MR. SOTO:** Objection to form.
 21 **A.** Like I said, I don't know -- I have no
 22 idea. It depends on the -- on the merchants who are
 23 reloading.
 24 **BY MS. BERLIN:**
 25 **Q.** Okay. So for B&T Supply.

233

1 **A.** So I'm sorry, so for B&T Supply, what was
 2 the impact of the \$70 million of reloads?
 3 **Q.** Yes.
 4 **MR. SOTO:** Objection to form.
 5 **A.** Increased accounts receivable.
 6 **MS. BERLIN:** I wonder if we could turn to
 7 Exhibit -- just one moment. It is Exhibit 98.
 8 (Thereupon, marked as Exhibit 98.)
 9 **MS. BERLIN:** Just one moment. So I'm
 10 sorry to do this to us because we've looked at
 11 Exhibit 90 so many times today, but I wonder if
 12 we could just flip back to that briefly, and if
 13 we could go to paragraph 67.
 14 Okay. I'm so sorry, is this Exhibit 90?
 15 **THE VIDEOGRAPHER:** Yes, it is.
 16 **MS. BERLIN:** Oh, I see. I'm so sorry.
 17 Thank you. Thank you so much. Can you scroll
 18 up a little bit to the page right beforehand,
 19 right before exhibit -- right before paragraph
 20 67. Thank you. Oops. I'm sorry, keep
 21 scrolling. Scroll up a little more. The next
 22 page.
 23 Let's just pause for a minute. My -- I
 24 was trying to do this with having you scroll.
 25 My laptop ran out of battery, so I was just

234

1 trying to do this with only looking at what
 2 you're showing me on the screen, and it's going
 3 to take too long for you to scroll through
 4 where I need you to be. So let's go off the
 5 record.
 6 **THE VIDEOGRAPHER:** The time is now 5:58.
 7 Going off the record.
 8 (Recess taken.)
 9 **THE VIDEOGRAPHER:** We're back on the
 10 record. The time is now 6:04 p.m.
 11 **MS. BERLIN:** And I wonder if we could show
 12 Exhibit 90 and then scroll down to the charts
 13 that are near paragraph 74. Perfect. And just
 14 scroll down so that the chart is on the screen.
 15 Thank you.
 16 **BY MS. BERLIN:**
 17 **Q.** So did you make these charts, Mr. Glick?
 18 **A.** They were made at my direction.
 19 **Q.** Okay. By people at your accounting firm?
 20 **A.** Yes.
 21 **Q.** Okay. And we're looking at the charts
 22 that are right above paragraph 75.
 23 Do you see that?
 24 **A.** Correct. I do.
 25 **Q.** Okay. Okay, great.

235

1 So the first one is showing the accounts
 2 receivable annual invoices; is that right?
 3 **A.** It is.
 4 **Q.** Okay. And the color coding, does that
 5 reflect what is and what is not in the exception
 6 portfolio?
 7 **A.** Yes. So I believe the orange is
 8 non-exception and then the various colors correlate
 9 to a legend further down in the report.
 10 **Q.** Okay. So in 2019, there's an increase
 11 in --
 12 **MS. BERLIN:** Can we scroll down please.
 13 (Reporter clarification.)
 14 **MS. BERLIN:** And just keep scrolling until
 15 I tell you to stop, please. Thank you. Just
 16 stop right there. Perfect.
 17 Okay. Could you scroll back up again to
 18 the charts right above paragraph 75. Thank
 19 you.
 20 **BY MS. BERLIN:**
 21 **Q.** So in the first chart going from left to
 22 right, it looks like in 2019, the exception
 23 portfolio, it grows as far as the annual invoices
 24 for CBSG.
 25 Do you agree with me?

236

1 A. I'm sorry, for what year?
 2 Q. From 2018 to 2019, the annual invoices for
 3 the exception portfolio increased significantly.
 4 Do you agree with me?
 5 A. From '18 into '19, yes.
 6 Q. Okay. And then we see your -- your last
 7 chart shows the accounts receivable annual credit
 8 memo?
 9 A. Yes.
 10 Q. What does that -- what does that reflect?
 11 A. Those are -- those are adjustments in
 12 accounts receivable to reduce the -- the accounts
 13 receivable balance for, you know, a particular
 14 merchant.
 15 Q. Okay. And what effect does that have on
 16 the financial statements?
 17 A. That would reduce income.
 18 Q. Okay. And do you see that the -- in 2019,
 19 it -- it appears to be more than half of that amount
 20 is from the exception portfolio?
 21 A. Rough, I mean, yeah. I mean, yeah,
 22 obviously, it's hard to tell on the graph, but
 23 approximately.
 24 MS. BERLIN: And then if we could just
 25 scroll down to the other charts below. Thank

237

1 you.
 2 BY MS. BERLIN:
 3 Q. And I'm sorry, because you might have
 4 to -- you might want to -- you can ask the court --
 5 the videographer to scroll back up for you if you
 6 would like.
 7 I was going to ask you if the first chart
 8 out of the three right above paragraph 75, if the
 9 middle chart indicates that the exception portfolio
 10 was a very small amount of the payments overall as
 11 compared to the total.
 12 THE WITNESS: Yeah, if we could just go
 13 back up.
 14 A. So, I'm sorry. So ask the question again.
 15 BY MS. BERLIN:
 16 Q. Sure. All right. We'll go from left to
 17 right.
 18 Does the first chart to the left reflect
 19 that in 2019, the exception portfolio was almost
 20 half of the portfolio?
 21 A. In 2019, it's less than half the
 22 portfolio.
 23 Q. Okay. Would you agree with me that it's
 24 close to half -- or you tell me, about what
 25 percentage was it?

238

1 A. Probably in the 40s, I guess.
 2 Q. Okay. So in the 40-something
 3 percentile -- the 40 -- 40-something percent of the
 4 portfolio was the exception portfolio in 2019.
 5 Do you agree with me?
 6 A. About let's call it 37 percent.
 7 Q. Are you looking at something other than
 8 the chart to compare --
 9 A. I just put up -- I called up my
 10 calculator, and I'm eyeballing what the -- the
 11 colors from yellow through blue represent.
 12 Q. Okay. Okay.
 13 A. 39 percent.
 14 Q. Okay. 39 percent.
 15 And so the -- your middle chart, does that
 16 indicate that the exception portfolio was a very
 17 small amount of the payments overall as opposed to
 18 the total in 2019?
 19 MR. SOTO: Objection to form.
 20 A. So in 2019 in the middle chart, the -- the
 21 colored bands, the exception portfolio are a smaller
 22 percentage of the totals payments received in that
 23 year.
 24 BY MS. BERLIN:
 25 Q. Okay. Well, why don't you use your

239

1 calculator and tell us what percentage it was? Or
 2 if you can eyeball it --
 3 A. Hang on a second.
 4 Q. Or you can -- however you want to do it.
 5 I'll -- my question was just, do you agree
 6 with me that Chart 2 indicates that the exception
 7 portfolio is a very small amount of payments overall
 8 as compared to the total?
 9 MR. SOTO: Objection to form.
 10 A. It's a -- it's a small amount. It looks
 11 like it's about 16 percent.
 12 BY MS. BERLIN:
 13 Q. Okay. And then the chart to the right
 14 indicates that the exception portfolio is largely
 15 comprised of credit memos and reloads.
 16 Do you agree with me?
 17 A. I'm sorry, the chart on the right.
 18 Q. The chart on the right, does that indicate
 19 that the exception portfolio is largely comprised of
 20 credit memos and reloads?
 21 MR. SOTO: Objection to form.
 22 A. Well, it's -- I don't know if comprised is
 23 the right word. It's net of.
 24 BY MS. BERLIN:
 25 Q. Okay. Well --

240

1 A. Credit memos had been applied to reduce
 2 the balance.
 3 Q. Credit memo or reload had been applied.
 4 And so -- but just making sure we understand your
 5 right-hand chart, am I correct in reading it to show
 6 that roughly \$300 million -- let's look at 2019 --
 7 that roughly \$300 million in accounts receivable had
 8 a credit memo or reload.
 9 Do you agree with me?
 10 THE WITNESS: Yeah. Yeah, if you could
 11 scroll down just one sentence, Court Reporter.
 12 A. Yeah, 310 million is actually in paragraph
 13 75.
 14 BY MS. BERLIN:
 15 Q. Okay. Okay. And then the -- of that
 16 amount, the -- the exception portfolio is a
 17 significant amount. You can -- we're all looking at
 18 the same chart. I -- it looks like about
 19 \$180 million.
 20 Would you agree?
 21 MR. SOTO: Objection to form.
 22 A. So roughly 58 percent.
 23 BY MS. BERLIN:
 24 Q. Okay. So don't these charts demonstrate
 25 that the exception portfolio is not performing?

241

1 A. It shows that -- that the receivables are
 2 going up because of reloads, presumably, that --
 3 that they're a little -- that they are collecting
 4 less from them than the rest of the portfolio, and
 5 that they issued significant number of 58 percent in
 6 that particular year of credit memos. That's all I
 7 can -- you know.
 8 Q. Right. Well, these are your charts,
 9 right?
 10 A. I understand that, and I can give you
 11 observations from my chart.
 12 Q. Okay. So my question is, don't your
 13 charts demonstrate that the exception portfolio is
 14 not performing?
 15 MR. SOTO: Objection to form.
 16 A. Again, without -- I can't tell you what
 17 they -- what they -- if they say it's not
 18 performing, I can tell you what each individual
 19 piece means. And you need to understand, again,
 20 this goes back to all the other questions about the
 21 A/R aging and so forth. This is just a different
 22 format of it.
 23 We weren't -- the scope of engagement was
 24 not to analyze the accounts receivable. This is not
 25 an analysis. A detailed analysis is just breaking

242

1 out the component parts of what makes up the A/R
 2 balance.
 3 BY MS. BERLIN:
 4 Q. I understand, but I'm asking you something
 5 different. I'm asking you, when you look at these
 6 charts, and you've agreed with me, that Chart 1
 7 shows that -- we'll just talk about 2019. We could
 8 talk about the other years as well.
 9 But in just 2019 alone that we can see
 10 that the exception portfolio is a significant
 11 portion of Par Funding's portfolio, almost
 12 40 percent, that we can also see from your charts
 13 that the exception portfolio is a very small amount
 14 of the payments being made overall as compared to
 15 the total that's being paid in to Par Funding, and
 16 we can see in your third chart that the exception
 17 portfolio is largely comprised of credit memos and
 18 reloads, right? You just agreed with me on those
 19 three factors, correct?
 20 MR. SOTO: Objection to form.
 21 A. I did.
 22 BY MS. BERLIN:
 23 Q. Okay. So my question is, don't these
 24 charts demonstrate that the exception portfolio is
 25 not performing in 2019?

243

1 MR. SOTO: Objection to form. Asked and
 2 answered.
 3 A. And I answered, I don't have an opinion on
 4 that.
 5 BY MS. BERLIN:
 6 Q. I'm asking you to make one. I'm asking
 7 you for -- sitting here today, I'm not asking what
 8 you put in your report.
 9 But looking at your own charts, do these
 10 charts that you made show that the exception
 11 portfolio was performing in 2019.
 12 MR. HYMAN: Objection to form.
 13 MR. SOTO: Objection to form.
 14 A. Again, I'll answer the same way is, just
 15 like I have no opinion on the other charts, I have
 16 no opinion on this. I can't answer the question.
 17 BY MS. BERLIN:
 18 Q. Well, what would you need to know in order
 19 to answer a question about whether the exception
 20 reports are performing based on the information? I
 21 mean, you've provided -- your charts show
 22 significant information.
 23 So what else would you need to know in
 24 order to determine if they are performing?
 25 MR. HYMAN: Object to form. Move to

244

1 strike to the extent there was testimony
 2 through the question.
 3 MR. SOTO: Objection to form.
 4 **A.** I would need to understand what is going
 5 on with these to understand if they -- if -- again,
 6 what's the definition of performing. It's a
 7 management -- that's a -- that's a management
 8 determination.
 9 BY MS. BERLIN:
 10 **Q.** So the -- in the third chart, the one all
 11 the way to the right, are those primarily reloads?
 12 Are the -- let me ask that a better way.
 13 Are the credit memos that are reflected in
 14 Chart 3, the chart all the way to the right, are
 15 they primarily reloads?
 16 THE WITNESS: Well, if the court reporter
 17 could scroll up a little bit so I could read
 18 75. I'm sorry, down. Okay. That's perfect.
 19 **A.** So rather than speculate, I'm just going
 20 to read it. "The credit memos represent either an
 21 adjustment to balances related to merchant defaults,
 22 agreed-upon discounts, or necessary adjustments to
 23 avoid double counting of reloaded deals that are
 24 already included in the 890 million," which is on
 25 the left-hand chart."

245

1 **Q.** Okay. My question was just whether or not
 2 the -- the chart -- Chart 3, the one all the way to
 3 the right, whether that chart -- whether the credit
 4 memos in there are primarily reloads?
 5 MR. SOTO: Objection. Asked and answered.
 6 **A.** I just read -- I just read you what's
 7 included in there.
 8 **Q.** Oh, I didn't understand you. So can you
 9 just explain it to me then? I was asking yes or no,
 10 are they primarily reloads or not? If you want to
 11 give me something that I have to interpret, maybe
 12 you could just --
 13 **A.** I don't have an analysis. This -- this
 14 chart doesn't tell you how much of it is reloads.
 15 **Q.** Okay.
 16 **A.** What I can tell you is is that it's
 17 comprised of defaults, reloads, adjustments to avoid
 18 double counting for reloads and agreed-upon
 19 discounts.
 20 **Q.** Okay. So it sounds like your answer is
 21 you don't know. You don't know if the credit memos
 22 in Chart 3 are primarily reloads, correct?
 23 **A.** That is correct.
 24 **Q.** Okay. So hypothetically, could reloads
 25 mask delinquent A/R since a bad receivable is

246

1 exchanged for a good one?
 2 MR. SOTO: Objection to form.
 3 **A.** Ask the question again.
 4 BY MS. BERLIN:
 5 **Q.** Sure. Hypothetically, could reloads mask
 6 delinquent A/R since a bad receivable is exchanged
 7 for a new good one?
 8 MR. SOTO: Same objection.
 9 **A.** Is it -- I mean, a hypothetical, yes, is
 10 if a -- if something isn't performing and it gets
 11 reloaded, it starts again.
 12 BY MS. BERLIN:
 13 **Q.** And I just want to go back to, for B&T
 14 Supply which we looked at, Mr. Glick, you cannot say
 15 that B&T Supply is not performing when 60 million
 16 out of the \$80 million owed is 90 days past due?
 17 MR. SOTO: Objection. Asked and answered.
 18 Argumentative.
 19 **A.** No.
 20 BY MS. BERLIN:
 21 **Q.** So -- hold on one minute.
 22 MS. BERLIN: Okay. Let's scroll down a
 23 bit to the charts that are below 75. There are
 24 two charts. Thank you.
 25

247

1 BY MS. BERLIN:
 2 **Q.** And on the -- before we move into these
 3 two charts, I'm curious, does the -- does your
 4 middle chart that showed that very little of the
 5 money being paid back was from the exception
 6 portfolio? Would you agree with me that that shows
 7 that the exception portfolio is -- is not paying
 8 back and indicates that Par Funding is putting good
 9 money after bad?
 10 MR. SOTO: Objection to form.
 11 **A.** I don't know what that indicates.
 12 BY MS. BERLIN:
 13 **Q.** Okay. Well, why would Par -- Par Funding
 14 continue funding the exception portfolio when those
 15 merchant cash advances made the least amount of
 16 repayments?
 17 MR. SOTO: Objection to form. Calls for
 18 speculation.
 19 **A.** I guess you would have to ask someone at
 20 CBSG, Par Funding.
 21 BY MS. BERLIN:
 22 **Q.** So the answer is -- is the answer you
 23 don't know?
 24 **A.** The answer is I have -- I have no idea.
 25 **Q.** Okay. So looking at these two charts

248

1 which are -- just so the record is clear, they're on
 2 PDF page 28 out of 38. And the chart on the left
 3 shows accounts receivable cumulative annual balance,
 4 and then on the right, you see accounts receivable
 5 annual net activity, correct? Do you see that on
 6 your screen?
 7 **A.** I do.
 8 **Q.** Okay. And once again, everything that's
 9 coded orange is the non-exception portfolio; is that
 10 right?
 11 **A.** That's correct.
 12 **Q.** Okay. Is there a reason that you broke
 13 down the exception portfolio by each merchant?
 14 **A.** Just to marry it up to the DSI
 15 categorization.
 16 **Q.** And these charts show the portion of the
 17 CBSG total merchant portfolio and how much of it is
 18 comprised of the exception portfolio; is that right?
 19 **A.** Left is on a cumulative basis, and right
 20 is on a -- on a net incremental basis, yes.
 21 **Q.** Okay. And so the chart on the right --
 22 the chart on the right, is that -- I'm looking at
 23 the year of 2020.
 24 **MS. BERLIN:** And I wonder if we could just
 25 scroll down a little bit so we can get the...

249

1 6:24 p.m.
 2 **MS. BERLIN:** Oh, no, no, no. We can go
 3 back on. I'm sorry, it was -- it was someone
 4 at the neighbor's door, not --
 5 **THE VIDEOGRAPHER:** Okay. We are still on
 6 the record. Go ahead.
 7 **MS. BERLIN:** Okay, great.
 8 **THE VIDEOGRAPHER:** One second. Let me
 9 share again.
 10 **MS. BERLIN:** Thank you.
 11 **BY MS. BERLIN:**
 12 **Q.** So the -- the chart on the right, does
 13 that show that in 2020 that the rest of the
 14 portfolio is paying more than that it received?
 15 **A.** The chart on the right is the rest of the
 16 portfolio is -- yes. The orange that is on the --
 17 on the -- in the negative or below the zero reflects
 18 that that portion of the portfolio paid more back
 19 than it received.
 20 **Q.** Okay. So the non-exception portfolio,
 21 correct?
 22 **A.** Correct.
 23 **Q.** And then it also shows that in 2020, CBSG
 24 kept paying money to the exception portfolio?
 25 **A.** Well, I don't know if it's money or

251

1 **BY MS. BERLIN:**
 2 **Q.** It looks like -- on my screen, I'm seeing
 3 that your key is on top of the chart now.
 4 Are you all seeing that as well?
 5 **A.** Well, it's not -- it's underneath the zero
 6 access. That's correct. You're not seeing things.
 7 **Q.** No, because it doesn't appear like that on
 8 my hard copy, so it was confusing.
 9 **MS. BERLIN:** Charlie. Sorry, you hear my
 10 little dog barking. It wouldn't be -- it
 11 wouldn't be a day of work if he didn't make an
 12 appearance. Sorry about that.
 13 **BY MS. BERLIN:**
 14 **Q.** So the chart on the right that shows the
 15 accounts receivable annual net activity, in 2020, is
 16 that reflecting that the rest of the portfolio paid
 17 more than received and that CBSG --
 18 **MS. BERLIN:** Sorry, hold on a second. I
 19 am so sorry. Somebody is at my door. I'm
 20 going to put you on mute so you don't just hear
 21 my dog.
 22 **THE VIDEOGRAPHER:** Should we go off the
 23 record?
 24 **MS. BERLIN:** That's a great idea.
 25 **THE VIDEOGRAPHER:** Okay. The time is now

250

1 reloads, but the accounts receivable went up.
 2 **Q.** Okay. So I mean, would you agree with me
 3 that based on this chart that it appears that CBSG
 4 is just continuing to throw good money after bad
 5 with the exception portfolio?
 6 **MR. SOTO:** Objection to form.
 7 **A.** Again, you would have to ask CBSG. If
 8 this is -- if this was reloads, then there was no
 9 money involved and the A/R went up because they --
 10 they rolled over a previous advance.
 11 **BY MS. BERLIN:**
 12 **Q.** Okay. Well, let's look -- let's take a
 13 look at some of the exception portfolio companies.
 14 Hold on one second. Let me find out which exhibit
 15 number it is. Okay.
 16 **MS. BERLIN:** Let's look at Exhibit 98.
 17 **BY MS. BERLIN:**
 18 **Q.** Okay. So you should have in front of you
 19 on your screen -- I'm waiting for it on my end.
 20 There we go -- Exhibit 98, which is the customer
 21 open balance as of July 27, 2020 and an accrual
 22 basis for Big Red.
 23 And that is one of the companies in the
 24 exception portfolio that's reflected in the charts
 25 that we just reviewed in Exhibit 90, correct?

252

1 A. It is.
 2 Q. So I don't know if you recall this, but
 3 Big Red Express, you have in paragraph 67 of your
 4 declaration that it owes \$18.9 million.
 5 Do you recall that?
 6 A. I don't -- I don't have the numbers
 7 memorized. If you're saying it matches the
 8 18.9 million that's on this exhibit, I'll believe
 9 you.
 10 THE WITNESS: But you know, if the court
 11 reporter could click on Exhibit 90, the tab.
 12 BY MS. BERLIN:
 13 Q. Oh, I'll just -- I'll posit to you that
 14 paragraph 67 of your declaration shows that Big Red
 15 Express owes \$18.9 million.
 16 A. Okay.
 17 Q. And I'm showing you now a chart in
 18 Exhibit 98.
 19 MS. BERLIN: Let's move to the second
 20 page.
 21 BY MS. BERLIN:
 22 Q. Do you see that the invoices show that the
 23 amount Big Red was to pay was 38.5 million?
 24 A. I see that.
 25 Q. And that it paid only 5.3 million?

253

1 A. I see that, too.
 2 Q. And do you see that CBSG wrote off
 3 \$14 million?
 4 A. Well -- so again, going -- without knowing
 5 what the 14 million is, it's a credit memo. And as
 6 I said, credit memos contain writeoffs, agreed
 7 discounts, or adjustments to avoid double counting
 8 of reloads, so --
 9 Q. Okay.
 10 A. -- the \$14 million is not necessarily a
 11 writeoff, it's that the \$38.5 million could be
 12 overstated because it has the initial funding plus
 13 the -- all the reloading funding. So if you add
 14 those all together, you're going to get a much
 15 higher number than what -- what the number should be
 16 because all those -- those subsequent reloads get --
 17 get wiped out. So the \$14 million would be
 18 adjusting for that.
 19 Q. Right. So do you agree with me then,
 20 looking at the same exhibit.
 21 It just disappeared from my screen. Hold
 22 on. There we go.
 23 Well, that the credit memo type decreases
 24 the active A/R.
 25 Do you agree with me on that?

254

1 A. I mean, mathematically, yes. 14 million
 2 negative reduces a 38 million positive.
 3 Q. Okay. And in 2020, Big Red paid how much?
 4 A. It look like they paid 49,500.
 5 Q. Okay. So there's -- if we turn back -- I
 6 guess we're going to have to, or I'll just -- I'll
 7 posit to you that your chart on page 67 of Exhibit
 8 90, which is your declaration, shows \$18 million in
 9 active accounts receivable for Big Red.
 10 Would you agree with me that Big Red paid
 11 only \$49,000 to CBSG in 2020, but Par still
 12 considers \$18 million as being active A/R for Big
 13 Red?
 14 MR. SOTO: Objection to form.
 15 A. Yes, I would agree that they paid 49,500
 16 in 2020. And if this 18.9 million is what's
 17 represented on the DSI chart and it's correctly
 18 piece of the active A/R, then yes, I agree with you
 19 that they consider it active A/R.
 20 BY MS. BERLIN:
 21 Q. And at the rate that Big Red was paying at
 22 \$49,000 a year, how long would it take them to pay
 23 off the full amount owed of \$18 million?
 24 MR. SOTO: Objection to form.
 25 A. Well -- so again, 2020 is not really a

255

1 fair year to analyze. You could see there was
 2 nothing paid in quarter 2, which was, as we all said
 3 is COVID started in March.
 4 BY MS. BERLIN:
 5 Q. But Mr. Glick, you're speculating. We've
 6 already established that. You don't know and you
 7 didn't review which of these merchants could and
 8 couldn't pay because of COVID on these short-term
 9 deals that were supposed to be 128 days. You
 10 testified earlier that you couldn't -- that you
 11 didn't review COVID and that you're speculating
 12 about COVID.
 13 Are you now actually providing an opinion
 14 about it?
 15 MR. SOTO: Objection to form.
 16 MR. HYMAN: I was going to say also to the
 17 extent that the question was testimony, we're
 18 also going to move to strike.
 19 BY MS. BERLIN:
 20 Q. Mr. Glick, go ahead and answer.
 21 A. Okay. All right. So just -- just as a
 22 technical point, and you didn't pin it on me, is you
 23 asked me to hypothesize on how long it would take to
 24 pay it off. So I was responding to that question.
 25 I can't tell you how long because I can't -- I can't

256

1 assume that 49.5-, 49,500 was the -- was the amount
 2 that would have been paid but for other things. So
 3 I don't know how long it would have taken to pay off
 4 the \$18.9 million.
 5 **Q.** Okay. Well, the transcript will reflect
 6 the question I asked you is a little different. I
 7 asked you at the rate Big Red was paying, the 49,000
 8 a year, how long would it then take them to pay off
 9 the full amount owed?
 10 And that's pretty simple math, and it's
 11 more than a thousand years. But I understand that
 12 you want to take into consideration other factors.
 13 I was just asking -- my question was different. It
 14 was about the rate. So --
 15 **MR. SOTO:** Objection to form. To the
 16 extent that was a question, objection to form.
 17 **MS. BERLIN:** Hold on one second. I'm
 18 sorry about that. I did have someone at my
 19 door that time. Hold on. So we'll just
 20 continue. Sorry about that.
 21 **BY MS. BERLIN:**
 22 **Q.** Should the -- should the CBSG reserve for
 23 the whole amount of Big Red's receivable?
 24 **A.** I have no idea.
 25 **Q.** All right. Is it -- isn't it true that

257

1 bad years indicate that you have to write off the
 2 accounts receivable?
 3 **A.** No. I believe that they -- they -- it
 4 discusses that it's up to management. There's
 5 criteria that management has to take into account,
 6 but ultimately, it's up to management.
 7 **Q.** Did you ever see any written criteria that
 8 Par Funding would use?
 9 **A.** I don't recall seeing any.
 10 **MS. BERLIN:** Let's go ahead and turn to
 11 Exhibit 99, please.
 12 (Thereupon, marked as Exhibit 99.)
 13 **BY MS. BERLIN:**
 14 **Q.** And this is -- Exhibit 99 is the customer
 15 open balance as of July 27, 2020 on an accrual basis
 16 for Colorado Homes.
 17 **MS. BERLIN:** And if we could please turn
 18 to page 2. I'm sorry, could you scroll down a
 19 bit more, please. Could you continue to
 20 scroll. And one more time. Thank you.
 21 **BY MS. BERLIN:**
 22 **Q.** And we're showing you PDF page 4 out of
 23 50, which is a summary of balance details for
 24 Colorado Homes, and the source is QuickBooks.
 25 Do you see that on your screen?

258

1 **A.** I do.
 2 **Q.** And so do you see here that the invoices
 3 are for \$59 million? Do you see that?
 4 **A.** I see -- I see the total invoice number,
 5 yes.
 6 **Q.** Okay. And the type credit memo which you
 7 testified could be a writeoff or it could be
 8 something else, but regardless, it then decreases
 9 the amount that is owed by the merchant; is that
 10 correct?
 11 **A.** Correct.
 12 **Q.** Okay. And it shows for Colorado Homes
 13 about \$17 million for the credit memo?
 14 **A.** Yes.
 15 **Q.** And it shows only about roughly \$300,000
 16 was paid in 2020?
 17 **A.** Yeah, I see that, 317,000.
 18 **Q.** And what we looked at before, it showed
 19 that about \$19 million of this A/R was more than 90
 20 days past due for Colorado Homes. Basically, all
 21 but \$500,000 is more than 90 days past due for this
 22 particular merchant.
 23 **MS. BERLIN:** And I wonder if we could turn
 24 back to Exhibit 90. And could we scroll up to
 25 paragraph 67. Thank you.

259

1 **BY MS. BERLIN:**
 2 **Q.** And how much active A/R is reflected here
 3 for Colorado Homes?
 4 **A.** One -- 29 point -- I'm rounding,
 5 29.9 million. Colorado Homes the group or Colorado
 6 Homes just the top line? Sorry.
 7 **Q.** Well, let's go with either way.
 8 So Colorado Homes, the top line is about
 9 \$20 million, correct?
 10 **A.** Once again, 19.7-, yep.
 11 **Q.** Okay. So if -- based on the information
 12 that you just saw from QuickBooks that they had had
 13 \$17 million credited that Colorado Homes doesn't
 14 have to pay, they have invoices for 59 million,
 15 they've only paid \$300,000 in 2020, and more than
 16 \$19 million is -- or \$19 million is more than 90
 17 days past due. And in fact, all but \$500,000 is
 18 more than 90 days past due for Colorado Homes.
 19 Is it accurate then to reflect that the
 20 active A/R for Colorado Homes is approximately
 21 \$19,650,000?
 22 **MR. SOTO:** Objection to form.
 23 **A.** Same -- same answer as the question for
 24 Big Red.
 25 **Q.** And --

260

1 **A.** You would have to ask CBSG management.
2 **MS. BERLIN:** I wonder if we could turn to
3 Exhibit -- let's see. We're looking at 99.
4 Could we turn to Exhibit 100.
5 (Thereupon, marked as Exhibit 100.)
6 **BY MS. BERLIN:**
7 **Q.** Here, I'm showing you the same type of
8 document. This is the customer open balance for
9 Kingdom Logistics as of August 30, 2021.
10 **MS. BERLIN:** And I wonder if we could
11 scroll down, please, to the chart. And if you
12 just keep scrolling, I'll tell you when to
13 stop. It should be on the next page. One more
14 page, sorry. Okay.
15 **BY MS. BERLIN:**
16 **Q.** So here we have page 4 of 80 in this PDF
17 document. It is a summary chart that's summarizing
18 the QuickBooks in this exhibit.
19 And do you see that, similarly here, we
20 have the same sort of thing where we have
21 \$24.8 million through a credit memo has been written
22 off or otherwise been reduced from the amount that
23 Kingdom Logistics has to pay?
24 **MR. SOTO:** Objection to form.
25 **A.** I see \$24.8 million credit memos, yes.

261

1 **BY MS. BERLIN:**
2 **Q.** Okay. And invoices for about
3 \$72.9 million?
4 **A.** Again, I see the number 72.9 million, yes.
5 **Q.** Okay. And we see that in 2018, it paid
6 about \$279,000; in 2019, it paid about
7 \$16.9 million; and in 2020, it paid about
8 \$9.4 million.
9 Do you see that?
10 **A.** I see that.
11 **Q.** And so the total amount that it's paid is
12 about \$26.6 million?
13 **A.** That is -- I see the number, yes, 26.6-
14 **Q.** And the amount for the grand total is
15 \$21.4 million that remains, correct?
16 **A.** That is the net -- the net total is
17 21.45 million, yes.
18 **MS. BERLIN:** And I wonder if we could just
19 turn back to Exhibit 90, paragraph 67, the
20 chart that we just looked at.
21 **BY MS. BERLIN:**
22 **Q.** And what is reflected as -- what is CBSG
23 considering in their financials as the active
24 accounts receivable for Colorado -- or I'm sorry,
25 for Kingdom Logistics?

262

1 **A.** I'm rounding. It looks like 20.9 million.
2 **Q.** So based on the figures that you just saw,
3 about how much is outstanding and how much has been
4 written off or otherwise reduced from what they
5 would have -- Kingdom Logistics would have to pay
6 and their payment schedule that they've had for the
7 last three years? Would you agree with me that it's
8 not appropriate to list that full \$20.9 million as
9 active accounts receivable?
10 **MR. SOTO:** Objection to form.
11 **A.** Again, the answer is no, I wouldn't agree
12 with you. I -- it's the same answer as Big Red or
13 Colorado Homes or B -- B&T, I -- I have no -- I have
14 no opinion or answer.
15 **BY MS. BERLIN:**
16 **Q.** So looking at page 67, this is the
17 exception portfolio, and it totals about
18 \$196 million?
19 **A.** I see that.
20 **Q.** Okay. It shows about -- now, if, in fact,
21 we took this \$196 million that's shown in the
22 exception portfolios purportedly active A/R and it
23 was treated as a factoring loss based on the
24 information that I just showed you for some of them,
25 do you know how that would impact the income of --

263

1 the stated income of Par Funding?
2 **MR. SOTO:** Objection to form.
3 **A.** I do not.
4 **THE COURT REPORTER:** Ms. Berlin, may --
5 **MS. BERLIN:** If we could take this exhibit
6 down.
7 Yes? Go ahead.
8 **THE COURT REPORTER:** May we take a short
9 break?
10 **MS. BERLIN:** Yes, absolutely.
11 **THE VIDEOGRAPHER:** The time is now
12 6:48 p.m. Going off the record.
13 (Recess taken.)
14 **THE VIDEOGRAPHER:** We're back on the
15 record. The time is now 6:58 p.m.
16 **MS. BERLIN:** I wonder if we could turn to
17 Exhibit 102. Thank you.
18 (Thereupon, marked as Exhibit 102.)
19 **BY MS. BERLIN:**
20 **Q.** I'm showing you the QuickBooks for -- for
21 National Brokers, which is one of the merchants in
22 the exception portfolio.
23 **MS. BERLIN:** And I wonder if we could
24 please just turn to the page that has the
25 summary chart that summarizes this. There we

264

1 go. Thank you.
 2 BY MS. BERLIN:
 3 Q. So we're looking -- I'm showing you page 8
 4 of 95 of Exhibit 102 shows a summary chart that's
 5 summarizing the QuickBooks pages.
 6 And do you see here that the -- again, for
 7 National Brokers, there was about \$54.7 million in
 8 credit memos? Do you see that?
 9 A. I do. I apologize if you can hear --
 10 Q. And about 100 and -- excuse me?
 11 A. I said I apologize if you can hear the
 12 barking dogs. They'll be gone in two seconds.
 13 Q. Oh, no. I couldn't, but I have one of
 14 those, too, so I can sympathize.
 15 Do you -- do you see that it shows
 16 invoices of \$128.6 million?
 17 A. I see 128.6 million, yes.
 18 Q. Okay. And it also shows that there's
 19 about \$38.6 million that National Brokers has paid
 20 since 2015?
 21 A. 38.6-, yes.
 22 Q. Okay. And just going to your COVID point
 23 earlier, do you see that for this -- I didn't bring
 24 this up before, but looking at this merchant, do you
 25 see in 2020 there's 10 million; in 2019, 10 million;

265

1 in 2018, 9 million; in 2017, about 7.3 million; and
 2 then it goes down again until it gets to 2015? Do
 3 you see that?
 4 A. I see that.
 5 Q. Okay. And the grand total for the
 6 outstanding A/R is it shows 35 -- roughly
 7 \$35.2 million?
 8 A. Yes.
 9 Q. Okay. Let's turn back to Exhibit 90,
 10 paragraph 67 and see what the active A/R is that
 11 CBSG is recording on its financial records.
 12 How much is CBSG stating is active for
 13 National Brokers?
 14 A. That looks like it says 35.3 million.
 15 Q. And based on what you just saw about the
 16 lack of payments and the length of time that the
 17 payments have been -- they've been making payments
 18 as well as the amount that's been credited to the
 19 A/R that's due, would you agree with me that the
 20 active A/R reflected in Par Funding's financial
 21 statement is not accurate?
 22 A. No. Again, I would not agree. It's the
 23 same, the same response to the same question for
 24 each of the other entities on this chart. I haven't
 25 been asked to do that, and I have no opinion on

266

1 that.
 2 MS. BERLIN: So sorry about that, I had
 3 someone who arrived. So I -- I apologize for
 4 that brief delay.
 5 BY MS. BERLIN:
 6 Q. So I understand.
 7 So your answer is the same as before
 8 that -- that -- am I correct that you do not know,
 9 and that instead, you would defer to Par Funding's
 10 management to answer that question?
 11 A. Correct.
 12 Q. Okay. And is that -- is that going to be
 13 the same for every merchant in the exception
 14 portfolio and for every merchant at Par Funding in
 15 general?
 16 A. Yes. We -- we -- earlier, I answered that
 17 we were not asked to analyze accounts receivable.
 18 That would go for exception and non-exception
 19 merchants.
 20 THE VIDEOGRAPHER: Ms. Berlin, are you
 21 still there? I think we might have lost
 22 Ms. Berlin. Yes, we've lost her. Let's go off
 23 the record.
 24 The time is now 7:05 p.m. Off the record.
 25 (Recess taken.)

267

1 THE VIDEOGRAPHER: The time is now
 2 7:10 p.m. On the record.
 3 MS. BERLIN: Thank you. Can we show
 4 Exhibit 102 again, please. Thank you.
 5 I wonder if you could just scroll through
 6 this, just rapidly scroll page by page. I'll
 7 tell you when to stop. Please go to the next
 8 one. Keep going. I'm sorry, can you go back.
 9 I don't think that's right. Can you go --
 10 Let me -- can you go to page 2. Oh, we
 11 did it. Okay. I'm sorry, we flipped by it. I
 12 didn't see it when you flipped through it.
 13 I'm so sorry, Madam Videographer, for
 14 having you scroll through so much of this
 15 document.
 16 BY MS. BERLIN:
 17 Q. Mr. Glick, do you see on -- it's page 2 of
 18 95 in Exhibit 102, a bankruptcy petition for
 19 National Brokers?
 20 A. I see that.
 21 Q. And you see at the top of the page it
 22 has -- there's a court filing stamp, it says, "filed
 23 September 3, 2019"?
 24 A. I see that.
 25 MS. BERLIN: And can we just scroll down a

268

1 bit on this page so we can see the rest of it.
 2 BY MS. BERLIN:
 3 Q. And do you see that they're filing for --
 4 they're filing for voluntary bankruptcy in
 5 September 2019? Do you see that?
 6 A. I see that. I do.
 7 Q. And so if a merchant is in bankruptcy, is
 8 that -- do you have any opinion about whether that
 9 makes that merchant more or less collectible and
 10 whether the active A/R figure should be revised?
 11 MR. SOTO: Objection to form.
 12 A. So the filing -- the filing of a
 13 bankruptcy certainly would impact the
 14 collectibility. What that impact would be, I don't
 15 know.
 16 MS. BERLIN: Could you go just two pages
 17 down.
 18 BY MS. BERLIN:
 19 Q. And do you see on this page what the
 20 assets are?
 21 A. Do I see what the assets are? I see
 22 estimated assets. I see that.
 23 Q. And the estimated assets show what?
 24 A. It looks like the box that's filled out is
 25 0 to 50,000.

269

1 Q. Okay. And it shows you the estimated
 2 liabilities are between 1 and 10 million?
 3 A. It does.
 4 Q. So how is it that a company, a merchant
 5 with less than \$50,000 in assets could pay a 35
 6 million-dollar balance to Par Funding?
 7 MR. SOTO: Objection to form.
 8 A. It looks like it would have a difficult
 9 time doing that.
 10 BY MS. BERLIN:
 11 Q. Okay.
 12 MS. BERLIN: For the videographer, there's
 13 an exhibit that I wanted to use, and I don't
 14 see it in my -- in what was sent to you. I
 15 wonder if I could just forward it to you right
 16 now. I'm not sure if Ms. Jacqmein e-mailed it
 17 to you or not, but -- so that we can just speed
 18 things up. I would e-mail it to you and we'll
 19 just make it the next exhibit in sequence.
 20 THE VIDEOGRAPHER: Sure. Would you like
 21 for me to put my e-mail in the chat?
 22 MS. BERLIN: Let me see if it's here.
 23 Sure. Can you just say it on the record.
 24 I'll put it in.
 25 THE VIDEOGRAPHER: Sure. It's

270

1 nholmstock@gmail.
 2 MS. BERLIN: Got it. So I just sent you a
 3 document, and this will be Exhibit 115.
 4 THE WITNESS: Don't worry, Nancy, your
 5 e-mail is safe.
 6 THE VIDEOGRAPHER: Thank you.
 7 THE COURT REPORTER: That's 115?
 8 MS. BERLIN: Yes, please.
 9 (Thereupon, marked as Exhibit 115.)
 10 MS. BERLIN: And once you receive that,
 11 can you display it into the deposition for the
 12 witness. Thank you.
 13 BY MS. BERLIN:
 14 Q. Mr. Glick, I'm showing you what we've
 15 marked as Exhibit 115, which is a profit and loss
 16 for Complete Business Solutions from November 1,
 17 2011 through July 27, 2020 from Par Funding's
 18 QuickBooks.
 19 Do you see that on your screen?
 20 A. I do.
 21 Q. Okay. And do you see that this
 22 document --
 23 MS. BERLIN: Can we scroll to the next
 24 page, please. Thank you.
 25

271

1 BY MS. BERLIN:
 2 Q. And this -- do you see that on page 2 in
 3 the last column and last row it shows that the net
 4 income is \$88,728,000?
 5 A. I see that.
 6 Q. And so if the -- do you recall that we
 7 looked at your charts that showed the amounts of
 8 active A/R that was being recorded for the exception
 9 portfolio totaled \$196 million? Do you recall that
 10 from your declaration?
 11 A. The schedule -- the excerpt schedule from
 12 DSI, the 196 million, yes.
 13 Q. Okay. And so if, in fact, the exception
 14 portfolio were no longer considered active A/R and
 15 instead were calculated as losses, would that impact
 16 the net income that we see in Exhibit 115?
 17 MR. SOTO: Objection to form.
 18 A. There -- there would be an impact to net
 19 impact.
 20 BY MS. BERLIN:
 21 Q. Okay. And in fact, instead of it showing
 22 an 88 million-dollar or 88.7 million-dollar net
 23 income, it would show a loss of more than
 24 \$100 million, correct?
 25 MR. SOTO: Objection to form.

272

1 A. Not necessarily. You would have to
 2 understand what was already on the balance sheet as
 3 a reserve.
 4 BY MS. BERLIN:
 5 Q. Oh.
 6 A. You would have to understand --
 7 Q. Yeah.
 8 A. -- the accounting for this.
 9 Q. Yes.
 10 A. And so I can walk you through it if you
 11 want, or I can leave my answer the way it is.
 12 Q. I can walk you through it. I think I can
 13 walk you through it.
 14 So I understand that you're raising the
 15 issue of the reserve would have to be factored in,
 16 correct?
 17 A. Correct.
 18 Q. Okay. And so what was the reserve, do you
 19 recall?
 20 A. I do not.
 21 Q. So the reserve is \$6 million. So if we
 22 took -- so it would still -- it would be -- if the
 23 reserve applied, it would be 88.7 million minus
 24 about 196 million, and then we would add back in the
 25 6 million-dollar reserve if the reserve were to be

273

1 included.
 2 Do you agree?
 3 MR. SOTO: Objection to form.
 4 A. Well, without how this -- assuming the
 5 numbers that you're stating are accurate, then I
 6 agree with the math, yeah.
 7 MS. BERLIN: We can take down the WebEx.
 8 Actually, let's leave that up for just a
 9 moment.
 10 Can you go up one page, please, in the
 11 exhibit. Thank you.
 12 BY MS. BERLIN:
 13 Q. Just one moment. I was trying to find
 14 a -- pull up a document to show you the 6
 15 million-dollar reserve, but I can --
 16 MS. BERLIN: Hold on, I think I can do
 17 this. Just share my screen, make it easier.
 18 Actually, hold on.
 19 THE VIDEOGRAPHER: If you want to share
 20 your screen, ma'am, I will have to stop sharing
 21 mine.
 22 MS. BERLIN: Understood. That's why I'm
 23 going to e-mail it to you.
 24 THE VIDEOGRAPHER: Oh, okay.
 25 MS. BERLIN: Yeah, sorry. The e-mail

274

1 address again is N --
 2 THE VIDEOGRAPHER: Nholmstock@gmail.
 3 MS. BERLIN: Okay. You should have it
 4 now. And so this will be -- oops. It's
 5 reconnecting.
 6 So if the videographer could let me know
 7 when you get it and we'll show that, and that
 8 will be Exhibit 116.
 9 (Thereupon, marked as Exhibit 116.)
 10 MS. BERLIN: And we can take down 115.
 11 THE VIDEOGRAPHER: This is 116.
 12 MS. BERLIN: Yes.
 13 BY MS. BERLIN:
 14 Q. Okay. I'm showing you the Complete
 15 Business Solutions Group balance sheet as of
 16 July 27, 2020.
 17 And do you see that on your screen as
 18 well?
 19 A. I do.
 20 Q. Okay. And do you see near the top there's
 21 a factoring loss reserve of 22.89 million?
 22 (Reporter clarification.)
 23 BY MS. BERLIN:
 24 Q. Do you see at the top that there is a
 25 factoring loss reserve of 22.89 million?

275

1 A. Let's see. Factoring loss reserve on the
 2 right? Yes. In the July 27 column? Yes. 22.89-.
 3 Q. And do you see the negative funding
 4 receivables of \$28.6 million?
 5 A. I see that.
 6 Q. Okay. And so the difference is the 6
 7 million-dollar reserve.
 8 Do you agree with the way I'm calculating
 9 that?
 10 A. Well, how about this: I agree with the
 11 math. I don't know what's in the funding -- funding
 12 receivables, and I don't know what's in the
 13 factoring loss. The fact that it's a positive
 14 number is -- you know, is odd, so I would have to
 15 understand what it is. But I mean, the math, the
 16 netting of the math, I agree with.
 17 Q. Yeah. It's -- it's -- right. The
 18 factoring loss reserve is 22.89 million, and there
 19 are negative funding receivables of \$28.6 million.
 20 So if we took the difference of about a 6
 21 million-dollar reserve and added it to -- that was
 22 the calculation that you just testified about a few
 23 minutes ago.
 24 A. I know. I understand that, but a
 25 factoring loss reserve, if you look in 2016, '17,

276

1 '18, and '19, it's supposed to be a negative balance
 2 because it's a credit. It's a contra account to the
 3 receivable.
 4 And so all I'm saying is in the last
 5 column, in the July 20 column, I'm not sure why it's
 6 a positive number, so I would have to understand why
 7 it's a positive number. I don't know if in 2020
 8 there was -- there was mis-posting and there was
 9 things that were posted in the funding receivable
 10 that shouldn't -- shouldn't have been. I don't
 11 know.
 12 So that's all I'm saying is, yes, I
 13 understand the math, that you netted those two
 14 amounts together and got a negative, roughly,
 15 \$6 million, and so I understand where the 6 million
 16 is coming from.
 17 You're saying -- I -- I can't tell you
 18 based on what I'm seeing if it's accurate or not.
 19 **Q.** I'm showing you a statement that's as of
 20 July 27, 2020.
 21 Do you understand that it's positive
 22 because the reserve is adjusted at year end, at
 23 calendar year end, correct?
 24 **A.** Well -- so I was just going to say,
 25 actually, if we were to go back to 115 and look at

277

1 should be for an adjustment. And so a number would
 2 go replace that zero with a number, and whatever
 3 that -- the other side of that number is, debits and
 4 credits, would go -- would reduce the positive
 5 \$22 million.
 6 So if it was \$20 million, you'd still have
 7 a positive 2 million on the -- on the balance sheet.
 8 If it was -- if it was -- if it was 24 million, then
 9 you would have a negative 2 million on the balance
 10 sheet. Then you could look to see, you know, the
 11 analysis that you're -- you're doing as far as
 12 reserve.
 13 **Q.** Okay. So when CBSG records its bad debt
 14 for 2020, then the income as recorded will decrease;
 15 is that accurate?
 16 **A.** Correct. Whatever number replaces that
 17 zero will be a reduction in income for that year.
 18 **Q.** Okay. And then CBSG would get closer to
 19 being a net loss for the whole period, correct?
 20 **MR. SOTO:** Objection to form.
 21 **A.** Well, again, whatever -- I think you said
 22 was \$88 million for the entire period, whatever
 23 number replaced that zero is what would reduce the
 24 \$88 million.
 25

279

1 the factoring loss line, there is no expense in --
 2 in 2020. That entry hadn't been made yet. So you
 3 would have to record that number to have it affect
 4 the balance sheet to then see what the number should
 5 be.
 6 **Q.** Wait. So which number are you claiming
 7 needs to be -- which -- tell me exactly which number
 8 and we'll go back to it.
 9 **A.** Okay. Can we call 115 back up?
 10 **Q.** Sure.
 11 **A.** So if you look in the -- a third of the
 12 way down in expenses factoring loss, you go all the
 13 way out to the right, for a total you see
 14 \$106 million?
 15 **Q.** Yes.
 16 **A.** Right. And so in 2020, to your point is
 17 they haven't recorded the -- the reserve under --
 18 under the -- whatever GAAP they were following at
 19 the time, so you see that it was the 20.6 million in
 20 '17, which is basically Fridman's original number;
 21 the 34 million in '18; the 36.7 million in '19; and
 22 there's nothing there yet for '20 because,
 23 obviously, it's only -- only in July.
 24 So they would first need to figure out
 25 what that -- that, I guess, stub period calculation

278

1 **BY MS. BERLIN:**
 2 **Q.** Right. So we were looking at the --
 3 that -- so it would be reduced by that number, and
 4 then also, I was showing you if the exception
 5 portfolio was actually no longer treated as active,
 6 accounts receivable, that would -- that sum would
 7 further reduce the --
 8 **A.** Net -- net of --
 9 **Q.** -- the income?
 10 **A.** -- on the balance sheet, correct.
 11 **Q.** Right.
 12 **MS. BERLIN:** Okay. We can take this
 13 exhibit down.
 14 **BY MS. BERLIN:**
 15 **Q.** And we know -- just to go back, we do know
 16 that we looked at earlier that 300 as of -- as of
 17 July 27, 2020 -- I showed you an exhibit from
 18 QuickBooks earlier today showing that \$325 million
 19 was 90 days past due as of that date.
 20 Do you recall that?
 21 **A.** I do recall that.
 22 **Q.** Okay. And so if that was the end of Par
 23 Funding's operation as of July 27, 2020, then if
 24 CBSG ended then, then that figure would further
 25 reduce the net income figure; would you agree?

280

1 MR. HYMAN: Object to form.
 2 MR. SOTO: Objection to form.
 3 A. I mean, in a hypothetical, the answer is
 4 yes. Again, some -- some amount. I don't know what
 5 it would be.
 6 Q. Okay.
 7 MS. BERLIN: Let's go ahead and we can
 8 take down Exhibit 116, and we're going to --
 9 let's see what exhibit number this is.
 10 We could pull up Exhibit 91, please.
 11 (Thereupon, marked as Exhibit 91.)
 12 MS. BERLIN: If we could pull up
 13 Exhibit 91, please.
 14 THE VIDEOGRAPHER: Yes. One second.
 15 MS. BERLIN: Thank you.
 16 BY MS. BERLIN:
 17 Q. In looking at paragraph 16(iii), so it's a
 18 16 and then 3 Roman numeral little ls, do you see
 19 that?
 20 THE WITNESS: Can we scroll there?
 21 THE VIDEOGRAPHER: I'm sorry, say that
 22 again.
 23 BY MS. BERLIN:
 24 Q. Did you validate --
 25 A. We're not there.

281

1 Q. Did you validate -- oh, sorry.
 2 THE WITNESS: 16, I think it was paragraph
 3 16.
 4 BY MS. BERLIN:
 5 Q. Paragraph 16, and then it has three little
 6 ls.
 7 Is that the daily tab was created for each
 8 business day beginning January 2016 to the date of
 9 the receivership to track the daily scheduled ACH
 10 draws from merchant accounts, wires and other
 11 deposits.
 12 That's how it begins.
 13 Do you see that on your screen?
 14 A. I do.
 15 Q. Did you validate the information in the
 16 daily tabs to any source document like QuickBooks or
 17 bank records?
 18 A. Yeah, these batches were then recorded in
 19 QuickBooks. We -- we verified -- we didn't verify
 20 131,035,000 records, but we tied the -- the bank
 21 logs through the bank activity log into QuickBooks.
 22 Q. Okay. So did you validate the information
 23 in the daily tab to QuickBooks or the bank records
 24 for every one of the daily tasks?
 25 A. I believe we did. We -- we created --

282

1 from the daily tabs, we created a database of all
 2 the transactions and then to the extent -- to the
 3 extent we had the information that was available to
 4 make -- to tie it out, we did.
 5 Q. Okay. So you did it for every single one,
 6 or no? That's all I was trying to get.
 7 Did you -- did you validate the
 8 information in every one of the daily tabs?
 9 I'm not clear because you said, we did it
 10 for the information we had.
 11 Like, there was some qualifiers. Can you
 12 just let me know?
 13 A. So the answer is I -- I don't know.
 14 Q. Okay. Are you aware that the deposit logs
 15 are overstated because they contained deposits that
 16 were returned?
 17 MR. SOTO: Objection to form.
 18 MR. HYMAN: Form.
 19 THE WITNESS: We're done?
 20 BY MS. BERLIN:
 21 Q. Yes.
 22 A. My understanding is the deposit logs, yes,
 23 they contained -- they contained returned payouts.
 24 THE COURT REPORTER: I'm sorry, repeat
 25 that. They contained?

283

1 THE WITNESS: Returned payouts.
 2 THE COURT REPORTER: Thank you.
 3 BY MS. BERLIN:
 4 Q. And do you know where the returns are
 5 reflected in the deposit logs?
 6 A. Off the top of my head, no.
 7 Q. Did you account for the returned deposits
 8 in your analysis?
 9 A. I don't recall.
 10 Q. Did you rely on in the Par Funding's
 11 deposit logs without considering the accuracy?
 12 A. No. I used the Par -- I used the Par -- I
 13 used the Par Funding logs to corroborate the -- the
 14 schedule that -- the KPI schedule.
 15 Q. But regarding the KPI schedule, do you
 16 know who prepared the KPI reports?
 17 A. My -- my recollection from Mr. Klenk's
 18 depo is that Joe Cole created those.
 19 Q. Do you understand the purpose of the
 20 report?
 21 A. My -- I don't know what that was. My
 22 understanding was that it was provided to
 23 noteholders.
 24 Q. Okay. And going back, if the returns were
 25 not reflected in the deposit column of the deposit

284

1 log, would any analysis based off the deposit amount
 2 be overstated?
 3 MR. SOTO: Objection to form.
 4 THE WITNESS: Can we scroll down to the
 5 bottom so I can see the schedule. I think it's
 6 the exhibit, actually. All the way -- all the
 7 way to the end. All the way. Can you turn
 8 that sideways.
 9 Oh, did it get cut off? It looks like it
 10 got cut off. That's a problem.
 11 A. I have my own copy if you don't mind me
 12 looking at my own copy.
 13 BY MS. BERLIN:
 14 Q. Yeah, I have my own copy, too, so that
 15 works.
 16 My question is, if the returns were not
 17 reflected in the deposit column of the deposit log,
 18 would any analysis based off the deposit amount be
 19 overstated?
 20 MR. SOTO: Same objection.
 21 A. If the deposit column was overstated, an
 22 analysis using the deposit column would -- would be
 23 overstated, yes.
 24 BY MS. BERLIN:
 25 Q. Okay. And in paragraph 17, you -- it

285

1 in that particular time period.
 2 Q. Okay. And what the -- where we see the
 3 term average, is that the -- meaning that the
 4 merchant advance had to be repaid within the average
 5 term of 128 days?
 6 A. No, the word "average" means -- the -- the
 7 average would mean is if I've got -- I'm going to
 8 make up numbers. If I have a hundred merchants and
 9 some are at 134 and some are at 136 and some are at
 10 132 and what the average factor rate, the actual
 11 factor rate for those merchants is 135. It has
 12 nothing to do with the advance.
 13 Q. So what does the -- I'm sorry.
 14 What does -- so the "average" term doesn't
 15 mean that the merchant advance had to be repaid
 16 within the average term.
 17 Am I understanding correctly?
 18 A. No. I apologize. Is I answered the
 19 factor -- factor rate average and then you asked
 20 another question, which I thought was something to
 21 do with --
 22 Q. Sorry. I was just asking you, the average
 23 term -- okay.
 24 Average term means the 120-day average
 25 period for merchant cash advances to be repaid; is

287

1 says, "factor rates average" or "factor rate AVG."
 2 What does that mean?
 3 THE VIDEOGRAPHER: What exhibit number are
 4 we on again?
 5 MS. BERLIN: We are on --
 6 THE WITNESS: 91.
 7 MS. BERLIN: It's July 13, 2021
 8 declaration. I'd have to look it up for you.
 9 It's the one that you were just showing on the
 10 screen. I think it was 91 maybe.
 11 THE VIDEOGRAPHER: Sorry, yes.
 12 MS. BERLIN: Yes, Exhibit 91.
 13 BY MS. BERLIN:
 14 Q. What does the factor rate average mean?
 15 A. Yeah, I'm sorry, Ms. Berlin. So we're on
 16 paragraph 17, item -- what -- what sub -- subitem
 17 on...
 18 Q. Where you discussed the KPI reports --
 19 A. Yes.
 20 Q. -- you discussed the factor rate average.
 21 What does factor rate average mean?
 22 A. That is the -- I'm just trying to
 23 understand the column that I'm pointing to. That
 24 is -- that's the average of the -- the contractual
 25 fund -- factor rate for the deals that were advanced

286

1 that correct?
 2 A. Yes. I apologize, yes. Same thing is I
 3 have a hundred -- hundred different deals. Some are
 4 90 days, some are 120 days, some are 140 days, but
 5 that's the average repayment term for the deals that
 6 were funded in that particular time period.
 7 Q. As a general rule, were the merchant
 8 advances repaid within this period, within the
 9 average term period?
 10 A. I -- I don't know for sure. Based on your
 11 account, your A/R aging, they weren't, but again, I
 12 haven't done any analysis on that.
 13 Q. Okay. You didn't do analysis to determine
 14 when the merchants repaid their advances or how long
 15 they typically took to repay them, right?
 16 A. Correct.
 17 Q. Okay. And what does wire total mean?
 18 A. So wire total is the amount that was
 19 funded to a -- to a merchant, but it would also
 20 include -- so there's two -- there's two instances
 21 where it's not the -- well, it is the actual cash
 22 for a deal that would be a syndicated deal.
 23 So if there was a deal that -- that Par
 24 Funding, a hundred thousand dollars advance and they
 25 ask a -- a partner if they wanted to participate --

288

1 again, just making math easy, 50 -- you know,
 2 50 percent is the hundred thousand dollars because,
 3 typically, Par would advance the money and then
 4 collect the -- either collect the cash or have --
 5 have a receivable for the -- the syndicated out
 6 portion, so that column could be overstated by those
 7 dollars.
 8 And then also, there are consolidation
 9 deals. How they refer to them is I -- for whatever
 10 reason, I'm going to fund a merchant. I'm going to
 11 take a hundred thousand dollars and, you know,
 12 example one is, I fund him the hundred thousand
 13 dollars, or her, day one.
 14 Example Number 2 is I'm going to fund it
 15 in four installments of \$25,000. The full \$100,000
 16 would be reflected in this column even though they
 17 may have only made the first installment.
 18 **Q.** Okay. And so -- and are you also aware
 19 that in more than one thousand instances, the wire
 20 amount reflected on the KPI report is overstated
 21 because it includes an amount Par Funding
 22 anticipated funding on a deal rather than what it
 23 actually did?
 24 **A.** Oh, I'm sorry that was inartful. Can you
 25 say that one again?

289

1 **Q.** Sure. Are you -- are you aware that in
 2 more than one thousand instances, the wire amount
 3 reflected on the KPI report is overstated because it
 4 includes an amount Par Funding anticipated funding
 5 on a deal rather than what it actually funded?
 6 **A.** I don't think the -- the number of times
 7 is relevant. I think the dollar amount would be
 8 relevant.
 9 **Q.** Okay. Well, are you aware of the dollar
 10 amount?
 11 **A.** I am aware that on the -- if you look at
 12 the CBSG funding tab, there is a column that is
 13 called syndication, and every -- every merchant has
 14 a yes or a no. And so if you filter on the yeses,
 15 you can see that there's something over \$38 million
 16 for syndicated deals.
 17 **Q.** Okay.
 18 **A.** So if my understanding is the most that
 19 they would ever do is -- is syndicate out would be
 20 50 percent, right? So half of 38, call it
 21 39 million, is -- it's getting late -- 19 1/2
 22 million, if I did my math right, would be included
 23 in this 1.231 billion -- this 1.231 -- this
 24 1.231 billion would be overstated by \$19 1/2
 25 million.

290

1 **Q.** Okay. So I asked a little bit --
 2 something different.
 3 So my question is about whether or not
 4 you're aware that there were more than one thousand
 5 times that the wire amount reflected on the KPI
 6 report is overstated because it includes an amount
 7 Par Funding anticipated funding of a deal but that
 8 it had not actually funded.
 9 **MR. SOTO:** Objection to form.
 10 **A.** I'm not aware of the number, no.
 11 **BY MS. BERLIN:**
 12 **Q.** Okay. And what analysis did you undertake
 13 to determine the impact of overstatements on the KPI
 14 reports?
 15 **A.** Well -- so I -- so again, one is if you
 16 look at the -- the -- what's the word -- exhibit to
 17 the declaration is in trying to reconcile to the --
 18 the KPI, we looked at the QuickBooks data, and the
 19 QuickBooks data is only showing about 1.181 billion
 20 of money going out. And so that would account for
 21 both of the instances I described is if I had a
 22 hundred thousand dollar deal, consolidation deal,
 23 but I only actually funded 25 of the hundred, the
 24 75,000 would not be in here because this is cash
 25 from QuickBooks.

291

1 Like -- likewise, the -- well, I guess it
 2 would depend on whether or not the syndication
 3 partner had contributed or paid in its share of a
 4 syndication deal. So that may or may not be
 5 included in the difference between the 1.231 billion
 6 and the 1.18 billion. And if you -- the math does
 7 not change. The -- the percentage, the exposure
 8 percentage that is based on the wire total as a
 9 denominator has no impact.
 10 **Q.** Okay. But you did not take into
 11 consideration, because you testified that you're
 12 unaware of the more than one thousand instances
 13 where the wire amount reflected on the KPI report as
 14 listed there, but it's only an amount that Par
 15 Funding -- I'm not talking about the syndicated
 16 deals, but Par Funding anticipated funding, but
 17 didn't actually fund.
 18 You didn't take that into consideration at
 19 all because you weren't aware of it, correct?
 20 **MR. SOTO:** Objection to form.
 21 **A.** No. So I didn't say that. I said I'm
 22 aware -- I'm aware that there are what -- you're
 23 referring to a consolidation deal where they didn't
 24 fund the -- there's basically a funding receivable
 25 sitting on the -- the balance sheet, which is they

292

1 did not fund the full amount of a deal.
 2 So I am not aware of the number that
 3 exists, but I am aware that the wire total includes
 4 that amount.
 5 BY MS. BERLIN:
 6 Q. And does your declaration reflect your
 7 complete analysis that you did to undertake -- or
 8 your complete analysis that you undertook to
 9 determine the impact of overstatements on the KPI
 10 reports?
 11 MR. SOTO: Objection to form.
 12 A. I don't know if it's in this declaration
 13 or if it's in my next report.
 14 BY MS. BERLIN:
 15 Q. But your declaration and your -- between
 16 your two declarations and your expert report, that's
 17 the -- those would reflect any and all efforts that
 18 an analysis that you did undertake to determine the
 19 impact of any overstatement of the wired amount; is
 20 that accurate?
 21 MR. SOTO: Objection to form.
 22 A. I -- I believe that is accurate.
 23 BY MS. BERLIN:
 24 Q. Okay. What does funding exposure mean?
 25 A. Funding exposure is the cash portion of

293

1 the factoring loss. So it's the actual principal
 2 portion or the cash advance portion of the
 3 receivable that is -- is being considered in the
 4 factoring loss column.
 5 Q. And what criteria should Par Funding have
 6 considered when making a determination of the
 7 factoring losses?
 8 A. I think we've had that discussion earlier
 9 is, you would have to ask Par Funding.
 10 Q. I was going to say, I should have just
 11 asked that as a leading question. I believe your
 12 answer is going to be that you didn't look at that
 13 and you don't know and to ask management; is that
 14 correct?
 15 A. That's correct.
 16 Q. Okay. Okay. And how much of the -- do
 17 the figures in the KPI report accurately represent
 18 the amount of accounts receivable that is
 19 uncollectible?
 20 A. The KPI report shows the -- short answer
 21 is -- is no, it's not showing the uncollectible
 22 portion of A/R. Well, I guess the factoring would
 23 be. What they're considering to be, it's factoring
 24 loss. That's -- that's the amount that they're
 25 considering that would be uncollectible over and

294

1 above the 400 amount that's sitting in A/R.
 2 Q. Let me ask it another way. You testified
 3 that you don't know what the amounts are and are not
 4 accurate, like truly uncollectible.
 5 So do you know whether the figures in the
 6 KPI report accurately represent the amounts of
 7 accounts receivable that is uncollectible?
 8 A. I do not know.
 9 Q. Okay. You stated that you're not -- let's
 10 look at Footnote 7.
 11 A. Footnote 7. Yes.
 12 Q. Okay. In Footnote 7, you state that
 13 you're not rendering any opinion on management
 14 decisions regarding factoring losses, correct?
 15 A. That's correct.
 16 Q. And what does that mean?
 17 I'll ask it another way.
 18 Does that mean that you just -- you have
 19 accepted what Par Funding Management recorded as
 20 factoring losses?
 21 A. Yeah, that's exactly what I'm saying is
 22 I've done no analysis. I'm not rendering any
 23 opinion on it.
 24 Q. Okay. So you did not evaluate it for
 25 reasonableness or for anything else, correct?

295

1 A. That is correct.
 2 Q. Okay.
 3 MS. BERLIN: Let's turn to Exhibit 92.
 4 (Thereupon, marked as Exhibit 92.)
 5 MR. SOTO: Ms. Berlin, since we're turning
 6 to a new exhibit, I just want to ask the court
 7 reporter at this time, can you tell us how long
 8 we've been going?
 9 THE VIDEOGRAPHER: You have five minutes
 10 left to the seven-hour limit.
 11 MR. SOTO: Okay, thank you.
 12 MS. BERLIN: Okay. If I have five
 13 minutes, I'm just scrolling through my outline
 14 to see what I want to use. I don't think
 15 there's any way to really make a dent in the --
 16 in your expert report in five minutes.
 17 So I think -- hold on. I'm just going to
 18 put it on mute for a second and just take a
 19 look at my outline. Hold on one second.
 20 So I think we'll stop here, Mr. Glick, and
 21 we'll just take up after this deposition the
 22 need for the documents that you testified about
 23 that you didn't produce in response to the
 24 subpoena.
 25 And thank you so much for being so

296

<p>1 incredibly patient and for staying with us 2 until almost 8:00 at night. So we will just 3 take it from there with your counsel. We're 4 just -- we're not ending. We're not finished. 5 We'll just go to -- we'll have to seek 6 additional time to complete your deposition 7 once we get your documents. 8 THE WITNESS: Okay. 9 MR. SOTO: Okay. Let's go off the record 10 then, and we'll go back -- we'll come back on 11 in seven minutes at 8:05. 12 THE VIDEOGRAPHER: Okay. The time is now 13 7:58 p.m. Going off the record. 14 (Recess taken.) 15 THE VIDEOGRAPHER: We're back on the 16 record. The time is now 8:08. 17 MR. SOTO: Okay. This is Alex Soto, 18 counsel for defendant Joseph LaForte. It 19 appears Ms. Berlin has nearly exhausted the 20 seven hours allotted under the rules, has 21 indicated that she is going to seek additional 22 time from the Court for the reasons she's 23 previously stated and is therefore not resting, 24 and has taken the position that we should not 25 at this point proceed with cross-examination.</p> <p style="text-align: center;">297</p>	<p>1 2 3 CERTIFICATE OF OATH 4 5 6 STATE OF FLORIDA 7 8 9 10 I, the undersigned authority, certify 11 that JOEL GLICK, CPA, CFF, CFE appeared remotely 12 before me and was duly sworn on the 2nd day of 13 September, 2021. 14 Signed this 9th day of September, 2021. 15 16 17 18 19 20 21 22 23 24 25</p> <hr style="width: 20%; margin-left: auto; margin-right: 0;"/> <p style="text-align: right;">DENISE SANKARY, RPR, RMR, CRR Notary Public, State of Florida My Commission No. GG 944837 Expires: 1/27/24</p> <p style="text-align: center;">299</p>
<p>1 We obviously disagree. So we'll attempt 2 to resolve this dispute with her offline, and 3 if we can't, we'll seek redress with the Court. 4 That's all for now. 5 MS. BERLIN: And this is Ms. Berlin. I'd 6 just like to add that it's 8:09 p.m., and that 7 even if we were resting, I would ask that we 8 continue with your cross-examination and the 9 other defendants' cross-examinations on another 10 day, because it's 8:00 at night, and I am sure 11 all of us are exhausted and have things that we 12 need to attend to in our personal lives. 13 So regardless, I would have asked that we 14 continue any cross-examination of your own 15 witness on another day during regular business 16 hours. 17 That's all I have to say. And thank you 18 so much. We can go off the record. 19 THE VIDEOGRAPHER: It is September 2, 20 2021. The time is now 8:09 p.m., completing 21 today's session of Joel Glick. Off the record. 22 (Time noted: 8:09 p.m.) 23 24 25</p> <p style="text-align: center;">298</p>	<p>1 CERTIFICATE OF REPORTER 2 3 STATE OF FLORIDA 4 5 I, DENISE SANKARY, Registered Merit 6 Reporter, do hereby certify that I was authorized 7 to and did stenographically report the foregoing 8 remote videotaped deposition of JOEL GLICK, CPA, 9 CFF, CFE; pages 1 through 298; that a review of 10 the transcript was requested; and that the 11 transcript is a true record of my stenographic 12 notes. 13 I FURTHER CERTIFY that I am not a 14 relative, employee, attorney, or counsel of any 15 of the parties, nor am I a relative or employee 16 of any of the parties' attorneys or counsel 17 connected with the action, nor am I financially 18 interested in the action. 19 Dated this 9th day of September, 2021. 20 21 22 23 24 25</p> <hr style="width: 20%; margin-left: auto; margin-right: 0;"/> <p style="text-align: right;">DENISE SANKARY, RPR, RMR, CRR</p> <p style="text-align: center;">300</p>

Joel Glick
9/2/2021

1 CERTIFICATE OF WITNESS
2
3
4 I, JOEL GLICK, do hereby declare under
5 penalty of perjury that I have read the entire
6 foregoing transcript of my deposition testimony,
7 or the same has been read to me, and certify that
8 it is a true, correct and complete transcript of
9 my testimony given on September 2, 2021, save and
10 except for changes and/or corrections, if any, as
11 indicated by me on the attached Errata Sheet, with
12 the understanding that I offer these changes and/or
13 corrections as if still under oath.
14 _____ I have made corrections to my deposition.
15 _____ I have NOT made any changes to my deposition.
16
17 Signed: _____
JOEL GLICK
18
19 Dated this _____ day of _____ of 20____.
20
21
22
23
24
25

301

1 ERRATA SHEET
2 Deposition of: JOEL GLICK
3 Date taken: SEPTEMBER 2, 2021
4 Case: SEC v. COMPLETE BUSINESS SOLUTIONS GROUP, et al.
5 PAGE LINE
6 CHANGE: _____
REASON: _____
7 CHANGE: _____
REASON: _____
8 CHANGE: _____
REASON: _____
9 CHANGE: _____
REASON: _____
10 CHANGE: _____
REASON: _____
11 CHANGE: _____
REASON: _____
12 CHANGE: _____
REASON: _____
13 CHANGE: _____
REASON: _____
14 CHANGE: _____
REASON: _____
15 CHANGE: _____
REASON: _____
16 CHANGE: _____
REASON: _____
17 CHANGE: _____
REASON: _____
18 CHANGE: _____
REASON: _____
19 CHANGE: _____
REASON: _____
20 CHANGE: _____
REASON: _____
21 CHANGE: _____
REASON: _____
22 CHANGE: _____
REASON: _____
23 CHANGE: _____
REASON: _____
24
25 Signed _____
Dated _____

302

<p>218:20 222:12 225:22 226:18 229:20,22 231:11 231:23 237:19 238:10 239:17 240:7,10 241:16,17 243:13 248:15 253:23 255:23 257:1,9,23 259:9 261:22 262:11,14 266:18 281:4 285:1,18 288:18 289:20,21 290:2,4,7,10 291:5,6 292:13,14 293:1,4 293:19 294:18,24 295:1 amounts 122:3,5 172:7 183:1,4 217:10,14 222:19 226:10 272:7 277:14 295:3 295:6 analysis 8:2 36:3 45:15 50:8 59:19 72:9 75:20 77:7 91:14 92:3,8 97:21,24 98:2 100:18,20 101:7,9 102:18 112:18 113:22,25 114:10 114:14,15,19 115:20 116:1 116:4 123:8,22 126:12 130:1 141:3,15,16,17,18 141:20,22,23 142:18,20,22 142:22 143:24 144:1,18,22 145:6 147:3,9,10 154:9,21 169:23,23 174:20 175:17 175:23 176:7 181:2,13 182:11,15 187:5,13,17 188:8,11 212:3,8 218:4 223:7,21 229:24 231:18 242:25,25 246:13 279:11 284:8 285:1,18,22 288:12 288:13 291:12 293:7,8,18 295:22 analyze 50:6 108:15 242:24 256:1 267:17 analyzing 97:13 102:22 143:6 and/or 301:10,12 annual 85:7 236:2,23 237:2 237:7 249:3,5 250:15 answer 16:8 17:5 22:19,20 22:23 23:1 24:9,18 26:15 26:16,18,20 28:3,9,17 29:4 29:20 30:12,13 37:11,16 38:6,8 39:10 41:9,12 45:19 47:1 48:5 49:9 51:17 52:17 52:23 58:18 69:20 71:6 73:6 76:18 77:11 81:15,20 94:3 98:10,14,23 99:4 106:12 107:4,16 110:2 117:3,20 118:4,4 144:12 147:11 155:16 156:25 157:9,11,19 158:6,7 175:4 178:21 179:2,15 180:22</p>	<p>181:4 184:5,10 185:15 187:1 192:23 200:1,5 201:2,9 206:5,7,21,22 207:5 208:17 210:3 211:7 211:16 215:17 217:19 218:2 223:7 231:16 244:14 244:16,19 246:20 248:22 248:22,24 256:20 260:23 263:11,12,14 267:7,10 273:11 281:3 283:13 294:12,20 answered 17:4 21:12 22:13 22:22 76:17 111:12 128:1 190:1 193:25 207:17,23 209:1 219:11 222:16 244:2 244:3 246:5 247:17 267:16 287:18 answering 29:8 answers 51:11 99:5 218:13 anticipate 28:15 41:10 anticipated 289:22 290:4 291:7 292:16 anybody 69:13 apologize 41:11 51:14 61:10 73:23 82:7 90:11 96:5 99:23 102:14 103:3 105:15 105:20 109:14 110:5 114:21 118:8 141:14 151:5 164:25 186:9,25 196:4 213:4 219:14,15 265:9,11 267:3 287:18 288:2 apparent 226:1 Appeals 7:22 62:22 63:8,20 appear 15:17 17:25 220:20 220:23 228:19 250:7 appearance 250:12 APPEARANCES 3:1 4:1 5:1 appeared 85:24 299:11 appearing 2:16 3:1 4:1 5:1 appears 32:4 48:12 79:13 148:2 195:19 237:19 252:3 297:19 applicable 112:9,15 132:7 144:18 200:3 201:14 applicant 127:1,15 applicants 129:13 132:17 137:9,21 application 56:12 125:25 126:3 128:11 141:22 applications 126:14,25 129:6 132:12 137:5 138:22 139:5 applied 137:15 193:11 197:15 224:3 241:1,3 273:23 applies 124:10 200:23</p>	<p>apply 192:7 200:13 applying 52:22 138:11 appreciate 53:10 appropriate 47:5 50:8 83:24 84:13 131:2 145:5 207:3 263:8 appropriately 158:16 approval 133:2 134:15,21 138:17,22 139:4,15,21 approved 126:15 129:6,13 approximately 138:5 149:19 212:24 237:23 260:20 April 6:12 21:4,22,24,25 22:1,6,17 23:13 32:3 36:15 43:10 79:14 82:16,16 84:25 104:24 113:23 115:4 140:24 175:16 223:10 architect 67:24 area 213:23 arguing 185:12 argument 163:2 argument's 122:11 argumentative 17:22 200:11 247:18 Ariel 64:14 arm's 185:5,8,14 186:21 228:20 arrive 168:22 arrived 267:3 art 77:4 article 44:21 as-of 212:25 ASCII 193:16 aside 139:11 asked 17:4 22:13,22 26:13 26:24 29:7 32:22,25 33:1,5 41:5 42:4 44:10 52:12,13 55:1 76:16 82:4 100:2 105:11 111:11 131:23 144:8,8 148:20 149:4 157:5 158:7 171:11 172:2 179:12,17 185:24 190:1 192:15 193:25 207:18,23 209:1 211:10 218:4 231:17 244:1 246:5 247:17 256:23 257:6,7 266:25 267:17 287:19 291:1 294:11 298:13 asking 15:7 24:11,16 25:3,6 26:8,9 27:7 28:8 29:6 38:23 40:4 41:15 45:25 46:1,14,16 52:20 60:12,12 60:14 61:20,22 68:12 69:7 71:2 77:5 81:12,14 82:14 88:14 94:2 98:10,17 104:1 111:6,8 117:21,21,23</p>	<p>139:2,10,12 143:25 145:7 145:8,9 157:6 163:6,8 169:25 170:2,5 171:24 178:18 179:10 185:13,22 201:8,9 205:19,20 207:6 208:14,18 209:13,16 212:2 231:19 243:4,5 244:6,6,7 246:9 257:13 287:22 asoto@ffslawfirm.com 3:22 aspects 71:16 assert 138:17 asserting 87:19,25 assertions 44:11 assess 36:2 37:7 45:9 50:21 52:16 211:23 assessed 55:8 222:18 assessing 64:5 130:19 143:16,17,19 145:11,12 217:23 assessments 101:8 asset 31:10 assets 197:20 198:7 269:20 269:21,22,23 270:5 associated 213:12,15 association 44:20 assume 47:24 51:9 122:16 124:3 128:10 257:1 assumed 15:14 assuming 40:18 46:24 48:19 128:2 135:4 209:14 274:4 assumption 35:19 36:6 48:3 72:11 73:12 124:10,12 144:14,15 152:5 223:3 ASU 191:12 194:11 210:6 attached 301:11 Attachment 14:3,8 attempt 298:1 attend 298:12 attorney 9:23 56:13,22 58:17 87:5 118:19 300:14 Attorney's 62:9 attorneys 300:16 audio 29:16 51:15 audit 74:20 75:23 76:13,19 76:23 77:3,7,18,23 78:20 161:25 165:12 audited 35:5 36:10 109:2 153:13,19,25 154:3,6 160:7 166:4 193:22 200:4 auditor 213:22 auditors 109:2 auditors' 6:18,21 163:20,24 audits 77:4,5 August 6:15 19:9,10 30:3,4 31:2 261:9</p>
--	--	--	---

<p>authoritative 95:13,14,17,18 139:17 165:6</p> <p>authority 47:5 104:2 139:14 299:10</p> <p>authorized 300:6</p> <p>automatically 106:8</p> <p>available 122:24 140:12 169:20 170:8 174:22 175:6 175:11,11 190:3 283:3</p> <p>Avenue 3:5 4:5</p> <p>average 92:22 93:10 204:4,5 204:11 205:1,23 213:6 286:1,14,20,21,24 287:3,4 287:6,7,10,14,16,19,22,24 287:24 288:5,9</p> <p>AVG 286:1</p> <p>avoid 245:23 246:17 254:7</p> <p>aware 13:16 31:9 65:2,8,12 68:17 93:8 153:13,15 197:21 200:8 229:18 283:14 289:18 290:1,9,11 291:4,10 292:19,22,22 293:2,3</p> <p>awhile 159:5</p> <hr/> <p style="text-align: center;">B</p> <p>B 177:12 202:5,17 263:13</p> <p>B&T 223:24 224:7,14 227:3 228:3,5,8,11 229:4,18,24 230:15 231:5,15,21,24 233:2,25 234:1 247:13,15 263:13</p> <p>back 11:23 13:8 23:24 24:3 24:10 29:24 39:11,12 51:5 51:6,20 52:19,22 53:22 60:20 72:19 78:13 79:9 82:15 84:2 87:12 90:22 98:4 99:18 101:25 107:3 113:14 122:9,14 131:5,6 139:8 142:4 144:7 148:18 148:18 150:17 153:1 157:1 157:9,15,18,19 158:6 160:11 161:12 173:6 176:25 189:17 190:2 207:17 209:3,9,13,23 211:5 212:14 214:14 215:16 223:10 224:14,16 224:22,24 225:6,12 227:17 229:8 234:12 235:9 236:17 238:5,13 242:20 247:13 248:5,8 251:3,18 255:5 259:24 262:19 264:14 266:9 268:8 273:24 277:25 278:8,9 280:15 284:24 297:10,10,15</p> <p>bad 106:1 186:24 246:25</p>	<p>247:6 248:9 252:4 258:1 279:13</p> <p>bagels 119:12,13</p> <p>balance 7:2,4,6,8,10 8:6 37:24 40:15 75:15 87:8 109:4 184:3 225:5 227:3 227:21 228:9 229:17 233:1 237:13 241:2 243:2 249:3 252:21 258:15,23 261:8 270:6 273:2 275:15 277:1 278:4 279:7,9 280:10 292:25</p> <p>balances 228:5,11 245:21</p> <p>bands 239:21</p> <p>bank 36:17 37:21 38:12 39:2 40:3 42:5 75:4,6,14 76:25 87:6 120:12,16,18 146:15 282:17,20,21,23</p> <p>bankruptcy 7:19 60:7,10,25 61:2,9 62:11,13 83:8,17 148:1,13 268:18 269:4,7 269:13</p> <p>Banks 133:19</p> <p>Banyon 61:2,7 83:19,21,23 84:7,11 147:1,6,10 149:13 150:1,10,18,23</p> <p>barking 250:10 265:12</p> <p>Barleta 4:3</p> <p>based 27:18 35:18 58:13 71:23,23 72:7,7,11,23,23 73:2,2,12,21 92:13,21 93:17 95:7,22 96:12,13,14 96:15 97:21,23 98:2,3 100:18,19 103:16 104:18 113:7 115:19 122:25 124:9 127:23 132:19 138:10 140:10 141:5 142:5 146:8 156:9 163:2 165:6 168:2 194:18 220:15,21,24 227:10 228:1 229:5 244:20 252:3 260:11 263:2,23 266:15 277:18 285:1,18 288:10 292:8</p> <p>basic 111:20 112:19,21</p> <p>basically 33:7 44:8 125:7 165:11 194:14 218:2 259:20 278:20 292:24</p> <p>basis 36:2 73:3,4 82:22 84:20 93:19 94:18,22,24 102:20,23 103:13 104:25 105:4,16 106:5,17 107:7 123:9,23 132:14 138:17 142:6,23 143:1,1,2,7,8,8 154:13,14 155:1,3,7,8,19 155:23 156:4,7,14,15 158:15,18 167:22 168:12</p>	<p>184:8 188:9,16,17,21 191:3 193:7 222:6 230:2 230:14,17 233:3 249:19,20 252:22 258:15</p> <p>batches 282:18</p> <p>Bates 125:10</p> <p>battery 234:25</p> <p>bear 101:19</p> <p>began 212:21</p> <p>beginning 32:23 90:12 116:22 143:22 282:8</p> <p>begins 282:12</p> <p>behalf 2:15 3:8,19 4:3,8,14 4:20 5:2,8 10:2,4</p> <p>believe 14:9,25 16:9 20:18 21:11,12 26:25 31:2 36:1 39:9,11 40:21 41:3,25 42:1 42:2,7 47:3 48:7,20 49:5 49:10 51:18 52:7,17 70:20 70:24 72:8 93:15 112:10 112:25 113:24 119:8 124:8 139:3,12,16 144:22 160:10 160:12 174:11 178:16 180:19 186:16 201:1 217:22 223:2 224:15 236:7 253:8 258:3 282:25 293:22 294:11</p> <p>believed 21:13</p> <p>Berkowitz 65:2,4</p> <p>Berkowitz's 65:5</p> <p>Berlin 3:4 6:4 9:24,25 10:22 11:19 12:2,5,15,17,21,23 13:22 14:1,11,14 16:4,7 17:6 18:2,18,21 19:4,7,23 21:18 22:9,14 23:10,21 24:5,16,19 25:10,14,22 26:2,14 27:6,11,12,23 28:1 29:6 30:18,24 31:22 32:1,6 32:10,14 33:13 34:5,9,16 34:20 35:1,17 37:5,15,19 39:19 41:21 43:4,8 46:4,9 47:14,18 48:9 49:12,17,20 50:13 51:2,7,12,22,24 53:5 53:14,17,19,20,24 54:1 55:13,16,22 56:1 57:10,25 58:1 59:11,24 60:23 62:17 62:19 63:2,6,10,16 64:8,11 65:14,17 66:11,14 68:14 69:9 70:14 71:4 72:13,15 72:20 73:7,18 74:9 75:1 76:7,21 77:14 78:6,8,19 79:2,22 80:1,7,10,15,17 81:8,10,22 82:18,20 83:3,5 83:13,15 84:23 85:2,20 86:4 88:7,13 89:4,20 90:9 90:14 94:23 95:20 98:5</p>	<p>99:10,20 100:24 101:6 106:14 107:13,22 108:2,16 109:6,16 110:6,13,15 111:5,14,16,18 113:10 114:5,9 115:1,2 116:20 117:4,5 119:4 121:13,14 123:19 124:11,18,20 126:9 127:11,21 128:21 131:14 133:7,11 134:5,9,13 135:9 135:18,22 136:1,4,12,16 136:18,23 137:1,3 139:9 140:15,19,23 141:1,11 142:10 143:15 145:1,21 147:21,22 148:11,17,24 149:2,8 151:2,4,8 152:14 152:20 153:3 155:13 156:18 157:16,20 158:4,22 158:24 159:4,7,12,15,20 159:23 160:5,15 161:1,4,7 161:10,14 162:2,13,22 165:13,22 166:1,17 169:24 170:14 172:9 175:2,14 176:23 177:1,4,9 178:8,20 178:20,23,24 179:1,4,6 180:2 181:17 183:14,21 184:19 185:16,25 186:7 187:11,22 188:6 189:10,20 190:8,22 191:6,9,17,24 194:9,22 195:8,13,15 196:1,9,15,17 197:25 198:2,24 199:3 201:21,24 202:21 203:1,6,9 205:11 205:18 206:8,14 207:1,13 208:1,7 209:6,25 210:1,11 211:9 214:2,8,14,19 216:1 216:11,13,15 218:7,9 219:7 220:17 221:6,19 222:14,24 223:9,14 225:17 227:20 228:14 229:1 230:6 230:20,23 232:6,8,11,21 232:24 233:6,9,24 234:6,9 234:16 235:11,16 236:12 236:14,20 237:24 238:2,15 239:24 240:12,24 241:14 241:23 243:3,22 244:5,17 245:9 247:4,12,20,22 248:1,12,21 249:24 250:1 250:9,13,18,24 251:2,7,10 251:11 252:11,16,17 253:12,19,21 255:20 256:4 256:19 257:17,21 258:10 258:13,17,21 259:23 260:1 261:2,6,10,15 262:1,18,21 263:15 264:4,5,10,16,19 264:23 265:2 267:2,5,20 267:22 268:3,16,25 269:2</p>
--	---	---	--

<p>269:16,18 270:10,12,22 271:2,8,10,13,23 272:1,20 273:4 274:7,12,16,22,25 275:3,10,12,13,23 280:1 280:12,14 281:7,12,15,16 281:23 282:4 283:20 284:3 285:13,24 286:5,7,12,13 286:15 291:11 293:5,14,23 296:3,5,12 297:19 298:5,5</p> <p>berlina@sec.gov 3:6 best 14:9,10 75:9,9,10 76:1 102:21 118:3 123:21 Beta 176:19 177:20 179:25 180:7,9 183:3,25 better 143:2,9 206:5 245:12 Bettina 4:4,4 10:11 beyond 114:17 Big 252:22 253:3,14,23 255:3,9,10,12,21 257:7,23 260:24 263:12 bigger 191:8 billion 290:23,24 291:19 292:5,6 bills 33:3 Biscayne 3:10,11 4:10,10 bit 12:16 25:5 32:9,11 33:20 43:6 53:25 63:14 71:18 76:8 89:6 91:1 114:8 125:6 126:7 128:20 134:11 143:25 188:5 191:8,19 194:23,25 226:3 233:8 234:18 245:17 247:23 249:25 258:19 269:1 291:1</p> <p>blended 111:2 blow 114:7 blue 239:11 blurry 63:12 134:9 Bochetto 5:3,4 10:19,20 bold 66:15 169:3 book 58:20 94:25 155:1 books 73:6 87:4,18 88:4 89:2,8 154:14 155:1 156:8 156:14,15,16 181:5 193:5 borrower 211:2 212:8,13 borrower's 202:6,17 borrowers 100:9,16 101:3 borrowers' 197:11 borrowing 112:13 borrowings 169:6 170:15,22 171:4 172:13 173:3 174:6 BOSICK 3:14 bottom 34:2,23 133:18 134:14 136:23 167:12 225:3 285:5 Boulevard 3:11,21 4:10,16 5:10</p>	<p>box 196:23 199:5 269:24 BPB 35:4,5 Brant 65:4 break 12:7 21:20 23:22 78:4 78:12,14 79:6 152:21 183:22 185:20 209:7,10 219:23 264:9 breaking 99:6,7 137:8 242:25 Brian 4:21 10:17 brian.miller@akerman.com 4:24 Brickell 3:5 4:22 brief 267:4 briefly 234:12 bring 265:23 bringing 64:19 brings 122:8,8 173:6 broke 90:9 114:22 176:10 176:12 226:24 249:12 broken 217:1 Brokers 226:9 264:21 265:7 265:19 266:13 268:19 brought 29:22 bschein@bettinascheinla... 4:6 bucket 204:25 bullet 42:9 44:20 47:19 54:6 54:12,17,22,23 85:18 91:23 97:12,15 bunch 125:22 Bureau 129:25 130:1 business 1:7 2:7 6:16,19 7:1 7:3,5,7,9,11,14 8:3,5 9:7,8 66:25 67:4,8 68:5,7,19,19 68:24 86:15 87:5 93:18 95:3 103:22 112:11,21,22 112:24 113:3,12,18 115:6 120:6 121:8 128:15 129:5 129:10,22 130:6 132:9 133:12,22 142:3,6,12,13 142:15 163:18 178:5 180:13 182:6 197:14 212:1 271:16 275:15 282:8 298:15 302:3 businesses 112:1 130:17 175:19</p> <hr/> <p style="text-align: center;">C</p> <hr/> <p>C 68:1 156:7 calculate 224:6,8 calculated 126:16 193:3 272:15 calculating 222:7 276:8 calculation 199:21 276:22 278:25</p>	<p>calculator 138:1 239:10 240:1 calendar 200:21 277:23 call 21:15 87:15 111:20 125:1,7 205:13 206:2 207:9 210:6 239:6 278:9 290:20 called 58:8 106:2 124:25 239:9 290:13 calling 221:5,7 230:10 Calls 248:17 canceled 13:12 carefully 179:16 case 1:6 2:6 7:19,22 9:11 14:20 15:9,22 16:2 17:3 24:7,15,25 26:5 27:1 28:24 30:25 31:7,11,17 32:16,21 58:2,15,23 59:21 60:2,14 60:16,19 62:3,6,13,16,20 63:8,20 64:3,13,16,20,22 64:23 65:9,11 67:4,5,23 71:22 83:8,17,22 84:6 87:10 93:13 94:4 95:22 96:3,9 97:2,3,4,6 102:5 103:21 104:14 107:19 110:7 142:7,8 148:1 160:23 207:7 225:10 302:3 cases 96:2,4,8 220:4,5 cash 35:5 36:3 37:23 38:1 73:4 75:15 87:9 99:3 102:17 112:12,24 113:3,6 113:13,14 115:6,16 117:16 117:24,25 119:7 120:21,25 121:4,7,25 122:2,24 123:4 123:10,25 124:4,13 129:7 129:11 133:2 134:18,22 137:10,16 138:2,12,18 139:5,15 141:3,5,6,15,17 141:19,22 142:22,23 143:1 143:1,8,20 144:9,10,21 145:3 146:6,10 158:20,21 162:3,5,20 164:10 168:3,4 168:9,13,22 169:3,18,19 169:22,23 170:7,8,12,24 171:15 174:5 175:1,12,17 175:24,25 176:3,6 188:8 188:12,17 189:12,18,24 190:2,5,6,16 191:3,5 219:1 220:6 221:15 222:1,9,10 223:23 224:7,10,11,14,16 224:21,22 225:21 226:9,11 227:5,14,14 230:10,14,17 232:18 248:15 287:25 288:21 289:4 291:24 293:25 294:2 categorization 249:15</p>	<p>cause 48:23 213:14 caused 199:13 211:21 213:11 CBSG 35:7 36:18 37:22 38:10 39:7,10 40:1,22,22 50:22 55:9 64:5 71:22 72:5 72:10,22 73:11,20,25 74:3 77:25 85:5 86:13 87:18 88:4 89:2 90:1 110:19 120:20 121:1 127:14 132:18 146:22 153:20 160:8 164:22 165:18,19 178:6,10 180:7 181:7 183:8 210:23 211:22 220:5 236:24 248:20 249:17 250:17 251:23 252:3,7 254:2 255:11 257:22 261:1 262:22 266:11,12 279:13 279:18 280:24 290:12 CBSG's 35:19 36:6 72:11,24 73:13 90:2 121:7 Centre 4:22 certain 143:17,19 144:2,17 146:4,8 149:4 191:11 certainly 76:18 96:10 269:13 certainty 151:19 152:7 CERTIFICATE 299:3 300:1 301:1 certified 31:13 44:21 certify 299:10 300:6,13 301:7 cetera 185:4 CFE 1:16 2:15 6:3 11:10 299:11 300:9 CFF 1:16 2:15 6:3 11:10 299:11 300:9 chance 79:11 change 165:6 194:19 225:4 226:20 292:7 302:4,6,7,9 302:10,12,13,15,16,18,19 302:21,22 changes 197:11 199:13 211:3,3,19 213:10 226:20 301:10,12,15 characteristic 67:17 69:4 70:9,17,19,23 71:11,13 90:7,18 110:22 111:9,13 144:10 charges 225:1 Charlie 250:9 chart 16:23 125:6,6,14,17 126:2 127:13,23 128:9 132:19 137:19 212:15 223:15,17,17,18,19 224:20 225:20,24 229:5 230:13,14 231:6 235:14 236:21 237:7</p>
--	---	--	---

<p>238:7,9,18 239:8,15,20 240:6,13,17,18 241:5,18 242:11 243:6,16 245:10,14 245:14,25 246:2,2,3,14,22 248:4 249:2,21,22 250:3 250:14 251:12,15 252:3 253:17 255:7,17 261:11,17 262:20 264:25 265:4 266:24 charts 235:12,17,21 236:18 237:25 241:24 242:8,13 243:6,12,24 244:9,10,15 244:21 247:23,24 248:3,25 249:16 252:24 272:7 chase 54:21 chat 270:21 check 29:19 78:5 214:16 choose 108:15 chose 22:7 176:7 200:16 Circuit 7:21 62:22 63:8,20 64:3 circumstances 141:24,25 143:5 199:13 cite 44:18 59:13 104:14 135:11,12 155:20 157:3 cited 47:6,7,9 171:3 174:4 citing 47:21 52:3,5 54:7 58:11 95:9,12,17 133:1,13 133:24 140:4 210:17 City 4:22 Civil 6:8 20:5 claim 59:5 claiming 61:14 89:17 154:19 278:6 claims 207:3 clarification 11:15 24:8 26:13 81:13,14,18 144:8 236:13 275:22 clarify 27:22 61:25 71:25 77:3 201:19 213:6 230:8 clarifying 157:5 clear 22:15,19,21 23:2 25:24 29:13,25 35:13 36:1,10 39:23 48:16 61:13 73:10 94:9 95:4 102:6 124:9 145:10 167:16 176:12 201:8 249:1 283:9 clearer 61:10 clearly 89:11,24 194:4 click 253:11 clicking 16:4 client 7:23 8:1 40:18,19,20 74:3 150:2 clients 64:15 74:23 228:11 close 238:24</p>	<p>closed 67:18 closer 279:18 Closing 219:17 co-counsel 10:9,18 Code 156:5 coded 126:25 249:9 codified 193:17 coding 236:4 Cole 4:3 5:16 10:12 165:20 284:18 collect 189:3 289:4,4 collected 105:4,17,22 106:7 106:20,22,23,25 107:15,17 189:8 226:14 227:13,16 collectibility 146:19,21 205:13 206:2 207:10 211:21 213:11,15 215:14 215:23 217:23 229:7,11 231:15,24 232:17 233:18 269:14 collectible 107:10 108:5 197:23 198:19 269:9 collecting 106:3 242:3 Collections 211:24 collects 188:25 color 236:4 Colorado 226:7 258:16,24 259:12,20 260:3,5,5,8,13 260:18,20 262:24 263:13 colored 239:21 colors 236:8 239:11 column 204:3,13 206:7 216:22,25 217:5 224:17,21 224:22,25 226:9 227:22 231:12 272:3 276:2 277:5 277:5 284:25 285:17,21,22 286:23 289:6,16 290:12 294:4 columns 125:22,23 217:2 217:12 226:22 combative 25:5 combination 189:14,15 190:16 come 23:24 32:18,20 69:20 78:13 109:3 132:16 209:9 297:10 comes 190:2 comfortable 35:22 36:6 76:5 coming 44:9 76:2 98:4 118:7,11 119:14 146:13 170:21,22 172:3 277:16 commencing 2:16 comment 69:7,8 185:17 230:16 commentary 41:18 49:8 127:8</p>	<p>commenting 87:14 176:11 commingled 67:19 92:6 101:1,5,9 109:12,24 110:18,22 111:4,9 144:3 144:21 146:16 150:1 commingling 67:16 69:4 70:9,22 92:8 98:11 101:12 144:9 151:14,17 152:9 Commission 1:4 2:4 3:4 9:7 10:1 12:6 48:14 299:18 Commission's 45:6 commitment 88:8 committed 116:11,16,24,25 117:12,16,18,19,22,24,25 118:17,18 119:5 120:20,25 121:2 common 67:17 69:4 70:9,18 70:22 71:12 178:6 companies 125:23 137:15 155:15,21 177:25 179:13 252:13,23 company 87:13 90:17 108:14 109:18 119:10 144:20 154:25 155:4,6 165:7 180:4 182:5 188:23 190:3 193:3,4 211:23 213:13 216:6,10 217:21 220:23,24 221:11,24 222:15 270:4 comparable 175:19 compare 94:2 239:8 compared 94:1,4,16 118:6 126:17 238:11 240:8 243:14 comparison 93:22 competing 108:5 compile 131:11 complaint 31:6 complaints 60:22 complete 1:7 2:7 6:16,19 7:1,3,5,7,9,11 8:3,5 9:7 25:18 51:11 66:24 68:23 76:25 140:11 163:17 271:16 275:14 293:7,8 297:6 301:8 302:3 completed 205:5 206:1 completing 298:20 complex 41:11 compliance 30:20 155:22 166:20 201:16 complied 198:19,21 comply 88:10 154:20 194:5 component 103:24 176:6 243:1 comprised 98:7,7,19 99:2 100:4,15 106:6 122:25</p>	<p>143:19 172:1 174:6 240:15 240:19,22 243:17 246:17 249:18 Concepts 158:12 concerned 47:2 84:8,9 concerning 56:11 63:9 concerns 135:1 conclude 100:25 conclusion 72:10,22 73:11 73:25 conclusions 44:14 65:19 66:8,12 76:11 82:22 115:24 condition 211:4 conduct 67:1 182:15,20 conducted 67:8 94:13 114:11 130:21 132:8 conducting 75:20 103:22 131:7 186:3 confirm 32:7 81:2 181:24 184:15 187:23 198:15 confused 21:19 73:21 82:5 110:3 confusing 15:12 51:15 88:18 250:8 confusion 48:23 82:8 connected 150:11 300:17 connection 14:19 15:8,21 16:2 17:3 20:25 21:1,3 22:6 23:13 24:7,14,25 26:4 26:5 27:2 28:23,24 29:19 35:9 59:13 61:1,23 62:2,6 65:9 80:4,13,19 81:5 83:18 84:5 consider 59:1 64:2,5 142:1 142:8,9 146:17,19 160:22 188:25 198:5 202:16 211:12 215:19 255:19 consideration 101:9 112:18 126:20 216:3 257:12 292:11,18 considerations 207:24 considered 23:8 86:24 95:1 101:14 102:8,25 103:7,12 103:15 104:4 105:5,18 130:11,21,23 132:1 140:16 196:21 202:10 217:22 219:2 228:4 272:14 294:3 294:6 considering 64:24 213:19 262:23 284:11 294:23,25 considers 255:12 consistent 141:7 consolidated 6:17,20 163:18,25 228:7 consolidation 289:8 291:22</p>
---	---	--	---

<p>292:23 constitute 20:4 consult 56:13 consulting 176:10 178:5,11 179:17 180:6,13 182:19,21 184:11,22 consumed 115:15,17 contacted 140:13 contain 254:6 contained 89:10 283:15,23 283:23,25 contemporaneously 20:8 contention 90:16 101:18 contents 195:3 context 52:4 93:15 220:11 contexts 98:16 contingent 143:4 continue 13:23 19:6 25:22 33:19,21 34:2,9,14 83:14 178:22 179:2 248:14 257:20 258:19 298:8,14 continues 54:5 83:1 117:7 continuing 229:17 252:4 contra 277:2 contract 127:2 180:10,14,17 180:21,23 contractors 14:19 15:21 contracts 185:3 contractual 286:24 contributed 292:3 contributes 90:7 contributing 90:19 controls 65:23 controversial 186:11 ConvergeHub 125:1,2,17 126:22 conversation 72:16 converting 169:22 convince 63:23 copy 139:25 167:10,13 250:8 285:11,12,14 Coral 3:21 corner 233:3 corporation 156:7 correct 13:20 18:10,16 22:1 23:14 30:15,16 31:5 36:19 37:2 38:13,14,21 45:2,7 48:19 49:16 50:8 55:11 59:21 60:3,4 62:6,9,15 64:15,20 72:4,6 73:22,24 74:23 75:19 76:22 80:21 83:19 86:3,6 91:19 92:2 94:15 95:10 101:10 102:13 104:17 105:1,2 106:7 110:19 113:20,21 119:8 125:18 126:5,6 127:15</p>	<p>128:15 130:6,7,7 137:12 137:17 146:19 147:6 148:14 149:15,16 152:11 152:13,16,18 154:4 156:11 156:12 163:4 168:1,14 169:10,16 170:16,17,25 171:1 173:1,18,19 174:2,3 175:10,25 176:16 181:11 181:16 182:22 184:24 188:1,2 193:19 198:16 206:11,19 211:15 213:8 214:5,7,11 217:1 222:21 222:22 235:24 241:5 243:19 246:22,23 249:5,11 250:6 251:21,22 252:25 259:10,11 260:9 262:15 267:8,11 272:24 273:16,17 277:23 279:16,19 280:10 288:1,16 292:19 294:14,15 295:14,15,25 296:1 301:8 corrected 212:12 correcting 54:25 corrections 301:10,13,14 correctly 15:23 18:3,15 20:25 22:10 27:5 33:11 52:18 75:8 77:1 91:19 96:18 97:17 103:5,10 124:15 128:12 152:17,18 154:2 189:22 190:19,25 230:3 255:17 287:17 correlate 236:8 correspond 176:9 corresponding 105:24 107:6 114:16 corroborate 284:13 costs 158:19 173:21 counsel 9:21 10:6,11,13,15 12:5 13:2 123:14 297:3,18 300:14,16 counsel's 19:21 count 7:23 8:1 counteract 67:9 68:8 counting 245:23 246:18 254:7 country 210:22 couple 82:1 138:10 160:12 213:9 course 70:3 71:15 96:1 court 1:1 2:1 6:24 7:21 9:10 9:18,19,20 10:25 11:2,16 25:8 28:6 30:11 37:7,12 52:9 58:5 59:23 61:2 62:22 63:8,20 66:21,23 70:21,24 71:9,10 95:15 97:23 99:7,9 100:19,23 103:19 104:15 104:17 107:21 108:1</p>	<p>123:13,16 138:22 141:5 143:11,13 147:13,15,16 152:2 157:9,14,16,18 167:14 175:18 195:12,14 224:18 232:13,17 238:4 241:11 245:16 253:10 264:4,8 268:22 271:7 283:24 284:2 296:6 297:22 298:3 Court's 67:22 Court-Appointed 3:8 courts 58:3,15 71:7 cover 121:19 171:14 174:5 175:12 covered 26:18 47:9 73:9 110:9 COVID 210:21 211:21,23 212:20,21 214:11 215:17 256:3,8,11,12 265:22 COVID-related 212:5 CPA 1:16 2:15 6:3 11:10 299:11 300:8 created 14:17 15:19 20:3 57:12 282:7,25 283:1 284:18 credit 7:14 87:9,10,12 106:1 128:15 129:5,10,22 130:6 130:14 131:10 133:12,22 134:16 137:7,20 165:4 191:12 192:18 193:3 194:11 196:22 197:9,16 199:6,10,12,14,15 237:7 240:15,20 241:1,3,8 242:6 243:17 245:13,20 246:3,21 254:5,6,23 259:6,13 261:21,25 265:8 277:2 credited 260:13 266:18 credits 87:8 279:4 creditworthiness 197:11 criteria 195:10 196:20 198:4 198:19 202:11,15 258:5,7 294:5 critical 142:6 CRM 124:22,25 cross-examination 297:25 298:8,14 cross-examinations 298:9 cross-section 131:3 132:4 132:16 CRR 1:24 2:19 299:17 300:21 crux 163:2 Culpeper 9:14 cumulative 119:2 249:3,19 curious 248:3 current 77:20 197:13 199:12</p>	<p>203:15 216:20,25 217:5 currently 16:20 73:5 customer 7:1,3,5,7,9 232:25 252:20 258:14 261:8 cut 54:21 179:3 185:17 186:1 285:9,10 cutoff 146:4 cutting 99:25 185:22</p> <hr/> <p style="text-align: center;">D</p> <hr/> <p>D/B/A 1:8 2:8 daily 38:11 39:1,9,13 40:2 122:17 282:7,9,16,23,24 283:1,8 data 74:7,10 76:14 125:8 130:10,12 291:18,19 database 283:1 date 13:8,11 18:6 30:3,5 36:21 40:16 41:3 153:11 205:23 212:25 213:6 280:19 282:8 302:2 dated 19:8 21:22 300:19 301:19 302:25 Dave 10:15 DAVID 4:15 Davis 75:11 day 68:18 77:19 186:2 193:1 217:16 226:19 250:11 282:8 289:13 298:10,15 299:12,14 300:19 301:19 days 106:21 203:16,16,17 203:18,25 204:6,10,11,14 204:15,21,21,21,22,22,23 205:1,3,6,23,25 206:1 213:6,9 215:5,11 217:6 218:21,22,23,24 221:13,14 221:25 231:9 247:16 256:9 259:20,21 260:17,18 280:19 287:5 288:4,4,4 De 3:21 deal 100:5 204:6 205:24 288:22,22,23 289:22 290:5 291:7,22,22 292:4,23 293:1 dealing 95:3 deals 98:8,20 99:3 125:16 150:24 204:11 205:25 213:7,20 222:1 245:23 256:9 286:25 288:3,5 289:9 290:16 292:16 dealt 60:6 Dean 4:20 5:2 debit 87:8 debts 87:7 279:3 debt 85:5 86:15 87:11,16 89:8 90:2 106:2 173:21</p>
--	---	--	---

<p>279:13 decades 61:19 December 6:18,21 7:12 52:7 160:8 163:19 200:13,20 203:3 214:21 218:16 decide 17:8 28:6 37:12 decides 109:19 190:4 decision 17:7 64:3 70:21 73:19 108:7,8 127:14 decisions 208:12 295:14 declaration 6:12,13 15:1,13 15:15,16 17:12,14,15,18 17:24 18:1 20:3,16,21 21:1 21:4,8,11,12,16,21,22 22:1 22:7,17 23:13,18 26:17 30:2 32:2,8,15,18,21,24 33:8,10 34:18 35:10 36:1 36:15 39:4,5,25 42:24 43:10,14 44:3,8,12,15 45:15 48:2 50:3,17,19 54:3 55:9 57:24 58:22 59:12 61:22 62:22 64:4 65:9 68:4 77:20 79:14 82:10,13,16 83:16 84:4,25 86:1 104:15 104:24 113:23 114:16,17 115:4 122:16 135:13 137:14 138:20 139:8,11 140:5,25 147:2 170:1 175:15,16 176:25 223:11 253:4,14 255:8 272:10 286:8 291:17 293:6,12,15 declarations 15:5 16:16 26:6 27:3,16,18 293:16 declare 301:4 decline 127:15 declined 125:14 126:1,4,5 126:16,21,25 127:10,13,18 127:19,20,22,23 128:2,3,8 128:10,10 decrease 213:12,16 279:14 decreases 254:23 259:8 deductions 187:20 deemed 15:3 default 211:13,14 212:4,8 219:2 220:4,8,13,13,14,16 221:1,3,4,7,8,22 222:2 defaulting 220:6 defaults 212:6 245:21 246:17 defendant 1:11 2:11 10:7,10 10:18 67:8 297:18 defendants 1:9 2:9 31:17 38:20 40:24 65:11 defendants' 298:9 defer 267:9 define 43:18 45:9,14 50:18</p>	<p>58:3,15 120:9 220:12 defined 15:13 27:21 44:7 defining 58:21 221:4 definition 43:1 44:25 49:11 50:7,11 56:23 58:4,7,23 64:5,25 68:2 69:8 77:18 111:1 113:8 117:19 220:8 221:21 245:6 definitions 43:14,23 44:13 52:4,5,10,12 70:5 103:16 104:7 defraud 67:24 degree 151:19 152:7 delay 267:4 delinquency 205:16 delinquent 205:12 206:11 206:16,18,19 207:8,20,21 208:4,21,22,24 216:5 223:2 246:25 247:6 demonstrate 139:20 241:24 242:13 243:24 demonstrates 123:9,23 151:13 Denise 1:24 2:18 9:19 299:17 300:5,21 denominator 292:9 dent 296:15 depend 292:2 depending 108:14 197:17 198:6 depends 95:2 141:23 144:13 221:4,20 222:4,6 233:14,22 depo 13:11 284:18 deposit 38:11 39:1,9,13 40:2 42:7 74:18,19,22 75:22 76:2,15 283:14,22 284:5,11,25,25 285:1,17 285:17,18,21,22 deposition 1:15 2:14 6:8 9:5 9:12 13:7 28:10 81:24 148:19 186:4 271:11 296:21 297:6 300:8 301:6 301:14,15 302:2 deposits 282:11 283:15 284:7 describe 16:14 224:9 described 176:15,17 228:2 291:21 description 46:20 despite 229:25 detail 225:25 detailed 242:25 details 258:23 determination 222:10 245:8 294:6</p>	<p>determine 92:4 95:18 98:18 99:1 100:3,7,11,14 117:15 117:23 123:3 141:3 144:3 155:3,8,24 156:12 161:5 181:2,13 182:2,12,16,20 182:25 183:4,8 185:4 188:9 212:4 220:16 244:24 288:13 291:13 293:9,18 determined 47:25 58:5 72:5 73:16 104:25 107:9,17 108:4 147:13 189:8 determining 102:25 104:4 106:9 108:22 132:2 197:8 197:9,16,22 198:18 207:25 developing 199:9,11 difference 205:4 276:6,20 292:5 different 13:15 41:7 47:10 60:12 143:17 144:11 145:2 145:7,22 163:7 172:4,7 176:2 186:4 198:4 218:14 242:21 243:5 257:6,13 288:3 291:2 differently 111:7 142:9 difficult 99:21 151:18 152:6 270:8 dig 51:20 90:25 digits 93:25 direct 66:2 92:6 159:24 162:14,19,19 163:8 direction 197:13 235:18 directive 88:10 directly 13:2 140:13 director 183:20 disagree 298:1 disagreed 165:7 disagreement 165:11 disappeared 254:21 disbursements 75:17 158:21 175:25 disclaimer 56:2 disclaimers 131:9 disclose 180:24 disclosure 20:4 discounts 245:22 246:19 254:7 discretionary 108:10 discuss 54:22 59:10 70:6 83:6,7 98:15 121:18 152:21 229:22 discussed 84:4 108:19 286:18,20 discusses 85:16 119:23 258:4 discussing 53:7,23 85:13 88:3 127:9 186:11</p>	<p>discussion 52:8 294:8 display 271:11 dispute 298:2 disputed 193:4 disputing 54:24 disregarded 101:11 distinction 122:9 190:5 distinguish 97:8 122:7 distributions 67:10 District 1:1,2 2:1,2 9:10,10 diverting 151:16 docket 32:5 171:18 document 7:24 8:1 12:24 13:9,23 17:19,23 19:5 27:9 40:7 68:13 69:7 134:7 135:21 136:20 151:6 161:16 163:23 164:6 166:13 170:2 171:21 194:25 196:2,11 203:15 233:11 261:8,17 268:15 271:3,22 274:14 282:16 documentation 181:23 documents 6:11 12:20 13:4 13:17 14:2,7 17:2 18:6,25 23:4 26:10 30:14 36:14 37:2 40:22 42:21 74:2 75:24 77:25 81:2 118:19 121:1 125:20 127:5 130:15 220:12 228:24 296:22 297:7 dog 250:10,21 dogs 265:12 doing 9:8 51:25 55:3 71:20 96:7 180:9 182:6 185:24 200:8 270:9 279:11 dollar 290:7,9 291:22 dollars 98:3,13 107:5,7,12 111:2 116:10,15 117:12 118:7,10,14 121:19 122:10 122:14 123:1,10,24 144:4 145:15 146:11 188:24 189:16,18 224:12,13 225:7 225:13 226:13,13 288:24 289:2,7,11,13 door 219:18 250:19 251:4 257:19 double 245:23 246:18 254:7 doubtful 195:11,13 196:20 213:19 214:5 doubting 204:16,19 doughnut 125:6 Dr 44:22 draft 23:7,8,9 153:15 160:21 drafts 20:4 draws 282:10 drink 219:24</p>
---	--	--	---

<p>DSI 33:7,9 35:4 37:25 72:2 141:4 175:16 185:3 223:20 225:24 226:16 227:4 228:1 229:21 249:14 255:17 272:12</p> <p>DSI's 44:7,8 175:23</p> <p>due 13:4,17 18:7 40:15 106:21 126:4 178:6 184:13 204:10 205:6,25 213:20 215:4,11 217:5,6,11,15,15 218:21,22,23,24 220:22 221:12,14,25 222:12 231:9 231:22 247:16 259:20,21 260:17,18 266:19 280:19</p> <p>duly 11:11 299:12</p> <hr/> <p style="text-align: center;">E</p> <hr/> <p>E 36:16 42:5,12,22</p> <p>e-mail 140:12 270:18,21 271:5 274:23,25</p> <p>e-mailed 270:16</p> <p>Eagle 183:2,25</p> <p>earlier 20:18 52:11 67:2 73:9 102:4 110:10,17 118:13 192:15 193:15 227:18 256:10 265:23 267:16 280:16,18 294:8</p> <p>earliest 200:18</p> <p>early 200:12</p> <p>earned 227:19</p> <p>earning 63:24</p> <p>easier 24:9 139:25 274:17</p> <p>East 5:10</p> <p>Eastern 9:16</p> <p>easy 122:17 289:1</p> <p>economic 130:1 197:13</p> <p>Education 56:8,17 57:4,13 57:17</p> <p>effect 237:15</p> <p>effectively 118:23 200:19</p> <p>efforts 293:17</p> <p>eight 153:7</p> <p>either 56:22 62:6 87:9 105:13 245:20 260:7 289:4</p> <p>electronically 20:7</p> <p>Eleventh 7:21 62:22 63:8,19 64:2</p> <p>Email 3:6,12,17,22 4:6,12,18 4:18,24 5:6,11</p> <p>employee 300:14,15</p> <p>employees 14:18 15:20</p> <p>enables 199:7</p> <p>encountered 96:23</p> <p>encyclopedia 44:22 47:7</p> <p>ended 6:18,21 163:19 280:24</p>	<p>engage 182:2 183:3 187:24</p> <p>engagement 146:24 214:1 215:22 242:23</p> <p>engaging 60:17</p> <p>English 186:24</p> <p>enlarge 12:15</p> <p>ensure 121:3</p> <p>entered 125:4</p> <p>enterprises 94:11</p> <p>entire 38:17,22 39:7 164:12 213:13 279:22 301:5</p> <p>entities 61:2,7 149:14,20 150:11,23 184:8 228:3,6 266:24</p> <p>entitled 191:15</p> <p>entity 130:21 131:6 142:23 178:5 184:1 197:10,16,18 198:5 199:7</p> <p>entity's 188:9 197:18,19</p> <p>entry 32:5 107:6 171:18 173:2,11 278:2</p> <p>environment 197:14</p> <p>environmental 211:1,2</p> <p>equals 135:4 137:21 146:1</p> <p>equation 104:16 106:8</p> <p>equipment 112:6,17</p> <p>equity 85:6 86:16 87:12,17 89:8 96:21,24 150:7,24</p> <p>Errata 301:11 302:1</p> <p>error 225:24</p> <p>ESQUIRE 3:4,10,15,20 4:4,9 4:15,16,21 5:4,9</p> <p>essentially 168:20</p> <p>established 23:20 67:23 73:15 146:15,18 184:12 256:6</p> <p>estimate 107:11 143:9 194:17,18 197:9 199:12</p> <p>estimated 269:22,23 270:1</p> <p>estimates 158:17,19</p> <p>estimating 196:21</p> <p>et 1:8 2:8 9:9 185:4 302:3</p> <p>evaluate 146:21 192:4 197:10 295:24</p> <p>evaluating 101:15 102:9 103:7 105:6,18</p> <p>events 220:12</p> <p>everybody 29:4 68:16 69:22 224:11</p> <p>exact 78:3 151:20,23 152:8</p> <p>exactly 40:20 41:2 156:2 278:7 295:21</p> <p>EXAMINATION 6:2 12:1</p> <p>examine 126:24 140:2</p> <p>examined 11:11 104:17</p> <p>examiner 31:13</p>	<p>examiners 44:21</p> <p>example 32:22 93:23 106:21 107:4 111:3 112:3 122:10 122:15 189:17 227:11 289:12,14</p> <p>examples 198:5 210:17,18</p> <p>exceeded 115:7 119:1</p> <p>exception 223:22 236:5,22 237:3,20 238:9,19 239:4 239:16,21 240:6,14,19 241:16,25 242:13 243:10 243:13,16,24 244:10,19 248:5,7,14 249:13,18 251:24 252:5,13,24 263:17 263:22 264:22 267:13,18 272:8,13 280:4</p> <p>excerpt 223:20 272:11</p> <p>excess 118:15,22 119:2,3 132:20</p> <p>excessive 211:8</p> <p>excessively 93:17</p> <p>exchange 1:4 2:4 3:4 9:7 10:1 12:6 45:5 48:13 182:3</p> <p>exchanged 247:1,6</p> <p>exclusively 98:7,19 99:2 100:4,8,15 144:4 145:16</p> <p>excuse 29:12 72:13 77:8 79:17 101:22 106:11 116:3 123:5 137:23 151:3 190:23 204:2 265:10</p> <p>executed 26:6 32:3</p> <p>exhausted 297:19 298:11</p> <p>exhibit 6:8,10,12,13,15,16 6:19,22,24 7:1,3,5,7,9,11 7:13,14,16,17,18,20,21,23 8:1,2,3,5 12:13,14,19,22 18:19,20,23 19:13 24:17 31:23,24 32:15,21 33:1 34:17 36:16 43:5,9,12 45:10,16 49:18,19,22 51:22 55:14,24 57:24 58:22 62:18 63:3,5,7 64:9 64:10,23 65:15 70:21 77:20 78:16 79:3,4,23,24 80:2,4,7,9,11,13,15,16,18 80:20 81:5,8,11 82:9,11,12 82:15 84:24 101:13 103:18 104:23 113:23 114:1,6,14 114:19 115:1,3,20 116:5 117:7 133:8,9 135:7,8 140:20,22,24 147:19,20 148:1,23 151:11 159:1,5 159:10,11,16 160:22 161:2 161:3,11,19 163:10,14,17 163:24 164:3,10,11,14 165:16,23 166:3,12,18,20</p>	<p>166:23 169:1 170:3 171:22 174:12 177:1,18 185:1 191:18,21,22,23 194:23 196:11 198:20 200:9 201:23 202:21,24,25 203:2 203:11 204:9,18 205:22 210:5,9,10,12 211:16 214:15 216:3 222:19 223:10 230:21,22,24 232:9 232:10,12,22,23 234:7,7,8 234:11,14,19 235:12 252:14,16,20,25 253:8,11 253:18 254:20 255:7 258:11,12,14 259:24 261:3 261:4,5,18 262:19 264:5 264:17,18 265:4 266:9 268:4,18 270:13,19 271:3 271:9,15 272:16 274:11 275:8,9 280:13,17 281:8,9 281:10,11,13 285:6 286:3 286:12 291:16 296:3,4,6</p> <p>exhibits 6:6 65:24 81:3 82:5 82:6 102:4 192:24</p> <p>exist 16:20,20 26:19,20 30:3 30:4,7 215:17</p> <p>existed 27:16,19 65:1 178:13</p> <p>existence 66:25 67:9 68:8</p> <p>existing 26:10 40:9</p> <p>exists 293:3</p> <p>expect 122:14</p> <p>expected 196:22 197:9 199:12 211:3</p> <p>expense 146:1 165:3 199:15 278:1</p> <p>expenses 67:22 121:20 122:25 144:25 168:22 278:12</p> <p>expensible 187:19</p> <p>experience 58:13 59:9,14 96:12,14,15 104:10 197:17</p> <p>expert 6:15 7:18 21:2 23:18 26:7 27:3 42:25 43:1 44:6 59:2,13 71:21 72:5 95:21 102:7 119:22 147:5,23 148:12,21 149:9 154:24 170:1 207:2,7 293:16 296:16</p> <p>Expires 299:19</p> <p>explain 22:12 86:9,9 88:16 98:21,22 154:22 177:20 246:9</p> <p>explained 17:10</p> <p>explaining 156:24 221:23</p> <p>explains 176:19 177:22</p> <p>explanation 156:24</p>
--	---	--	--

<p>exported 125:8 exposure 223:24 224:7,23 226:9,12,13,15 227:14 230:10 292:7 293:24,25 Express 253:3,15 extent 26:19 73:4 126:18 187:19 245:1 256:17 257:16 283:2,3 extremely 151:18 152:6 eyeball 240:2 eyeballing 239:10</p> <hr/> <p style="text-align: center;">F</p> <p>F 39:24 100:21,21 F-A-C-T-O-R-I-N-G 107:24 facie 67:23 fact 13:17 60:15 128:2 156:2 169:18 170:7,18,20 211:14 221:24 260:17 263:20 272:13,21 276:13 factor 102:13,16 103:11,14 104:4 113:7 122:11 132:1 207:25 214:11 286:1,1,14 286:20,21,25 287:10,11,19 287:19 factored 273:15 factoring 107:19,24,24 109:5 122:6 123:2 263:23 275:21,25 276:1,13,18,25 278:1,12 294:1,4,7,22,23 295:14,20 factors 130:20,23,23 197:20 198:5,8 202:10 210:17 211:1,2 215:18 243:19 257:12 facts 67:4,5 141:23,25 143:5 faded 42:14 fair 13:19 18:9 42:13 48:3 59:3 62:14 128:13 131:2 256:1 fake 83:23 84:7,9,12 familiar 50:4 60:15 133:14 162:8 164:5,8 familiarize 180:15 FAMILY 1:10 2:10 far 109:8 122:24 126:13 147:4 156:5,8 157:6 165:1 171:8 173:8 174:2 209:15 236:23 279:11 FASB 6:22 191:11,25 192:7 192:14,20 193:10,15 194:10,13,15 fast 33:19 favor 82:8 FBI 47:8,8 62:2,3 FBI's 45:1</p>	<p>federal 20:5 126:17 129:5,9 129:21,24 130:5,11,13 131:9 133:19 140:13 feel 66:1 69:15 fees 176:10,11 225:1 Fels 3:20 31:3 40:19 felt 15:1 Ferguson 4:15,15 10:15,15 ferguson@kolawyers.com 4:18 fictitious 84:21 105:9,10 field 125:5,13 FIFO 100:18,21,22 101:7 113:19,22 114:2,10,10,13 114:15,18 115:20,25 124:10 144:22 146:8 fifth 4:5 217:12 figure 142:21 144:16 173:15 269:10 278:24 280:24,25 figured 61:16 figures 108:11 154:21 217:22 220:21,24 231:21 263:2 294:17 295:5 file 155:15,21 156:6 filed 33:8 60:22 154:19 156:3 167:14 220:5 268:22 files 65:11 127:6 155:6 filing 154:24 156:9 268:22 269:3,4,12,12 filled 269:24 filter 290:14 final 20:6 23:5,12 81:4 financial 6:17,20 73:17 74:2 74:6 77:9 109:2 153:13,19 153:19,24,25 154:3,6 158:11 160:7 161:20 162:21 163:19,25 166:4 169:3 175:19 176:15 177:19,23 182:22 183:1,5 183:16,24 184:2,9,16,22 192:16,20,23 193:2,18,21 193:22 197:19 199:8,20 200:4,25 201:2 237:16 266:11,20 financially 300:17 financials 164:12 168:3 201:7,16 223:3 262:23 financing 85:6,6 86:16,16 87:11,17,17 90:3 129:12 132:10 137:7,20 170:13,25 171:15 find 28:15 104:15 127:24 140:1 159:5 196:5 209:9 252:14 274:13 finding 67:22 70:25 94:18 149:24 150:10 152:1</p>	<p>findings 149:10 fine 215:1 225:16 finish 29:10 51:17 207:14 finished 69:17 186:5,14 187:1 212:11 227:9 297:4 firm 9:18 10:7,8 31:3 40:20 61:1,7 62:12 64:18 65:3 94:14 149:14 150:2 235:19 firm's 65:10 first 11:11 13:16 21:22 30:22 41:5 44:20 54:11 86:17 91:23 95:25 109:1 110:4 113:19 147:8 163:16 164:20,21 167:1,18,19 172:11,12 178:1 211:1 231:6 236:1,21 238:7,18 278:24 289:17 fiscal 200:19 fit 23:4 five 172:3,7 209:17 296:9,12 296:16 five-minute 23:22 fix 99:14 flag 54:13 85:16,23 97:8,14 102:1 flags 50:21 52:15,16,21,22 53:8 54:3,5 55:2,7,8 70:7 91:25 flip 139:25 162:11 234:12 flipped 268:11,12 Floor 4:5,16 Florida 1:2 2:2,19 3:5,11,21 4:11,17,23 5:10 9:11 299:6 299:18 300:3 flow 73:3 98:12 142:4 144:19 146:6,7,11 147:18 150:11,16 162:3,5,20 164:10 168:3,4,9 169:18 170:7 175:1,17 176:3 188:17 191:3,5 flowed 75:13 flowing 150:22 flows 169:3 170:24 188:8,12 follow 106:12 following 193:14 198:6 199:8 278:18 follows 11:12 footnote 33:14 34:19,21 45:24 46:2,7,8,15,19,20 54:7 63:4,9,17,18 64:7 73:17 77:19 78:17 79:6,13 79:19 119:8,21,22 120:1 129:2 295:10,11,12 forecasted 197:13 foregoing 300:7 301:6 forensic 60:5 61:8 62:12</p>	<p>130:3 232:2 form 17:21 22:8,21 25:13,16 25:24 26:1 28:25 35:11 37:3,10,18 39:16 48:4 49:7 49:15 50:9 57:7,8 60:18 62:25 68:11 69:6 70:11 71:1 73:1,14 74:4,24 75:25 76:16 77:2 85:17 86:2 88:10 89:3,19 94:21 95:11 101:4 106:10 107:2 108:12 108:24 109:13,25 110:24 111:11 113:4 118:2 123:12 124:1,6 127:3,16 128:16 131:12 139:7 140:14 141:9 142:2 144:6 145:19,20 148:16 152:12 155:11,25 158:10 164:18 166:15 169:21 170:10 172:6 174:24 175:8 176:21 178:4 178:19 180:1 181:15 183:11,18 184:18 187:8,18 189:2,13 190:20 191:4 201:17 205:7,15 206:4,12 206:20 207:11 213:21 215:15 216:7 219:3,4 220:10 221:2,16 222:5,23 223:5 227:7 228:13,21 230:4 231:25 233:20 234:4 239:19 240:9,21 241:21 242:15 243:20 244:1,12,13 244:25 245:3 247:2 248:10 248:17 252:6 255:14,24 256:15 257:15,16 260:22 261:24 263:10 264:2 269:11 270:7 272:17,25 274:3 279:20 281:1,2 283:17,18 285:3 291:9 292:20 293:11,21 formal 58:6 format 175:22 242:22 former 60:9 64:15 Fort 4:17 5:10 forth 217:7 228:4 232:4 242:21 forward 69:11 193:5,20,20 201:15 270:15 FOSLID 3:9 found 45:5 97:14 104:18 150:1,21 four 204:7 212:24 219:20 289:15 fourth 17:24 185:23 217:12 framework 108:9 175:20 frank 100:21,22 fraud 31:13 44:21,22 67:6 94:6 144:15</p>
--	---	--	--

<p>fraudulent 67:1 103:21 fraudulently 84:18 FRB 129:12 free 66:1 freeze 31:10 Fridman 3:20 31:3 40:19 163:3,7 165:5 193:3 194:3 Fridman's 278:20 front 43:10 82:21 85:1 133:4 170:2 252:18 full 122:24 178:17 224:16 255:23 257:9 263:8 289:15 293:1 fully 75:18 function 77:8 fund 83:19,21,23 84:7,12 119:7,24 123:10,24 147:1 147:10 168:5 169:20 170:9 286:25 289:10,12,14 292:17,24 293:1 funded 67:11 125:13,25 126:16 288:6,19 290:5 291:8,23 funding 1:8 2:8 9:9 39:11 91:14 92:5,11,18,19 97:8 97:14,20 100:9,17 101:1 112:9,25 120:11 125:23 128:10 132:10 142:17 153:4,14 154:8,23 168:21 176:3 182:13 187:6,14 189:11,23 191:1,11 192:5 192:6,13,19 199:25 204:6 228:10 243:15 248:8,13,14 248:20 254:12,13 258:8 264:1 267:14 270:6 276:3 276:11,11,19 277:9 284:13 288:24 289:21,22 290:4,4 290:12 291:7,7 292:15,16 292:16,24 293:24,25 294:5 294:9 295:19 Funding's 112:24 113:2,12 113:18 115:6 198:17 207:10 243:11 266:20 267:9 271:17 280:23 284:10 funds 31:16 67:3,16,19,21 67:21 68:10 69:4 70:9,22 73:3 85:5 90:7,19 91:15 92:6,7 97:19 98:12 100:8 101:2 102:10 103:1,8,9 104:20 106:6 110:22 111:9 117:16,25 119:6,17,19,23 120:20,25 121:2 124:14 142:4 143:18,20 144:2 147:18 150:1,2,3,12,16,18 150:21 151:14,17,20 152:8</p>	<p>168:12 171:3,11 173:16 174:21,22 175:6,7,11 178:9 182:12 Furman 5:8,17 10:22,23,23 123:15 further 54:4 184:24,25 236:9 280:7,24 300:13 future 107:8 150:22 194:17 fuzzy 226:4</p> <hr/> <p style="text-align: center;">G</p> <p>G-A-A-P 143:12 GAAP 36:2 104:25 105:3,16 105:22 106:5,16 107:7 122:18,19,25 141:7 143:10 143:12 145:6 146:17,18 147:9 154:7,8,16,21,21 155:2,7,22 156:10,17,17 156:19,21,24 157:4,6 158:14,15 162:4,12,24 163:5,11 164:11,13 165:6 166:21 168:2,12,20 174:20 175:5,21,22 188:21 189:4 193:14 194:6 201:7,16 206:10,16,24 207:3,5,19 208:2,9,10,14,15,19,19,23 209:9,15,16 211:11 223:3 224:3 227:6,10,18 229:24 230:2,7 278:18 GAAP-based 187:4,12 GAAP-compliant 156:10 GAAP-reported 35:19 36:7 72:11,24 73:13 105:23 Gables 3:21 Gaetan 3:15 10:2 garbled 90:13 gbochetto@bochettoand... 5:6 geared 112:20 gears 143:25 general 48:15 131:17 211:4 267:15 288:7 generally 131:17,19,23,24 generate 169:18 170:6 generated 84:20 George 5:4 10:18 getting 180:17 218:1 290:21 GG 299:18 GILBERT 4:15 give 11:6 22:19 27:8 99:13 101:19 107:4 177:7 209:8 211:7 213:9 214:3 242:10 246:11 given 151:17 169:17 170:6 301:9 giving 42:24 43:1 71:21 72:1</p>	<p>86:22 88:20 89:25 93:12 93:12 95:6 102:7,11 221:21 gja@pietragallo.com 3:17 glad 69:15 Glick 1:16 2:15 6:3,9,12,14 6:15 9:6 11:3,10 12:4,18 14:18 15:16,20 16:8 17:16 20:2 22:23 23:1 24:6,11,20 25:3,11,11 26:3,8,15 27:17 28:2 31:1 32:2,7 34:17 37:8 48:22 49:9 51:9,13 52:1,13 55:4,17 57:1 65:18 68:15 69:10,13,16,20,24 70:13,15 71:5 75:2 77:17 79:3,10,10 80:2 81:3,23 82:17 86:5 88:14 89:5,23 99:6,23 105:15 138:21 141:12 153:4 158:5 159:17 159:24 161:15 164:19 166:11 178:25 179:7 185:13 186:5,8 196:18 206:9 208:14 209:12 210:2 223:16 228:15 231:20 233:10 235:17 247:14 256:5,20 268:17 271:14 296:20 298:21 299:11 300:8 301:4,17 302:2 Glick's 6:10 7:18 10:8 18:23 20:7 53:6 go 11:17 15:11 23:23 32:9 33:20 34:11,15 39:5,12 43:22 46:4,5 48:25 51:5,5 51:19 52:19,22 53:9 54:17 55:13 59:5,6 70:6 74:12 78:6,8 86:17,19 89:22 99:12 102:14,19 107:3 121:4 122:9 123:17 135:15 136:12,25 137:2 138:8 139:8 144:16 148:18,18,19 151:5,5 152:20 157:17,18 159:10,14,21,25 160:11 161:12,22 162:16,17,18 163:16 164:19 165:1,1 176:25 177:2,4,5,8,24 185:20 191:6 195:1,3 196:1,6,6 197:25 198:24 202:3 209:7,8,17 210:14 212:14 214:14,18 215:16 218:7,10 223:11 234:13 235:4 238:12,16 247:13 250:22 251:2,6 252:20 254:22 256:20 258:10 260:7 264:7 265:1 267:18 267:22 268:7,8,9,10 269:16 274:10 277:25</p>	<p>278:8,12 279:2,4 280:15 281:7 297:5,9,10 298:18 go-forward 193:7 goes 23:8 60:20 87:6 102:17 109:22 131:5,5 144:7 219:17 220:1 229:8 242:20 266:2 going 11:21 15:17,25 19:18 19:18,20 21:20 22:24 23:21 24:1 26:11 28:16 30:5 32:12 33:19,22 37:12 41:10,11 42:2 51:7,19 53:17 59:7 67:13 69:11,12 70:18 76:10 77:15,18 78:23 81:15,19,20 84:2 88:2,7,17 89:12 90:22 91:1 91:4 99:16,22 105:14,21 106:6,20 107:10 110:10 118:6,10,22 119:10,11,15 122:13 135:14,15 142:3 152:23 157:25 160:1 167:12 169:13 171:20 172:16,21 173:16 178:20 178:22 179:1,7,14,15 184:3,3 185:16,19,20 189:17 192:22 193:5,20 194:23 195:2 203:22 205:20 207:17 208:15 209:21 210:21 214:24 215:16 217:19 218:11,13 225:6 227:17,17 232:4 235:2,7 236:21 238:7 242:2 245:4,19 250:20 254:4,14 255:6 256:16,18 264:12 265:22 267:12 268:8 274:23 277:24 281:8 284:24 287:7 289:10,10,14 291:20 294:10,12 296:8,17 297:13,21 good 9:24 12:4,11 40:21 122:9 184:17 188:12,18 247:1,7 248:8 252:4 GORDAN 3:14 govern 108:3 government 48:6 128:15 129:25 Gradillas 9:18,20 grand 225:3 262:14 266:5 graph 237:22 great 35:2 69:23 79:13,21 80:6 85:3 187:3 216:23 235:25 250:24 251:7 greater 204:14,21 217:13,16 gross 156:5 grounds 20:2 group 1:8 2:8 6:17,20 7:1,3</p>
--	---	---	--

<p>7:5,7,9,11,23 8:1,3,6 9:8 57:4 163:18 223:24 224:7 227:3 228:5,6,11 260:5 275:15 302:3 grouped 168:13 grow 229:17 growing 118:9,10 grows 236:23 guess 13:10 16:11 46:19 59:4 86:11 125:25 126:16 130:25 131:3 144:12 152:3 153:10 164:21 178:12 188:5 200:15 211:1 219:5 222:16 223:21 224:13 225:2 233:14 239:1 248:19 255:6 278:25 292:1 294:22 guidance 188:21 193:9,9 207:24 209:3 guys 22:24</p> <hr/> <p style="text-align: center;">H</p> <p>H 42:5,5,12,22 half 134:15 138:7 165:10 219:20 221:12,14,24 237:19 238:20,21,24 290:20 hand 11:4 handful 71:16,18 148:6 hands 167:10 Hang 240:3 happened 118:21 145:9 happy 194:4 hard 134:10 167:10 184:5 215:7 237:22 250:8 he'll 46:7 head 16:15,19 18:12 96:25 178:15 180:11 284:6 heading 169:2 headings 224:20 healthy 216:6,10 217:21 hear 16:4,10 72:16 78:9 90:10 95:16 129:20 136:15 148:5 152:17 158:25 215:7 219:12 228:15 250:9,20 265:9,11 heard 11:13 34:12 91:18 152:15,18 158:5 159:12 hearing 29:15,17 held 9:12,14 help 98:24 helpful 34:3,11 helps 146:3 Herb 60:4,7,13,25 61:4,6 Heritage 176:19 177:20 178:5,9 179:12,17,21 181:3,5,6,7,10,13,19,24,25</p>	<p>182:3,5,9,12 183:2,25 high 54:12 85:9,13,23 88:1 88:24 89:16 90:24 91:6,7 92:16 93:13,17,21 94:20 95:1,7,19 96:13 higher 92:23 254:15 hired 10:7 historical 194:18 197:16 hold 30:5 86:18 114:12 129:4 136:5 159:9 168:17 175:3 177:5,6 180:25 191:18,20 192:5 194:21 195:2,24 210:8 247:21 250:18 252:14 254:21 257:17,19 274:16,18 296:17,19 holding 167:10 Holmstock 5:18 9:17 Homes 226:7 258:16,24 259:12,20 260:3,5,6,8,13 260:18,20 263:13 homework 134:3 hopefully 86:16 118:4 157:2 hoping 34:7 hours 219:20 297:20 298:16 hundred 35:25 107:5,6,9,12 122:10,13 138:10 205:25 287:8 288:3,3,24 289:2,11 289:12 291:22,23 hundred-day 122:17 Hyman 5:9 57:8 123:12,14 123:14 124:1,7 148:16 152:12 244:12,25 256:16 281:1 283:18 hypothesize 256:23 hypothetical 201:9,20 247:9 281:3 hypothetically 246:24 247:5</p> <hr/> <p style="text-align: center;">I</p> <p>idea 13:10 229:5 233:22 248:24 250:24 257:24 identified 38:9 39:24 40:4 47:12 55:7 62:23 identifies 63:21 identify 96:16 151:19 152:7 identifying 36:17 ignore 191:3,5 ignored 105:10 ignoring 174:25 imagine 110:7 219:19 impact 75:14 109:9,21 154:19 187:17,21 192:20 213:13 216:9 229:10,13,13 233:17 234:2 263:25 269:13,14 272:15,18,19</p>	<p>291:13 292:9 293:9,19 impacted 210:21 212:1 important 43:20 impossible 74:16 151:18 152:6 improper 141:3 176:7 in/first 113:19 147:9 inartful 289:24 inception 36:20 39:8 40:10 include 59:14 92:15 101:7 103:2,8 121:8,23 122:6 198:5 288:20 included 51:4 91:16 92:5,24 93:7 104:5,19 107:15 122:23 127:8 143:18 144:2 145:15 168:19 224:16 225:7,8,9,15,22 226:16 245:24 246:7 274:1 290:22 292:5 includes 109:11,24 126:25 163:24 170:15 189:16 289:21 290:4 291:6 293:3 including 38:11 50:21 222:12,12 inclusive 210:19 income 35:7,15 83:19,23,24 83:25 84:7,11,13,14,19 105:3,4,16,17 106:3,5,8,16 106:19,20,24 107:1,7,12 107:15,18,18 108:11 109:8 122:22 123:2,2 147:1,10 164:25 165:8 188:24 189:9 190:7 213:12,15 222:13 225:2 226:18 227:15,17,18 230:2 237:17 263:25 264:1 272:4,16,23 279:14,17 280:9,25 incomes 108:6 incorrect 40:8 70:24 224:15 increase 236:10 increased 234:5 237:3 incredibly 297:1 incremental 249:20 independent 6:18,21 163:20 163:24 181:2,12 182:15 independently 35:6 36:11 39:17 74:1 75:23 76:13,23 77:24 187:24 INDEX 6:1 indicate 113:17 126:3 168:3 215:13 239:16 240:18 258:1 indicated 75:11 125:13 232:2 297:21 301:11 indicates 127:14 149:12 238:9 240:6,14 248:8,11</p>	<p>indicating 149:3 191:11 indication 106:22 individual 40:24 242:18 individuals 132:3 industry 129:7 133:3 139:6 139:15 inflows 115:15,17 124:3,13 inform 46:25 information 35:19 36:7 47:1 56:8 57:17 72:12,24,25 73:13 77:12 125:11,15 126:13 131:11 134:1 141:4 165:15 181:20 196:21 197:10 199:7,11,20 216:3 220:4 244:20,22 260:11 263:24 282:15,22 283:3,8 283:10 inherent 95:2 initial 122:21 150:14 206:24 254:12 initially 122:3 injection 150:14 inquiries 31:19 inserting 54:19 insinuated 44:8 insist 81:15 installment 289:17 installments 289:15 instance 118:21,25 127:4 143:4 225:11 instances 131:20 221:13 229:16 288:20 289:19 290:2 291:21 292:12 intelligently 59:9 intent 58:10 144:13,14 147:15 intentional 25:21 186:3 intentionally 186:10 interest 40:16 85:7 87:23,24 88:21 89:1,9,13 91:5 93:7 93:20 94:17 95:5,6,19 96:24 115:8 124:5,14 144:24 146:12 195:22 202:6,18 interested 300:18 interfund 120:8 interfunds 120:9 internal 35:14 156:4 internally 35:7 38:10 40:1 74:6 77:25 interpret 246:11 interpretation 56:10,20,23 57:6,14,18 interpreted 17:11 interrupt 25:12 27:14 29:7 51:15 69:13 186:10</p>
--	---	--	---

<p>interrupted 29:8 51:9 186:8 interrupting 25:17 29:14 51:14 interruption 186:12 interview 181:23 introduce 9:22 inventory 112:5,11,12,13 invested 63:22 96:24 investing 87:12 investment 86:22,24 88:24 90:2 93:14 94:19 109:23 150:15 176:7 investments 89:18 150:22 investor 38:12 39:1,20,22 40:2,5,6,11,12 41:1,16 42:8 45:21 56:7,7,17 57:4 57:13 67:21 68:10 87:25 88:21,24 90:7,17 91:4 92:6 92:7 101:2 102:10 103:2,9 104:5 109:10,12,24 110:18 115:15,17 116:10,15 117:11,16,25 118:7,11,14 119:6,15,17,18,23 120:19 120:25 121:2 123:10,24 124:5,14 143:18 144:24 150:1,3 168:5 171:3 173:3 173:12,16 174:6 183:20 211:24</p>	<p>262:2 265:16 involved 83:18 94:11 97:6 150:7 151:13 252:9 involvement 65:10 involves 67:2 138:24,25 involving 63:8 Iowa 100:21 irrelevant 193:13 issuance 173:21 issue 26:11 28:13,14 37:6 52:2 63:13 68:9 83:7 211:21 273:15 issued 14:4 16:16 26:6,23 27:9,15,19 30:21 83:20 87:16 130:16 147:5 148:3 148:9,12 161:25 165:12 242:5 issues 27:4 210:24 item 14:12,15 15:17,18 17:25 18:8 19:24 20:1 26:24 30:1 36:16 39:24 42:3,10 150:6 173:20 202:17 210:25 211:3,17 286:16 items 42:4,18,22 187:20</p>	<p>June 6:23 132:24</p> <hr/> <p style="text-align: center;">K</p> <hr/> <p>K 198:10 210:25 211:1 K2 210:25 211:17 keep 32:12 33:19,22 53:17 67:13 128:17 142:3 155:21 156:14 160:1 195:2 217:25 234:20 236:14 261:12 268:8 keeping 154:14 kept 156:15,16,16 251:24 key 250:3 kind 132:10 182:5 189:6 220:14 Kingdom 261:9,23 262:25 263:5 Klenk's 284:17 knew 13:11 34:5 know 12:8,10 29:18 30:17 34:4 38:25 41:2,4,4,12,13 41:16,19 44:6 51:13,16 58:18,18 59:4 60:11 61:12 63:12 64:21 65:1 68:20 69:17 71:6,12 74:13 75:16 77:9 86:15 87:6,22 88:21 90:15 91:11 93:9 94:10 96:10,12,12 97:3 98:11,22 98:23,23 99:7,12 103:20 103:23 105:21 108:15 110:1 112:2 113:8,25 116:6 117:8 119:12,13 120:9 125:12,20,23 127:5 127:12,18 128:5,7,8,25 131:1 138:12 139:24 142:19 144:16 146:14 147:17 153:7 157:11 177:14,15,15 179:20,21,23 180:14 184:7 186:1,6,9,17 192:17,24 195:4 198:13,14 198:17,21,22 201:6,15 204:22 206:15 209:19 212:2 215:19 217:25 219:8 219:10,14,23,25 220:12 221:24 222:7 225:23 227:16 228:17,22,23,24 229:20,21 233:12,21 237:13 240:22 242:7 244:18,23 246:21,21 248:11,23 251:25 253:2,10 256:6 257:3 263:25 267:8 269:15 275:6 276:11,12,14 276:24 277:7,11 279:10 280:15,15 281:4 283:12,13 284:4,16,21 288:10 289:1 289:11 293:12 294:13</p>	<p>295:3,5,8 knowing 205:22 254:4 knowledge 14:10 19:21 222:18 Kolaya 3:9,10 10:4,4 KOPELOWITZ 4:15 KPI 222:9 284:14,15,16 286:18 289:20 290:3 291:5 291:13,18 292:13 293:9 294:17,20 295:6</p> <hr/> <p style="text-align: center;">L</p> <hr/> <p>L.M.E 1:10 2:10 Labor 130:1 lack 266:16 LaForte 3:19 4:14 5:15 10:7 10:10,16 297:18 language 48:20 50:17,20 85:15 129:16 158:13 163:3 laptop 234:25 large 193:6 205:2 213:18 largely 240:14,19 243:17 larger 63:15 134:11 135:22 194:4 Las 4:16 5:10 late 205:10 211:6 232:3 290:21 Lauderdale 4:17 5:10 law 4:4 5:9 19:21 31:3 40:20 56:12,14 58:2,15,23 61:1,6 62:12 64:18 65:19 66:8,13 94:13 102:5 149:14 150:2 laws 154:20 lawyer 19:20 43:3 lawyer's 152:15 lead 150:17 leading 294:11 learn 183:7 220:24 leave 225:15 273:11 274:8 left 125:14 144:17 193:5 216:22 228:3 236:21 238:16,18 249:2,19 296:10 left-hand 233:3 245:25 left/right 87:8 legal 9:17 19:17,22 27:9 43:1,23 56:9,19,22 57:6,14 57:18 58:4 68:13 69:7,8 71:3 94:14 220:11,12 legally 117:18 118:18 legend 236:9 legitimate 67:8 68:5,7,19,24 lend 89:12 lending 197:11 length 185:5,8,14 186:21 205:1 228:20 266:16 lengthy 156:23</p>
<p>investor's 109:23 investor.gov 7:17 45:8,13 45:22 46:11,17 47:4,11,21 47:25 48:12,18 49:5,14,24 50:5,16,20 52:14,15 53:8 54:8,13,19 55:7,14,18 56:3 56:16 57:3,11 85:15,25 92:1 97:9,15 101:17 investors 40:9 45:6 46:22 46:23,24,25 48:6 56:9 57:17 61:7 63:23 67:2,3,10 68:9 85:9,14,24 86:24 87:15,21 90:17,19,25 91:15,21 92:4,11,18,20 94:6 96:20,21,24 97:20 98:7,19 99:2 100:4,8,12,15 102:9 103:1,7 104:18 115:8,12 119:9 120:6 145:14 149:18,20 150:7,15 169:1,6,9,11,14,15 170:16 170:22 174:13,18,22,23 175:6,7,18 183:9 189:11 189:24 190:10,15 220:25 investors' 67:11 91:16 104:5,19 119:11 invoice 259:4 invoices 181:22 236:2,23 237:2 253:22 259:2 260:14</p>	<p style="text-align: center;">J</p> <hr/> <p>Jacqmein 270:16 January 200:22 282:8 Jeff 10:13 JEFFREY 4:9 jmarcus@mnrlawfirm.com 4:12 Job 1:25 Joe 10:12 165:20 284:18 Joel 1:16 2:14 6:3,9,10,12 6:13,15 9:6 11:10 18:23 298:21 299:11 300:8 301:4 301:17 302:2 Join 124:7 Joseph 3:19 4:3,14 5:15,16 10:16 297:18 Josephs 44:22 JOSH 4:16 Joshua 10:9 Judge 60:9 July 7:2,4,6,8,10 8:4,6 13:4 13:18 29:24,24 30:4,5 36:20 39:8,15 40:8 41:3 153:9,10,10 203:12 210:20 210:21 212:17 213:20 231:1 252:21 258:15 271:17 275:16 276:2 277:5 277:20 278:23 280:17,23 286:7 jumps 95:24</p>		

<p>LENTZ 5:3 Leon 3:21 let's 13:8 30:22 37:20 51:5,5 51:22 55:13 57:23 78:2,2,6 78:8 99:12 104:13 122:10 122:16 135:6 143:25,25 147:19 148:22 152:20 163:16,22 166:23 174:10 209:10,17 212:9,14 214:9 214:13,14 216:12 232:21 234:23 235:4 239:6 241:6 247:22 252:12,12,16 253:19 258:10 260:7 261:3 266:9 267:22 274:8 276:1 281:7,9 295:9 296:3 297:9 letting 90:15 level 123:9,23 Levine 4:16 10:9,9 145:19 levine@kolawyers.com 4:18 liabilities 270:2 liability 184:9 Lifeguard 228:4,8 likelihood 67:7 likewise 292:1 limit 296:10 limited 38:11 line 134:19 167:1,18,19 171:16,19 202:5 231:6 260:6,8 278:1 302:4 lines 49:1 169:5 link 110:4 list 40:2,10 54:22 111:19,23 198:8,9 202:11 263:8 listed 36:16 52:15 132:21 200:8 201:4,6,12 292:14 listen 41:14 157:10 158:7 179:8,11,14,16 listing 40:8,13 lists 140:12 198:4 little 13:14 15:12 32:9 33:18 33:20 39:23 51:21 53:25 54:12 63:14 76:8 89:6 90:12,12 91:1 114:7 125:6 126:7 128:20 145:2,22 163:7 179:18 188:4 191:8 191:19 204:23 226:3,4 233:8 234:18,21 242:3 245:17 248:4 249:25 250:10 257:6 281:18 282:5 291:1 lives 298:12 LLP 3:14 4:9,21 loan 173:12 loan/line 134:16 loans 169:6 173:3 174:6</p>	<p>locations 186:4 Locust 5:4 lodge 25:23,24 log 39:22 40:6,12 41:1 282:21 285:1,17 Logistics 261:9,23 262:25 263:5 logs 38:11,12,12 39:1,1,2,9 39:14,20 40:2,2,3,5 41:16 42:7,8 74:18,19,22 75:22 76:2,15 282:21 283:14,22 284:5,11,13 long 16:23 28:18 29:9 90:12 91:17 192:22 209:11 219:25 235:3 255:22 256:23,25 257:3,8 288:14 296:7 longer 90:6 205:6 272:14 280:5 look 33:2,7,9 36:21,25 47:12 48:20 52:14,23 54:17,17 79:6,11 83:25 84:13,19,24 116:19 118:12 124:18 125:16,19 129:8 132:14 133:5,16,25 136:2 146:7 147:17,19 148:22 150:6 166:18,23 169:2 170:18 171:25 177:24 180:14,17 180:22 184:10 188:3 194:6 194:16 201:21 209:4 210:25 212:3,7 214:9,13 216:12 226:2 230:20 241:6 243:5 252:12,13,16 255:4 276:25 277:25 278:11 279:10 286:8 290:11 291:16 294:12 295:10 296:19 looked 19:25 37:24 74:11 75:3 93:10 97:21 102:3,4 118:19 125:11,12,17 153:21 166:2,12 182:18 184:6 190:13 192:15 202:11 213:25 220:19 234:10 247:14 259:18 262:20 272:7 280:16 291:18 looking 17:19,23 36:14 37:7 52:21 77:10 87:3,3 103:24 112:4,21 116:12,17,25 126:14 129:1 132:10 134:14 144:19 146:10 167:6,7,13,16 171:17,18 184:22 195:4 196:9 203:10 205:22 208:2 210:10,20 212:16 220:18 221:11 223:15 225:20 226:9</p>	<p>230:13,14 235:1,21 239:7 241:17 244:9 248:25 249:22 254:20 261:3 263:16 265:3,24 280:2 281:17 285:12 looks 50:4 132:20,23 133:14 135:14 149:5 168:16 191:10 228:7 236:22 240:10 241:18 250:2 263:1 266:14 269:24 270:8 285:9 loses 90:6,18 190:4 losing 63:24 82:11 loss 8:3 106:1 109:5 167:2 167:19,23,24 187:5,13 192:18 193:3 197:16 199:15 225:21 227:6,14 229:25 230:11,17 263:23 271:15 272:23 275:21,25 276:1,13,18,25 278:1,12 279:19 294:1,4,24 losses 107:20,25 165:4 191:12 194:11,17,18 196:22 197:9 199:6,10,12 199:14 272:15 294:7 295:14,20 lost 129:17 267:21,22 lot 16:17 82:11 96:8 131:9 179:10 204:23 210:22,23 lots 78:9 Lou 97:5 lowest 93:23,24 luncheon 152:24</p> <hr/> <p style="text-align: center;">M</p> <hr/> <p>ma'am 140:22 274:20 machinery 112:5,17 Madam 33:15 46:5 53:9 72:18 136:5 268:13 magistrate 185:21 magnitude 151:12 152:9 main 194:19 maintain 154:25 maintained 74:23 191:2 maintains 155:7 making 70:25 88:8 185:10 201:25 241:4 266:17 289:1 294:6 management 108:7,8,21 109:19 199:11,19 200:8 201:4,5 202:16 208:11,12 219:5 220:16 223:4 245:7 245:7 258:4,5,6 261:1 267:10 294:13 295:13,19 management's 197:21 198:17 199:9 208:11 manufacture 112:6</p>	<p>March 212:22,23 256:3 Marcus 4:9,9 10:13,13 marked 12:13,14,19 18:20 31:24 49:19 63:5 64:10 79:24 80:9,16 133:9 135:8 147:20 148:1 159:11 161:3 191:23 202:25 230:22 232:10,23 234:8 258:12 261:5 264:18 271:9,15 275:9 281:11 296:4 market 3:15 211:4 marry 249:14 mask 246:25 247:5 massive 61:18 matches 253:7 matching 158:14 math 122:16 225:13 257:10 274:6 276:11,15,16 277:13 289:1 290:22 292:6 mathematically 175:9 255:1 matter 9:6 48:16 84:5,8,11 91:10 141:24 148:14 232:1 matters 59:14 141:19 maturity 40:16 MCA 98:8,20 100:5 119:24 204:6,10 205:4 213:7 mean 18:1 26:5 35:15 38:19 40:19,23 42:5 43:21 45:17 48:22,23 60:20,24 71:18 74:7 86:8,10 94:5 97:1 108:13 111:4 113:5,8 120:10 142:12,12 167:21 173:14 175:21,22 178:1 191:3 200:15 204:5,16 210:9 212:10 217:18 220:20 229:3 237:21,21 244:21 247:9 252:2 255:1 276:15 281:3 286:2,14,21 287:7,15 288:17 293:24 295:16,18 meaning 56:11 117:18 126:21 217:12 287:3 means 111:1 126:21 127:13 127:19,25 134:7 210:18 242:19 287:6,24 measure 146:3 188:13,18 188:22 measurement 191:12 194:11 measures 158:16 meet 156:6 memo 237:8 241:3,8 254:5 254:23 259:6,13 261:21 memorized 39:6 164:7 253:7 memory 42:3 128:24</p>
--	---	---	---

<p>memos 240:15,20 241:1 242:6 243:17 245:13,20 246:4,21 254:6 261:25 265:8 mention 30:2 mentioned 20:18 41:6 98:11 153:21 merchant 98:3 99:3 100:9 100:16 110:19 115:6,11,16 116:11 117:12,16,23,25 118:5,9,15 119:7,15 120:21,25 121:4,7,19 122:4,5,14 123:10,24 124:4,13 127:1 129:7,11 133:2 134:18,22 137:9,16 138:2,11,18 139:5,15 143:20 144:23 145:16 146:12,22 168:13,18,18 175:24,25 176:8 189:16 212:8,13 219:1 220:6 221:15 222:1 232:18 237:14 245:21 248:15 249:13,17 259:9,22 265:24 267:13,14 269:7,9 270:4 282:10 287:4,15,25 288:7 288:19 289:10 290:13 merchants 112:14 113:13 113:14 118:23 119:1 220:5 229:14 233:22 256:7 264:21 267:19 287:8,11 288:14 Merit 300:5 method 50:8,11,12,15 102:22 145:5,17,23,24 146:10 155:23 156:11,12 158:15,20,21 162:19 165:8 199:9 methodologies 145:4 methodology 121:3 140:2 145:9 197:15,17 224:2 Miami 3:5,11 4:11,23 Michael 5:8,17 10:23 Mid 212:23 middle 116:17,18 165:4 226:4,6,6 238:9 239:15,20 248:4 MILLENNIAL 5:9 Miller 4:21 10:17,17 million 38:1 118:21,24 149:13,18,19,20 163:1 165:5 168:6,7,10,23 169:8 169:10,15,19 170:8,12,16 170:19,22 171:2,9,20,20 172:3,8,16,22,24,24 173:5 173:13,17,25 174:4,12,15 175:10,10,12 194:3,8</p>	<p>203:21,22,25 204:2,9,10 204:13 205:17,24,24 213:19 215:2,5,10,11,23 216:17,20 217:6 218:19,20 218:21,22,23 223:25 224:7 225:3,4,8,9,10,14 226:17 226:18,19,23 227:1,2,9 229:2,19 231:9,11,22 233:17 234:2 241:6,7,12 241:19 245:24 247:15,16 253:4,8,15,23,25 254:3,5 254:10,11,17 255:1,2,8,12 255:16,23 257:4 259:3,13 259:19 260:5,9,13,14,16 260:16 261:21,25 262:3,4 262:7,8,12,15,17 263:1,8 263:18,21 265:7,16,17,19 265:25,25 266:1,1,7,14 270:2 272:9,12,24 273:21 273:23,24 275:21,25 276:4 276:18,19 277:15,15 278:14,19,21,21 279:5,6,7 279:8,9,22,24 280:18 290:15,21,22,25 million-dollar 193:2 194:7 225:21 226:21,22 227:5 229:25 270:6 272:22,22 273:25 274:15 276:7,21 millions 74:13 188:23 mind 72:19 285:11 mine 274:21 mini 94:10 minus 273:23 minute 234:23 247:21 minutes 140:11 166:12 202:12 209:18 276:23 296:9,13,16 297:11 mis 171:8 mis-posting 277:8 miscategorizing 227:11 Mischaracterizes 21:10 35:12 50:24 88:5 misheard 105:13,20 misspoke 105:12,13 171:8 misstated 102:12 misstatement 102:12 mistake 51:10 misunderstanding 177:16 mix 226:20 mixed 111:2 model 113:18 modus 63:21 moment 62:18 86:18 136:18 139:11 147:21 151:4 152:21 159:9 180:25 233:16 234:7,9 274:9,13</p>	<p>monetary 144:2 145:13,14 money 63:22 67:11 76:2 86:13,23 87:6,6,11 89:12 90:1,18 91:5,16,20 92:5 104:19 109:10,12,22,24 112:13 115:11 118:11,22 119:1,10,11,14 120:13 144:2,16,17,19,23 146:11 146:15 183:9 189:15 211:25 248:5,9 251:24,25 252:4,9 289:3 291:20 monies 98:6,18 99:2 100:3,7 100:12,12,14,16 101:3 103:2 104:6 108:4 109:20 111:3 145:12,15 146:13 month 18:5,6 115:5,10 118:20,25 Monthly 8:2 months 116:15 117:11 204:7 212:24 morning 9:24 12:4 morph 68:21 mouth 154:1 move 28:10,17 30:22 37:20 65:25 66:2 93:5 95:5 110:10 162:15 174:10 222:25 232:21 244:25 248:2 253:19 256:18 moved 191:19 moving 111:17 112:24 113:3,5,8,11 muffled 218:1 multiple 103:16 120:16,16 185:18 229:12 Muscle 128:24 mute 16:6 72:14,16 158:23 159:13 250:20 296:18</p> <hr/> <p style="text-align: center;">N</p> <p>N 135:4 137:21 275:1 name 9:17 12:4 65:3,6 96:10 names 64:17 Nancy 5:18 9:17 271:4 National 226:8 264:21 265:7 265:19 266:13 268:19 nature 58:9,9 142:15,16 146:2 150:16 151:20 152:8 181:24 190:5 197:19 198:6 near 235:13 275:20 nearly 297:19 necessarily 209:16 254:10 273:1 necessary 245:22 need 12:7 25:8,18,18 39:22 78:7 103:19,21 136:22 147:17 162:9,10 186:23</p>	<p>206:15 209:11,18 219:23 235:4 242:19 244:18,23 245:4 278:24 296:22 298:12 needed 30:17 needs 278:7 negate 66:25 negative 168:6,9 170:25 173:23,24 224:8 225:15 226:10,11,14 251:17 255:2 276:3,19 277:1,14 279:9 neighbor's 251:4 NEIMAN 4:9 neither 56:9 188:12,18 net 165:4 167:1,19,24 168:8 168:21,22 170:12 171:15 223:23 224:6,22,23,23 226:9 227:21 230:10 240:23 249:5,20 250:15 262:16,16 272:3,16,18,22 279:19 280:8,8,25 netted 277:13 netting 172:8 276:16 never 36:9 127:1 165:12,12 188:24 189:3 201:18 232:15 nevertheless 67:11 new 4:5,5 27:4 30:9,14 90:17 102:9 211:24 247:7 296:6 Newfield 176:20 177:21 180:16 182:16,17 183:2,7 183:8,12,12,25 newly 63:22 nholmstock@gmail 271:1 275:2 night 297:2 298:10 non-exception 236:8 249:9 251:20 267:18 Nonparty 6:10 18:23 Nope 99:9 Notary 2:19 299:18 note 40:15 86:23 87:22,23 87:24 88:23 89:1 90:8 91:3 91:15 170:23 171:4 172:13 172:18 183:15,23 noted 298:22 noteholders 40:14 85:7 87:15 284:23 notes 85:8 86:14 87:16 89:10,18 90:20 92:13 93:7 176:15 177:19 178:2 180:24 182:21 183:10 300:12 notice 2:20 7:20 64:12 November 8:4 271:16</p>
--	---	--	--

<p>103:14 104:3 126:11 145:8 154:5 155:5 159:19 160:21 177:19 222:16 229:6,8 232:5 244:3,15,16 256:13 263:14 266:25 269:8 295:13,23 opinions 20:7 23:6 71:7 89:21 115:19 154:24 160:23 207:8 216:2 222:21 231:18 opportunity 79:5 88:16 opposed 73:3 120:21 144:5 158:20 176:12 239:17 orange 236:7 249:9 251:16 order 24:18 31:10 50:21 109:4 131:1 194:5 244:18 244:24 original 13:8,11 15:15 121:9 121:24 123:5,6 278:20 Oscar 100:22 OSTROW 4:15 outflow 168:22 172:21 173:13,24 outline 296:13,19 outpaced 118:10 outside 150:15 outstanding 225:1,4 263:3 266:6 overall 238:10 239:17 240:7 243:14 overdue 203:16,17,17 216:25 222:19 overstate 75:16,16 overstated 254:12 283:15 285:2,19,21,23 289:6,20 290:3,24 291:6 overstatement 293:19 overstatements 291:13 293:9 owe 87:11 227:1 owed 229:15 247:16 255:23 257:9 259:9 owes 253:4,15 owned 182:8 183:19 ownership 178:6 owns 182:8</p>	<p>page 6:7 12:22 13:23 14:12 19:6 32:7,12 33:21,23 34:2 34:4,6,10,11,15,18,23 43:5 46:4 47:4,8,13,13,15 53:14 54:6,18 55:23 63:11 65:16 66:12 78:16 83:2 116:12 116:18 117:6,8 133:18 134:1,5 135:15,18,20 136:5,7,7,8,9,12,14,16,20 136:23 137:4 140:1 148:25 148:25 149:1,6,10,25 150:6,9 151:2,5,6,10,11 159:21 161:9,22,23 163:13 163:16,22 165:4,23,24 166:24,24 167:3,4,9,15,17 168:25 171:17,18 177:3 179:9 195:2,5,7,9,10,16,25 196:2,2,3,6,10,11,12,14,15 196:18 198:1,3,19,25,25 199:4 200:9 201:4,22,23 203:7,8,11 210:14 211:16 214:18 216:13 218:8 223:11 234:18,22 249:2 253:20 255:7 258:18,22 261:13,14,16 263:16 264:24 265:3 268:6,6,10 268:17,21 269:1,19 271:24 272:2 274:10 302:4 pages 16:23 159:22 160:12 161:8 162:15 220:19 232:13 233:12 265:5 269:16 300:9 paid 67:19 86:24 92:10,12 92:12 98:6,18 99:2 100:4,8 100:9,12,15,16 102:9 103:1,8 104:18 115:8 146:11 169:14,15 174:12 176:20 177:21 180:9,18 183:8 190:10,15,17 204:1 229:15 243:15 248:5 250:16 251:18 253:25 255:3,4,10,15 256:2 257:2 259:16 260:15 262:5,6,7 262:11 265:19 292:3 paper 17:3 papers 14:16,17,24,25 15:2 15:4,8,19 16:1,12 18:7,13 20:3 21:7,15 22:17 23:19 24:7,14,24 25:25 26:4 27:1 27:2 28:4,9,14,23 30:1 80:3,12,18 81:4 Par 1:8 2:8 9:8 91:14 92:4,11 92:17,19 97:8,14,20 100:9 100:16 101:1 112:9,23,25 113:2,12,18 115:6 120:11 128:10 142:17 153:4,14</p>	<p>154:8,23 176:3 182:13 187:6,14 189:11,23 191:1 191:11 192:5,6,13,19 198:17 199:25 204:6 207:10 228:10 243:11,15 248:8,13,13,20 255:11 258:8 264:1 266:20 267:9 267:14 270:6 271:17 280:22 284:10,12,12,13 288:23 289:3,21 290:4 291:7 292:14,16 294:5,9 295:19 paragraph 43:6,12,13,17 44:2,14,19 45:14 53:21 54:4,16,23 58:22 66:19 68:3 70:5,6 82:19,23,25 83:6 84:24 85:4,15,25 86:8 86:9 88:3,20,25 90:22,23 91:9,10,13,13 92:15 97:7 97:10,13,16 101:13,21 104:8,13,23 110:12,14 111:16,19 112:4 113:17 115:3 116:9,13,18,18,22 117:1,7 120:24 121:6,12 121:15 124:19 126:6,10,19 129:1,3,8 137:14 138:10 140:21 141:2,8 177:6,8,18 185:1,2 188:3 191:7,10 192:2 223:12,16 224:1,2,9 225:20 234:13,19 235:13 235:22 236:18 238:8 241:12 253:3,14 259:25 262:19 266:10 281:17 282:2,5 285:25 286:16 paraphrasing 103:20,20 part 29:2 86:17,20 104:16 109:1 110:4,5 146:23 154:5 195:20 201:25 214:1 215:21 228:4 participants 140:11 participate 288:25 particular 56:12 58:12 118:20,25 142:7 197:15 211:7 225:10,11 237:13 242:6 259:22 287:1 288:6 parties 2:16 58:10 187:16 300:15 parties' 300:16 partly 190:6,6 partner 288:25 292:3 parts 243:1 party 170:23 171:5 172:14 172:19 176:11,14 182:9 185:5 187:25 passed 53:18 passing 196:12</p>	<p>paths 150:17 patient 297:1 pause 234:23 paused 143:21 pay 63:22 89:12,13 97:20 122:24 124:4,14 144:24 174:22 175:6 189:11 253:23 255:22 256:8,24 257:3,8 260:14 261:23 263:5 270:5 payable 87:10 169:6 170:23 171:5 172:13,18 173:3,12 174:7 183:2 payables 146:1 paying 90:17 91:14,18,20 120:20 121:4 122:5 248:7 251:14,24 255:21 257:7 payment 122:18,20,20 173:21 181:7 263:6 payments 110:19 121:20 124:16 145:16 149:19 168:5 176:14 181:2,9,13 181:18,25 182:3,17 184:7 187:16 195:22 202:1,7,18 206:18 207:20 208:21 238:10 239:17,22 240:7 243:14 266:16,17,17 payouts 283:23 284:1 payroll 151:15 pays 189:23 PDF 34:4,6,15,18 53:14 134:8 135:21 136:5,7,9,12 136:16 148:25 149:1,10 151:2,6,11 167:7,9 196:3,6 196:10 198:25,25 199:4 201:22,23 249:2 258:22 261:16 Pearlman 97:4,5 penalty 301:5 pending 9:9 221:17 Pennsylvania 3:16 5:5 penny 75:10 people 41:7 63:12 78:9 87:7 131:16,21 132:25 134:22 134:25 138:1,5,10,11,12 138:24,25 139:4,13 210:22 235:19 percent 35:25 87:22,23 88:21,22 91:4,7 92:22,25 93:3,7,11,13,20,24 94:19 94:19 95:5,6 112:15 129:11,13 134:21 137:10 137:15 138:1,6 221:1,9 222:3 239:3,6,13,14 240:11 241:22 242:5 243:12 289:2 290:20</p>
P			
<p>P&L 109:5 P.A 7:22 p.m 2:17 9:2,16 11:21 79:1 99:16 152:23,25,25 157:25 209:21 235:10 251:1 264:12,15 267:24 268:2 297:13 298:6,20,22 pace 118:5,6,9,10</p>			

<p>percentage 126:17 129:6 137:9,20 205:3 238:25 239:22 240:1 292:7,8 percentile 239:3 perfect 46:6 134:12 201:22 223:13 224:20 226:5 235:13 236:16 245:18 perform 74:20 77:7 92:3 149:4 performed 141:15 performing 241:25 242:14 242:18 243:25 244:11,20 244:24 245:6 247:10,15 period 38:15,17,22,24,25 39:2,6,7 40:5 132:21,22 153:12 162:1 199:16 210:19 278:25 279:19,22 287:1,25 288:6,8,9 perjury 301:5 permit 178:21 Perry 4:8 10:14 perry 185:19 person 61:15 88:1 89:25 138:7 personal 67:21 298:12 perspective 90:1,2 98:10 220:15 petition 268:18 phase 67:20 phases 66:23 67:20 Philadelphia 3:16 5:5 phone 16:5 72:17 215:7 physical 9:13 picture 143:3 piece 86:15 190:6 242:19 255:18 PIETRAGALLO 3:14 pin 256:22 PINEIRO 4:9 place 108:21 167:17 184:6 Plaintiff 1:5 2:5,15 3:3 pleadings 60:21 please 9:21 11:1,4 12:12,21 13:22,24 14:12,13 18:18 19:5 25:9,11 26:15 27:13 29:10,18,20 31:23 33:14 34:2,9,14,14 35:3 43:4 46:5 47:15 51:23 53:19 55:22 56:5,12 63:2,3 65:15 65:16 66:12,22 69:23 72:16,19 78:15 79:22 80:8 82:18 84:23 86:9 91:11 111:16 114:5 116:12 117:4 121:13 126:8 134:6 135:18 136:4,16,19,21 147:19,21 148:24 157:3 158:8 159:10</p>	<p>161:1 177:1,8 182:24 185:1 202:23 208:8 214:18 216:14 218:8 232:8,22 233:6 236:12,15 258:11,17 258:19 261:11 264:24 268:4,7 271:8,24 274:10 281:10,13 PLLC 3:20 plural 40:7 146:16 plus 225:3 254:12 point 23:22 29:22 30:6 31:8 40:9,21 44:20 47:19 52:9 54:12 68:20 85:18 91:23 91:24 97:12,15 107:8 108:4 121:10 129:24 132:6 154:25 166:11 195:23 202:2 211:5,11 215:18 256:22 260:4 265:22 278:16 297:25 pointed 103:17 pointing 286:23 points 54:6,18,22,24 policies 57:15,20 197:22 198:18 policy 56:10,19 57:5,19 Pollack 65:4 Ponce 3:21 Ponzi 7:17 43:2,14,18 44:10 44:16,17 45:9,14 46:10 47:4,5,20 48:2,25 49:11,24 50:18,22 52:9 54:2,4 55:10 58:3,5,7,8,15,19,21,24 59:2,3,8,14,15,20 60:6,17 61:8,16,17,18,24 62:21,23 63:22 64:6,24,25 67:1,9,17 68:3,8,8,17,18,21,22,25 69:5 70:5,7,10,17,23 71:12 71:13,14,22,24 72:1,3,6,8 72:10,23 73:11,20,25 75:20 76:12 82:23 83:7 90:4,5,6,18 94:9,12 95:8 96:11,20,23 101:15 103:17 103:23,24 104:17 110:22 111:4,9 147:12,12,13,16 150:12 152:3 pool 119:18 pooled 119:17,23 poor 46:20,20 poorly 118:8 population 131:1 132:5 139:3 portfolio 223:22 236:6,23 237:3,20 238:9,19,20,22 239:4,4,16,21 240:7,14,19 241:16,25 242:4,13 243:10 243:11,13,17,24 244:11</p>	<p>248:6,7,14 249:9,13,17,18 250:16 251:14,16,18,20,24 252:5,13,24 263:17 264:22 267:14 272:9,14 280:5 portfolios 263:22 portion 44:3 107:9 122:21 122:22 171:3,4 243:11 249:16 251:18 289:6 293:25 294:2,2,22 Portlands 119:12 posed 29:20 posit 253:13 255:7 position 23:3 26:23 48:13 49:6 50:6 102:24 104:3 115:5,10,14 120:3 145:17 155:21 176:18 297:24 positive 170:11,21 173:7,15 173:22 225:11 255:2 276:13 277:6,7,21 279:4,7 possible 76:6 79:8 191:7 194:22 posted 277:9 potential 220:25 potentially 106:2 practice 213:24 practices 197:12 prefer 98:16 preliminary 41:9 53:1,2 premise 112:4,20,21 premises 111:20,24 112:3 preparation 36:15 prepare 38:3 113:22 123:8 123:22 prepared 14:19 15:8,21 16:1 20:6,25 21:3 22:2 23:5,12 24:14 32:20 35:7 38:10 40:1,17 41:1,2,4,5,15,19 74:6 77:25 80:4 81:4 162:20 175:17 210:3 284:16 preparing 20:16 48:2 160:23 162:21 present 5:14 52:17 presentation 6:24 56:16 141:6 163:4 232:13,17 presented 55:19 141:4 162:3,24 163:11 164:11,22 166:20 175:23 presenting 77:9 presents 176:3 presumably 242:2 presume 189:14 presumption 147:12 pretty 257:10 previous 107:3 193:9 252:10</p>	<p>previously 55:2 297:23 prima 67:23 primarily 245:11,15 246:4 246:10,22 principal 115:7 144:24 146:12 158:14 181:24 189:18 195:21 202:7,18 294:1 principle 131:18 printed 50:7 printout 7:17 49:24 prior 64:19 65:11 67:20 192:18 200:12,17,22 prison 61:19 probably 16:11 51:8 95:24 103:19 185:23 239:1 problem 106:15 114:25 123:20 226:25 285:10 procedural 82:8 Procedure 20:5 proceed 30:18 297:25 proceedings 94:14 proceeds 110:18 process 108:21 processor 76:3 produce 12:20 14:2,7,16,23 15:3,19 17:8 18:4 21:14 22:7 24:6,13,24 26:3,9 27:2 28:5,7,8,22 29:23 30:6,13 37:1,9,13,17 41:23 42:20 148:14 296:23 produced 14:25 16:2,13,22 17:2 18:9,14 20:7,13,24 22:3,5,18 23:11,18 29:24 36:22 37:14 38:18,19 40:23 41:5,6,25 42:1,8,9 42:10,12 127:6 148:6,8,8 148:20 producing 28:13 product 20:2 129:12 production 29:2 36:25 products 112:6 137:8,20 profit 8:3 102:18 121:8,23 123:4 187:4,12 188:24 189:1,12,19,25 190:10,16 190:18 225:22 227:6 230:7 230:15,17 271:15 profitability 36:3 101:14 102:8,13,16,18,22,24 103:6,14,24 104:3,16,25 105:6,19 106:9 108:14,18 108:19 109:8 110:10 141:4 142:21 143:3,7,9,24 145:6 146:3 155:4,9,24 156:12 158:17 187:6,14,21 188:9 188:13,19,22</p>
---	--	--	--

<p>profitable 109:18 profits 63:24 98:8,19 99:3 100:5,6 105:9 150:24 program 167:7 promise 85:9,13 88:23 89:11 90:24 95:8 promised 87:22 88:1,21 92:17,19 promises 85:23 promising 89:13,14 91:3 promissory 85:8 86:14,23 87:16,22,23,24 88:23 89:1 89:18 90:8,20 91:3,15 92:13 93:6 183:10 proper 155:3 188:9,22 227:10 propose 109:3 prospectively 194:17 protect 46:23 48:7 protected 20:4 proven 84:17 provide 43:13 50:6 68:3 70:4 81:19 143:2,9 154:21 158:8 194:11 199:7,20 208:8 provided 20:20 21:13 23:7,7 56:8 57:17 65:8 74:3 104:8 111:24 114:4 125:18 126:13 156:23 169:1,9 170:12 171:15 179:21 207:7 211:11 244:21 284:22 provides 102:20 providing 43:25 64:25 95:21 221:22 256:13 provision 157:6 163:1 165:4 201:13 208:9,10 provisions 107:10 157:4 proxy 102:18 188:13,18 Public 2:19 299:18 publicly 140:12 pull 62:18 133:7 135:10 137:25 208:15 274:14 281:10,12 pulled 45:1 purchase 112:5,11 purchasing 183:10 purely 108:9 190:5 purported 109:23 purportedly 263:22 purpose 43:17 55:19 132:14 132:15 181:25 182:16 186:23 223:18 284:19 purposes 45:10,15 108:5 142:25 154:12 155:2,2 211:14 224:16</p>	<p>pursuant 2:20 13:4,17 154:7 178:11 193:7 put 24:10,17 42:4 154:1 192:24 209:3,13 239:9 244:8 250:20 270:21,24 296:18 putting 48:6 248:8</p> <hr/> <p style="text-align: center;">Q</p> <hr/> <p>QB 7:13 qualifiers 283:11 quality 126:11 quantify 71:18 190:11,14,17 quarter 256:2 question 12:9 13:14 16:8 19:21 24:10,12,18,23 25:3 25:7,22 26:12,15 27:7 28:2 28:16,19 29:20 32:19 36:4 36:5 37:6,8 38:5 41:12,15 42:20 45:11 47:9 48:16 49:3,4 52:23 55:4 56:25 57:1,2 70:2,4,8 72:19 76:8 77:5,11 79:9,10 80:22,23 80:25 81:14,16,21,25 84:1 84:6 88:14,17 90:9 91:17 98:9,14,24 99:5,22 100:2 103:4 105:12,14,21 106:12 107:8 109:15 110:3,5 117:3 123:17,21 144:9,12 145:2,3,11 146:14 147:17 155:10,12 157:5 158:6 163:9 169:13 171:7 176:22 178:21 179:3,12,15,16,18 180:3 184:5 186:18,20 201:11 202:13 205:13 206:2,7,13,22,22,23,24 207:9,15 208:14 210:4 217:9 221:17 223:8 225:6 231:14,23 233:15 238:14 240:5 242:12 243:23 244:16,19 245:2 246:1 247:3 256:17,24 257:6,13 257:16 260:23 266:23 267:10 285:16 287:20 291:3 294:11 questioned 131:17 questions 24:21 29:1 41:10 47:1 51:11 53:3 56:11 82:2 82:6 91:1 179:8,11 218:11 218:12 242:20 QuickBook 265:5 QuickBooks 37:24 74:14,17 74:18,19,22 75:5,7,22 76:15 181:21 194:1,2,7 231:1 258:24 260:12 261:18 264:20 271:18</p>	<p>280:18 282:16,19,21,23 291:18,19,25 quicker 202:3 Quiros 7:20 64:14 65:9 67:18,19,21,24 Quiros' 64:19 67:1 quote 15:19 20:1 54:3 63:21 67:12,17,18 77:18 85:5,10 quoted 85:14,25 quotes 54:19 67:7</p> <hr/> <p style="text-align: center;">R</p> <hr/> <p>raise 11:3 183:9 raised 85:5 86:13 raises 87:5 raising 273:14 ran 234:25 random 132:4,6 140:9 range 36:21 197:18 214:3 rapidly 268:6 RASHBAUM 4:9 RASPANTI 3:14 rate 40:16 85:7 88:1,22 89:13,16 93:7,20,21,24,24 95:1,5,6,7,8,19 113:7 134:15,21 138:18,22 139:4 139:15,21 221:1,3,4,8 222:2 255:21 257:7,14 286:1,14,20,21,25 287:10 287:11,19 rates 85:9,14,24 89:9 92:10 92:13,15,16,17,18 93:25 94:17 96:17 286:1 rating 133:2 reach 72:9 reached 53:3 76:12 173:16 reaching 75:20 read 15:17,23 17:17 19:19 26:24 31:6 35:3 39:5 52:20 56:5 57:9 66:22 67:14 71:7 77:18 78:5 79:9 101:20 121:11,21 134:10 140:6,7 157:9,14,19 158:6 172:12 177:12,13 197:3,7 209:4 245:17,20 246:6,6 301:5,7 reading 72:19 110:20 114:12 174:11 195:17,24 241:5 reads 128:9 197:2 217:4 ready 28:20,21 29:4 reality 109:10,22 realized 109:20 158:23 really 155:17 166:6 171:25 177:23 179:13 227:14 255:25 296:15 reask 72:21</p>	<p>reason 70:20,24 75:13 127:18 128:3,5 182:16 211:12 212:5 216:8 217:25 249:12 289:10 302:5,6,8,9 302:11,12,14,15,17,18,20 302:21,23 reasonable 138:17 151:19 152:7 reasonableness 187:25 295:25 reasons 126:4 297:22 rebut 33:8,10 44:11 rebuttal 16:17 21:16 30:4 91:23 rebutting 91:25 185:11 recall 18:11 30:19 33:2 36:22 52:20 55:20 60:20 60:21 63:1 71:19 127:4,7 140:17 153:17,22 166:5 176:24 178:15 179:22 180:11 182:4,7,8 192:17 200:3,25 253:2,5 258:9 272:6,9 273:19 280:20,21 284:9 receipts 75:16 156:5 158:20 175:24 receivable 105:24 107:5 108:23 109:21 168:15 205:13,14 206:3,11 207:9 207:20 208:3,21 214:24 215:14 223:2 227:3,12,16 230:18 233:19 234:5 236:2 237:7,12,13 241:7 242:24 246:25 247:6 249:3,4 250:15 252:1 255:9 257:23 258:2 262:24 263:9 267:17 277:3,9 280:6 289:5 292:24 294:3,18 295:7 receivables 83:24 84:9,12 84:18 108:15 189:7 222:11 229:3,4 242:1 276:4,12,19 receive 13:1 92:16 125:9 178:9 271:10 received 16:24 23:4 38:22 41:23 68:10 92:5 109:11 115:6,12 121:7 126:14 153:18 181:7 182:13 183:25 239:22 250:17 251:14,19 receiver 3:8 10:3,5 40:23 101:22,23 102:11 125:9,10 125:18 153:6 receiver's 6:24 44:6 52:6 232:13,16 receivership 153:11 282:9 receiving 31:16 67:2 113:13</p>
---	---	---	---

<p>recess 11:22 24:2 78:24 99:17 152:24 158:1 209:22 235:8 264:13 267:25 297:14</p> <p>recognize 12:24 64:17 145:25 146:1 161:18</p> <p>recognizes 66:21,23 165:9</p> <p>recollection 33:6 40:6 228:1 284:17</p> <p>reconcile 75:18 76:2 77:6 77:13 291:17</p> <p>reconciled 75:4,6 77:12</p> <p>reconciliation 37:21 38:4,6 76:25</p> <p>reconnecting 275:5</p> <p>record 9:4,21 11:18,21,24 15:18 23:23 24:1,4 26:24 35:3 55:1 56:6 78:6,8,21 78:23,25 99:12,16,19 105:24 107:5,11 109:4 152:20,23 153:2 157:18,25 158:2 167:5 189:9 194:7 197:3 200:11 209:8,17,21 209:24 227:18 235:5,7,10 249:1 250:23 251:6 264:12 264:15 267:23,24 268:2 270:23 278:3 297:9,13,16 298:18,21 300:11</p> <p>recorded 29:13 35:5 74:14 75:13 83:23 84:7,12,18 87:4 89:7,8 142:25 184:21 193:6 194:2 272:8 278:17 279:14 282:18 295:19</p> <p>recording 9:14 222:11 266:11</p> <p>records 61:13 75:7 89:2 109:19 155:7,22 181:6 191:2 266:11 279:13 282:17,20,23</p> <p>recoveries 165:5</p> <p>red 50:21 52:14,16,21,22 53:8 54:2,5,13 55:1,6,8 70:7 85:16,23 91:25 97:8 97:14 101:25 199:5 252:22 253:3,14,23 255:3,9,10,13 255:21 257:7 260:24 263:12</p> <p>Red's 257:23</p> <p>redress 298:3</p> <p>reduce 237:12,17 241:1 279:4,23 280:7,25</p> <p>reduced 261:22 263:4 280:3</p> <p>reduces 255:2</p> <p>reduction 119:3 279:17</p> <p>refer 82:9 94:8 124:21 289:9</p> <p>reference 17:14,15 19:19</p>	<p>46:23 50:11 116:25 120:24 147:2</p> <p>referenced 21:4 42:16 45:24 61:23 62:21 64:4 92:14 119:21 172:25</p> <p>references 19:22 46:3 179:23</p> <p>referencing 20:17 47:20 120:2</p> <p>referred 113:24 161:21 223:21</p> <p>referring 25:1,1,25 29:21 40:24,25 50:3 61:17 84:3 85:23 88:25 89:15 94:12 124:24 137:13 192:1 193:18 196:22 209:14 222:8,8 227:13 292:23</p> <p>reflect 17:2 57:5,14 122:3,4 222:2 223:17 236:5 237:10 238:18 257:5 260:19 293:6 293:17</p> <p>reflected 33:1 42:12 73:5 85:8 87:17 88:4 89:1 97:15 108:18 114:14 115:24 181:21 245:13 252:24 260:2 262:22 266:20 284:5 284:25 285:17 289:16,20 290:3 291:5 292:13</p> <p>reflecting 110:16 250:16</p> <p>reflects 48:13 49:6 121:25 139:4,14 217:21 251:17</p> <p>refusing 27:1 81:19</p> <p>regard 148:15</p> <p>regarding 83:21 284:15 295:14</p> <p>regardless 109:7,18 259:8 298:13</p> <p>Registered 300:5</p> <p>regular 298:15</p> <p>reinvest 150:23</p> <p>relate 17:11 26:25</p> <p>related 15:4,14 59:14 170:23 171:5 172:13,18 176:10,14 182:9 184:1 185:4 187:16,25 197:10 199:15 245:21</p> <p>relates 20:20 26:16 44:16 48:15 101:22</p> <p>relations 183:20</p> <p>relationship 119:14 177:22 177:24 178:3,7</p> <p>relative 300:14,15</p> <p>relevance 43:21 91:8,12 154:23</p> <p>relevant 15:1,3 44:2 198:7,9 290:7,8</p>	<p>reliability 108:10 130:24 131:6,18,22 132:2</p> <p>reliable 48:8 108:20 130:8 130:11,20 142:24</p> <p>reliably 139:4,13,20</p> <p>relied 20:15 38:1 42:11,19 45:18 48:17 49:13 50:2 56:24 74:17 75:21 76:14 80:3,12 104:8 115:24 126:2 128:14 130:4 133:17 181:20 184:15,21</p> <p>Relief 1:11 2:11</p> <p>relies 73:5</p> <p>reload 241:3,8</p> <p>reloaded 229:15,18 245:23 247:11</p> <p>reloading 233:23 254:13</p> <p>reloads 229:11,16,22 233:18 234:2 240:15,20 242:2 243:18 245:11,15 246:4,10,14,17,18,22,24 247:5 252:1,8 254:8,16</p> <p>rely 44:13 45:8,13 48:1,8 104:2 129:5,21 130:3 135:13 183:15,23 187:4,9 187:12 284:10</p> <p>relying 35:22 36:6,13 46:18 47:24 50:5 80:19 93:20 96:2,4 101:16 138:9,23 155:20 156:20 157:4,12,22 208:9</p> <p>remainder 44:15</p> <p>remaining 44:3 229:3</p> <p>remains 262:15</p> <p>remedies 220:13</p> <p>remember 78:1 82:13 84:8 87:4 103:18 119:25 123:21 154:2 157:2,13 164:9 166:13,14 212:15,18</p> <p>remote 1:15 2:14 300:8</p> <p>remotely 2:16 3:1 4:1 5:1 9:12 299:11</p> <p>rendering 295:13,22</p> <p>renumbered 159:8</p> <p>repaid 113:7 169:10 174:18 287:4,15,25 288:8,14</p> <p>repay 288:15</p> <p>repayment 98:4 288:5</p> <p>repayments 168:21 172:18 173:12 211:25 248:16</p> <p>repeat 59:23 60:1 99:24 145:8,11 155:10,12,16 157:1 186:18 283:24</p> <p>repeated 29:1</p> <p>rephrase 12:10 45:11 82:1 217:8</p>	<p>rephrased 82:2</p> <p>replace 279:2</p> <p>replaced 193:9,16 194:13 279:23</p> <p>replaces 279:16</p> <p>report 6:15,18,21 7:18 16:16 16:17 21:2,16,17 23:9,16 23:18 26:7,19 27:3 30:3,4 44:7 45:17 50:25 51:5,6,19 51:20 53:6 56:22 74:12 75:11 83:20 88:6 106:5 119:22 124:9,9 133:20 147:5,23 151:10 154:13 163:20,24 170:1 204:17,24 212:16 213:1 215:10 222:9 222:9 223:20 228:1 229:21 236:9 244:8 284:20 289:20 290:3 291:6 292:13 293:13 293:16 294:17,20 295:6 296:16 300:7</p> <p>reported 1:23 105:3,16 106:16 108:20 109:8 189:7 199:15 223:3</p> <p>reporter 9:19 10:25 11:2,16 25:8 59:23 72:18 95:15 97:23 99:7,9 100:19,23 107:21 108:1 123:13,16 143:11,13 157:9,14,17,18 195:12,14 224:19 236:13 241:11 245:16 253:11 264:4,8 271:7 275:22 283:24 284:2 296:7 300:1 300:6</p> <p>Reporters 9:19,20</p> <p>reporting 192:21</p> <p>reports 15:5 27:10,16 30:9 130:14 148:3,6,9,13,21 188:23 231:16 244:20 284:16 286:18 291:14 293:10</p> <p>represent 9:23 227:25 239:11 245:20 294:17 295:6</p> <p>represented 184:16 255:17</p> <p>representing 65:10</p> <p>represents 49:10</p> <p>request 17:13,14 20:22</p> <p>requested 14:8 15:6 27:18 37:4,13 42:18,21 148:20 300:10</p> <p>require 107:11 142:17 146:17 154:20 186:12</p> <p>required 18:4 28:7 122:20 154:12 156:4,6 158:17 189:6 194:14 195:21 200:2 201:12</p>
---	--	---	--

<p>requirement 200:16 requirements 194:15 requires 105:23 143:10,13 146:18 154:16 156:17,21 156:25 157:6 199:19 227:18 requiring 156:13,20 rescheduled 13:7 reserve 129:24 130:11,13 131:9 133:19 140:13 257:22 273:3,15,18,21,23 273:25,25 274:15 275:21 275:25 276:1,7,18,21,25 277:22 278:17 279:12 Reserve's 129:22 Reserves 129:10 130:5 reserving 30:19 resolve 298:2 resolved 230:19 respect 21:21 27:8 42:22 68:12 69:8 71:2 76:11 91:9 101:2 152:5 respond 27:7 29:9 responded 27:17 respondents 129:11 responding 256:24 response 20:1,9,12,17 23:2 26:10 27:8 52:6 186:22 206:21 266:23 296:23 responses 6:10 18:24 19:12 19:15,17,17 responsive 18:8 20:22 21:13,15 36:4 97:11 rest 242:4 250:16 251:13,15 269:1 restate 197:5 resting 297:23 298:7 restraining 31:10 result 150:11 results 130:16 140:4 151:16 retained 30:25 62:3,5,8,13 retroactively 200:14 return 57:23 86:25 88:1,22 88:24 89:15 90:24 91:6 92:10,16,25 93:4,14,21 94:19 95:2,7 103:1 109:11 121:9,24 122:21 123:1,1,4 189:16 returned 127:1 189:18 283:16,23 284:1,7 returns 54:12 67:3 85:9,14 85:24 91:15 103:8 104:5 109:24 284:4,24 285:16 revenue 105:25 145:25 156:5 revenues 150:2</p>	<p>reverb 98:1 reversal 199:15 reverse 225:14 reversed 225:13 review 19:12 38:15 39:14,21 50:20 55:9,18 58:23 64:12 64:22,23 72:23 78:19 92:19 121:1 125:2 126:21 162:9 181:22 185:3 207:4 209:8 210:2 211:22 220:3 232:14,16 256:7,11 300:9 reviewed 30:21 36:14,17 37:25 38:10 40:1 41:16 153:19,24 154:2 164:3,7 222:20 252:25 revised 269:10 Richard 65:7 Riggle 3:4 9:25 12:5 right 11:3 15:10 17:13 21:23 27:12 30:19 34:13 44:23 45:6 47:7 62:24 64:18 66:19 67:19 70:16 73:8 77:15 92:14,15 98:14 112:12 118:11 119:12 122:2 130:13,14 132:22 134:3 135:24,25 136:3 154:18 159:7 165:1 166:3 170:1,15 171:13 172:10 174:13 177:8 191:13 196:18 210:22 221:10 223:12,15 225:5 226:12,20 234:18,19,19 235:22 236:2 236:16,18,22 238:8,16,17 240:13,17,18,23 242:8,9 243:18 245:11,14 246:3 249:4,10,18,19,21,22 250:14 251:12,15 254:19 256:21 257:25 268:9 270:15 276:2,17 278:13,16 280:2,11 288:15 290:20,22 right-hand 241:5 rigid 108:9 risk 54:13 93:17 158:18 risks 95:2 RMR 1:24 2:18 299:17 300:21 rolled 252:10 Roman 281:18 Rosenfeldt 7:19,22 147:25 ROSS 3:9 Rothstein 7:19,22 59:15,20 60:3,14,16,20 61:16,24 62:3,16,20,21 63:9,20 64:3 83:8 93:23 94:1,4,5,8,13 94:17 95:7 96:3,17 104:14 147:25 148:9,13 149:14</p>	<p>152:2 Rough 237:21 roughly 165:10 204:7,15 216:17 241:6,7,22 259:15 266:6 277:14 round 172:16,21 203:22 214:24 rounded 223:25 rounding 173:5,13 260:4 263:1 row 125:21 272:3 RPR 1:24 2:18 299:17 300:21 RRA 149:14 150:2 151:20 rule 19:19 20:5 36:2 56:12 58:8,12 66:16 68:1 155:15 155:20 156:19 200:17 288:7 rules 108:3 297:20 Ryan 3:8</p> <hr/> <p style="text-align: center;">S</p> <hr/> <p>safe 271:5 sake 122:11 sample 76:24 sampling 130:25 sanctions 88:11 Sankary 1:24 2:18 9:20 299:17 300:5,21 save 301:9 saw 13:15 28:5 59:12 92:21 115:21 179:22,24 200:4,25 260:12 263:2 266:15 saying 30:8 34:10 36:12 44:9 54:24 67:18 69:20 78:10 87:1 88:15 89:9,11 89:14 90:3 91:18 98:12 118:20,23 124:15 137:25 148:10 155:14 156:13 163:4 170:19 175:9 176:5 186:16,17 188:17 221:8 227:9 253:7 277:4,12,17 295:21 says 14:17 18:23 44:24 46:10 49:24 51:19 57:9 66:8,15 82:23 88:9 126:4 128:2 133:19,19 134:15 137:4,7 140:7 150:25 151:23 155:2 156:10 163:17 166:24 167:1,15,19 167:19 168:8 169:3,5,6 172:11 177:14,16 198:4 199:5,5,24 203:3 208:19 208:23 209:5,17 218:15 224:25 266:14 268:22 286:1</p>	<p>SBC 178:16 scenario 144:18 schedule 20:13,14,15 22:3 23:5 41:20 114:3 224:15 229:9,9 263:6 272:11,11 284:14,14,15 285:5 scheduled 13:12 202:6,17 282:9 schedules 16:18,24 20:6,19 20:23 21:8,14 22:2,4,6,16 23:11,12 Schein 4:4,4 10:11,11 25:13 25:23 28:25 scheme 7:17 43:2,14,19 44:10,16,17 45:9,14 47:5 47:20 48:25 49:11,25 50:18,22 52:9 54:2,5 55:10 58:3,5,7,8,15,19,21,24 59:3,15,20 60:6,17 61:8,16 61:17,18,24 62:21,23 63:22 64:6,24,25 67:2,9,18 67:24 68:3,8,18,18,21,22 68:25 69:5 70:5,7,10,17,23 71:12,13,22,24 72:2,3,6,8 72:10,23 73:12,20,25 75:20 76:12 82:23 83:7 90:4,5,6,19 94:9,12 95:8 96:11,20,23 103:17,23,25 104:17 110:23 111:4,10 152:3 schemes 46:10 47:4 48:2 59:2,8,14 71:14 scope 108:18 146:23 214:1 215:21 242:23 Scott 59:15,19 60:3,14,16 60:19 61:15 62:2 63:9 94:13,16 96:17 152:2 screen 14:5 17:19,20 34:22 42:4 43:10 49:18,22,23 65:20 66:6 78:16 81:9 82:21 116:8 128:17 134:15 166:14 167:13 171:21 203:2 218:15 231:2 235:2 235:14 249:6 250:2 252:19 254:21 258:25 271:19 274:17,20 275:17 282:13 286:10 scroll 12:21 13:22 14:11,12 19:5 32:6,11 33:7,14,15,18 33:25 34:1,7,10,21 43:6 45:23,25 46:6 47:15 53:5 53:15,22,24 54:16 55:23 63:10 82:18 83:3,14 110:14 116:21 117:4 121:13 125:5 126:7 128:17 128:19,23 130:9 132:19</p>
---	---	--	---

<p>136:4 139:24 149:5 159:20 159:21 161:8 162:12 163:22 164:24 188:4 194:24,24,25 195:5 203:7 203:7 216:13 218:7 224:19 233:6,7,7 234:17,21,24 235:3,12,14 236:12,17 237:25 238:5 241:11 245:17 247:22 249:25 258:18,20 259:24 261:11 268:5,6,14,25 271:23 281:20 285:4 scrolling 13:24 234:21 236:14 261:12 296:13 SE 4:22 search 208:16 SEC 7:20 20:13 27:4 31:9 37:2 41:23 42:13 46:21,23 47:20 48:24 49:6 54:2,4 56:10,19 57:5,5,19,19 62:5 64:13,19 67:23 302:3 SEC's 6:11 18:24 29:2 45:8 50:6 56:24 57:15,20 65:11 101:16 second 11:18 21:16 29:21 42:14 47:19 86:19,20 97:11,15 99:13 110:5 129:4 134:19 168:17 175:3 177:5,7 191:20 194:21 195:3,24 202:4,5 210:8 217:11 240:3 250:18 251:8 252:14 253:19 257:17 281:14 296:18,19 second-to-last 226:8 seconds 265:12 section 44:12 46:24 66:13 66:16 67:25 165:3 168:14 168:19 170:19,20 197:1,6 199:19 202:5 210:16 226:5 226:6 sections 176:9 securities 1:4 2:4 3:4 9:6,25 12:6 45:5 48:13 56:14 security 86:22 see 13:9 14:5,15,21 15:10 17:13,17 19:1,24 20:1,10 32:21 34:17,24 36:15 43:9 43:15 45:16 46:2,7,12 47:19,22,23 48:24 49:1,23 50:1 53:21,23 54:9,11,14 54:20 56:2,4 63:17,18,19 63:25 64:23 65:18,19 66:6 66:15,19 78:2 79:3 82:21 82:22,25 83:4,9 85:4,11 93:1,3 111:21 112:7 115:4 116:9,24 117:3,6,10,13</p>	<p>118:3 121:15,18 123:20 124:21 125:12 129:3,8,14 129:16 133:18 134:14,18 134:25 136:6 137:4,9,11 137:18,19,21,22 138:3 141:2 142:4 144:19 149:3 149:7,9,21,25 150:5,8,9,13 150:19,25 151:9,22 161:5 163:17,20,23 167:1,18 168:8,10,15 169:2,8 171:21 177:10,24 180:17 184:7 185:2 188:7,14 190:9 195:9,20,23 196:19 196:25 197:2 198:3,11,12 199:4,17 201:25 202:8,9 202:15,19 203:2,5,10,13 203:14,19,20,20,23,24 204:2,2 209:5 210:11 214:20,23 215:3,9,12 216:16,21 217:17 218:15 218:25 223:23 224:4 227:21 231:2,4,5,8,10,13 232:25 233:4,5,10 234:16 235:23 237:6,18 243:9,12 243:16 249:4,5 253:22,24 254:1,2 256:1 258:7,25 259:2,3,4,4,17 261:3,19,25 262:4,5,9,10,13 263:19 265:6,8,15,17,23,25 266:3 266:4,10 268:12,17,20,21 268:24 269:1,3,5,6,19,21 269:21,22 270:14,22 271:19,21 272:2,5,16 275:17,20,24 276:1,3,5 278:4,13,19 279:10 281:9 281:18 282:13 285:5 287:2 290:15 296:14 seeing 66:7 93:16 204:9 205:2 220:21,25 231:21 250:2,4,6 258:9 277:18 seek 30:20 297:5,21 298:3 seen 18:22 71:23 72:7 159:16,19 160:2,3,3,16,19 161:6,11,13 178:17 179:18 180:12,12 193:21,22 194:1 223:1 228:23 232:15 233:13 selected 140:12 self-explanatory 86:12 sell 112:6 selling 86:14 send 30:8 189:15 senior 12:5 sense 175:18 sent 21:12 189:15 270:14 271:2</p>	<p>sentence 23:5 35:13 67:15 67:15 121:10,15 241:11 sentenced 61:18 separate 105:25 September 1:17 2:18 9:1,15 11:14,25 268:23 269:5 298:19 299:13,14 300:19 301:9 302:2 sequence 270:19 served 20:13 service 20:8 56:9 services 179:21 session 298:21 set 109:2 139:11 164:12 settlement 83:23 84:7,9,12 settlements 94:14 seven 71:19 297:11,20 seven-hour 296:10 share 59:3 251:9 274:17,19 292:3 sharing 17:20 274:20 sheer 151:11 sheet 8:6 109:5 273:2 275:15 278:4 279:7,10 280:10 292:25 301:11 302:1 shelled 225:12 shirts 63:24 short 107:16 264:8 294:20 short-term 221:15,25 256:8 shortfall 169:20 170:9 171:14 174:5 show 12:12 18:19 31:22 40:12 43:18 49:18 51:6,22 62:17 63:2 64:9 79:22 80:7 80:15 109:19 114:6 158:25 159:3 161:1,15 162:5 184:3,4 191:18,22 193:2 196:11 202:23 217:14 235:11 241:5 244:10,21 249:16 251:13 253:22 268:3 269:23 272:23 274:14 275:7 showed 40:13 102:5 213:1 231:17 248:4 259:18 263:24 272:7 280:17 showing 12:18 14:3 18:22 49:21,22 63:7 70:21 166:14 176:13 203:15 204:17,24 212:15 225:8 229:25 230:1,24 232:12 235:2 236:1 253:17 258:22 261:7 264:20 265:3 271:14 272:21 275:14 277:19 280:4,18 286:9 291:19 294:21</p>	<p>shown 72:3 138:24 183:1 216:3 217:11 263:21 shows 36:16 106:21 125:14 134:21 150:16 167:24 168:6,21 170:20 172:3 174:12 215:10 216:19 218:18,19,20 223:23 233:2 237:7 242:1 243:7 248:6 249:3 250:14 251:23 253:14 255:8 259:12,15 263:20 265:4,15,18 266:6 270:1 272:3 294:20 sic 9:15,16 43:9 79:4 side 134:9 279:3 sideways 285:8 sign 216:5 signaling 69:21,25 signature 32:13 signed 127:2 153:16 160:9 160:12,14 161:25 164:14 165:12,17 166:7 299:14 301:17 302:24 significance 91:22 118:21 significant 241:17 242:5 243:10 244:22 significantly 237:3 silent 29:15 226:24 similar 21:14 175:22 similarly 217:18 261:19 simple 24:23 25:6 28:2,19 49:4 202:14 257:10 simpler 205:21 simply 28:15 36:5 88:25 111:1 126:4 183:15,23 single 76:4 96:9,10 176:6,6 283:5 sipping 219:21 sit 36:23 141:22 182:10 site 46:21 95:17,18 129:25 sites 130:2 sitting 18:11,13 114:18 244:7 292:25 295:1 situation 111:3 198:8 211:7 situations 75:12 229:14 six 16:23 71:19 size 131:16,21 152:10 197:18 skewed 204:23 skipped 149:22 SLOMAN 3:9 slowly 33:20 small 7:14 63:18 128:15 129:5,10,22 130:6,17 132:9 133:12,22 139:3 148:6 171:4 197:3 238:10 239:17 240:7,10 243:13</p>
--	---	--	---

<p>smaller 239:21 snapshot 23:16 sole 81:4 solely 183:9 Solutions 1:7 2:7 6:16,19 7:1,3,5,7,9,11 8:3,5 9:8 163:18 271:16 275:15 302:3 somebody 87:11 250:19 sorry 11:17 19:10 21:19 25:8 33:9,18,21 34:8,18 39:22 42:14 43:21 44:7 59:5,22 70:1 84:1 93:4 94:7 95:15 97:23 99:11 100:2 112:25 114:24 116:2 116:6 117:21,24 118:7 119:18 120:22 122:19 123:17 129:1,19,20 132:12 136:14 140:23 141:13 143:18 145:10 149:22 151:4 152:15 153:8 158:23 159:5,9 160:2 161:23 162:7,23 167:3,6,7 174:14 177:18 182:23 186:12 187:9 192:12 196:2,7 198:15 206:13 212:9 213:4 215:8 216:19 217:8 219:4 219:6,11,13,20,22 220:1 221:17,18 222:5 228:15 230:25 233:7 234:1,10,14 234:16,20 237:1 238:3,14 240:17 245:18 250:9,12,18 250:19 251:3 257:18,20 258:18 260:6 261:14 262:24 267:2 268:8,11,13 274:25 281:21 282:1 283:24 286:11,15 287:13 287:22 289:24 sort 29:19 59:19 69:24 94:10 108:9 152:4 212:3 212:21 261:20 Soto 3:20,20 10:6,6 17:4,21 19:16 21:10 22:8,13,20 23:1 24:16 25:16 26:8 27:6 27:11,12 31:4 35:11 37:3 37:10,18 39:16 40:20 41:17 48:4 49:7,15 50:9,24 51:7 57:7 59:6 60:18 62:25 68:11 69:6 70:11 71:1 73:1 73:14 74:4,24 75:25 76:16 77:2 81:10,10 85:17 86:2 88:5,7 89:3,19 90:9 94:21 95:11 101:4 106:10 107:2 108:12,24 109:13,25 110:24 111:11 113:4 118:2 124:6 127:3,16 128:16</p>	<p>131:12 139:7 140:14 141:9 142:2 144:6 145:20 148:7 155:11,25 158:10 164:18 166:15 169:21 170:10 172:6 174:24 175:8 176:21 178:4,19 179:1,4 180:1 181:15 183:11,18 184:18 185:16,25 187:8,18 189:2 189:13 190:1,20 191:4 193:25 201:17 205:7,15 206:4,12,20 207:11,23 208:6 209:1 213:21 214:6 215:15 216:7 219:3 220:10 221:2,16 222:5,23 223:5 227:7 228:13,16,21 230:4 231:25 233:20 234:4 239:19 240:9,21 241:21 242:15 243:20 244:1,13 245:3 246:5 247:2,8,17 248:10,17 252:6 255:14,24 256:15 257:15 260:22 261:24 263:10 264:2 269:11 270:7 272:17,25 274:3 279:20 281:2 283:17 285:3,20 291:9 292:20 293:11,21 296:5,11 297:9 297:17,17 sought 31:10 129:11 137:8 137:20 138:1 sound 16:4 67:5,5 sounds 12:11 13:15 30:12 69:23 190:21,24 246:20 source 31:16 47:6 48:1,8 95:9,13,14 96:16 97:19 104:2 111:23 130:10,12 139:16 144:4 151:23 165:15 169:19 170:8 171:11 174:21 175:6,11 258:24 282:16 sources 43:19 44:19 172:4 South 3:11 4:10 Southern 1:2 2:2 9:10 speak 25:20 28:18 43:21 speaker 29:16 speaking 25:19,20 27:25 29:17 78:9,11 141:13 186:5 specialist 9:18 specializes 56:13 specific 60:19 64:7 77:8,10 119:7,15,24 125:16 134:1 145:13 163:12 179:11 195:4 226:17 229:20 specifically 30:2 33:4 41:19 52:21 56:18 68:12 89:15 92:9 101:11 112:20 119:9</p>	<p>157:13 176:10 178:16 183:12 212:7 specify 197:15 206:10,17 207:19 208:3,20,24 Spectrum 178:17 speculate 245:19 speculating 211:20 223:6 256:5,11 speculation 248:18 speed 270:17 spoke 186:15 spoken 29:14 spreadsheet 109:9 125:21 127:7 spreadsheets 38:10,16 39:3 40:1 stamp 268:22 stamped 167:15 standard 220:8 Standards 6:22 191:25 start 33:24 97:25 started 29:8 33:3 39:9,11 77:19 256:3 starting 9:23 82:10 121:17 200:12,20 starts 117:9 247:11 state 2:19 9:22 27:13 39:25 53:1 94:7 102:17 121:6 129:4 139:14 188:11 295:12 299:6,18 300:3 stated 39:4 121:2 158:9 198:22 201:14 264:1 295:9 297:23 statement 13:19 18:10 36:10 42:6 56:10,19 57:20 90:23 91:13 101:23 128:13 154:3,7 156:3 158:11 160:7 162:3,6,20 163:10 163:12 164:10,25 166:4 168:3,14,20 176:3 186:24 192:16,16 193:19 199:8,20 200:4 266:21 277:19 statements 6:17,20 35:7,15 36:17,18 37:22,22 52:6 57:14 73:17 74:6 75:4,4,7 76:3 77:9 109:2 145:6 153:13,20,25 161:20 162:21 163:19,25 176:15 177:20,23 182:22 183:1,5 183:16,24 184:2,9,16,22 185:10 187:5,13 192:23 193:2,22,23 201:1,2 237:16 states 1:1 2:1 3:4 9:10 32:23 56:18 65:18 70:22 77:20 119:9 138:21 199:6 212:22</p>	<p>stating 27:13 128:12 138:21 167:4 266:12 274:5 statistics 126:18 130:1 statute 19:22 staying 297:1 stems 150:15 stenographic 300:11 stenographically 300:7 step 212:10 stepped 186:13 Stettin 60:7,9,13,25 61:4,6 Stettin's 60:4 stop 13:24 33:17 34:14 53:7 53:19 86:19 185:22,24 195:1 236:15,16 261:13 268:7 274:20 296:20 stops 29:5 strategies 197:12 Street 3:15 4:22 5:4 strike 41:17 245:1 256:18 stub 278:25 studies 139:18 stuff 220:14 Stumphauzer 3:8,9 sub 286:16 subitem 286:16 subject 25:6 Submitted 117:18 subpoena 6:8,11 12:19 13:1 13:4,18 14:4 15:6,7,12 17:11 18:1,4,5,24 19:25 21:5 24:10,17 25:2 26:10 26:12,17,18,21,21,23 27:4 27:9,10,15,17,20,21 28:6 28:18 29:3,23 30:9,14,20 37:7 41:23 42:3,16,22 148:19 296:24 subpoenaed 14:16 15:18 subpoenas 30:10 subsections 67:25 68:1 subsequent 23:17 54:23 217:2 254:16 subsequently 50:19 substance 28:10 53:3 subsumed 118:14 subtopic 197:14 subtract 172:23 173:15,17 174:1 sufficient 115:5 121:7,19 144:21 168:4 suggested 194:3 suggesting 77:6 Suite 3:5,11,15,21 4:10,22 5:10 sum 107:1 280:6 summarize 96:18</p>
--	--	--	---

<p>summarized 125:15 summarizes 264:25 summarizing 130:14,16 137:19 261:17 265:5 summary 7:11,13 125:17 141:8 171:19 184:17 203:3 203:12 214:21 218:16 220:19 223:21 230:25 258:23 261:17 264:25 265:4 supervises 14:19 15:21 Supply 228:8 229:24 230:15 231:5,15,21 233:25 234:1 247:14,15 support 20:6 23:6 113:22 120:19,23 133:1 158:8 supporting 181:23 supports 67:22 113:18 supposed 48:7 204:1 205:5 206:1 256:9 277:1 sure 11:2,19 16:3,5 17:18 25:4 29:15 32:19 34:12 42:16 45:12 56:7 66:5,7 88:9 94:8 95:25 100:11 102:6 103:3 106:11,11 109:14,17 110:1,2 113:6 123:20 128:7 129:16 131:2 133:16 140:6,7 143:23 151:23 157:7,23 158:24 159:12 176:22 182:18,25 189:21 191:20 193:11 195:23 197:8 201:22 202:4 202:13 206:15 210:8 215:6 238:16 241:4 247:5 270:16 270:20,23,25 277:5 278:10 288:10 290:1 298:10 surprise 148:5 surprised 220:23 survey 7:15,16 129:5,10,13 129:22 130:5,6,8,14,16,20 130:22,24 131:1,7,16,18 131:22 132:2,7,8,15 133:4 133:13,22 135:11,12 137:25 139:3,13 140:4 surveyed 131:21 132:3,25 134:23 135:5 137:15 138:25 139:1 surveys 128:15 131:10,10 133:1 138:23 139:19 140:9 140:10 swear 11:5 switch 143:25 sworn 11:11 48:2 299:12 sympathize 265:14 syndicate 290:19 syndicated 288:22 289:5</p>	<p>290:16 292:15 syndication 290:13 292:2,4 system 124:25</p> <hr/> <p style="text-align: center;">T</p> <hr/> <p>T 44:22 tab 39:11 253:11 282:7,23 290:12 table 23:15 195:3 tabs 282:16 283:1,8 tainted 150:22 take 12:7 17:25 23:21 30:11 78:4,5,12 81:8 101:8 115:1 115:4,14 126:20 133:15 140:10,19 181:1,12 185:19 202:21 209:7,10,17 213:9 216:2 235:3 252:12 255:22 256:23 257:8,12 258:5 264:5,8 274:7 275:10 280:12 281:8 289:11 292:10,18 296:18,21 297:3 taken 2:15 11:22 23:3 24:2 78:24 99:17 152:24 158:1 209:22 211:25 235:8 257:3 264:13 267:25 297:14,24 302:2 talk 29:9 60:13 119:5 243:7 243:8 talked 110:9 143:24 188:20 talking 29:5 47:11 69:22 77:17 89:7 96:5 118:18 142:19 145:24 146:6,7 171:10 179:13 192:12 208:13 215:6 219:20,24 292:15 talks 158:13 188:21 207:24 211:2 tallied 174:2 tasks 282:24 tax 154:12,16,20 155:2 165:8 taxes 154:20,24 155:6,16,21 156:3,7 technical 256:22 technically 142:24 166:6 Telephone 3:6,12,16,22 4:6 4:11,17,23 5:5,11 tell 16:19,21 18:12 33:16 71:9 81:25 91:11 96:9 104:1 140:6 141:21 148:2 155:19 156:19 157:21 159:18 168:25 177:5 178:1 178:2 179:10 195:1,5,25 209:9 215:20,22 216:9 217:19 236:15 237:22 238:24 240:1 242:16,18</p>	<p>246:14,16 256:25 261:12 268:7 277:17 278:7 296:7 telling 35:24 205:4 219:25 tells 178:7 220:25 226:11,16 ten 95:22 147:7 ten-minute 23:22 78:12 term 15:13 77:3 122:17 204:4,6 213:20 287:3,5,14 287:16,23,24 288:5,9 terms 151:12 test 77:8 testified 11:12 52:11 80:3 80:12,19 103:6 110:17 145:4 152:1 165:16 174:11 175:16 184:20 198:14 213:11 256:10 259:7 276:22 292:11 295:2 296:22 testify 6:8 12:19 testifying 156:24 186:14 testimony 11:5 21:10 35:12 53:4 157:12 189:23 190:15 192:6,8 229:23 245:1 256:17 301:6,9 testing 76:5,9 text 66:15 TF 8:2 113:25 thank 11:16 12:3,15 13:24 16:6 19:6 23:23 25:9 33:15 33:22 34:1,7,14,23 43:5,6 47:16 53:10,19 55:15 57:25 63:11,15 65:22 68:2 69:14 78:20 81:7 83:14 85:3 86:7 90:15 100:23 108:1 114:24 116:22 123:16 129:19 134:11,12 135:23 136:18 137:1 152:19 159:14 169:12 191:8 195:14 196:16 199:1 199:2 202:20 209:25 214:16 216:14 223:12 224:20 234:17,17,20 235:15 236:15,18 237:25 247:24 251:10 258:20 259:25 264:17 265:1 268:3 268:4 271:6,12,24 274:11 281:15 284:2 296:11,25 298:17 thanks 10:20 66:4 165:24 195:6 thing 61:21 66:7 71:10 93:10 128:22,25 130:5 147:15 176:4 217:24 229:9 261:20 288:2 things 16:22 44:18 146:2 149:4 179:10 204:20</p>	<p>210:19 217:24 250:6 257:2 270:18 277:9 298:11 think 22:15 23:2 32:12 33:21 35:13 45:23 46:2,8 50:10 59:8 61:12 69:21 73:15 76:1,18 82:3 86:12 92:22 96:12 99:21 102:3 105:14 106:12 110:9,9,16 112:15 118:13 119:22 122:15 124:25 125:1 127:22 128:1 134:7 135:7,20 138:16 143:21 145:5 146:18 152:16 156:4 157:8 159:7 159:8 165:9 171:7,8,9 180:12 185:25 186:9 188:20 191:18 192:25 194:15 196:3,12 198:14 207:17 209:11 214:10,15 224:2,10 229:10 267:21 268:9 273:12 274:16 279:21 282:2 285:5 286:10 290:6,7 294:8 296:14,17 296:20 thinking 42:6 third 42:9 45:4 51:8 117:9 185:23 217:12 243:16 245:10 278:11 third-party 151:15 thought 20:21 73:9 105:11 129:23 159:4 162:7 166:8 287:20 thoughts 25:19 thousand 107:5,6,9,12 122:10,13 123:1 189:18 224:12,13 225:7,12 226:12 226:13 257:11 288:24 289:2,11,12,19 290:2 291:4,22 292:12 threaten 88:11 threats 88:11 three 4:22 16:22 17:1 20:21 21:7 22:2,18 23:3,11 44:19 52:3,10 54:22 82:6 169:5 177:25 209:2 238:8 243:19 263:7 282:5 throw 252:4 Thursday 1:17 2:17 9:1 tie 283:4 tied 101:25 282:20 time 9:15,16 11:20,24 12:7 13:16 17:24 23:25 24:4 25:9 27:15,19 29:7 30:22 38:15,24,25 39:2,6,7 40:5 42:25 51:8 65:21,24 68:25 69:12 73:6 78:22 79:1 96:1 99:15,19,22 100:10 103:23</p>
--	---	---	--

<p>118:12,25 132:21,22 133:15 140:7 146:4 151:17 152:22,24 153:2,12 157:24 158:3 162:1,9 183:7 185:17,23 202:1 204:23 209:8,18,20,24 235:6,10 250:25 257:19 258:20 264:11,15 266:16 267:24 268:1 270:9 278:19 287:1 288:6 296:7 297:6,12,16 297:22 298:20,22 times 82:2 185:18,19 209:2 234:11 290:6 291:5 timing 174:25 195:21 207:25 208:2 Timothy 3:10 10:4 tip 99:13 titled 7:17 tkolaya@sfslaw.com 3:12 today 9:19 11:6,14 13:12 18:13 28:11 73:9 79:19 82:2 102:4 110:17 114:13 114:18 120:4 164:3 234:11 244:7 280:18 today's 298:21 told 81:24 88:2 120:6 200:3 top 15:12 16:15,18 18:12 47:15 49:25 54:18 96:25 116:18 137:18 149:25 151:10 161:12 166:24 168:14 177:3 178:15 180:11 199:1 250:3 260:6 260:8 268:21 275:20,24 284:6 topic 52:10 total 144:21 171:16,19,25,25 172:3 203:21,22 214:23 216:16,25 217:14 218:18 222:12 225:2,3,4 231:11 231:22 238:11 239:18 240:8 243:15 249:17 259:4 262:11,14,16 266:5 278:13 288:17,18 292:8 293:3 totaled 272:9 totaling 149:20 totals 239:22 263:17 touch 224:19 Tower 3:10 4:10 traced 149:12,17 tracing 113:19 114:2,19 115:20,25 123:8,22 144:17 track 82:11 282:9 transaction 76:4 123:3 205:5 transactional 123:9,23 transactions 35:5 58:10</p>	<p>74:12,13 75:12 125:4 146:22 184:6 185:5,14 186:21 187:25 212:3 283:2 transcript 52:7 257:5 300:10 300:11 301:6,8 transfer 228:10 transferred 120:14 144:4 145:13 227:21 transferring 113:13 228:5 transfers 115:15 120:8,17 143:18,19 144:2 145:13,14 151:12 152:10 228:25 treated 263:23 280:5 trial 12:5 trick 49:4 tricky 98:9 166:10 219:16 tried 76:1 triple 93:25 true 19:15 35:8 45:3 79:19 99:5 206:16 257:25 300:11 301:8 true/false 16:23 20:14 22:3 truly 295:4 trust 1:10 2:10 134:2 135:15 151:15 trustee 60:8,10 61:1,6 62:11 149:4 truth 11:6,6,7 try 33:23 48:21,21 61:10 75:17 86:11 101:9 trying 22:15 28:15 30:12 41:8 61:24 69:16 71:25 81:17 85:21 88:19 118:3 128:17 130:9 142:21 144:15 155:18 166:10,11 186:10 200:11 234:24 235:1 274:13 283:6 286:22 291:17 turn 17:9 43:5 63:3 65:15,16 66:12 82:15 104:13 134:5 135:6,18 136:20 140:21 148:24 149:1,25 165:22 185:1 195:7 223:10 232:9 234:6 255:5 258:10,17 259:23 261:2,4 262:19 264:16,24 266:9 285:7 296:3 turning 296:5 twice 26:13 two 16:16,24 20:19,23 22:4 26:5 41:7 138:23 153:6,21 166:9 204:19 210:19 217:24 226:22 247:24 248:3,25 265:12 269:16 277:13 288:20,20 293:16 type 21:14 39:17 93:17</p>	<p>106:23 130:2 134:15 142:13 144:17 147:2 254:23 259:6 261:7 typical 67:1 typically 90:5 288:15 289:3 typo 21:24</p> <hr/> <p style="text-align: center;">U</p> <hr/> <p>U.S 9:25 62:8 129:9,21 130:5 Uh-huh 169:7 213:2 ultimately 193:4 227:16 258:6 unaware 292:12 uncollectible 294:19,21,25 295:4,7 uncovered 61:21 underlying 37:2 67:4 74:11 124:12 125:19 178:12 underneath 250:5 undersigned 299:10 understand 12:9 13:3 18:3 18:15 22:16 24:22 32:19 33:11 37:20 38:5 45:12 52:18 55:17,19 56:15,21 57:2,9,11,15,16,21 68:4,6 69:1,3,24 75:8 76:25 81:16 81:24,25 82:3 86:21 88:19 98:13 103:3,10 109:15 110:3,4 111:6 130:22 137:24 140:8 141:6 143:23 155:17,18 164:17,20 171:7 176:22 179:9 199:9,10,13 199:21 205:9,9,23 206:10 206:17 207:19 208:3,20 216:24 217:10 218:12 229:23 230:3 241:4 242:10 242:19 243:4 245:4,5 246:8 257:11 267:6 273:2 273:6,14 276:15,24 277:6 277:13,15,21 284:19 286:23 understanding 13:6 20:24 22:2,10 27:5 31:15 46:17 46:22 72:4 76:22 92:21 94:18 112:1 120:5 127:17 127:19 142:5 154:1 165:14 189:22 190:19,24 198:16 206:6,23 207:16 211:6,15 232:3,3 283:22 284:22 287:17 290:18 301:12 understood 48:11 103:5 152:4 167:8 202:13 274:22 undertake 181:1,12 182:11 218:4 291:12 293:7,18 undertaken 213:25</p>	<p>undertaking 187:5,13 undertook 293:8 underwriting 126:4,12 127:5,6 197:12 unfair 81:17 unfortunately 24:20 143:21 189:3 unfunded 118:15 unissued 160:21 193:1 United 1:1 2:1 3:4 9:9 212:21 unqualified 153:16 159:19 160:21 161:25 193:1 unsigned 160:20 193:1 unwavering 88:8 update 6:23 192:1 194:20 upper 233:3 use 63:22 70:18 113:5,18 141:16 155:8,22 165:8 188:12,17 190:4 239:25 258:8 270:13 296:14 useful 141:5 user 199:8,21 utilized 50:14,16 52:14 140:3,3 220:9</p> <hr/> <p style="text-align: center;">V</p> <hr/> <p>v 7:20 66:24 302:3 Vagnozzi 4:20 5:2 10:18 valid 48:1 validate 181:18 281:24 282:1,15,22 283:7 validity 204:17,19 varieties 59:8 various 43:19 46:25 47:1 60:21 71:7,7,16 152:10 184:8 228:11 229:12 236:8 vary 197:17 vendor 36:18 37:22 Venture 182:17 Ventures 176:20 177:21 180:16 183:2,13 verified 35:6,9,25 36:11 74:2 76:24 149:13,17 282:19 verify 35:14,15 73:16 74:5,7 74:10,15,21 75:23 76:13 76:19,20 77:24 135:16 181:6,9 184:14 185:7,14 186:21 187:24 282:19 verifying 72:24 version 160:18 164:22 166:3,7 225:2 versions 160:16 193:15 versus 9:7 72:2 89:8 123:4 143:8 144:9 145:3 146:9</p>
---	---	---	--

video 9:5,5,13,17 29:12
videoconferencing 9:13
videographer 5:18 9:4
10:21,25 11:17,20,23
23:25 24:3 32:10 33:15
34:3,8,21 46:5 47:14 51:25
53:7,10,12,16 63:14 65:14
65:23 78:15,18,22,25
99:15,18 116:21 128:23
136:6,11,14,17,22,25
140:22 152:22 153:1
157:24 158:2,25 159:2,6
162:15 177:2 196:4,7,14
209:20,23 210:9,13 234:15
235:6,9 238:5 250:22,25
251:5,8 264:11,14 267:20
268:1,13 270:12,20,25
271:6 274:19,24 275:2,6
275:11 281:14,21 286:3,11
296:9 297:12,15 298:19
videotaped 1:15 2:14 300:8
view 49:11 144:10 146:8
violation 67:25
Virginia 9:14
visible 34:22
voice 99:24 219:17 220:1
voluntary 269:4
vs 1:6 2:6

W

wait 22:24 69:12 177:25
192:5 195:25 207:14 278:6
waiting 68:16 252:19
walk 172:10 233:11 273:10
273:12,13
want 15:11 17:18 24:10
25:23,23 29:9 52:19,25
53:1 65:24 66:7 90:25
98:13 102:5 116:19 125:7
148:25 153:25 157:7
159:25 161:15 164:21
166:19 177:12 179:5,10
185:21 189:21 197:5
198:15 202:2 205:8 207:6
209:3 219:23 233:11 238:4
240:4 246:10 247:13
257:12 273:11 274:19
296:6,14
wanted 52:1 79:3 82:8 165:7
213:5 270:13 288:25
wants 26:12 210:11
warnings 97:9,14
warns 54:2,4
wasn't 25:21 29:21 46:14
49:3 57:1 61:11 76:9 86:14
97:6 112:20 145:10 146:23

153:22 165:17 176:11
185:9,10 192:11 193:8
200:2 206:24 214:1 215:21
215:21
way 36:2 38:21 41:1 44:1
46:7 48:21,21 62:1 63:11
73:8 77:6,16 82:6 86:12
87:20 97:21 98:2 100:13
105:11 117:9 118:3 121:3
134:11 142:4 145:18 155:3
175:17 176:12,13 181:4,9
181:18 205:21 207:3
208:17 220:3 225:5,8
226:19 244:14 245:11,12
245:14 246:2 260:7 273:11
276:8 278:12,13 285:6,7,7
295:2,17 296:15
we'll 23:23,23 33:24 48:20
48:21 51:6 60:13 78:12,12
86:16,19 122:9 135:10
138:8 148:18 152:21
157:17 172:10 177:4,4
200:10 209:7,7,17 238:16
243:7 257:19 270:18 275:7
278:8 296:20,21 297:5,5
297:10,10 298:1,3
we're 11:23 17:19 21:20
22:15 23:21 24:3 47:11,13
49:21,21 63:7 66:7 78:14
78:21,25 82:10 86:18
99:18 111:17 135:15
142:19 153:1 158:2 167:16
171:17 178:21 179:1,9
185:19,20 192:12 194:23
196:3,18 201:23 204:8,17
205:2 208:2,13 209:23
221:11 235:9,21 241:17
255:6 256:17 258:22 261:3
264:14 265:3 281:8,25
283:19 286:15 296:5 297:3
297:4,4,15
we've 12:18 23:20 47:8
110:9 138:23 146:15 148:1
220:19 234:10 256:5
267:22 271:14 294:8 296:8
web 47:4
WebEx 9:13 274:7
website 45:1,6,9,13,22 46:1
46:17,21,25 47:12,21,25
48:12,18 49:6,14 50:6,7,16
50:21 52:14,15 53:8 54:8
54:13,19 55:7,18 56:3,16
56:16,18,24 57:3,3,12
85:15,25 92:1 97:9 101:17
week 13:10,10,16 28:6
30:22

WEISELBERG 4:15
Wells 44:22
went 119:1 165:1 194:5
224:12,14 226:24 252:1,9
weren't 15:6 37:4,13 59:18
75:18 86:14 191:15 194:4
200:2 231:17 242:23
288:11 292:19
West 4:16
whatnot 210:24
whatsoever 31:20 183:3
whistleblower 61:21
widely 102:21 175:20
willing 24:6,13
wiped 254:17
wire 288:17,18 289:19 290:2
291:5 292:8,13 293:3
wired 293:19
wires 282:10
witness 6:2 11:8,13 27:22
30:19 37:9 47:16 53:18
64:9 72:14,18 78:7 79:23
81:12 83:4 90:11 114:7
126:7 128:19 135:24 136:2
136:10 137:2 149:5 160:1
160:11 161:9,12,22 162:11
162:17 164:24 185:18
186:1 188:4 207:3,7
210:14 224:18 226:3
238:12 241:10 245:16
253:10 271:4,12 281:20
282:2 283:19 284:1 285:4
286:6 297:8 298:15 301:1
wonder 12:12 16:5 18:18
19:4 22:18 33:13 34:20
43:4 49:17 55:22 62:17
63:13 64:8 65:14 66:11
83:13 84:23 110:13 114:5
116:20 124:18 133:7
140:21 157:16 161:7
165:22 191:6,17,21 197:25
198:24 201:21 202:23
203:6 210:3 223:9 230:20
232:8 234:6,11 235:11
249:24 259:23 261:2,10
262:18 264:16,23 268:5
270:15
Woodbridge 97:2,3
word 15:16 17:17,24 18:1
70:18 113:5 116:11,24
117:22 127:12,23,24 128:9
240:23 287:6 291:16
worded 118:8
wording 30:1
words 39:25 77:21 78:3,20
154:1 166:9 167:14 172:23

186:13 212:10 230:9
work 14:16,17,24,25 15:2,4
15:8,19 16:1,12 17:2,3
18:7,13 20:2,3 21:7,15
22:16 23:19 24:7,14,24
25:25 26:4,4,25 27:2 28:4
28:9,14,22,23 30:1 31:17
33:1,3 35:18 59:4 60:13
61:15,23 62:2 73:12,21
80:2,11,18 81:4 83:7,17,18
84:4 93:23 127:24 152:5
182:2,20,25 183:3 187:24
250:11
worked 60:25 64:16 71:14
95:22,25 96:8,9 110:8
works 285:15
world 77:4
worried 69:19
worry 147:14 218:12 271:4
worth 158:19
wouldn't 84:19 132:8,8
198:21 211:19 250:10,11
263:11
write 83:16 85:5 101:13
108:22 109:20 116:10
258:1
writeoff 254:11 259:7
writeoffs 165:9 254:6
writes 177:6
writing 97:8
written 107:18 189:8 258:7
261:21 263:4
wrong 167:16
wrote 48:24 77:23 129:9
141:8 151:9,10 177:17
254:2

X

Y

yeah 9:24 10:23 21:25 23:15
44:4 53:17 69:18 76:1
83:20 84:10 90:11 106:15
112:2 116:7 123:20 124:8
128:17,19,22 132:23
142:14,14 143:23 153:10
162:14 168:18 177:22
189:9 190:2 201:11 205:8
212:23 213:9 216:22 218:2
227:12 237:21,21 238:12
241:10,10,12 259:17 273:7
274:6,25 276:17 282:18
285:14 286:15 295:21
year 6:18,21 13:5 29:24,25
160:8,17 163:19 167:23
168:2 174:21,21 175:5,13

<p>194:8 200:7,7,14,19,21 237:1 239:23 242:6 249:23 255:22 256:1 257:8 277:22 277:23 279:17 years 60:21 71:15 84:2 95:23 96:7,8,11 111:25 147:7 153:4,7 154:7 200:12 201:13 214:9 217:20 218:3 221:12 243:8 257:11 258:1 263:7 yellow 239:11 yep 143:13 160:1 260:10 yeses 290:14 yesterday 16:24 20:24 22:5 York 4:5,5</p> <hr/> <p style="text-align: center;">Z</p> <p>zach@millenniallaw.com 5:11 Zachary 5:9 123:14 zero 228:8,9 250:5 251:17 279:2,17,23 zoom 65:21,24 66:2 194:22 226:3</p> <hr/> <p style="text-align: center;">0</p> <p>0 269:25 07/13/21 6:13</p> <hr/> <p style="text-align: center;">1</p> <p>1 4:16 8:4 9:5,15 67:25 158:12 203:15 213:22,24 215:20 217:2,6,12 218:24 221:1,9 222:3 227:8 243:6 270:2 271:16 300:9 1,300 122:18,20,23,24 189:17 224:17 225:9,13 226:14 1.18 292:6 1.181 291:19 1.231 290:23,23,24 292:5 1.8 170:22 172:16,24 1/2 290:21,24 1/27/24 299:19 1:58 152:23,25 10 65:16 151:7,11 166:24 167:3,15,17 171:18 265:25 265:25 270:2 10(b) 66:16 10(b)(5) 68:1 10:07 2:17 9:2,16 10:09 11:21 10:10 11:24 10:26 24:1 10:40 23:24 24:4 10:45 28:11</p>	<p>100 7:7 112:15 191:18 261:4 261:5 265:10 272:24 100,000 107:14 289:15 10017 4:5 102 7:9 264:17,18 265:4 268:4,18 1030-32 150:17 104 7:11 202:24,25 203:2,11 204:9,18 210:9 214:16,16 216:3 222:19 105 7:13 230:21,22,24 106 7:14 133:8,9 278:14 107 7:16 135:7,8 108 7:17 49:18,19,22 55:24 109 7:18 147:19,20 148:1,23 10b-5(b)misrepresentatio... 66:17 11 114:1 119:22 11:19 53:2 11:53 78:23 110 7:20 64:9,10,23 65:15 70:21 114:1 1100 4:22 111 7:21 63:3,5,7 112 7:23 79:23,24 80:2 81:3 82:5 113 8:1 80:7,9,11 114 8:2 80:15,16,18 81:3,8 82:5 114:6,14,19 115:20 116:5 193:10,15 194:13,16 115 8:3 271:3,7,9,15 272:16 275:10 277:25 278:9 116 8:5 275:8,9,11 281:8 12 6:4,8 114:1 140:10 12:02 78:13 12:05 79:1 12:32 99:16 12:38 99:19 120 204:6,22 288:4 120-day 287:24 123 195:7,10,16 196:2,3,12 124 198:19 125 198:25,25 199:1,4 200:9 201:4 128 204:11,15 205:1,3,23 206:1 213:6 256:9 287:5 128-day 205:4 213:20 221:15,25 128.6 265:16,17 129 196:6,8,10 13 6:15 66:12 116:19 117:6 117:8 136:10,11 286:7 130 201:22,23 210:15 211:16 130- 122:12 130,000 122:14</p>	<p>131 233:12 131,035,000 282:20 132 287:10 133 7:14 196:13 134 287:9 135 7:16 287:11 136 287:9 13th 30:3 14 46:8 254:3,5,10,17 255:1 140 288:4 147 7:18 14D 42:4 15 6:12 200:13,20 1524 5:4 159 6:19 16 39:10 132:23 240:11 281:18 282:2,3,5 16(iii) 281:17 16.9 262:7 160 149:18 1600 3:11 161 6:16 165 225:4 17 14:12,15 15:17,18 17:15 17:25 18:8 19:24 20:1,17 26:24 193:20 259:13 260:13 276:25 278:20 285:25 286:16 173 135:4,4 177 218:19 177-52 171:18 179 149:20 17A 67:25 18 6:10 92:23 169:10 237:5 255:8,12,23 277:1 278:21 18.6 169:15 174:12 18.6- 174:14 18.9 253:4,8,15 255:16 257:4 180 204:22 241:19 1800 3:5 1818 3:15 19 34:13 38:2 82:19,23 83:1 83:6 149:19 173:13,17 194:6 237:5 259:19 260:16 260:16 277:1 278:21 290:21,24 19,650,000 260:21 19.7- 260:10 191 6:22 19102 5:5 19103 3:16 196 263:18,21 272:9,12 273:24 1st 11:14 200:22</p>	<p style="text-align: center;">2</p> <p>2 1:17 2:18 3:11 4:10 9:1 11:25 173:25 211:3 213:24 215:22 240:6 256:2 258:18 268:10,17 272:2 279:7,9 289:14 298:19 301:9 302:2 2.1 172:22,24 2.9 216:20 20 34:13 40:8 43:6,9,12,13 43:17 44:2,14,19 45:14 58:22 68:3 70:5 87:23 88:21,22 92:22,23 93:11 93:13,20 94:19,19 95:5,6 104:8 132:24 163:1 165:5 193:2 194:3 260:9 277:5 278:22 279:6 301:19 20-CV-81205 9:11 20-CV-81205-RAR 1:7 2:7 20.6 278:19 20.9 263:1,8 200 138:11,24 139:13 200/308 5:10 2011 8:4 271:17 2012 7:12 39:11,12 153:6 203:4 2015 200:7,14 265:20 266:2 2016 6:23 39:14 200:7,14 210:6 276:25 282:8 2016-13 6:23 191:12 192:1 194:11 2017 1:10 2:10 6:18,21 7:16 129:10,22 135:10,12 138:13 153:16,16,24 160:8 160:17,21 163:19 166:4 167:23 174:21 192:11,13 192:23 193:18,23 200:1 218:16 220:20 266:1 2018 153:17,23 154:3 192:16 194:6 200:3,13,20 216:12 237:2 262:5 266:1 2019 200:6,19,22,22,24 201:1,2,3,14 214:11,13,21 236:10,22 237:2,18 238:19 238:21 239:4,18,20 241:6 243:7,9,25 244:11 262:6 265:25 268:23 269:5 202 7:11 2020 7:2,4,6,8,10 8:4,6 21:22 31:2 36:20 39:8,15 40:8 41:3 52:7 153:6,9 175:16 200:6 203:12,20 210:21 212:17,22 213:20 220:20 231:1 249:23 250:15 251:13,23 252:21 255:3,11,16,25 258:15 259:16 260:15 262:7</p>
--	---	---	---

265:25 271:17 275:16 277:7,20 278:2,16 279:14 280:17,23 2021 1:17 2:18 6:12,15 7:14 9:1,15 11:25 19:8,10 22:6 22:17 23:13 32:3 43:10 79:14 82:16,16 84:25 104:24 115:4 130:4,6 133:12,19 138:11 140:24 223:11 261:9 286:7 298:20 299:13,14 300:19 301:9 302:2 2021's 113:23 21 21:24,25 22:1 70:6 83:10 218:21 224:7 225:10,14,21 226:18,21 227:5,9 229:25 21.4 223:25 262:15 21.45 262:17 210902DSA 1:25 212-880-9417 4:6 215-735-3900 5:5 215-988-1441 3:16 22 53:21 54:4 70:6 83:1,6,10 85:16,25 97:16 279:5 22.89 275:21,25 276:18 22.89- 276:2 23 19:8,10 54:16 84:24 85:4 86:8,9 88:3,20,25 90:22,23 91:9,10,13,22 92:16 230 7:13 232 6:24 7:1 234 7:3 23rd 19:9 24 71:15 96:7,8,11 97:7,10 97:11,13 111:25 279:8 24.8 261:21,25 240 138:12,25 246 138:8 25 101:13,22 104:23 291:23 25,000 289:15 2525 3:21 2530 4:10 258 7:5 26 19:19 134:5,7 26(b)(4)(B) 20:5 26.6 262:12 26.6- 262:13 261 7:7 264 7:9 27 7:2,4,6,8,10 8:4,6 153:10 203:12 210:21 212:17 218:22 231:1 252:21 258:15 271:17 275:16 276:2 277:20 280:17,23 271 8:3 275 8:5	277 216:9 278 215:5,10,23 279,000 262:6 27th 30:4 28 249:2 28.6 276:4,19 281 6:13 29 260:4 29.9 260:5 291 199:2 210:15 296 6:15 298 300:9 2nd 11:14 299:12 <hr/> 3 <hr/> 3 67:25 149:1,22 150:6 245:14 246:2,22 268:23 281:18 3,522 137:21 138:1,6 3.9 118:21,24 3:45 152:25 3:47 153:2 3:54 157:25 3:55 158:3 30 33:21,23 34:10,11 203:15 217:2,6,13 218:24 221:13 261:9 300 123:2 189:19 225:11,15 226:14 227:12 241:6,7 280:16 300- 216:16 300,000 259:15 260:15 305-374-5600 4:23 305-400-4260 4:11 305-569-7701 3:22 305-614-1400 3:12 305-982-6300 3:6 306 216:17 31 6:12,18,21 7:12 34:15,18 110:12,14 160:8 163:19 203:3,16 214:21 217:2,7 217:13 218:16,22 225:3 226:17 310 241:12 317,000 259:17 32 218:23 325 203:25 204:2,9,13,20 205:9,17,24 206:6,23 213:19 280:18 326 200:2 209:14 326-20-50-10 199:6 200:9 201:5,13 326-20-55-2 197:1 33 32:12 34:18 117:7,8 33131 3:5,11 4:11,23 33134 3:21	33301 4:17 5:10 34 278:21 34-ish 194:7 3402 3:15 35 93:7 111:16,19 266:6 270:5 35(4)(b) 112:4 35.2 266:7 35.3 266:14 36 113:17 194:8 36.7 278:21 37 115:3 116:9,13,22 120:24 121:6,12,16 217:7 239:6 38 249:2 255:2 290:15,20 38.5 253:23 254:11 38.6 265:19 38.6- 265:21 39 124:19 126:10,11 129:8 137:14 138:10 239:13,14 290:21 <hr/> 4 <hr/> 4 148:25,25 149:10 258:22 261:16 40 33:14 34:19,22 77:19 78:17 79:3 87:22 91:4,7 239:3 243:12 40-something 239:2,3 400 295:1 40s 239:1 419 203:21,22 204:10 205:24 43 140:21 141:2,8 44 92:25 93:3 44.8 38:1 442 215:2,11 448 156:5 46 93:24 177:8,13,18 46A 177:10 49 7:17 185:1,2 49,000 255:11,22 257:7 49,500 255:4,15 257:1 49.5- 257:1 <hr/> 5 <hr/> 5 42:3 63:4,9,17,18 149:25 150:10 158:12 194:16 5.3 253:25 5:10 209:21 5:19 209:24 5:58 235:6 50 188:3 217:7 258:23 289:1 289:2 290:20 50,000 269:25 270:5 500,000 259:21 260:17 501 5:10	54 191:7,10 192:2 54.7 265:7 56 166:25 167:3,15,17 171:18 565 4:5 58 168:6 169:19 170:8 241:22 242:5 58.7 168:7,10,23 175:12 59 231:9 259:3 260:14 5th 4:16 <hr/> 6 <hr/> 6 43:5 140:10 167:9,12 183:2 184:1 273:21,25 274:14 276:6,20 277:15,15 6,695,103 167:25 6:04 235:10 6:24 251:1 6:48 264:12 6:58 264:15 60 203:16 217:2,13 218:23 231:22 247:15 61 203:17 217:2,13 218:22 63 7:21 64 7:20 67 234:13,20 253:3,14 255:7 259:25 262:19 263:16 266:10 68 170:12,19 171:2,20,20 172:3,8 174:4 175:10 223:12,16 225:21 68,097,291 171:23 69 224:1,9 69.9 226:22 <hr/> 7 <hr/> 7 30:1 53:14,16 129:11 136:8 137:10,15,25 138:1 138:6 179:9 295:10,11,12 7.3 266:1 7/27/2020 7:13 7:05 267:24 7:10 268:2 7:58 297:13 70 229:19 233:17 234:2 70-some-odd-thousand 125:21 71 225:9 72.9 262:3,4 74 235:13 75 235:22 236:18 238:8 241:13 245:18 247:23 75,000 291:24 750 3:21 77,000 132:20,20 78 231:11
--	---	--	--

79 7:23 129:13
7th 4:5,22

8

8 54:18 135:19,20 136:13,14
136:16,17 151:2,6,10
158:12 214:18 265:3
8:00 297:2 298:10
8:05 297:11
8:08 297:16
8:09 2:17 9:2 298:6,20,22
80 8:1,2 125:20 247:16
261:16
801 3:5
84 134:21
88 6:8 12:13,14,19 170:16
171:9 175:10 272:22
279:22,24
88,728,000 272:4
88,990,275 170:21
88.3 217:6
88.7 272:22 273:23
88.9 169:8
89 6:10 18:19,20,23 19:13
173:5
890 245:24

9

9 136:20,24 203:7,11 266:1
9.4 262:8
90 6:12 31:23,24 32:15,21
33:1 36:16 43:12 45:10,16
51:22 57:24 58:22 77:20
78:16 79:4 80:4,13,20 81:5
82:9,12,15 84:24 101:13
104:23 106:21 113:23
115:3 117:7 140:24 166:18
177:1 185:1 203:17,18,25
204:10,14,21,23 205:6,25
215:5,11 217:2,3,13,14
218:21,22 221:14,25
223:10 231:9 234:11,14
235:12 247:16 252:25
253:11 255:8 259:19,21,24
260:16,18 262:19 266:9
280:19 288:4
91 6:13 204:21 226:19,23
227:1,2 229:2 281:10,11
281:13 286:6,10,12
92 6:15 204:21 225:8 296:3
296:4
93 6:16 161:2,3,11,19
163:10,12,14,17,24 164:3
164:10,11,14 165:16
166:23 169:1 170:3 174:12
192:25

94 6:19 159:10,11,16 160:22
166:3,12,20 192:25
944837 299:18
95 6:22 191:21,22,23 198:20
200:9 201:23 210:12
211:16 265:4 268:18
954-271-2719 5:11
954-525-4100 4:17
96 6:24 159:1,5 218:20
232:9,10,12
97 7:1 232:22,23
972 149:13
98 4:22 7:3 234:7,8 252:16
252:20 253:18
99 7:5 258:11,12,14 261:3
9th 299:14 300:19

DECLARATION OF RENEE MEYER

Pursuant to 28 U.S.C. Section 1746, the undersigned states as follows:

1. My name is Renee Meyer. I am over twenty-one years of age and have personal knowledge of the matters set forth herein. I am retired and reside in Palm City, Florida.

The Initial Investment In Par Funding Through A Better Financial Plan

2. I first met Michael Furman (“Furman”) in March 2017 at his office, The United Fidelis Group, in West Palm Beach, Florida.

3. In about November 2017, Furman first told me and my husband about an investment in a company called Par Funding.

4. Furman suggested several investment opportunities for our retirement funds, including Par Funding, a company that made loans to small businesses. He said that Par Funding charged borrowers about 36% interest on the loans it made to them.

5. At some point, Furman gave us a Par Funding marketing brochure when he was soliciting us to invest. A true and correct copy of the Par Funding marketing brochure he gave us is attached as Exhibit A.

6. Furman touted Par Funding management’s expertise in selecting borrowers. He told us that the management at Par Funding was very experienced.

7. He also said that Par Funding looked into whether borrowers had collateral and performed very thorough due diligence before approving loans to merchants. Furman encouraged us to go to Philadelphia to see Par Funding’s offices and business operations.

8. Furman emphasized that our funds were safe and secure. He told us that the loans Par Funding made to small businesses had only a 1% default rate, and that in some

EXHIBIT

25

months the loan default rate was less than 1%. He showed us a spreadsheet on his computer that reflected this low default rate.

9. During the meeting, Furman said that Par Funding would pay us monthly interest with a return of principal in one year. The percentage of interest Par Funding would pay us depended on the amount invested, so that the more we invested, the higher our return.

10. Furman told us that if we invested \$300,000-\$400,000, Par Funding promised to pay us an annual return of 12.5% in monthly installments over one year.

11. On November 18, 2017, Furman emailed me and my husband with information about “the Merchant Cash Advance Investment.” A true and correct copy of the November 18, 2017 email message is attached as Exhibit B.

12. In the November 18, 2017 email message, Furman told us that the merchant cash advance company has a Florida location and that “Perry, part owner and company counsel,” could come to Florida to meet with us. Exhibit B at p.2.

13. In this same email message, Furman told us that Dean Vagnozzi had invested his own money in the Merchant Cash Advance Investment. Exhibit B at p.1.

14. Based on what Furman told us about the Par Funding investment opportunity, its management’s expertise, and that Par Funding had a 1% or less default rate, we decided to invest.

15. On November 30, 2017, we emailed Furman that we were ready to take the next step in the investment. Exhibit B at p.3.

16. Furman did not send us the investment agreements until March 2018. He did not tell me the reason for the delay or why it took months to send the investment agreements so we could invest in Par Funding.

17. At no time did Furman tell me or my husband that Par Funding was the subject of Orders against them by the Pennsylvania and New Jersey securities regulators in November and December 2017.

18. Starting in March 2018, we invested a total of approximately \$500,000 with Par Funding for a 14% annual return. We sent our funds to Par Funding from our self-directed IRA account with Camaplan and received monthly interest payments from Par Funding deposited into the Camaplan account. Attached as Exhibits C and Exhibit D are true and correct copies of the agreements with ABFP Income Fund, LLC that we entered into to invest with Par Funding. My husband and I were solicited together for this investment, we made the decision to invest together, and we invested our money in this together. My husband's signature appears on the agreement with me listed as the beneficiary. I am familiar with my husband's signature and the signature on Exhibits C and D is a true and correct copy of his signature. Furman did not explain why the agreement was with ABFP Income Fund, LLC, and not his company Fidelis.

19. I understood that I was investing in Par Funding, even if the paperwork was with ABFP Income Fund, LLC, because all of the marketing and solicitation efforts Furman made were about Par Funding and the profitability of an investment in Par Funding's merchant cash advance business.

Investment In Par Funding Through Fidelis Financial

20. In January 2019, Furman invited my husband I to a dinner presentation given by several individuals whom Furman told us were going to fly down from Par Funding's office in Pennsylvania. The presentation was in January 2019 at the Ruth's Chris steakhouse in West Palm Beach, Florida (the "Presentation"). I attended the presentation.

21. There were about 100 people at the Presentation, and during the Presentation Perry Abbonizio ("Abbonizio") from Par Funding and Furman pitched the audience to invest in Par Funding.

22. At the Presentation, staff working with Furman at The United Fidelis Group gave me a marketing folder for Par Funding that contained a chart showing the default rate on the Par Funding loans (the "Default Chart"), a packet entitled "Par Funding Corporate Overview" (the "Packet"), and Furman's business card for The United Fidelis Group (collectively, the "Marketing Packet"). A true and correct copy of the Marketing Packet is attached in Exhibit E.

23. During the Presentation, Abonizzio and Furman made a joint pitch to me and the other members of the audience to invest in Par Funding.

24. Abbonizio spoke on behalf of Par Funding and presented a slide show and speech about the Par Funding investment opportunity.

25. Abbonozio touted Par Funding's managerial expertise and success in providing loans to small businesses. He said the management at Par Funding was very experienced as part of his presentation about the success of the Par Funding lending business that we would be investing in.

26. During the Presentation, Abbonizio told us that the number that appears as circled on the Default Chart indicated that Par Funding's loan default rate was 1% or less. The Default Chart is attached in Exhibit E at pages 4-6.

27. The Par Funding marketing brochure says that the investment is protected by Par Funding's "exceptional underwriting rigor" (Exhibit E at page 17) and that they took an "especially selective approach." In the brochure, Par Funding says its underwriting includes background checks and on-site inspections of the merchants as part of the underwriting process and before entering into MCAs with them. *Id.* I understood from Par Funding that the underwriting process was thorough and detailed and that it took 48-72 hours to complete. *Id.* at page 17. This was very important to me when deciding whether to invest.

28. The Par Funding brochure also indicates that they offer insurance on their own products up to \$150,000, with no deductible, and just a small fee for the merchant. The insurance protects us in case of a default or non-payment. This insurance protection was important to me because it protected my money if a merchant defaulted. Exhibit E at page 14.

29. Abbonizio's slideshow presentation that he showed as he spoke at the Presentation included bullet points that explained the Par Funding investment opportunity and why we should invest. He spoke for about an hour. Abbonizio told us that an investment in Par Funding would give us great returns with low risk.

30. Furman also gave his presentation at this same event, and spoke to us about his investment company and that it offered alternative investments, including Par Funding.

31. In approximately March 2019, when our first investment in Par Funding ended, my husband and I decided to invest in Par Funding again, and to increase our principal investment to \$600,000 for a 15% annual return paid monthly. This time, we invested in Par Funding through Furman's investment firm, Fidelis Financial and received a promissory note from Fidelis Financial.

32. As we did with our first investment with Par Funding, we made the investment using our Camaplan account which held our retirement funds. We received monthly returns, which were deposited directly into our Camaplan account.

33. In March 2020, the term of our promissory note ended and our principal investment amount of \$600,000 was deposited by either Par Funding or Fidelis, or a company associated with them, into our Camaplan account.

The Third Promissory Note

35. On or about March 2, 2020, we met with Furman to complete the paperwork to invest \$500,000 as our next investment with Par Funding. I asked Furman how Par Funding's business was doing and he said it was "great." We filled out the paperwork for our third investment with Par Funding for \$500,000 this time. The \$500,000 was withdrawn from our Camaplan account, however on March 24, 2020, Par Funding returned all but \$10,000 to our Camaplan account.

36. On March 26, 2020, Furman emailed me about the Covid-19 pandemic affecting Par Funding, forwarding an email message from Par Funding management (management@parfunding.com) about how the Covid-19 pandemic had hurt Par Funding's business. A true and correct copy of the email I received from Furman on March 26, 2020 is attached as Exhibit F and the message from management@parfunding.com is

pages 1-2 of Exhibit F. In this same email message, Furman wrote to me that Par Funding had to halt all payments. Exhibit F at p.4. During this time period, Furman told me that because of the Covid-19 pandemic, Par Funding was having financial difficulties and not returning the \$10,000 it still retained of our principal.

37. Furman emailed me again on April 14 and 15, 2020. True and correct copies of these emails are attached together as Exhibit G. In the April 15 email message I received from Furman he told me that Par Funding had experienced 70% losses due to the pandemic. Furman also told me in the email message that Par Funding was offering a one-time, non-negotiable offer to restructure the notes, but 100% of the investors had to agree to it.

38. Furman explained to me and also emailed to me (Exhibit G) that to recover our principal, we could either file a lawsuit against Par Funding or we could enter into a new agreement offering a seven-year investment term with a 4% return the first year.

39. On April 27, 2020, Furman emailed me and my husband saying he was working to restructure the notes and we spoke with him on about April 28. A true and correct copy of the April 27 email I received from Furman referencing our call is attached as Exhibit H.

40. I felt that we didn't have a choice, and so we entered into the new agreement. Attached hereto as Exhibit I is a true and correct copy of this third promissory note we invested in.

41. While the note is titled as an amended note, it is really a new note. The balance of our principal from the Fidelis promissory note investment was invested in the

April 2020 note. We did not receive any interest payments for the months of April and May 2020. We received our first interest payment in June.

42. During the course of our investments in Par Funding, I asked Furman how Par Funding's business was doing. Until March 2020, when he told me about the Covid-19 impact on Par Funding, he always reassured me that Par Funding was doing fine. Furman never mentioned that the states of Pennsylvania, New Jersey, and Texas had filed regulatory actions against Par Funding for state securities law violations. If I had known about those actions, I never would have invested with Par Funding.

43. Had I known that Par Funding was under investigation with the Pennsylvania regulators during the time I was solicited to purchase the first promissory note in 2018, I never would have invested.

44. Had I known that Par Funding and its investment funds were paying some investors their returns during the months that we did not get paid, I never would have invested in the third note because Par Funding was not telling me the truth about its financial condition.

45. Neither Furman, Abbonizio, nor anyone associated with Par Funding or Fidelis Financial ever disclosed any risks associated with the Par Funding investment, such as that we could lose all our investment funds. If we had known that Par Funding had a higher than 1% default rate, we never would have invested.

46. Furman and Abbonizio explained the default rate as the percentage of loans that were in default. They never disclosed that this percentage did not include loans that were in default but where the merchant was making partial payments. Nor did they ever disclose that the percentage did not include loans that were in default but where the

merchant was trying to negotiate a new payment schedule or otherwise negotiating with Par Funding. Had I known these facts, I never would have invested.

47. Neither Furman nor Abbonizio ever mentioned whether anyone would receive any sales commissions or fees based on either of our investments. I would not have invested with if I had known about any commissions or fees.

48. Neither my husband nor I have any expertise with loans to merchants or investments of this type. We were looking for a safe and secure investment with low risk to our principal, which was part of our retirement savings. We wanted a passive investment and relied on Par Funding for our investment returns.

49. Had I known that Par Funding didn't always apply the rigorous underwriting process they said they did, I would not have invested.

50. Had I known that Par Funding wasn't offering insurance on all the MCAs like it told me it did I wouldn't have invested.

51. If Furman, Abbonizio, or anyone with Par Funding or Fidelis had told me that we could lose our principal, we never would have invested.

52. No one told me that my principal would be used for anything other than to fund loans to merchants. Had I known that our money would be used for any other purpose, we would never have invested.

53. Furman told us that Par Funding charged 36% interest on the loans it made to merchants. Had I known that this was false, I never would have invested.

54. No one told me that any investment returns would be paid using other investor funds. It would have been important to me to know this, and I never would have invested in Par Funding if I had known this. I never would have invested in the third promissory note, in 2020, had I known Par Funding was not, as Furman told me, insolvent.

55. No one ever told me that Joseph LaForte, a convicted felon, was the Director of Sales for Par Funding. Had I known this, I would not have invested. I declare under penalty of perjury that the foregoing is true, correct, and made in good faith.

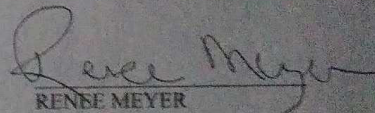
Executed on this _____ day of _____ 2020.

RENEE MEYER

54. No one told me that any investment returns would be paid using other investor funds. It would have been important to me to know this, and I never would have invested in Par Funding if I had known this. I never would have invested in the third promissory note, in 2020, had I known Par Funding was not, as Furman told me, insolvent.

55. No one ever told me that Joseph LaForte, a convicted felon, was the Director of Sales for Par Funding. Had I known this, I would not have invested. I declare under penalty of perjury that the foregoing is true, correct, and made in good faith.

Executed on this 22nd day of July 2020.


RENEE MEYER



Corporate Overview

EXHIBIT
A

Who we are

Par Funding is a direct provider of merchant cash advances.

Par Funding was founded in 2012 and is headquartered in Philadelphia, PA.

We provide cash management solutions to help companies grow.

We have provided more than \$220M in business funding since inception.

We service a niche market currently overlooked by conventional financing.



Industry Overview

Traditional small business lending has decreased dramatically since the collapse of the U.S. banking industry in 2008.

The number of small business advances peaked at 14 billion in 2007 and declined to less than 5 billion in 2010.¹

While the TARP program sanctioned more than \$30 billion to banks to provide small business advances, however, only about \$4 billion was actually loaned.²

A recent survey conducted by Pepperdine University revealed that 67% of those who applied for a traditional business loan were unsuccessful.



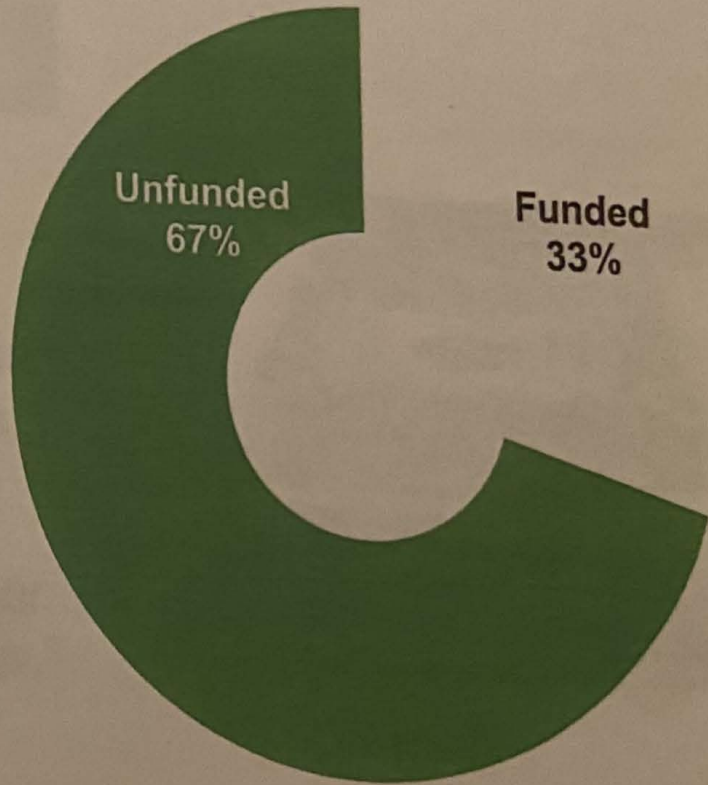
Industry Overview

Why do billions of dollars in Small Business loan applications go unfunded each year?

Many banks have legacy portfolios of non-performing loans and higher reserve requirements making them reluctant to lend money in this category.

Additionally, traditional lending institutions have employed stricter underwriting guidelines further limiting the amount of small business funding.

Small Business Funding Volume



Industry Overview

What is the alternative for many of these businesses left under serviced in a post-banking crises U.S.?

Merchant Cash Advance Programs

- MCA's provide a viable alternative to banks.¹
- MCA's enable businesses to leverage cash flow when needed to uplift their business.¹
- MCA payback systems based on a percentage of business receipts is a major advantage to the small business borrower.¹



Why Par Funding?

Par Funding is uniquely positioned to capitalize in this multi-billion segment of small business funding through MCA's.

Our MCA's provide high rates of return and continuous daily cash flow beginning the day after initial funding.

We have provided over \$220 million in MCA's and maintained a below industry bad debt funding.

Through our customer acquisition methods, we have generated a diversified pool of qualified merchants seeking opportunistic capital.

Our staff manages the business relationship from underwriting through repayment to reduce non-performance to the lowest possible levels.

The Par Funding Advantage

Once an MCA is approved and funded it begins to generate cash flow the next day.

We provide cash advances that range for \$5,000.00 to \$500,000.00, with an average funding size of \$50,000.00.

Funding terms are typically given for a period of 100 business days, or 5 to 6 months, based on 22 business days per month.

We collect remittances directly via automated clearing house (ACH) debits from client bank accounts.

The average payback is based on a factor rate of 1.35 -1.40.

ADVANTAGES | DISADVANT

How Our Model Works

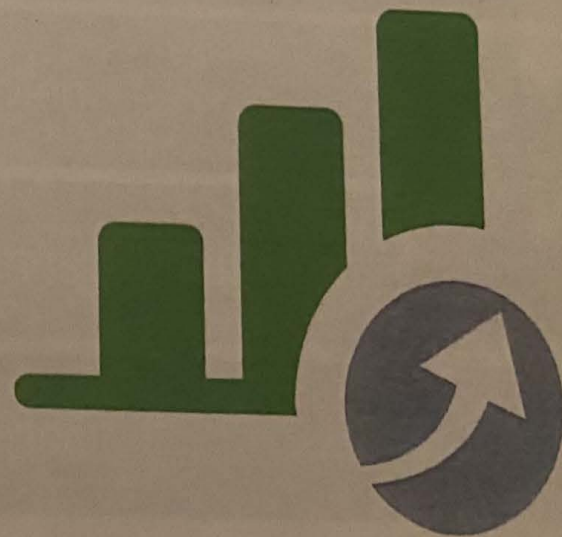
It all starts with underwriting.

Par Funding uses a financial matrix for our underwriting which evaluates clients with an emphasis based on cash flow rather than traditional credit metrics.

We investigate numerous sources in addition to credit scores to screen applicants including:

- MCA Industry databases
- Background checks
- On-Site inspections

We complete the underwriting process to reach a decision in 48-72 hours.



Sales reps contact clients & collect applications / bank statements

Completed applications are sent to processor

Underwriting collects & reviews client financials

Approval is given based on underwriting review

Funding agreement is sent to client

Agreement is received from client & funds are sent

ACH payments from client are collected

Exceptional Client Service Leads to Better Performance

In addition to quick funding decisions we offer additional services to help clients manage their cash.

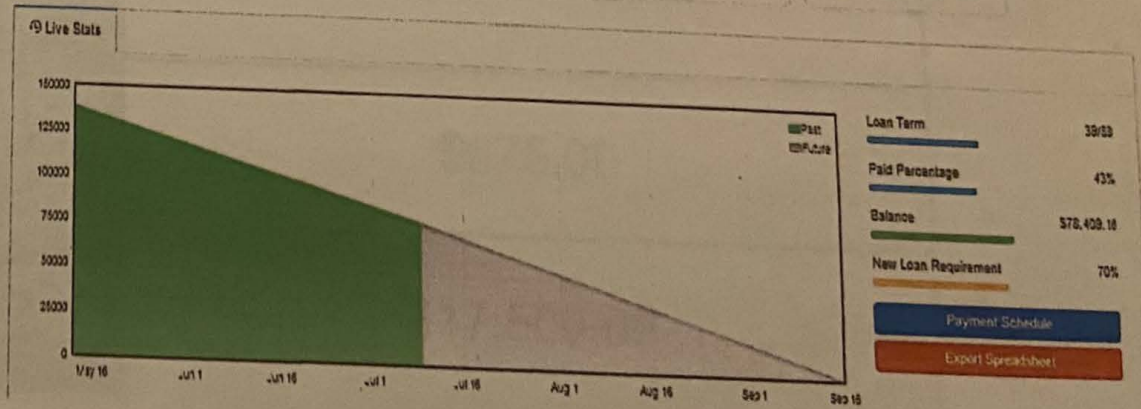
24 / 7
Customer Support

Client web portal for account management and payment tracking



Dashboard | The information contained on this website is intended, but not promised or guaranteed to be current, complete or up-to-date. While every effort is made to ensure accuracy, the provider makes no warranty about the content or accuracy of information provided which may or may not reflect the most current information available to update data for account status and balance. For actual payoff information, please contact Par Funding's accounting department at 215.613.4125 during normal business hours.

TOTAL PAYBACK \$137,999.84	NEXT PAYMENT 07/09/2013	REMAINING PAYMENTS 49	CURRENT BALANCE \$78,409.16
---	--	--	--



ParFunding Sample Advance

Funding Amount	\$50,000.00
Factor (Percent)	1.35
Payback Total	\$67,500.00
Term (Business Days)	100
ACH Payment Increment	\$675.00
Revenue	\$17,500.00

Revenue Acceleration through Cash Flow Reinvestment

As our daily cash flow grows so does our rate of return.

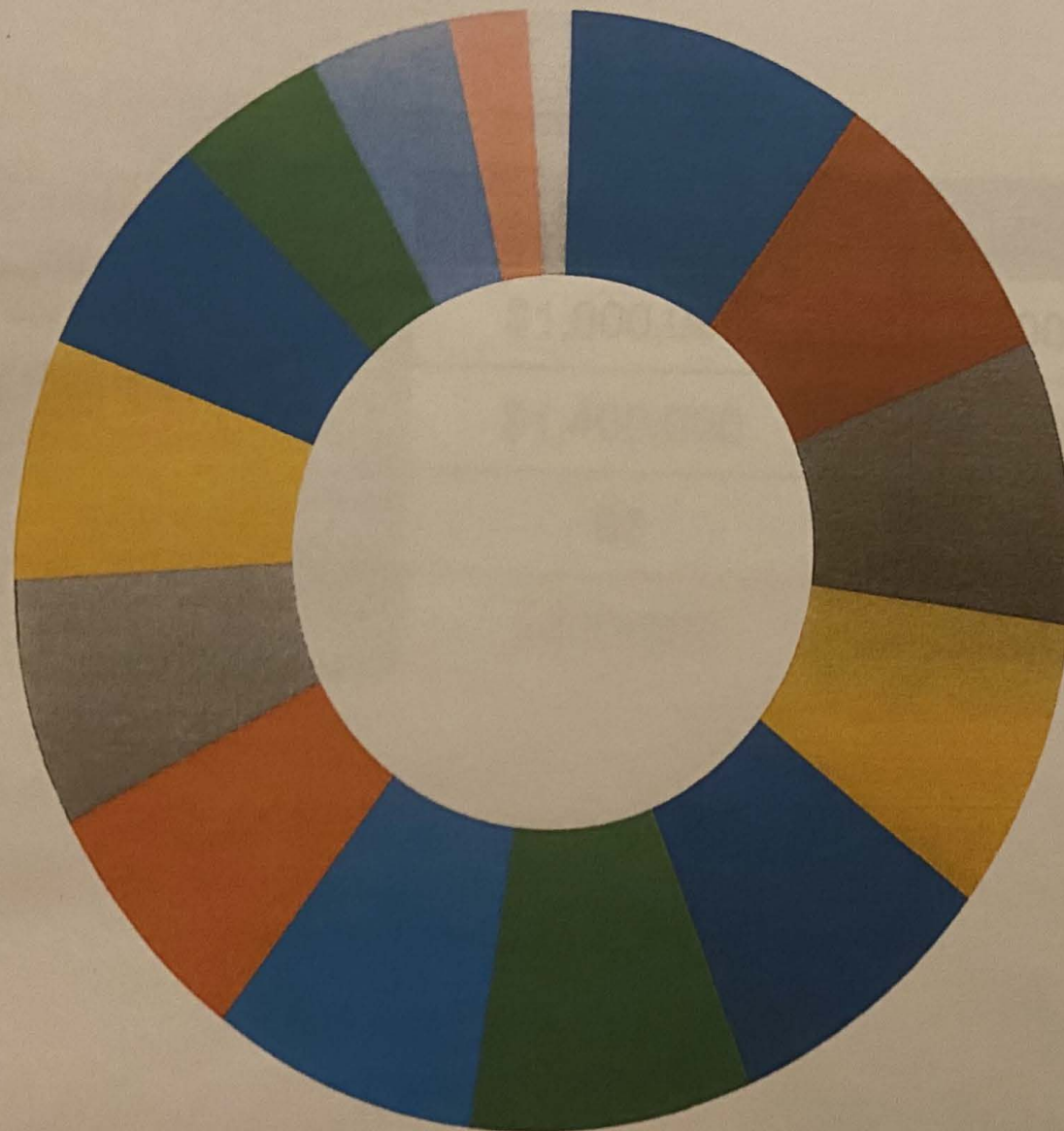
Daily ACH payments collected from clients are pooled together and used to fund new clients to accelerate returns.

Compounding effect more than mitigates percentage of non-performance.

Model of Compounding Effect

	1 st Funding	2 nd Funding	3 rd Funding
Amount	\$30,000	\$42,000	\$58,800
Payback	\$42,000	\$58,800	\$82,320
Term	88	88	88
Revenue	\$12,000	\$28,800	\$52,320

Risk Mitigation Through Diversification



- Technology - 9.7%
- Retail - 8.8%
- Construction - 8.4%
- Finance - 8.4%
- Automotive - 8.3%
- Restaurant - 8.3%
- Energy - 7.8%
- Medical - 7.0%
- Marketing - 7.0%
- Manufacturing - 6.9%
- Food Distribution - 6.5%
- Gym / Salons - 4.6%
- Home Services - 4.4%
- Travel - 2.5%
- Other Industries - 1.4%

Projected Growth with \$1 Million Cash Infusion

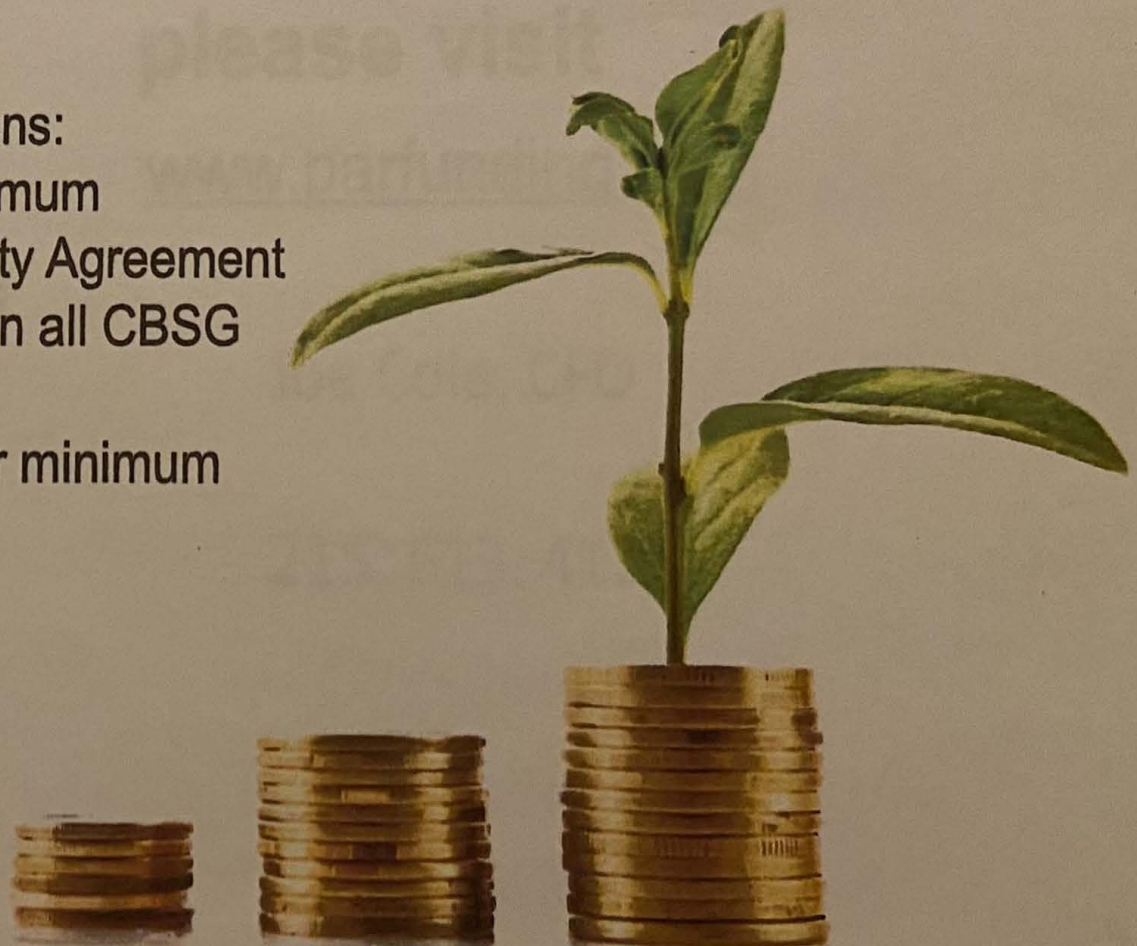
	1 st Funding	2 nd Funding	3 rd Funding
Amount	\$1,000,000	\$1,400,000	\$1,960,000
Payback @ 1.4	\$1,400,000	\$1,960,000	\$2,744,000
Term	88	88	88
Revenue	\$400,000	\$960,000	\$1,744,000

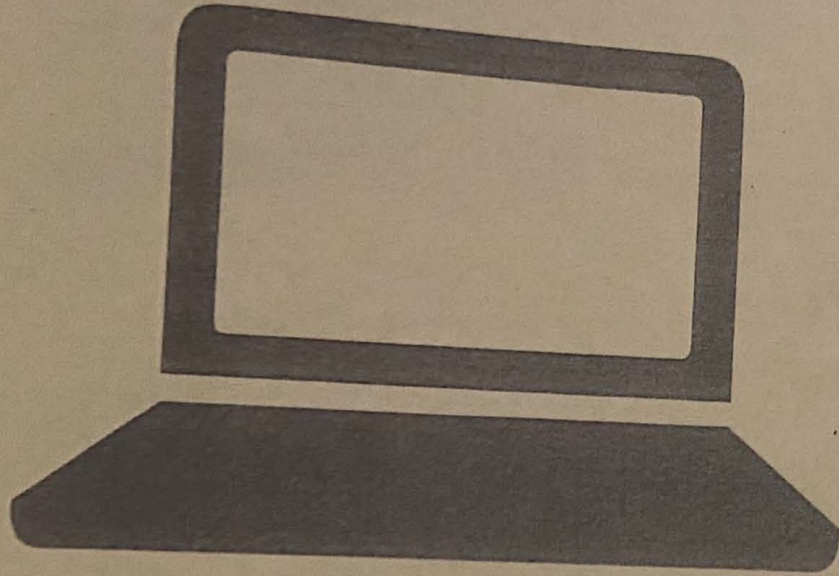
Debt Terms

We offer a unique debt opportunity, providing healthy capital returns in the growing alternative finance industry.

Summary terms and conditions:

- Capital: \$200,000.00 minimum
- Collateral: General Security Agreement evidenced by UCC liens on all CBSG assets
- Term of agreement: 1 year minimum





**For more information,
please visit**

www.parfunding.com

Joe Cole, CFO

215. 613. 4126

MCA Investment Information Video's & Summary...

3 messages

Michael Furman <mfurman@unitedfidelisgroup.com>

Sat, Nov 18, 2017 at 10:17 PM

To: Russ Meyer <kahunaf1@bellsouth.net>, "meyer.renee@gmail.com" <meyer.renee@gmail.com>

Good Day Russ & Renee,

I hope all of the links and copies fit as I'm gathering all of the information for you without trying to over extend into all of the area's so I am focusing on what will create the best income for you and then send the other possible investments for the next steps after this so you can learn everything and get together any and all questions you may have. I have spoken directly with my partner who I've worked out so that we can get you in anytime so time is not a factor now. I also took care of the accounts and have anyone from the actual company if you'd like to visit or speak/video with them, as well as much more information that we can go over next time we get together. Even Dean has been invested and roll's his personal account over so I included his for you just to show you a little more although the numbers of course change with the amount invested. I have met and spent a few days with Perry who is part owner and has over \$50 million of his own money invested who is someone I will make sure you meet someday as he will be in town with me soon. He is one I would love for you to speak with sometime as well. I also included the company paperwork NOT to be filled out just for EXAMPLE that you can look at to see just as any of the other notes it is a self directed IRA that you can watch online which I have my own manager there with amazing quick service at Cama.

This email contains information only about the **Merchant Cash Advance Investment**. Be sure to open the attachment that contains both the local ad's we both get to his Dean's personal account to see the real time effect of this investment working for him!

This is his current website that we are in the middle of adding many new parts to but I think for you to watch the testimonials would be great, and feel free to look around the entire site as well. I'll answer any questions not that you are investing in his firm directly but it does have a lot of nice information. I also do have the book if you would like to read it although it is more for a person looking to save than income.

Testimonials - <https://www.abetterfinancialplan.com/testimonials/>

This is very different from the other MCA investments out there and proprietary to myself in Florida, and to Dean in the nation that for income will pay a 12.5% annual return paid out monthly... For growth there is a 13.5% annual return paid out annual as well for information reasons.

- This is a 6 minute video we created on the MCA industry (Merchant Cash Advance):

<https://vimeo.com/deanvagnozzi/review/192690946/9aaed325e9>

- "On-Deck Capital" is the largest player in the MCA space. Barbara Corcoran, also from *Shark-Tank*, is their spokes -person as you can see:



www.ondeck.com This alone is a 4.5 BILLION dollar company

Kevin O'Leary also from the shark tank has his own company with IOU

Warren Buffet also has personally and with Berkshire Hathaway one of the largest investments in this space

- As you can read in the Wall Street Journal, JP Morgan provided 650 million to On Deck Capital to get into the MCA space.

<http://www.wsj.com/articles/inside-j-p-morgans-deal-with-on-deck-capital-1451519092>

Average loan which ALL are Business to Business is 50k

Daily ACH payback at the 1.35 or 35% interest loan rate

Average of 100 days so company makes 3-4 loans per YEAR while capital and interest is arriving daily!

Over \$13,000,000 a month is deployed they could invest 10 times over and still not keep up with demand

ALL using an algorithmic underwriting which is their difference

I'll do my best to summarize just a few items that we went over or touched on about this MCA investment. Their Gross Profit is about 80% with a Net IRR of 44% which is amazing to know. The INDUSTRY average bad debt is 15-20%, WE ARE AT UNDER 1%. The main reason for that is our Due Diligence and the various ways that we use that the others do not. We check from landlord discussions, criminal & background checks, social media investigations, BUT most of all is we actually make them sign a full legal rights document that they watch and have 100% access to all checking accounts to where the funds are lent which allows the company to monitor everything they are doing. These are 100% Opportunistic loans, NOT 3 hour loans like the other companies, it takes many days for them to underwrite so it is done right. The LARGEST single investor I know of has over 30 Million invested which actually pays a higher rate to that investor but they use a 4 leg approach to underwriting and to make sure it is fully transparent in viewing their accounts 24 hours a day. They have done over 17,000 loans

There IS A MIAMI location that Perry, part owner & company counsel, who is a great guy can show us if you would like for him to come down vs. going up if you are interested as well.

Please see the other emails and I will call you tomorrow as it is too late tonight!

Hope you both are enjoying your weekend,

Michael C. Furman

3 attachments



other mca company letters.pdf
1457K



Dean's Personal Bank Statement Nov_2017.pdf
2599K



Cama New Account Application[128484].pdf
13717K

Russ Meyer <kahunaf1@bellsouth.net>

Thu, Nov 30, 2017 at 3:33 PM

To: michael furman <mfurman@unitedfidelisgroup.com>, meyer.renee@gmail.com

Good afternoon Michael,

We have reviewed what you have sent us. What is the next step for us?

Thank you,

Russ and Renee

From: michael furman [mailto:mfurman@unitedfidelisgroup.com]
Sent: Saturday, November 18, 2017 10:17 PM
To: Russ Meyer <kahunaf1@bellsouth.net>; meyer.renee@gmail.com
Subject: MCA Investment Information Video's & Summary...

Good Day Russ & Renee,

I hope all of the links and copies fit as I'm gathering all of the information for you without trying to over extend into all of the area's so I am focusing on what will create the best income for you and then send the other possible investments for the next steps after this so you can learn everything and get together any and all questions you may have. I have spoken directly with my partner who I've worked out so that we can get you in anytime so time is not a factor now. I also took

care of the accounts and have anyone from the actual company if you'd like to visit or speak/video with them, as well as much more information that we can go over next time we get together. Even Dean has been invested and roll's his personal account over so I included his for you just to show you a little more although the numbers of course change with the amount invested. I have met and spent a few days with Perry who is part owner and has over \$50 million of his own money invested who is someone I will make sure you meet someday as he will be in town with me soon. He is one I would love for you to speak with sometime as well. I also included the company paperwork NOT to be filled out just for EXAMPLE that you can look at to see just as any of the other notes it is a self directed IRA that you can watch online which I have my own manager there with amazing quick service at Cama.

This email contains information only about the **Merchant Cash Advance Investment**. Be sure to open the attachment that contains both the local ad's we both get to his Dean's personal account to see the real time effect of this investment working for him!

This is his current website that we are in the middle of adding many new parts to but I think for you to watch the testimonials would be great, and feel free to look around the entire site as well. I'll answer any questions not that you are investing in his firm directly but it does have a lot of nice information. I also do have the book if you would like to read it although it is more for a person looking to save than income.

Testimonials - <https://www.abetterfinancialplan.com/testimonials/>

This is very different from the other MCA investments out there and proprietary to myself in Florida, and to Dean in the nation that for income will pay a 12.5% annual return paid out monthly... For growth there is a 13.5% annual return paid out annual as well for information reasons.

- This is a 6 minute video we created on the MCA industry (Merchant Cash Advance):

<https://vimeo.com/deanvagnozzi/review/192690946/9aaed325e9>

- "On-Deck Capital" is the largest player in the MCA space. Barbara Corcoran, also from *Shark-Tank*, is their spokes -person as you can see:

<http://www.barbaracorcoran.com/endorsements/>

www.ondeck.com This alone is a 4.5 BILLION dollar company

Kevin O'Leary also from the shark tank has his own company with IOU

Warren Buffet also has personally and with Berkshire Hathaway one of the largest investments in this space

- As you can read in the Wall Street Journal, JP Morgan provided 650 million to On Deck Capital to get into the MCA space.

<http://www.wsj.com/articles/inside-j-p-morgans-deal-with-on-deck-capital-1451519092>

Average loan which ALL are Business to Business is 50k

Daily ACH payback at the 1.35 or 35% interest loan rate

Average of 100 days so company makes 3-4 loans per YEAR while capital and interest is arriving daily!

Over \$13,000,000 a month is deployed they could invest 10 times over and still not keep up with demand

ALL using an algorithmic underwriting which is their difference

I'll do my best to summarize just a few items that we went over or touched on about this MCA investment. Their Gross Profit is about 80% with a Net IRR of 44% which is amazing to know. The INDUSTRY average bad debt is 15-20%, WE ARE AT UNDER 1%. The main reason for that is our Due Diligence and the various ways that we use that the others do not. We check from landlord discussions, criminal & background checks, social media investigations, BUT most of all is we actually make them sign a full legal rights document that they watch and have 100% access to all checking accounts to where the funds are lent which allows the company to monitor everything they are doing. These are 100% Opportunistic loans, NOT 3 hour loans like the other companies, it takes many days for them to underwrite so it is done right. The LARGEST single investor I know of has over 30 Million invested which actually pays a higher rate to that investor but they use a 4 leg approach to underwriting and to make sure it is fully transparent in viewing their accounts 24 hours a day. They have done over 17,000 loans

There IS A MIAMI location that Perry, part owner & company counsel, who is a great guy can show us if you would like for him to come down vs. going up if you are interested as well.

I'll be working on a few more items but wanted to make sure you received atleast this portion of the MCA to watch and look over.

Please see the other emails and I will call you tomorrow as it is too late tonight!

Hope you both are enjoying your weekend,

Michael C. Furman

Russ Meyer <kahunaf@bellsouth.net>
To: michael furman <mfurman@unitedfidelisgroup.com>, meyer.renee@gmail.com

Thu, Nov 30, 2017 at 3:34 PM

Good afternoon Michael,

We have reviewed what you have sent us. What is the next step for us?

Thank you,

Russ and Renee

From: michael furman [mailto:mfurman@unitedfidelisgroup.com]
Sent: Saturday, November 18, 2017 10:17 PM
To: Russ Meyer <kahunaf1@bellsouth.net>; meyer.renee@gmail.com
Subject: MCA Investment Information Video's & Summary...

Good Day Russ & Renee,

I hope all of the links and copies fit as I'm gathering all of the information for you without trying to over extend into all of the area's so I am focusing on what will create the best income for you and then send the other possible investments for the next steps after this so you can learn everything and get together any and all questions you may have. I have spoken directly with my partner who I've worked out so that we can get you in anytime so time is not a factor now. I also took care of the accounts and have anyone from the actual company if you'd like to visit or speak/video with them, as well as much more information that we can go over next time we get together. Even Dean has been invested and roll's his personal account over so I included his for you just to show you a little more although the numbers of course change with the amount invested. I have met and spent a few days with Perry who is part owner and has over \$50 million of his own money invested who is someone I will make sure you meet someday as he will be in town with me soon. He is one I would love for you to speak with sometime as well. I also included the company paperwork NOT to be filled out just for EXAMPLE that you can look at to see just as any of the other notes it is a self directed IRA that you can watch online which I have my own manager there with amazing quick service at Cama.

This email contains information only about the **Merchant Cash Advance Investment**. Be sure to open the attachment that contains both the local ad's we both get to his Dean's personal account to see the real time effect of this investment working for him!

This is his current website that we are in the middle of adding many new parts to but I think for you to watch the testimonials would be great, and feel free to look around the entire site as well. I'll answer any questions not that you are investing in his firm directly but it does have a lot of nice information. I also do have the book if you would like to read it although it is more for a person looking to save than income.

Testimonials - <https://www.abetterfinancialplan.com/testimonials/>

This is very different from the other MCA investments out there and proprietary to myself in Florida, and to Dean in the nation that for income will pay a 12.5% annual return paid out monthly... For growth there is a 13.5% annual return paid out annual as well for information reasons.

- This is a 6 minute video we created on the MCA industry (Merchant Cash Advance):

<https://vimeo.com/deanvagnozzi/review/192690946/9aaed325e9>

- "On-Deck Capital" is the largest player in the MCA space. Barbara Corcoran, also from *Shark-Tank*, is their spokes -person as you can see:

<http://www.barbaracorcoran.com/endorsements/>

www.ondeck.com This alone is a 4.5 BILLION dollar company

Kevin O'Leary also from the shark tank has his own company with IOU

Warren Buffet also has personally and with Berkshire Hathaway one of the largest investments in this space

- As you can read in the Wall Street Journal, JP Morgan provided 650 million to On Deck Capital to get into the MCA space.

<http://www.wsj.com/articles/inside-j-p-morgans-deal-with-on-deck-capital-1451519092>

Average loan which ALL are Business to Business is 50k

Daily ACH payback at the 1.35 or 35% interest loan rate

Average of 100 days so company makes 3-4 loans per YEAR while capital and interest is arriving daily!

Over \$13,000,000 a month is deployed they could invest 10 times over and still not keep up with demand

ALL using an algorithmic underwriting which is their difference

I'll do my best to summarize just a few items that we went over or touched on about this MCA investment. Their Gross Profit is about 80% with a Net IRR of 44% which is amazing to know. The INDUSTRY average bad debt is 15-20%, WE ARE AT UNDER 1%. The main reason for that is our Due Diligence and the various ways that we use that the others do not. We check from landlord discussions, criminal & background checks, social media investigations, BUT most of all is we actually make them sign a full legal rights document that they watch and have 100% access to all checking accounts to where the funds are lent which allows the company to monitor everything they are doing. These are 100% Opportunistic loans, NOT 3 hour loans like the other companies, it takes many days for them to underwrite so it is done

right. The LARGEST single investor I know of has over 30 Million invested which actually pays a higher rate to that investor but they use a 4 leg approach to underwriting and to make sure it is fully transparent in viewing their accounts 24 hours a day. They have done over 17,000 loans

There IS A MIAMI location that Perry, part owner & company counsel, who is a great guy can show us if you would like for him to come down vs. going up if you are interested as well.

I'll be working on a few more items but wanted to make sure you received atleast this portion of the MCA to watch and look over.

Please see the other emails and I will call you tomorrow as it is too late tonight!

Hope you both are enjoying your weekend,

Michael C. Furman

Note Dated: 3/10/2018

Maturity Date: 3/10/2019

Monthly payment: 105.00

CLASS D PROMISSORY NOTE

FOR VALUE RECEIVED, ABFP INCOME FUND, LLC, a Delaware limited liability company with an address at 234 Mall Boulevard, Suite 270, King of Prussia, Pennsylvania 19406 (“Borrower”) promises to pay to the order of CAMA SDIRA LLC FBO Russel Jamison Meyer IRA (“Lender”), in legal tender of the United States, the sum of nine thousand Dollars (\$ 9,000.00) (the “Principal Amount”), together with interest on the unpaid Principal Amount at the rates and on the terms set forth in this Class D Promissory Note (this “Note”).

1. Interest Rate. The Principal Amount shall bear interest at the rate of fourteen percent (14%). Interest shall be calculated at all times on the basis of a 360 day year (each month is deemed to be 30 days).

2. Payments of Principal and Interest. Lender shall pay principal and interest sums due under this Note as follows: (a) interest on the unpaid balance shall accrue from the ~~(tenth/twenty-fifth)~~ day of the month in which this Note is issued and shall be paid on the ~~(thirteenth/twenty-eighth)~~ day of each month thereafter, in arrears, commencing on 4/10/18, and continuing until 3/10/19 and (b) the Principal Amount shall be paid on the first (1st) anniversary of this Note (the “Maturity Date”). Any accrued and unpaid interest and any remaining outstanding principal shall be due and payable in full on the Maturity Date. Notwithstanding anything contained herein to the contrary, in the event that any payment is due on a date that is not a Business Day, then the payment shall be due on the first Business Day following such date. For purposes of this Note, the term “Business Day” means any day other than a Saturday, Sunday, legal holiday or day on which banks are authorized or permitted to be closed.

3. Representations and Warranties. Borrower hereby represents and warrants to the Lender (which representations and warranties shall survive until this Note has been paid in full) that:

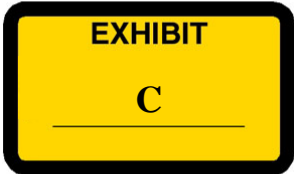
(a) Power and Authority; Authorization; Enforceability. Borrower has full power, authority and legal right to execute, deliver and comply with the terms of this Note and, upon execution hereof, this Note shall constitute a valid and legally binding obligation of Borrower enforceable in a court of competent jurisdiction for its term.

(b) Conflict; Breach. The execution and delivery of and compliance with this Note by Borrower will not conflict with or result in a breach of any applicable law, judgment, order, writ, injunction, decree, rule or regulation of any court, administrative agency or other governmental authority, or of any agreement or other document or instrument to which Borrower is a party or by which Borrower is bound.

4. Events of Default. The occurrence of any one or more of the following events shall constitute an event of default hereunder:

(a) Borrower shall fail to make any payment of principal and/or interest due to Lender under this Note when the same shall become due and payable, and such failure continues for a period of ten (10) days;

{M1737054.1}



(b) Other than failure to make a payment required under this Note (which is an event of default under Paragraph 4(a)), Borrower shall fail to observe or perform any of the covenants or agreements on its part to be observed or performed under this Note within 30 days after written notice from Lender of such non-compliance;

(c) Any representation or warranty of Borrower under this Note shall be untrue in any material respect;

(d) Borrower shall apply for or consent to the appointment of a receiver, trustee or liquidator of Borrower or any of Borrower's property, make a general assignment for the benefit of creditors, be adjudicated a bankrupt or insolvent or file a voluntary petition in bankruptcy, or a petition or an answer seeking reorganization or an arrangement with creditors or to take advantage of any bankruptcy, reorganization, insolvency, readjustment of debt, dissolution or liquidation law or statute, or an answer admitting the material allegations of a petition filed against Borrower in any proceeding under any such law, or if action shall be taken by Borrower for the purpose of

5. Remedies. Upon the occurrence of any event of default, Lender shall provide Borrower with written notice setting forth in reasonable detail the nature and the amount of the event of default. If the event of default is not cured within thirty (30) days' of Borrower's receipt of Lender's written notice, then the entire unpaid principal sum of this Note plus all interest accrued thereon plus all other sums due and payable to Lender under this Note shall, at the option of Lender, become due and payable immediately without presentment, demand, notice of nonpayment, protest, notice of protest or other notice of dishonor, all of which are hereby expressly waived by Borrower. In addition to the foregoing, upon the occurrence of any event of default, Lender may forthwith exercise singly, concurrently, successively or otherwise any and all rights and remedies available to Lender under this Note or available to Lender by at law, in equity, under statute or otherwise.

6. Remedies Cumulative, etc.

(a) No right or remedy conferred upon or reserved to Lender hereunder or now or hereafter existing at law or in equity or by statute or other legislative enactment, is intended to be exclusive of any other right or remedy, and each and every such right or remedy shall be cumulative and concurrent, and shall be in addition to every other such right or remedy, and may be pursued singly, concurrently, successively or otherwise, at the sole discretion of Lender, and shall not be exhausted by any one exercise thereof but may be exercised as often as occasion therefor shall occur. No act of Lender shall be deemed or construed as an election to proceed under any one such right or remedy to the exclusion of any other such right or remedy; furthermore, each such right or remedy of Lender shall be separate, distinct and cumulative and none shall be given effect to the exclusion of any other. The failure to exercise or delay in exercising any such

right or remedy, or the failure to insist upon strict performance of any term of this Note, shall not be construed as a waiver or release of the same, or of any event of default thereunder, or of any obligation or liability of Borrower thereunder.

(b) Borrower hereby waives presentment, demand, notice of nonpayment, protest, notice of protest or other notice of dishonor, and any and all other notices in connection with any default in the payment of, or any enforcement of the payment of, all amounts due under this Note. To the extent permitted by law, Borrower waives the right to any stay of execution and the benefit of all exemption laws now or hereafter in effect. Borrower further waives and releases all procedural errors, defects and imperfections in any proceedings instituted by Lender under the terms of this Note.

(c) Borrower agrees that any action or proceeding against it to enforce the Note shall be commenced in the Court of Common Pleas for Montgomery County, Pennsylvania and Borrower irrevocably consents to the exclusive jurisdiction of such courts (and of the appropriate appellate courts) in any such action or proceeding and irrevocably waives any objection based upon inconvenience of the forum or otherwise to venue laid therein. Notwithstanding the foregoing, nothing in this Paragraph is intended to prevent Lender from instituting an action in any jurisdiction for the sole and exclusive purpose of enforcing a judgment by a court in the jurisdictions referred to in the preceding sentence.

(d) Borrower waives personal service of process and agrees that a summons and complaint commencing an action or proceeding in any such court shall be properly served if served by registered or certified mail in accordance with the notice provisions set forth herein and Borrower expressly waives any and all defenses to an exercise of personal jurisdiction by any such court.

(e) Borrower hereby knowingly, voluntarily and intentionally waives the right it may have to a trial by jury in respect of any litigation based hereon, arising out of, under or in connection with this Note, or any course of conduct, course of dealing, statements (whether verbal or written) or actions of Borrower or Lender. This provision is a material inducement for Lender entering into this Note.

7. Cost and Expenses. Following the occurrence of any event of default, Borrower shall pay upon demand all reasonable costs and expenses (including all reasonable amounts paid to attorneys, accountants, brokers and other advisors employed by Lender and/or to any contractors for labor and materials), incurred by Lender in the exercise of any of its rights, remedies or powers under this Note with respect to such event of default. In connection with and as part of the foregoing, if this Note is placed in the hands of an attorney for the collection of any sum payable thereunder, Borrower agrees to pay reasonable attorneys' fees for the collection of the amount being claimed under this Note, as well as all costs, disbursements and allowances provided by law.

8. Severability. In the event that for any reason one or more of the provisions of this Note or their application to any person or circumstance shall be held to be invalid, illegal or unenforceable in any respect or to any extent, such provisions shall nevertheless remain valid, legal and enforceable in all such other respects and to such extent as may be permissible. In addition, any such invalidity, illegality or unenforceability shall not affect any other provisions of this Note,

but this Note shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

9. Successors and Assigns. This Note inures to the benefit of Lender and its heirs, executors, administrators, personal representatives, successors and assigns, and binds Borrower and its successors and assigns, and the words “**Lender**” and “**Borrower**” whenever occurring herein shall be deemed and construed to include such respective heirs, executors, administrators, personal representatives (as to Lender), successors and assigns, as applicable.

10. Definitions; Number and Gender. In the event Borrower consists of more than one person or entity, the obligations and liabilities hereunder of each of such persons and entities shall be joint and several and the word “**Borrower**” shall mean all or some or any of them. For purposes of this Note, the singular shall be deemed to include the plural and the neuter shall be deemed to include the masculine and feminine, as the context may require.

11. Captions. The captions or headings of the paragraphs in this Note are for convenience only and shall not control or affect the meaning or construction of any of the terms or provisions of this Note.

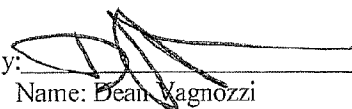
12. Governing Law. This Note, to the fullest extent permissible, shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania.

IN WITNESS WHEREOF, and intending to be legally bound, the undersigned hereto has executed this Class D Promissory Note as an instrument under seal as of the day and year first written above.

BORROWER:

ABFP INCOME FUND, LLC

By: ABFP Management Company LLC,
Manager

By: 
Name: Dean Vagnozzi
Title: Sole Member

LENDER Name: Cama SDIRA FBO
Russel Jamison Meyer IRA

ABFP INCOME FUND, LLC
SUBSCRIPTION AGREEMENT

This is the offer and agreement (this "Subscription Agreement") of the undersigned ("Investor") to purchase \$ 9,000.00 (the "Subscription Price") of the following promissory notes (the "Notes") to be issued by ABFP INCOME FUND, LLC, a Delaware limited liability company (the "Company"):

- \$ _____ for a Class A;
- \$ _____ for a Class B;
- \$ _____ for a Class C;
- \$ 9,000.00 for a Class D; and
- \$ _____ for a Class E.

In consideration of the Subscription Price, the Company will issue to Investor the Notes in the amounts and of the type set forth above. The minimum purchase is \$75,000, subject to the discretion of the Company to permit smaller investments. The sale of the Notes to Investor is subject to all terms, conditions, acknowledgments, representations and warranties stated in this Subscription Agreement and the terms and conditions contained in the Company's Confidential Private Placement Memorandum dated February 1, 2018, together with any exhibits, amendments and supplements thereto (collectively, the "Memorandum"). Simultaneously with the execution and delivery hereof, Investor shall transmit payment in full for the amount of the Subscription Price. All capitalized terms utilized in this Subscription Agreement and the attachments hereto and not otherwise defined herein or therein shall have the meanings set forth in the Memorandum. The Company charges a subscription fee of \$100. The subscription fee is used by the Company to pay certain costs and expenses incurred in connection with the formation of the Company and this Offering.

It is understood and agreed that the Company shall have the sole right, in its complete discretion, to accept or reject Investor's subscription for the Note(s), in whole or in part, for any reason, for a period of thirty (30) days after receipt of this Subscription Agreement, and that the same shall be deemed to be accepted by the Company only when it is signed by a duly authorized officer of the Company and delivered to Investor. Any subscription not accepted within thirty (30) days after receipt of the Subscription Agreement will be deemed rejected. Subscriptions for Note(s) need not be accepted in the order received. In the event a subscription is rejected, all subscription funds shall be returned without interest or deduction. Notwithstanding anything in this Subscription Agreement to the contrary, the Company shall have no obligation to issue any of the Interests to any person who is a resident of a jurisdiction in which the issuance of Note(s) to such person would constitute a violation of the securities, "blue sky" or other similar laws of such jurisdiction.

To induce the Company to accept this Subscription Agreement and as further consideration for such acceptance, Investor hereby provides the following information and makes the following acknowledgments, representations, warranties and covenants with the full knowledge that the Company will expressly rely on them in making its decision to accept or reject this Subscription Agreement:

1. **OWNERSHIP TYPE.** Investor wishes to own the Note(s) as follows (check one):

Account Type

Brokerage Account Number: _____

- (a) Separate or individual property (If Investor's primary state of residence is a community property state and Investor is married, then Investor's spouse must sign and submit the Consent of Spouse form, attached as Attachment A hereto.)
- _____ (b) Husband and wife as community property (Community property states only. Husband and wife should both sign all required documents.)
- _____ (c) Joint tenants with right of survivorship (Both parties must sign all required documents.)
- _____ (d) Tenants in common (Both parties must sign all required documents.)
- _____ (e) Trust (Please complete Attachment B attached hereto.)
- _____ (f) Corporation/Partnership/Limited Liability Company (Please complete Attachment C attached hereto.)
- _____ (g) Pension Plan
- _____ (h) Other (indicate): _____

Third Party Custodial Account Type	
Custodian Account Number: _____	20-03
_____ (a)	IRA
_____ (b)	Roth IRA
_____ (c)	SEP IRA
_____ (d)	Simple IRA
_____ (e)	Other (indicate): _____

Custodian Information (To be completed by Custodian)

Custodian Name: CAMAPLAN
Custodian Tel.: (215) 283-2868

2. **INVESTOR INFORMATION.**

A. INVESTOR AS NATURAL PERSON

Name: Russel Jamison Meyer
 Social Security Number: [REDACTED] 8145 DOB: [REDACTED] /1957
 Address: [REDACTED]
Palm City FL 34990
 Tel. No.: [REDACTED]
 E-Mail: [REDACTED] @ BellSouth.net
 (Address should be the address of Investor in primary state of residence.)

B. CO-INVESTOR AS NATURAL PERSON

Name: _____
 Social Security Number: _____ DOB: _____
 Address: _____
 Tel. No.: _____
 E-Mail: _____
 (Address should be the address of Co-Investor in primary state of residence.)

C. ENTITY INVESTOR

Name: _____
 Tax Identification No.: _____
 Address: _____
 Tel. No.: _____
 E-Mail: _____
 (Address should be the address of Investor's principal place of business.)

D. BENEFICIARY INFORMATION FOR TRANSFER ON DEATH
 (Individual or Joint Account with Rights of Survivorship only)

Name: Rence F Meyer
 Social Security Number: [REDACTED] 6937 DOB: [REDACTED] -1961
 Check One: Primary _____ Secondary 100%

Name: _____
 Social Security Number: _____ DOB: _____
 Check One: _____ Primary _____ Secondary _____ %

E. CORRESPONDENCE

If correspondence should be sent to a different address than indicated above, please provide the following information:

Name: _____
Address: _____
E-Mail: _____

F. RECEIPT OF PAYMENTS

Please indicate how Investor wishes to receive payments of principal and interest.

Check Mailed to:

Name: Cama SDIRA LLC FBO Russel Jamison Meyer IRA
Address: 122 East Butler Ave., Suite 100
Ambler, PA 19002
Account No.: [REDACTED] 20 - 03

Direct Deposit: Please complete the attached Direct Deposit Enrollment Request.

3. **INVESTOR STATUS.** Investor declares that the information provided in this Section 3 is true, correct, accurate and complete and may be relied upon by the Company.

A. INDIVIDUALS, INDIVIDUAL RETIREMENT ACCOUNTS, KEOGH PLANS:
(check all that apply)

Investor has an individual net worth, or joint net worth with Investor's spouse, inclusive of home furnishings and personal automobiles, but excluding the value of Investor's primary residence, of more than \$1,000,000.

_____ Investor has had individual income in excess of \$200,000, or joint income with Investor's spouse in excess of \$300,000, in each of the two (2) most recent years and Investor or Investor and Investor's spouse have a reasonable expectation of reaching the same income level in the current year.

_____ Investor is an individual retirement account or Keogh plan, the individual for whose benefit the investment in the Company is being made has directed such investment, and such individual is an Accredited Investor because such individual has a net worth or income as described above.

_____ Investor is a director or executive officer of the Company.

For purposes of calculating Investor's net worth, "net worth" means the excess of total assets at fair market value (including personal and real property, but excluding the estimated fair market value of a person's primary home) over total liabilities. Total liabilities exclude any mortgage on the primary home in an amount up to the home's estimated fair market value if the mortgage was incurred more than sixty (60) days before the Interests were purchased, but includes (i) any mortgage amount in excess of the home's fair market value and (ii) any mortgage amount that was borrowed during the 60-day period before the closing on the purchase of Investor's Interests (the "Closing") or for the purpose of investing in the Interests. In the case of fiduciary accounts, the net worth and/or income suitability requirements must be satisfied by the beneficiary of the account, or by the fiduciary, if the fiduciary directly or indirectly provides funds for the purchase of the Interests.

_____ None of the above apply.

B. TRUSTS: (check all that apply)

_____ Investor is a trust with total assets in excess of \$5,000,000, was not formed for the specific purpose of acquiring Interests, and Investor's purchase is directed by a person who has such knowledge and experience in business or financial matters that it is capable of evaluating the merits and risks of an investment in the Interests.

_____ Investor is a trust having as its trustee or co-trustee a bank as defined in Section 3(a)(2) of the Securities Act, a savings and loan association, or another institution as defined in Section 3(a)(5)(A) of the Securities Act, which makes or participates in the investment decision.

_____ Investor is a revocable trust which may be amended or revoked at any time by the grantors thereof and all the grantors are Accredited Investors.

_____ None of the above apply.

C. CORPORATIONS, FOUNDATIONS, ENDOWMENTS, PARTNERSHIPS, LIMITED LIABILITY COMPANIES OR MASSACHUSETTS OR SIMILAR BUSINESS TRUSTS: (check all that apply)

_____ Investor has total assets in excess of \$5,000,000 and was not formed for the specific purpose of acquiring Interests.

_____ All of Investor's equity owners are Accredited Investors (Note: A trust (other than a business trust, real estate investment trust or other similar entities) may not claim this basis for being an Accredited Investor).

_____ None of the above apply.

D. EMPLOYEE BENEFIT PLANS: (check all that apply)

_____ Investor is an employee benefit plan within the meaning of ERISA, and the decision to invest in the Interests was made by a plan fiduciary (as defined in Section 3(21) of ERISA), which is either a bank, savings and loan association, insurance company or registered investment adviser.

_____ Investor is an employee benefit plan within the meaning of ERISA and has total assets in excess of \$5,000,000.

_____ Investor is a plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions for the benefit of its employees, and has total assets in excess of \$5,000,000.

None of the above apply.

E. PARTICIPANT-DIRECTED OR SELF-DIRECTED PLANS: (check all that apply)

Investor is a participant-directed or self-directed plan (i.e., a tax-qualified defined contribution plan in which a participant may exercise control over the investment of assets credited to his or her account), the participant for whose benefit the investment in Notes is being made has directed such investment, and such participant is an Accredited Investor because such participant has a net worth or income as described above for individuals.

_____ None of the above apply.

4. **INVESTOR REPRESENTATIONS, WARRANTIES AND COVENANTS.** Investor makes the following representations and warranties to the Company:

- (A) In addition to the other representations and warranties contained herein, that by reason of (i) Investor's business or financial experience or (ii) consultation with a financial advisor, accountant or attorney, Investor has the capacity to understand the nature of the investment and to protect Investor's own interests in connection with Investor's investment decision to purchase the Notes and to evaluate the merits and risks of an investment in the Notes.
- (B) Investor has all requisite authority (and in the case of an individual, the capacity) to purchase the Notes, to enter into this Subscription Agreement and to perform all the obligations required to be performed by Investor hereunder, and such purchase will not violate any law, rule or regulation binding on Investor or any investment guideline or restriction applicable to Investor.
- (C) Investor is a resident of, or if an entity, maintains its principal place of business in, the state set forth in this Subscription Agreement and is not acquiring the Interests as a nominee or agent or otherwise for any other person.
- (D) Investor will comply with all applicable laws and regulations in effect in any jurisdiction in which Investor purchases Notes and will obtain any consent, approval or permission required for such purchases under the laws and regulations of any jurisdiction to which Investor is subject or in which Investor makes such purchases or sales, and the Company shall have no responsibility therefor.

- (E) Investor understands that in the event this Subscription Agreement is not accepted or the Offering is terminated, then the funds transmitted herewith shall be returned to Investor without interest or deduction and this Subscription Agreement shall be terminated and of no further force or effect.
- (F) Investor acknowledges that Investor has received, read and fully understands the Memorandum. Investor further acknowledges that Investor is basing Investor's decision to invest in the Notes solely on the Memorandum and Investor has relied only on the information contained therein and has not relied upon any representations made by any other person. Investor understands that an investment in the Notes involves significant risk. Investor further understands that no federal or state agency has passed upon the merits or risks of an investment in the Notes or made any finding or determination concerning the fairness or advisability of Investor's investment. Investor is fully cognizant of and understands all the risk factors relating to a purchase of the Notes, including, but not limited to, those risks set forth under "Risk Factors" in the Memorandum.
- (G) Investor confirms that Investor is not relying on any communication (written or oral) of the Company or any of its affiliates, as investment advice or as a recommendation to purchase Notes. It is understood that information and explanations related to the terms and conditions of the Notes provided in the Memorandum or otherwise by the Company or any of its affiliates shall not be considered investment advice or a recommendation to purchase Interests, and that neither the Company nor any of its affiliates is acting or has acted as an adviser to Investor in deciding to invest in the Notes. Investor acknowledges that neither the Company nor any of its affiliates has made any representation regarding the proper characterization of the Notes for purposes of determining Investor's authority to invest in the Notes.
- (H) Investor confirms that the Company has not (A) given any guarantee or representation as to the potential success, return, effect or benefit (either legal, regulatory, tax, financial, accounting or otherwise) of an investment in the Notes, or (B) made any representation to Investor regarding the legality of an investment in the Notes under applicable laws or regulations. In deciding to purchase Notes, Investor is not relying on the advice or recommendations of the Company and Investor has made Investor's own independent decision that the investment in Notes is suitable and appropriate for Investor. With the assistance of Investor's own professional advisors, to the extent that Investor has deemed appropriate, Investor has made Investor's own legal, tax, accounting and financial evaluation of the merits and risks of an investment in Notes and the consequences of this Subscription Agreement.
- (I) Investor's overall commitment to investments that are not readily marketable is not disproportionate to Investor's individual net worth, if a natural person, and

Investor's investment in the Notes will not cause such overall commitment to become excessive. Investor has adequate means of providing for Investor's financial requirements, both current and anticipated, and has no need for liquidity in this investment in order to do so. Investor can financially bear and is willing to accept the economic risk of losing Investor's entire investment in the Notes

- (J) All information that Investor has provided to the Company herein concerning Investor's suitability to invest in the Notes is complete, accurate and correct as of the date of Investor's signature on this Subscription Agreement. Investor hereby agrees to notify the Company immediately of any material change in any such information occurring prior to the acceptance of this Subscription Agreement, including any information about changes concerning Investor's net worth and financial position. Investor also agrees to furnish any additional information requested by the Company or any of its affiliates to assure compliance with applicable federal and state securities laws in connection with the purchase and sale of the Notes. Investor understands that, unless Investor notifies the Company in writing to the contrary at or before the Closing, each of Investor's representations and warranties contained in this Subscription Agreement will be deemed to have been reaffirmed and confirmed as of the Closing, taking into account all information received by Investor.
- (K) Investor is familiar with the intended business and operations of the Company, all as generally described in the Memorandum. Investor has had access to such information concerning the Company and the Notes as it deems necessary to enable it to make an informed investment decision concerning the purchase of Notes. Investor has had the opportunity to ask questions of, and receive answers from, the Company and the Manager concerning the Company, the creation or operation of the Company, and the terms and conditions of the Offering, and to obtain any additional information deemed necessary. Investor has been provided with all materials and information requested by either Investor or others representing Investor, including any information requested to verify any information furnished to Investor.
- (L) Investor is purchasing the Notes for Investor's own account and for investment purposes only and has no present intention, agreement or arrangement for the distribution, transfer, assignment, resale or subdivision of the Notes. Investor understands that, due to the restrictions on transfer as outlined in the Memorandum and in Section 4(M) below, and the lack of any market existing or ever anticipated to exist for the Notes, Investor's investment in the Company will be highly illiquid and may have to be held until maturity.
- (M) Investor understands that (i) the Notes may not be transferred or assigned without the consent of the Manager, (ii) the Notes have not been registered with the SEC and are being offered and sold in reliance on an exemption under Regulation D,

which reliance is based in part upon Investor's representations set forth herein, and (iii) the Notes have not been registered under state securities laws and are being offered and sold pursuant to exemptions specified in said laws, and unless registered, the Notes may not be re-offered for sale or resold, pledged, assigned or otherwise transferred or disposed of, except in a transaction, or as a security, exempt under those laws. Neither the SEC nor any state securities commission has approved or disapproved the Notes or passed upon the accuracy or adequacy of the Memorandum. Any representation to the contrary is a criminal offense.

- (N) Neither Investor nor any subsidiary, affiliate, owner, shareholder, partner, member, indemnitor, guarantor or related person or entity: (a) is a Sanctioned Person (as defined below); (b) has more than 15% of its assets in Sanctioned Countries (as defined below); or (c) derives more than 15% of its operating income from investments in, or transactions with, Sanctioned Persons or Sanctioned Countries. For purposes of the foregoing, a "Sanctioned Person" means: (a) a person named on the list of "specially designated nationals" or "blocked persons" maintained by the U.S. Office of Foreign Assets Control ("OFAC") on its website located at <http://www.treasury.gov/resource-center/sanctions/SDN-List/Pages/default.aspx>, or as otherwise published from time to time, or (b) (i) an agency of the government of a Sanctioned Country, (ii) an organization controlled by a Sanctioned Country, or (iii) a person resident in a Sanctioned Country, to the extent subject to a sanctions program administered by OFAC. A "Sanctioned Country" or "Sanctioned Countries" shall mean a country subject to a sanctions program identified on the list maintained by OFAC and on its website located at <http://www.treasury.gov/resource-center/sanctions/Programs/Pages/Programs.aspx>, or as otherwise published from time to time.
- (O) If the undersigned is acquiring the Notes in a fiduciary capacity: (i) the above representations, warranties, agreements, acknowledgments and understandings shall be deemed to have been made on behalf of the person or persons for whose benefit such Notes are being acquired, (ii) the name of such person or persons is indicated herein, and (iii) such further information as the Company deems appropriate shall be furnished regarding such person or persons.
- (P) Certain sections of the Code require a partnership to pay a withholding tax with respect to a partner's allocable share of the partnership's taxable income and with respect to certain transfers of property to a partner, if the partner is a foreign person. To inform the Company that such provisions do not apply, Investor hereby certifies under penalty of perjury, that (a) Investor is not a nonresident alien, foreign corporation, foreign partnership, foreign trust or foreign estate (as those terms are defined in the Code and regulations thereunder); (b) the number shown above is Investor's correct Social Security Number or TIN; and (c) the address shown above is Investor's correct residence or office address. Investor hereby agrees to notify

the Company within thirty (30) days of the date Investor becomes a foreign person. Investor understands that this certification may be disclosed to the IRS and the state taxing authority and that any false statement made herein could be punished by fine, imprisonment or both. Investor also certifies under penalty of perjury that Investor is not subject to federal backup withholding either because (i) Investor has not been notified that Investor is subject to backup withholding due to a failure to report all interest or dividends, or (ii) the IRS has notified Investor that Investor is no longer subject to federal backup withholding. (Please strike out the foregoing sentence if Investor has been notified that Investor is subject to federal backup withholding due to under-reporting and Investor has not received a notice from the IRS advising Investor that federal backup withholding has terminated.) The IRS does not require Investor's consent to any provision of this Subscription Agreement other than the certifications required to avoid backup withholding.

- (Q) Investor has a substantive, pre-existing business or personal relationship with the Manager of the Company or its principal and has not seen or heard any general advertising related to any securities offered by the Company, including television commercials, radio spots, print advertising or the like.

5. **ERISA REPRESENTATIONS.** (This section only applies to employee benefit or other retirement plans.)

(A) General Representations.

(i) Investor agrees to (a) certify whether or not it is, or is acting on behalf of, an employee benefit plan subject to ERISA and/or a plan within the meaning of Section 4975(e) of the Code or an entity which is deemed to hold the assets of any such plan pursuant to 29 C.F.R. § 2510.3-101, as modified by ERISA Section 3(42) (the "Plan Asset Regulation") or otherwise (collectively, a "Plan"), (b) provide, if it is acting on behalf of any Plan, a list (and regularly update such list) of the persons (and their affiliates, as defined in Prohibited Transaction Class Exemption 84-14, Part V(c)) who have the power to invest in the Company or redeem their Interests in the Company on behalf of such Investor, and (c) certify whether it is a "Benefit Plan Investor" (as defined in the Plan Asset Regulation) and/or a person who exercises control over the assets of the Company or provides investment advice to the Company for a fee, direct or indirect, or is an affiliate of any such person (each such person, a "Controlling Person").

(ii) During any period in which Investor is or is acting on behalf of Plan(s), including any Benefit Plan Investor(s) (the "Constituent Plans"), the fiduciaries of the Constituent Plans represent and warrant that (a) they have been informed of and understand the Company's investment objectives, policies, limitations, fee structure and strategies and that the decision to invest the assets of the Constituent Plans in the Notes was made with appropriate consideration of

relevant investment factors with regard to such Plans and in accordance with the Investor's fiduciary duties and responsibilities imposed upon fiduciaries with regard to their investment decisions under ERISA; (b) the Investor's purchase and holding of the Notes is permitted under the governing documents of the Constituent Plans; (c) the Investor's purchase, ownership and holding of the Notes will not result in or constitute a "prohibited transaction" under Section 406 of ERISA or Section 4975 of the Code for which an exemption is not available; (d) in deciding to purchase or continue to hold the Notes, Investor has considered, to the extent required by law or the governing documents of each Constituent Plan, the cash needs, investment policies, portfolio composition and appropriate liquidity and diversification of assets of each such Constituent Plan; (e) the governing documents of each of the Constituent Plans permit the payment of actual, direct and reasonable expenses of the Company, the Manager and their affiliates, as described in the Memorandum; (f) none of the Company, the Manager or any of their affiliates have acted as a fiduciary of Investor or any Constituent Plans with respect to Investor's decision to purchase or hold any Notes and neither the Company, the Manager nor any of their affiliates shall at any time be relied upon as a fiduciary of Investor or any Constituent Plans with respect to any decision to purchase, continue to hold or redeem any Notes; and (g) none of the Company, the Manager or any of their affiliates have provided investment advice with respect to Investor's decision to purchase or hold any Notes.

(iii) Investor understands that any time Benefit Plan Investors own 25% or more of any class of equity in the Company, that the Company is deemed to hold ERISA plan assets and that transactions in which the Company may engage will be subject to ERISA's fiduciary obligations, as well as the prohibited transaction excise tax provisions of Code Section 4975. Consequently, for any periods during which the Company will be deemed to hold ERISA plan assets, the "named fiduciary" of any Investor, if it is subject to ERISA, hereby appoints the Manager to be an "investment manager" (as defined in Section 3(38) of ERISA) with respect to the assets of such Investor, pursuant to ERISA Section 402(c)(3). Investor, if subject to ERISA, hereby represents that (a) Investor's investment in the Company was authorized by the named fiduciaries of the Constituent Plans; and (b) the party completing and executing this Subscription Agreement on behalf of Investor has the authority under the explicit terms of the governing documents of each of the relevant Constituent Plans of Investor (and any necessary and proper delegation instructions thereunder) to appoint the Manager as an investment manager of such Constituent Plans of Investor with respect to the plan assets of such Constituent Plans deemed to be held by the Company.

(iv) Investor (a) agrees to inform the Manager immediately of any change in the status of Investor which results in Investor becoming or ceasing to be a "Benefit Plan Investor", or a "Controlling Person"; and (b) agrees that the

information supplied in this Subscription Agreement upon acquisition of the Notes and as requested thereafter will be utilized (i) to determine whether Benefit Plan Investors own less than 25% of the value of each class of Notes of the Company, both upon the original issuance of Notes and upon any subsequent transfer of Interests and (ii) to determine the applicability of Prohibited Transaction Class Exemption 84-14, or any other prohibited transaction class exemption, to transactions in which the Company may engage, so as to avoid engaging in nonexempt prohibited transactions.

(v) Investor acknowledges that the Company, the Manager and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and warranties and agrees that, if any of the acknowledgments, representations or warranties made or deemed to have been made by it in connection with its purchase of Interests are no longer accurate, Investor will promptly notify the Manager.

- (B) Transfer Restrictions. Each Investor that is a Benefit Plan Investor agrees that it will not sell or otherwise transfer the Notes to a transferee except with the consent of the Manager which consent may be withheld and, unless pursuant to a redemption right set forth therein.
- (C) Further Advice and Assurances. Investor understands that the foregoing information will be relied upon by the Company to determine (a) whether the Company will constitute an entity holding ERISA Plan assets and (b) whether transactions in which the Company may engage are exempt from the prohibited transaction rules of ERISA and Section 4975 of the Code pursuant to Prohibited Transaction Class Exemption 84-14. Investor agrees to provide, if requested, any additional information that may be reasonably required to determine compliance with ERISA and/or Section 4975 of the Code or to otherwise determine its eligibility to purchase Interests.

6. **GOVERNING LAW; JURISDICTION.**

- (A) This Subscription Agreement shall be construed in accordance with and governed by the laws of the State of Delaware, except as to the type of registration of ownership of Notes, which shall be construed in accordance with the state of the primary residence or principal place of business of Investor.
- (B) Investor hereby covenants and agrees that venue for litigation of any dispute, controversy or other claim arising under, out of or relating to this Subscription Agreement or any of the transactions contemplated hereby, or any amendment thereof, or the breach or interpretation hereof or thereof, shall be solely in the Delaware Court of Chancery or the United States District Court for the District of Delaware.

7. **INDEMNIFICATION.** Investor hereby agrees to indemnify, defend and hold harmless the Company and the Manager, and their respective members, managers, shareholders, officers, directors, partners, employees, affiliates and advisers from any and all damages, losses, liabilities, costs and expenses (including reasonable attorneys' fees) that they may incur by reason of Investor's failure to fulfill all of the terms and conditions of this Subscription Agreement or by reason of the untruth or inaccuracy of any of the representations, warranties, covenants or agreements contained herein or in any other documents Investor has furnished to any of the foregoing in connection with this transaction. This indemnification includes, but is not limited to, any damages, losses, liabilities, costs and expenses (including reasonable attorneys' fees) incurred by the Company or the Manager and their respective members, managers, shareholders, officers, directors, partners, employees, affiliates or advisers defending against any alleged violation of federal or state securities laws that is based upon or related to any untruth or inaccuracy of any of the representations, warranties, covenants or agreements contained herein or in any other documents Investor has furnished in connection with this transaction.

8. **MISCELLANEOUS.**

- (A) Investor may not transfer or assign this Subscription Agreement, or any interest herein, and any purported transfer shall be void.
- (B) Investor hereby acknowledges and agrees that Investor is not entitled to cancel, terminate or revoke this Subscription Agreement and that this Subscription Agreement constitutes a legal, valid and binding obligation of Investor, enforceable against Investor and Investor's heirs, successors and personal representatives; provided, however, that if the Company rejects this Subscription Agreement, this Subscription Agreement shall be automatically canceled, terminated and revoked.
- (C) This Subscription Agreement, together with all attachments and exhibits thereto, constitutes the entire agreement among the parties hereto with respect to the sale of the Notes and may be amended, modified or terminated only by a writing executed by all parties (except as provided herein with respect to rejection of this Subscription Agreement by the Company).
- (D) Within five (5) days after receipt of a written request from the Company, Investor agrees to provide such information and to execute and deliver such documents as may be reasonably necessary to comply with any and all laws and regulations to which the Company is subject.
- (E) The representations, warranties and covenants of Investor set forth herein shall survive (i) the acceptance of the Investor's subscription by the Company and the Closing, (ii) changes in the transactions, documents and instruments described in the Memorandum which are not material or which are to the benefit of Investor, (iii) the death or disability of Investor and (iv) termination of the Company.

- (F) If any term or provision of this Subscription Agreement is invalid, illegal or unenforceable in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other term or provision of this Subscription Agreement or invalidate or render unenforceable such term or provision in any other jurisdiction.
- (G) This Subscription Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which together shall be deemed to be one and the same agreement.
- (H) The section and other headings contained in this Subscription Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Subscription Agreement.
- (I) All notices or other communications given or made hereunder, other than the delivery of this Subscription Agreement and the Investor's Subscription Payment, shall be in writing and shall be e-mailed or delivered (prepaid) to the Company at 234 Mall Boulevard, Suite 270, King of Prussia, PA 19406, and to Investor at the specified address set forth in this Subscription Agreement, except as such address may be changed from time to time by notice from Investor to the Company.

9. **BAD ACTOR REPRESENTATIONS, WARRANTIES AND COVENANTS.** Investor hereby represents, warrants and covenants as follows:

- (A) Investor has not been convicted, within ten (10) years before the Subscription Date (as defined below), of any felony or misdemeanor:
 - (i) in connection with the purchase or sale of any security
 - (ii) involving the making of any false filing with the SEC; or
 - (iii) arising out of the conduct of the business of an underwriter, broker, dealer, municipal securities dealer, investment adviser or paid solicitor of purchasers of securities;
- (B) Investor is not subject to any order, judgment or decree of any court of competent jurisdiction, entered within five (5) years before the Subscription Date, that, at such time, restrains or enjoins such person from engaging or continuing to engage in any conduct or practice:
 - (i) in connection with the purchase or sale of any security;
 - (ii) involving the making of any false filing with the SEC; or

- (iii) arising out of the conduct of the business of an underwriter, broker, dealer, municipal securities dealer, investment adviser or paid solicitor of purchasers of securities;
- (C) Investor is not subject to a final order of a state securities commission (or an agency or officer of a state performing like functions); a state authority that supervises or examines banks, savings associations, or credit unions; a state insurance commission (or an agency or officer of a state performing like functions); an appropriate federal banking agency; the U.S. Commodity Futures Trading Commission; or the National Credit Union Administration that:
 - (i) as of the Subscription Date, bars Investor from:
 - (a) association with an entity regulated by such commission, authority, agency, or officer;
 - (b) engaging in the business of securities, insurance or banking; or
 - (c) engaging in savings association or credit union activities; or
 - (ii) constitutes a final order based on a violation of any law or regulation that prohibits fraudulent, manipulative, or deceptive conduct entered within ten (10) years before the Subscription Date;
- (D) Investor is not subject to an order of the SEC entered pursuant to section 15(b) or 15B(c) of the Exchange Act (15 U.S.C. 78o (b) or 78o-4(c)) or section 203(e) or (f) of the Investment Advisers Act (15 U.S.C. 80b-3(e) or (f)) that, as of the Subscription Date:
 - (i) suspends or revokes Investor's registration as a broker, dealer, municipal securities dealer or investment adviser;
 - (ii) places limitations on the activities, functions or operations of Investor; or
 - (iii) bars Investor from being associated with any entity or from participating in the offering of any penny stock;
- (E) Investor is not subject to any order of the SEC entered within five (5) years before the Subscription Date, which, as of the Subscription Date, orders Investor to cease and desist from committing or causing a violation or future violation of:
 - (i) any scienter-based anti-fraud provision of the federal securities laws, including without limitation section 17(a)(1) of the Securities Act (15 U.S.C. 77q(a)(1)), Section 10(b) of the Exchange Act (15 U.S.C. 78j(b)) and 17 CFR

240.10b-5, Section 15(c)(1) of the Exchange Act (15 U.S.C. 78o (c)(1)) and Section 206(1) of the Investment Advisers Act (15 U.S.C. 80b-6(1)), or any other rule or regulation thereunder; or

(ii) Section 5 of the Securities Act (15 U.S.C. 77e).

- (F) Investor is not suspended or expelled from membership in, or suspended or barred from association with a member of, a registered national securities exchange or a registered national or affiliated securities association for any act or omission to act constituting conduct inconsistent with just and equitable principles of trade;
- (G) Investor has not filed (as a registrant or issuer), or was not named as an underwriter in, any registration statement or Regulation A offering statement filed with the SEC that, within five (5) years before the Subscription Date, was the subject of a refusal order, stop order, or order suspending the Regulation A exemption, or is, as of the Subscription Date, the subject of an investigation or proceeding to determine whether a stop order or suspension order should be issued; and
- (H) Investor is not subject to a United States Postal Service false representation order entered within five (5) years before the Subscription Date, and is not, as of the Subscription Date, subject to a temporary restraining order or preliminary injunction with respect to conduct alleged by the United States Postal Service to constitute a scheme or device for obtaining money or property through the mail by means of false representations.
- (I) Investor will immediately notify the Company in writing if Investor becomes subject to any of the events set forth above in this Section 9 (a “Disqualification Event”) following the Subscription Date. Such notice shall be referred to as a “Bad Act Notice” and shall set forth in sufficient detail the nature of the Disqualification Event to which Investor has become subject and the date of the occurrence of the Disqualification Event.

10. **CLOSING**. The closing of the purchase and sale of the Note(s) purchased by Investor shall take place and be effective upon acceptance by the Company of Investor’s subscription for Note(s) as described above.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, Investor has executed this Subscription Agreement this 6 day of MARCH, 2018 (the "Subscription Date").

If Investor(s) is/are (a) natural person(s):

Russell Jamison Meyer
(print name)

(print name)

[Signature]
Signature

Signature

If Investor is other than a natural person:

(print name)

By: _____
Name: _____
Title: _____

MUST BE SIGNED BY CUSTODIAN OR TRUSTEE IF PLAN IS ADMINISTERED BY A THIRD PARTY.

Custodian/Trustee Name: CAMA SDIRA LLC FBO Russel Jamison Meyer IRA

By: [Signature]
Name: DONNA JANNETT
Title: TIA

Accepted by:

ABFP INCOME FUND, LLC,
a Delaware limited liability company

By: ABFP Management Company LLC

By: [Signature]
Dean Vagnozzi, Sole Member

Date: 3/8/18

{M1723893.4}

DIRECT DEPOSIT ENROLLMENT REQUEST

I hereby authorize **ABFP INCOME FUND, LLC** (the "Company") to make automatic deposits to the account at the financial institution named below. If monies to which I am not entitled are deposited to the specific account, I authorize the Company to direct the financial institution to return said funds. This authority will remain in effect until I have filed a new authorization or until this authorization is revoked by me in writing to the Company with a reasonable time provided to the Company to act on such instructions.

Account Information

Name of Financial Institution: Meridian Bank
ACH Routing Number: 031918828
Please note that the bank's ACH routing number may be different than the wire transfer routing number.
Account Number: [REDACTED] 8461

Checking Savings *(circle one)*

Ref: Name: Cama Acct #: [REDACTED] 20-03

Account Holder Information

CAMA SDIRA Custodial Acct Russel Jamison Meyer

First Name, Middle Initial, Last Name (or, if not a natural person, name of entity)

Meridian Bank, 9 Old Lincoln Highway

Street Address

Malvern, PA 19355

City, State, Zip Code

(215) 283-2868

Daytime Phone Number

Social Security Number/Tax Identification Number:

[REDACTED] 7892

(Primary Investor)

(Additional Investor)

Signature

If (a) natural person(s):

Russell Jamison Meyer _____
(print name) (print name)

X [Signature] _____
Signature Signature

X Date: MARCH 8, 2016 Date: _____

If Investor is other than a natural person:

(print name)

By: _____
Name: _____
Title: _____
Date: _____

Please attach a voided check to this form and return to:
ABFP INCOME FUND, LLC,
c/o ABFP Management Company, LLC
234 Mall Boulevard, Suite 270
King of Prussia, PA 19406

Note Dated: 3/10/2018

Maturity Date: 3/10/2019
Monthly payment: 4573.33

CLASS D PROMISSORY NOTE

FOR VALUE RECEIVED, ABFP INCOME FUND, LLC, a Delaware limited liability company with an address at 234 Mall Boulevard, Suite 270, King of Prussia, Pennsylvania 19406 (“Borrower”) promises to pay to the order of CAMA SDIRA LLC FBO Russel Jamison Meyer IRA (“Lender”), in legal tender of the United States, the sum of three hundred ninety two thousand (\$ 392,000.00) (the “Principal Amount”), together with interest on the unpaid Principal Amount at the rates and on the terms set forth in this Class D Promissory Note (this “Note”).

1. Interest Rate. The Principal Amount shall bear interest at the rate of fourteen percent (14%). Interest shall be calculated at all times on the basis of a 360 day year (each month is deemed to be 30 days).

2. Payments of Principal and Interest. Lender shall pay principal and interest sums due under this Note as follows: (a) interest on the unpaid balance shall accrue from the ~~(tenth/twenty-fifth)~~ day of the month in which this Note is issued and shall be paid on the ~~(thirteenth/twenty-eighth)~~ day of each month thereafter, in arrears, commencing on 4/10/18, and continuing until 3/10/19 and (b) the Principal Amount shall be paid on the first (1st) anniversary of this Note (the “Maturity Date”). Any accrued and unpaid interest and any remaining outstanding principal shall be due and payable in full on the Maturity Date. Notwithstanding anything contained herein to the contrary, in the event that any payment is due on a date that is not a Business Day, then the payment shall be due on the first Business Day following such date. For purposes of this Note, the term “Business Day” means any day other than a Saturday, Sunday, legal holiday or day on which banks are authorized or permitted to be closed.

3. Representations and Warranties. Borrower hereby represents and warrants to the Lender (which representations and warranties shall survive until this Note has been paid in full) that:

(a) Power and Authority; Authorization; Enforceability. Borrower has full power, authority and legal right to execute, deliver and comply with the terms of this Note and, upon execution hereof, this Note shall constitute a valid and legally binding obligation of Borrower enforceable in a court of competent jurisdiction for its term.

(b) Conflict; Breach. The execution and delivery of and compliance with this Note by Borrower will not conflict with or result in a breach of any applicable law, judgment, order, writ, injunction, decree, rule or regulation of any court, administrative agency or other governmental authority, or of any agreement or other document or instrument to which Borrower is a party or by which Borrower is bound.

4. Events of Default. The occurrence of any one or more of the following events shall constitute an event of default hereunder:

(a) Borrower shall fail to make any payment of principal and/or interest due to Lender under this Note when the same shall become due and payable, and such failure continues for a period of ten (10) days;

{M1737054.1}



(b) Other than failure to make a payment required under this Note (which is an event of default under Paragraph 4(a)), Borrower shall fail to observe or perform any of the covenants or agreements on its part to be observed or performed under this Note within 30 days after written notice from Lender of such non-compliance;

(c) Any representation or warranty of Borrower under this Note shall be untrue in any material respect;

(d) Borrower shall apply for or consent to the appointment of a receiver, trustee or liquidator of Borrower or any of Borrower's property, make a general assignment for the benefit of creditors, be adjudicated a bankrupt or insolvent or file a voluntary petition in bankruptcy, or a petition or an answer seeking reorganization or an arrangement with creditors or to take advantage of any bankruptcy, reorganization, insolvency, readjustment of debt, dissolution or liquidation law or statute, or an answer admitting the material allegations of a petition filed against Borrower in any proceeding under any such law, or if action shall be taken by Borrower for the purpose of effecting any of the foregoing; or

(e) Any order, judgment or decree shall be entered by any court of competent jurisdiction, approving a petition seeking reorganization of Borrower or all or a substantial part of Borrower's assets, or appointing a receiver, sequestrator, trustee or liquidator of Borrower or any of Borrower's property, and such order, judgment or decree shall continue unstayed and in effect for any period of 90 days.

5. Remedies. Upon the occurrence of any event of default, Lender shall provide Borrower with written notice setting forth in reasonable detail the nature and the amount of the event of default. If the event of default is not cured within thirty (30) days' of Borrower's receipt of Lender's written notice, then the entire unpaid principal sum of this Note plus all interest accrued thereon plus all other sums due and payable to Lender under this Note shall, at the option of Lender, become due and payable immediately without presentment, demand, notice of nonpayment, protest, notice of protest or other notice of dishonor, all of which are hereby expressly waived by Borrower. In addition to the foregoing, upon the occurrence of any event of default, Lender may forthwith exercise singly, concurrently, successively or otherwise any and all rights and remedies available to Lender under this Note or available to Lender by at law, in equity, under statute or otherwise.

6. Remedies Cumulative. etc.

(a) No right or remedy conferred upon or reserved to Lender hereunder or now or hereafter existing at law or in equity or by statute or other legislative enactment, is intended to be exclusive of any other right or remedy, and each and every such right or remedy shall be cumulative and concurrent, and shall be in addition to every other such right or remedy, and may be pursued singly, concurrently, successively or otherwise, at the sole discretion of Lender, and shall not be exhausted by any one exercise thereof but may be exercised as often as occasion therefor shall occur. No act of Lender shall be deemed or construed as an election to proceed under any one such right or remedy to the exclusion of any other such right or remedy; furthermore, each such right or remedy of Lender shall be separate, distinct and cumulative and none shall be given effect to the exclusion of any other. The failure to exercise or delay in exercising any such

right or remedy, or the failure to insist upon strict performance of any term of this Note, shall not be construed as a waiver or release of the same, or of any event of default thereunder, or of any obligation or liability of Borrower thereunder.

(b) Borrower hereby waives presentment, demand, notice of nonpayment, protest, notice of protest or other notice of dishonor, and any and all other notices in connection with any default in the payment of, or any enforcement of the payment of, all amounts due under this Note. To the extent permitted by law, Borrower waives the right to any stay of execution and the benefit of all exemption laws now or hereafter in effect. Borrower further waives and releases all procedural errors, defects and imperfections in any proceedings instituted by Lender under the terms of this Note.

(c) Borrower agrees that any action or proceeding against it to enforce the Note shall be commenced in the Court of Common Pleas for Montgomery County, Pennsylvania and Borrower irrevocably consents to the exclusive jurisdiction of such courts (and of the appropriate appellate courts) in any such action or proceeding and irrevocably waives any objection based upon inconvenience of the forum or otherwise to venue laid therein. Notwithstanding the foregoing, nothing in this Paragraph is intended to prevent Lender from instituting an action in any jurisdiction for the sole and exclusive purpose of enforcing a judgment by a court in the jurisdictions referred to in the preceding sentence.

(d) Borrower waives personal service of process and agrees that a summons and complaint commencing an action or proceeding in any such court shall be properly served if served by registered or certified mail in accordance with the notice provisions set forth herein and Borrower expressly waives any and all defenses to an exercise of personal jurisdiction by any such court.

(e) Borrower hereby knowingly, voluntarily and intentionally waives the right it may have to a trial by jury in respect of any litigation based hereon, arising out of, under or in connection with this Note, or any course of conduct, course of dealing, statements (whether verbal or written) or actions of Borrower or Lender. This provision is a material inducement for Lender entering into this Note.

7. Cost and Expenses. Following the occurrence of any event of default, Borrower shall pay upon demand all reasonable costs and expenses (including all reasonable amounts paid to attorneys, accountants, brokers and other advisors employed by Lender and/or to any contractors for labor and materials), incurred by Lender in the exercise of any of its rights, remedies or powers under this Note with respect to such event of default. In connection with and as part of the foregoing, if this Note is placed in the hands of an attorney for the collection of any sum payable thereunder, Borrower agrees to pay reasonable attorneys' fees for the collection of the amount being claimed under this Note, as well as all costs, disbursements and allowances provided by law.

8. Severability. In the event that for any reason one or more of the provisions of this Note or their application to any person or circumstance shall be held to be invalid, illegal or unenforceable in any respect or to any extent, such provisions shall nevertheless remain valid, legal and enforceable in all such other respects and to such extent as may be permissible. In addition, any such invalidity, illegality or unenforceability shall not affect any other provisions of this Note,

but this Note shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

9. Successors and Assigns. This Note inures to the benefit of Lender and its heirs, executors, administrators, personal representatives, successors and assigns, and binds Borrower and its successors and assigns, and the words “**Lender**” and “**Borrower**” whenever occurring herein shall be deemed and construed to include such respective heirs, executors, administrators, personal representatives (as to Lender), successors and assigns, as applicable.

10. Definitions; Number and Gender. In the event Borrower consists of more than one person or entity, the obligations and liabilities hereunder of each of such persons and entities shall be joint and several and the word “**Borrower**” shall mean all or some or any of them. For purposes of this Note, the singular shall be deemed to include the plural and the neuter shall be deemed to include the masculine and feminine, as the context may require.

11. Captions. The captions or headings of the paragraphs in this Note are for convenience only and shall not control or affect the meaning or construction of any of the terms or provisions of this Note.

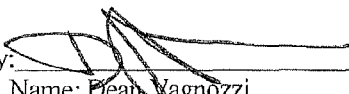
12. Governing Law. This Note, to the fullest extent permissible, shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania.

IN WITNESS WHEREOF, and intending to be legally bound, the undersigned hereto has executed this Class D Promissory Note as an instrument under seal as of the day and year first written above.

BORROWER:

ABFP INCOME FUND, LLC

By: ABFP Management Company LLC,
Manager

By: 
Name: ~~Dean Ragnozzi~~
Title: Sole Member

LENDER Name: Coma SDIRA FBO
Russel Jamison Meyer IRA

ABFP INCOME FUND, LLC

SUBSCRIPTION AGREEMENT

This is the offer and agreement (this "Subscription Agreement") of the undersigned ("Investor") to purchase \$ 392,000.00 (the "Subscription Price") of the following promissory notes (the "Notes") to be issued by ABFP INCOME FUND, LLC, a Delaware limited liability company (the "Company"):

- \$ _____ for a Class A;
- \$ _____ for a Class B;
- \$ _____ for a Class C;
- \$ 392,000.00 for a Class D; and
- \$ _____ for a Class E.

In consideration of the Subscription Price, the Company will issue to Investor the Notes in the amounts and of the type set forth above. The minimum purchase is \$75,000, subject to the discretion of the Company to permit smaller investments. The sale of the Notes to Investor is subject to all terms, conditions, acknowledgments, representations and warranties stated in this Subscription Agreement and the terms and conditions contained in the Company's Confidential Private Placement Memorandum dated February 1, 2018, together with any exhibits, amendments and supplements thereto (collectively, the "Memorandum"). Simultaneously with the execution and delivery hereof, Investor shall transmit payment in full for the amount of the Subscription Price. All capitalized terms utilized in this Subscription Agreement and the attachments hereto and not otherwise defined herein or therein shall have the meanings set forth in the Memorandum. The Company charges a subscription fee of \$100. The subscription fee is used by the Company to pay certain costs and expenses incurred in connection with the formation of the Company and this Offering.

It is understood and agreed that the Company shall have the sole right, in its complete discretion, to accept or reject Investor's subscription for the Note(s), in whole or in part, for any reason, for a period of thirty (30) days after receipt of this Subscription Agreement, and that the same shall be deemed to be accepted by the Company only when it is signed by a duly authorized officer of the Company and delivered to Investor. Any subscription not accepted within thirty (30) days after receipt of the Subscription Agreement will be deemed rejected. Subscriptions for Note(s) need not be accepted in the order received. In the event a subscription is rejected, all subscription funds shall be returned without interest or deduction. Notwithstanding anything in this Subscription Agreement to the contrary, the Company shall have no obligation to issue any of the Interests to any person who is a resident of a jurisdiction in which the issuance of Note(s) to such person would constitute a violation of the securities, "blue sky" or other similar laws of such jurisdiction.

To induce the Company to accept this Subscription Agreement and as further consideration for such acceptance, Investor hereby provides the following information and makes the following acknowledgments, representations, warranties and covenants with the full knowledge that the Company will expressly rely on them in making its decision to accept or reject this Subscription Agreement:

1. **OWNERSHIP TYPE.** Investor wishes to own the Note(s) as follows (check one):

Account Type

Brokerage Account Number: _____

- (a) Separate or individual property (If Investor's primary state of residence is a community property state and Investor is married, then Investor's spouse must sign and submit the Consent of Spouse form, attached as Attachment A hereto.)
- _____ (b) Husband and wife as community property (Community property states only. Husband and wife should both sign all required documents.)
- _____ (c) Joint tenants with right of survivorship (Both parties must sign all required documents.)
- _____ (d) Tenants in common (Both parties must sign all required documents.)
- _____ (e) Trust (Please complete Attachment B attached hereto.)
- _____ (f) Corporation/Partnership/Limited Liability Company (Please complete Attachment C attached hereto.)
- _____ (g) Pension Plan
- _____ (h) Other (indicate): _____

<i>Third Party Custodial Account Type</i>	
<i>Custodian Account Number:</i>	_____ 20-01
_____ (a)	IRA
_____ (b)	Roth IRA
_____ (c)	SEP IRA
_____ (d)	Simple IRA
_____ (e)	Other (indicate): _____

Custodian Information (To be completed by Custodian)

Custodian Name: CAMAPLAN
Custodian Tel.: (215) 283-2868

2. INVESTOR INFORMATION.

A. INVESTOR AS NATURAL PERSON

Name: Russel Jamison Meyer
Social Security Number: [REDACTED] 8145 DOB: [REDACTED] / 1957
Address: [REDACTED]
Palm City FL 34990
Tel. No.: [REDACTED]
E-Mail: [REDACTED] @ Bellsouth.net
(Address should be the address of Investor in primary state of residence.)

B. CO-INVESTOR AS NATURAL PERSON

Name: _____
Social Security Number: _____ DOB: _____
Address: _____

Tel. No.: _____
E-Mail: _____
(Address should be the address of Co-Investor in primary state of residence.)

C. ENTITY INVESTOR

Name: _____
Tax Identification No.: _____
Address: _____

Tel. No.: _____
E-Mail: _____
(Address should be the address of Investor's principal place of business.)

D. BENEFICIARY INFORMATION FOR TRANSFER ON DEATH
(Individual or Joint Account with Rights of Survivorship only)

Name: Renee F Meyer
Social Security Number: [REDACTED] 6937 DOB: [REDACTED] - 1961
Check One: Primary _____ Secondary 100 %
Name: _____
Social Security Number: _____ DOB: _____
Check One: _____ Primary _____ Secondary _____ %

E. CORRESPONDENCE

If correspondence should be sent to a different address than indicated above, please provide the following information:

Name: _____
Address: _____
E-Mail: _____

F. RECEIPT OF PAYMENTS

Please indicate how Investor wishes to receive payments of principal and interest.

Check Mailed to:

Name: Cama SDIRA LLC FBO Russel Jamison Meyer IRA
Address: 122 East Butler Ave., Suite 100
Ambler, PA 19002
Account No.: ██████████ 20 - 01

Direct Deposit: Please complete the attached Direct Deposit Enrollment Request.

3. **INVESTOR STATUS.** Investor declares that the information provided in this Section 3 is true, correct, accurate and complete and may be relied upon by the Company.

A. INDIVIDUALS, INDIVIDUAL RETIREMENT ACCOUNTS, KEOGH PLANS:
(check all that apply)

Investor has an individual net worth, or joint net worth with Investor's spouse, inclusive of home furnishings and personal automobiles, but excluding the value of Investor's primary residence, of more than \$1,000,000.

_____ Investor has had individual income in excess of \$200,000, or joint income with Investor's spouse in excess of \$300,000, in each of the two (2) most recent years and Investor or Investor and Investor's spouse have a reasonable expectation of reaching the same income level in the current year.

_____ Investor is an individual retirement account or Keogh plan, the individual for whose benefit the investment in the Company is being made has directed such investment, and such individual is an Accredited Investor because such individual has a net worth or income as described above.

_____ Investor is a director or executive officer of the Company.

For purposes of calculating Investor's net worth, "net worth" means the excess of total assets at fair market value (including personal and real property, but excluding the estimated fair market value of a person's primary home) over total liabilities. Total liabilities exclude any mortgage on the primary home in an amount up to the home's estimated fair market value if the mortgage was incurred more than sixty (60) days before the Interests were purchased, but includes (i) any mortgage amount in excess of the home's fair market value and (ii) any mortgage amount that was borrowed during the 60-day period before the closing on the purchase of Investor's Interests (the "Closing") or for the purpose of investing in the Interests. In the case of fiduciary accounts, the net worth and/or income suitability requirements must be satisfied by the beneficiary of the account, or by the fiduciary, if the fiduciary directly or indirectly provides funds for the purchase of the Interests.

None of the above apply.

B. TRUSTS: (check all that apply)

Investor is a trust with total assets in excess of \$5,000,000, was not formed for the specific purpose of acquiring Interests, and Investor's purchase is directed by a person who has such knowledge and experience in business or financial matters that it is capable of evaluating the merits and risks of an investment in the Interests.

Investor is a trust having as its trustee or co-trustee a bank as defined in Section 3(a)(2) of the Securities Act, a savings and loan association, or another institution as defined in Section 3(a)(5)(A) of the Securities Act, which makes or participates in the investment decision.

Investor is a revocable trust which may be amended or revoked at any time by the grantors thereof and all the grantors are Accredited Investors.

None of the above apply.

C. CORPORATIONS, FOUNDATIONS, ENDOWMENTS, PARTNERSHIPS, LIMITED LIABILITY COMPANIES OR MASSACHUSETTS OR SIMILAR BUSINESS TRUSTS: (check all that apply)

Investor has total assets in excess of \$5,000,000 and was not formed for the specific purpose of acquiring Interests.

All of Investor's equity owners are Accredited Investors (Note: A trust (other than a business trust, real estate investment trust or other similar entities) may not claim this basis for being an Accredited Investor).

None of the above apply.

D. EMPLOYEE BENEFIT PLANS: (check all that apply)

Investor is an employee benefit plan within the meaning of ERISA, and the decision to invest in the Interests was made by a plan fiduciary (as defined in Section 3(21) of ERISA), which is either a bank, savings and loan association, insurance company or registered investment adviser.

_____ Investor is an employee benefit plan within the meaning of ERISA and has total assets in excess of \$5,000,000.

_____ Investor is a plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions for the benefit of its employees, and has total assets in excess of \$5,000,000.

None of the above apply.

E. PARTICIPANT-DIRECTED OR SELF-DIRECTED PLANS: (check all that apply)

Investor is a participant-directed or self-directed plan (i.e., a tax-qualified defined contribution plan in which a participant may exercise control over the investment of assets credited to his or her account), the participant for whose benefit the investment in Notes is being made has directed such investment, and such participant is an Accredited Investor because such participant has a net worth or income as described above for individuals.

_____ None of the above apply.

4. **INVESTOR REPRESENTATIONS, WARRANTIES AND COVENANTS.** Investor makes the following representations and warranties to the Company:

- (A) In addition to the other representations and warranties contained herein, that by reason of (i) Investor's business or financial experience or (ii) consultation with a financial advisor, accountant or attorney, Investor has the capacity to understand the nature of the investment and to protect Investor's own interests in connection with Investor's investment decision to purchase the Notes and to evaluate the merits and risks of an investment in the Notes.
- (B) Investor has all requisite authority (and in the case of an individual, the capacity) to purchase the Notes, to enter into this Subscription Agreement and to perform all the obligations required to be performed by Investor hereunder, and such purchase will not violate any law, rule or regulation binding on Investor or any investment guideline or restriction applicable to Investor.
- (C) Investor is a resident of, or if an entity, maintains its principal place of business in, the state set forth in this Subscription Agreement and is not acquiring the Interests as a nominee or agent or otherwise for any other person.
- (D) Investor will comply with all applicable laws and regulations in effect in any jurisdiction in which Investor purchases Notes and will obtain any consent, approval or permission required for such purchases under the laws and regulations of any jurisdiction to which Investor is subject or in which Investor makes such purchases or sales, and the Company shall have no responsibility therefor.

- (E) Investor understands that in the event this Subscription Agreement is not accepted or the Offering is terminated, then the funds transmitted herewith shall be returned to Investor without interest or deduction and this Subscription Agreement shall be terminated and of no further force or effect.
- (F) Investor acknowledges that Investor has received, read and fully understands the Memorandum. Investor further acknowledges that Investor is basing Investor's decision to invest in the Notes solely on the Memorandum and Investor has relied only on the information contained therein and has not relied upon any representations made by any other person. Investor understands that an investment in the Notes involves significant risk. Investor further understands that no federal or state agency has passed upon the merits or risks of an investment in the Notes or made any finding or determination concerning the fairness or advisability of Investor's investment. Investor is fully cognizant of and understands all the risk factors relating to a purchase of the Notes, including, but not limited to, those risks set forth under "Risk Factors" in the Memorandum.
- (G) Investor confirms that Investor is not relying on any communication (written or oral) of the Company or any of its affiliates, as investment advice or as a recommendation to purchase Notes. It is understood that information and explanations related to the terms and conditions of the Notes provided in the Memorandum or otherwise by the Company or any of its affiliates shall not be considered investment advice or a recommendation to purchase Interests, and that neither the Company nor any of its affiliates is acting or has acted as an adviser to Investor in deciding to invest in the Notes. Investor acknowledges that neither the Company nor any of its affiliates has made any representation regarding the proper characterization of the Notes for purposes of determining Investor's authority to invest in the Notes.
- (H) Investor confirms that the Company has not (A) given any guarantee or representation as to the potential success, return, effect or benefit (either legal, regulatory, tax, financial, accounting or otherwise) of an investment in the Notes, or (B) made any representation to Investor regarding the legality of an investment in the Notes under applicable laws or regulations. In deciding to purchase Notes, Investor is not relying on the advice or recommendations of the Company and Investor has made Investor's own independent decision that the investment in Notes is suitable and appropriate for Investor. With the assistance of Investor's own professional advisors, to the extent that Investor has deemed appropriate, Investor has made Investor's own legal, tax, accounting and financial evaluation of the merits and risks of an investment in Notes and the consequences of this Subscription Agreement.
- (I) Investor's overall commitment to investments that are not readily marketable is not disproportionate to Investor's individual net worth, if a natural person, and

Investor's investment in the Notes will not cause such overall commitment to become excessive. Investor has adequate means of providing for Investor's financial requirements, both current and anticipated, and has no need for liquidity in this investment in order to do so. Investor can financially bear and is willing to accept the economic risk of losing Investor's entire investment in the Notes

- (J) All information that Investor has provided to the Company herein concerning Investor's suitability to invest in the Notes is complete, accurate and correct as of the date of Investor's signature on this Subscription Agreement. Investor hereby agrees to notify the Company immediately of any material change in any such information occurring prior to the acceptance of this Subscription Agreement, including any information about changes concerning Investor's net worth and financial position. Investor also agrees to furnish any additional information requested by the Company or any of its affiliates to assure compliance with applicable federal and state securities laws in connection with the purchase and sale of the Notes. Investor understands that, unless Investor notifies the Company in writing to the contrary at or before the Closing, each of Investor's representations and warranties contained in this Subscription Agreement will be deemed to have been reaffirmed and confirmed as of the Closing, taking into account all information received by Investor.
- (K) Investor is familiar with the intended business and operations of the Company, all as generally described in the Memorandum. Investor has had access to such information concerning the Company and the Notes as it deems necessary to enable it to make an informed investment decision concerning the purchase of Notes. Investor has had the opportunity to ask questions of, and receive answers from, the Company and the Manager concerning the Company, the creation or operation of the Company, and the terms and conditions of the Offering, and to obtain any additional information deemed necessary. Investor has been provided with all materials and information requested by either Investor or others representing Investor, including any information requested to verify any information furnished to Investor.
- (L) Investor is purchasing the Notes for Investor's own account and for investment purposes only and has no present intention, agreement or arrangement for the distribution, transfer, assignment, resale or subdivision of the Notes. Investor understands that, due to the restrictions on transfer as outlined in the Memorandum and in Section 4(M) below, and the lack of any market existing or ever anticipated to exist for the Notes, Investor's investment in the Company will be highly illiquid and may have to be held until maturity.
- (M) Investor understands that (i) the Notes may not be transferred or assigned without the consent of the Manager, (ii) the Notes have not been registered with the SEC and are being offered and sold in reliance on an exemption under Regulation D,

which reliance is based in part upon Investor's representations set forth herein, and (iii) the Notes have not been registered under state securities laws and are being offered and sold pursuant to exemptions specified in said laws, and unless registered, the Notes may not be re-offered for sale or resold, pledged, assigned or otherwise transferred or disposed of, except in a transaction, or as a security, exempt under those laws. Neither the SEC nor any state securities commission has approved or disapproved the Notes or passed upon the accuracy or adequacy of the Memorandum. Any representation to the contrary is a criminal offense.

- (N) Neither Investor nor any subsidiary, affiliate, owner, shareholder, partner, member, indemnitor, guarantor or related person or entity: (a) is a Sanctioned Person (as defined below); (b) has more than 15% of its assets in Sanctioned Countries (as defined below); or (c) derives more than 15% of its operating income from investments in, or transactions with, Sanctioned Persons or Sanctioned Countries. For purposes of the foregoing, a "Sanctioned Person" means: (a) a person named on the list of "specially designated nationals" or "blocked persons" maintained by the U.S. Office of Foreign Assets Control ("OFAC") on its website located at <http://www.treasury.gov/resource-center/sanctions/SDN-List/Pages/default.aspx>, or as otherwise published from time to time, or (b) (i) an agency of the government of a Sanctioned Country, (ii) an organization controlled by a Sanctioned Country, or (iii) a person resident in a Sanctioned Country, to the extent subject to a sanctions program administered by OFAC. A "Sanctioned Country" or "Sanctioned Countries" shall mean a country subject to a sanctions program identified on the list maintained by OFAC and on its website located at <http://www.treasury.gov/resource-center/sanctions/Programs/Pages/Programs.aspx>, or as otherwise published from time to time.
- (O) If the undersigned is acquiring the Notes in a fiduciary capacity: (i) the above representations, warranties, agreements, acknowledgments and understandings shall be deemed to have been made on behalf of the person or persons for whose benefit such Notes are being acquired, (ii) the name of such person or persons is indicated herein, and (iii) such further information as the Company deems appropriate shall be furnished regarding such person or persons.
- (P) Certain sections of the Code require a partnership to pay a withholding tax with respect to a partner's allocable share of the partnership's taxable income and with respect to certain transfers of property to a partner, if the partner is a foreign person. To inform the Company that such provisions do not apply, Investor hereby certifies under penalty of perjury, that (a) Investor is not a nonresident alien, foreign corporation, foreign partnership, foreign trust or foreign estate (as those terms are defined in the Code and regulations thereunder); (b) the number shown above is Investor's correct Social Security Number or TIN; and (c) the address shown above is Investor's correct residence or office address. Investor hereby agrees to notify

the Company within thirty (30) days of the date Investor becomes a foreign person. Investor understands that this certification may be disclosed to the IRS and the state taxing authority and that any false statement made herein could be punished by fine, imprisonment or both. Investor also certifies under penalty of perjury that Investor is not subject to federal backup withholding either because (i) Investor has not been notified that Investor is subject to backup withholding due to a failure to report all interest or dividends, or (ii) the IRS has notified Investor that Investor is no longer subject to federal backup withholding. (Please strike out the foregoing sentence if Investor has been notified that Investor is subject to federal backup withholding due to under-reporting and Investor has not received a notice from the IRS advising Investor that federal backup withholding has terminated.) The IRS does not require Investor's consent to any provision of this Subscription Agreement other than the certifications required to avoid backup withholding.

- (Q) Investor has a substantive, pre-existing business or personal relationship with the Manager of the Company or its principal and has not seen or heard any general advertising related to any securities offered by the Company, including television commercials, radio spots, print advertising or the like.

5. **ERISA REPRESENTATIONS.** (This section only applies to employee benefit or other retirement plans.)

(A) General Representations.

(i) Investor agrees to (a) certify whether or not it is, or is acting on behalf of, an employee benefit plan subject to ERISA and/or a plan within the meaning of Section 4975(e) of the Code or an entity which is deemed to hold the assets of any such plan pursuant to 29 C.F.R. § 2510.3-101, as modified by ERISA Section 3(42) (the "Plan Asset Regulation") or otherwise (collectively, a "Plan"), (b) provide, if it is acting on behalf of any Plan, a list (and regularly update such list) of the persons (and their affiliates, as defined in Prohibited Transaction Class Exemption 84-14, Part V(c)) who have the power to invest in the Company or redeem their Interests in the Company on behalf of such Investor, and (c) certify whether it is a "Benefit Plan Investor" (as defined in the Plan Asset Regulation) and/or a person who exercises control over the assets of the Company or provides investment advice to the Company for a fee, direct or indirect, or is an affiliate of any such person (each such person, a "Controlling Person").

(ii) During any period in which Investor is or is acting on behalf of Plan(s), including any Benefit Plan Investor(s) (the "Constituent Plans"), the fiduciaries of the Constituent Plans represent and warrant that (a) they have been informed of and understand the Company's investment objectives, policies, limitations, fee structure and strategies and that the decision to invest the assets of the Constituent Plans in the Notes was made with appropriate consideration of

relevant investment factors with regard to such Plans and in accordance with the Investor's fiduciary duties and responsibilities imposed upon fiduciaries with regard to their investment decisions under ERISA; (b) the Investor's purchase and holding of the Notes is permitted under the governing documents of the Constituent Plans; (c) the Investor's purchase, ownership and holding of the Notes will not result in or constitute a "prohibited transaction" under Section 406 of ERISA or Section 4975 of the Code for which an exemption is not available; (d) in deciding to purchase or continue to hold the Notes, Investor has considered, to the extent required by law or the governing documents of each Constituent Plan, the cash needs, investment policies, portfolio composition and appropriate liquidity and diversification of assets of each such Constituent Plan; (e) the governing documents of each of the Constituent Plans permit the payment of actual, direct and reasonable expenses of the Company, the Manager and their affiliates, as described in the Memorandum; (f) none of the Company, the Manager or any of their affiliates have acted as a fiduciary of Investor or any Constituent Plans with respect to Investor's decision to purchase or hold any Notes and neither the Company, the Manager nor any of their affiliates shall at any time be relied upon as a fiduciary of Investor or any Constituent Plans with respect to any decision to purchase, continue to hold or redeem any Notes; and (g) none of the Company, the Manager or any of their affiliates have provided investment advice with respect to Investor's decision to purchase or hold any Notes.

(iii) Investor understands that any time Benefit Plan Investors own 25% or more of any class of equity in the Company, that the Company is deemed to hold ERISA plan assets and that transactions in which the Company may engage will be subject to ERISA's fiduciary obligations, as well as the prohibited transaction excise tax provisions of Code Section 4975. Consequently, for any periods during which the Company will be deemed to hold ERISA plan assets, the "named fiduciary" of any Investor, if it is subject to ERISA, hereby appoints the Manager to be an "investment manager" (as defined in Section 3(38) of ERISA) with respect to the assets of such Investor, pursuant to ERISA Section 402(c)(3). Investor, if subject to ERISA, hereby represents that (a) Investor's investment in the Company was authorized by the named fiduciaries of the Constituent Plans; and (b) the party completing and executing this Subscription Agreement on behalf of Investor has the authority under the explicit terms of the governing documents of each of the relevant Constituent Plans of Investor (and any necessary and proper delegation instructions thereunder) to appoint the Manager as an investment manager of such Constituent Plans of Investor with respect to the plan assets of such Constituent Plans deemed to be held by the Company.

(iv) Investor (a) agrees to inform the Manager immediately of any change in the status of Investor which results in Investor becoming or ceasing to be a "Benefit Plan Investor", or a "Controlling Person"; and (b) agrees that the

information supplied in this Subscription Agreement upon acquisition of the Notes and as requested thereafter will be utilized (i) to determine whether Benefit Plan Investors own less than 25% of the value of each class of Notes of the Company, both upon the original issuance of Notes and upon any subsequent transfer of Interests and (ii) to determine the applicability of Prohibited Transaction Class Exemption 84-14, or any other prohibited transaction class exemption, to transactions in which the Company may engage, so as to avoid engaging in nonexempt prohibited transactions.

(v) Investor acknowledges that the Company, the Manager and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and warranties and agrees that, if any of the acknowledgments, representations or warranties made or deemed to have been made by it in connection with its purchase of Interests are no longer accurate, Investor will promptly notify the Manager.

- (B) Transfer Restrictions. Each Investor that is a Benefit Plan Investor agrees that it will not sell or otherwise transfer the Notes to a transferee except with the consent of the Manager which consent may be withheld and, unless pursuant to a redemption right set forth therein.
- (C) Further Advice and Assurances. Investor understands that the foregoing information will be relied upon by the Company to determine (a) whether the Company will constitute an entity holding ERISA Plan assets and (b) whether transactions in which the Company may engage are exempt from the prohibited transaction rules of ERISA and Section 4975 of the Code pursuant to Prohibited Transaction Class Exemption 84-14. Investor agrees to provide, if requested, any additional information that may be reasonably required to determine compliance with ERISA and/or Section 4975 of the Code or to otherwise determine its eligibility to purchase Interests.

6. **GOVERNING LAW; JURISDICTION.**

- (A) This Subscription Agreement shall be construed in accordance with and governed by the laws of the State of Delaware, except as to the type of registration of ownership of Notes, which shall be construed in accordance with the state of the primary residence or principal place of business of Investor.
- (B) Investor hereby covenants and agrees that venue for litigation of any dispute, controversy or other claim arising under, out of or relating to this Subscription Agreement or any of the transactions contemplated hereby, or any amendment thereof, or the breach or interpretation hereof or thereof, shall be solely in the Delaware Court of Chancery or the United States District Court for the District of Delaware.

7. **INDEMNIFICATION.** Investor hereby agrees to indemnify, defend and hold harmless the Company and the Manager, and their respective members, managers, shareholders, officers, directors, partners, employees, affiliates and advisers from any and all damages, losses, liabilities, costs and expenses (including reasonable attorneys' fees) that they may incur by reason of Investor's failure to fulfill all of the terms and conditions of this Subscription Agreement or by reason of the untruth or inaccuracy of any of the representations, warranties, covenants or agreements contained herein or in any other documents Investor has furnished to any of the foregoing in connection with this transaction. This indemnification includes, but is not limited to, any damages, losses, liabilities, costs and expenses (including reasonable attorneys' fees) incurred by the Company or the Manager and their respective members, managers, shareholders, officers, directors, partners, employees, affiliates or advisers defending against any alleged violation of federal or state securities laws that is based upon or related to any untruth or inaccuracy of any of the representations, warranties, covenants or agreements contained herein or in any other documents Investor has furnished in connection with this transaction.

8. **MISCELLANEOUS.**

- (A) Investor may not transfer or assign this Subscription Agreement, or any interest herein, and any purported transfer shall be void.
- (B) Investor hereby acknowledges and agrees that Investor is not entitled to cancel, terminate or revoke this Subscription Agreement and that this Subscription Agreement constitutes a legal, valid and binding obligation of Investor, enforceable against Investor and Investor's heirs, successors and personal representatives; provided, however, that if the Company rejects this Subscription Agreement, this Subscription Agreement shall be automatically canceled, terminated and revoked.
- (C) This Subscription Agreement, together with all attachments and exhibits thereto, constitutes the entire agreement among the parties hereto with respect to the sale of the Notes and may be amended, modified or terminated only by a writing executed by all parties (except as provided herein with respect to rejection of this Subscription Agreement by the Company).
- (D) Within five (5) days after receipt of a written request from the Company, Investor agrees to provide such information and to execute and deliver such documents as may be reasonably necessary to comply with any and all laws and regulations to which the Company is subject.
- (E) The representations, warranties and covenants of Investor set forth herein shall survive (i) the acceptance of the Investor's subscription by the Company and the Closing, (ii) changes in the transactions, documents and instruments described in the Memorandum which are not material or which are to the benefit of Investor, (iii) the death or disability of Investor and (iv) termination of the Company.

- (F) If any term or provision of this Subscription Agreement is invalid, illegal or unenforceable in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other term or provision of this Subscription Agreement or invalidate or render unenforceable such term or provision in any other jurisdiction.
- (G) This Subscription Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which together shall be deemed to be one and the same agreement.
- (H) The section and other headings contained in this Subscription Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Subscription Agreement.
- (I) All notices or other communications given or made hereunder, other than the delivery of this Subscription Agreement and the Investor's Subscription Payment, shall be in writing and shall be e-mailed or delivered (prepaid) to the Company at 234 Mall Boulevard, Suite 270, King of Prussia, PA 19406, and to Investor at the specified address set forth in this Subscription Agreement, except as such address may be changed from time to time by notice from Investor to the Company.

9. **BAD ACTOR REPRESENTATIONS, WARRANTIES AND COVENANTS.** Investor hereby represents, warrants and covenants as follows:

- (A) Investor has not been convicted, within ten (10) years before the Subscription Date (as defined below), of any felony or misdemeanor:
 - (i) in connection with the purchase or sale of any security
 - (ii) involving the making of any false filing with the SEC; or
 - (iii) arising out of the conduct of the business of an underwriter, broker, dealer, municipal securities dealer, investment adviser or paid solicitor of purchasers of securities;
- (B) Investor is not subject to any order, judgment or decree of any court of competent jurisdiction, entered within five (5) years before the Subscription Date, that, at such time, restrains or enjoins such person from engaging or continuing to engage in any conduct or practice:
 - (i) in connection with the purchase or sale of any security;
 - (ii) involving the making of any false filing with the SEC; or

- (iii) arising out of the conduct of the business of an underwriter, broker, dealer, municipal securities dealer, investment adviser or paid solicitor of purchasers of securities;
- (C) Investor is not subject to a final order of a state securities commission (or an agency or officer of a state performing like functions); a state authority that supervises or examines banks, savings associations, or credit unions; a state insurance commission (or an agency or officer of a state performing like functions); an appropriate federal banking agency; the U.S. Commodity Futures Trading Commission; or the National Credit Union Administration that:
 - (i) as of the Subscription Date, bars Investor from:
 - (a) association with an entity regulated by such commission, authority, agency, or officer;
 - (b) engaging in the business of securities, insurance or banking; or
 - (c) engaging in savings association or credit union activities; or
 - (ii) constitutes a final order based on a violation of any law or regulation that prohibits fraudulent, manipulative, or deceptive conduct entered within ten (10) years before the Subscription Date;
- (D) Investor is not subject to an order of the SEC entered pursuant to section 15(b) or 15B(c) of the Exchange Act (*15 U.S.C. 78 o (b) or 78 o -4(c)*) or section 203(e) or (f) of the Investment Advisers Act (*15 U.S.C. 80b-3(e) or (f)*) that, as of the Subscription Date:
 - (i) suspends or revokes Investor's registration as a broker, dealer, municipal securities dealer or investment adviser;
 - (ii) places limitations on the activities, functions or operations of Investor; or
 - (iii) bars Investor from being associated with any entity or from participating in the offering of any penny stock;
- (E) Investor is not subject to any order of the SEC entered within five (5) years before the Subscription Date, which, as of the Subscription Date, orders Investor to cease and desist from committing or causing a violation or future violation of:
 - (i) any scienter-based anti-fraud provision of the federal securities laws, including without limitation section 17(a)(1) of the Securities Act (*15 U.S.C. 77q(a)(1)*), Section 10(b) of the Exchange Act (*15 U.S.C. 78j(b)*) and *17 CFR*

240.10b-5, Section 15(c)(1) of the Exchange Act (15 U.S.C. 78o (c)(1)) and Section 206(1) of the Investment Advisers Act (15 U.S.C. 80b-6(1)), or any other rule or regulation thereunder; or

(ii) Section 5 of the Securities Act (15 U.S.C. 77e).

- (F) Investor is not suspended or expelled from membership in, or suspended or barred from association with a member of, a registered national securities exchange or a registered national or affiliated securities association for any act or omission to act constituting conduct inconsistent with just and equitable principles of trade;
- (G) Investor has not filed (as a registrant or issuer), or was not named as an underwriter in, any registration statement or Regulation A offering statement filed with the SEC that, within five (5) years before the Subscription Date, was the subject of a refusal order, stop order, or order suspending the Regulation A exemption, or is, as of the Subscription Date, the subject of an investigation or proceeding to determine whether a stop order or suspension order should be issued; and
- (H) Investor is not subject to a United States Postal Service false representation order entered within five (5) years before the Subscription Date, and is not, as of the Subscription Date, subject to a temporary restraining order or preliminary injunction with respect to conduct alleged by the United States Postal Service to constitute a scheme or device for obtaining money or property through the mail by means of false representations.
- (I) Investor will immediately notify the Company in writing if Investor becomes subject to any of the events set forth above in this Section 9 (a “Disqualification Event”) following the Subscription Date. Such notice shall be referred to as a “Bad Act Notice” and shall set forth in sufficient detail the nature of the Disqualification Event to which Investor has become subject and the date of the occurrence of the Disqualification Event.

10. **CLOSING**. The closing of the purchase and sale of the Note(s) purchased by Investor shall take place and be effective upon acceptance by the Company of Investor’s subscription for Note(s) as described above.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, Investor has executed this Subscription Agreement this 6 day of MARCH, 2018 (the "Subscription Date").

If Investor(s) is/are (a) natural person(s):

Russell Jamison Meyer
(print name)

(print name)

[Signature]
Signature

Signature

If Investor is other than a natural person:

(print name)

By: _____
Name: _____
Title: _____

MUST BE SIGNED BY CUSTODIAN OR TRUSTEE IF PLAN IS ADMINISTERED BY A THIRD PARTY.

Custodian/Trustee Name: CAMA SDIRA LLC FBO Russel Jamison Meyer IRA

By: [Signature]
Name: DONNA TANNUNZI
Title: TCA

Accepted by:

ABFP INCOME FUND, LLC,
a Delaware limited liability company

By: ABFP Management Company LLC

By: [Signature]
Dean Vagnozzi, Sole Member

Date: 3/8/18

(M1723893.4)

DIRECT DEPOSIT ENROLLMENT REQUEST

I hereby authorize ABFP INCOME FUND, LLC (the "Company") to make automatic deposits to the account at the financial institution named below. If monies to which I am not entitled are deposited to the specific account, I authorize the Company to direct the financial institution to return said funds. This authority will remain in effect until I have filed a new authorization or until this authorization is revoked by me in writing to the Company with a reasonable time provided to the Company to act on such instructions.

Account Information

Name of Financial Institution: Meridian Bank
ACH Routing Number: 031918828
Please note that the bank's ACH routing number may be different than the wire transfer routing number.
Account Number: [redacted] 3461

Checking Savings (circle one)

Ref. Name: Cama Account #: [redacted] 20-01

Account Holder Information

CAMA SDIRA Custodial Acct

First Name, Middle Initial, Last Name (or, if not a natural person, name of entity)

Meridian Bank, 9 Old Lincoln Highway
Street Address

Malvern, PA 19355
City, State, Zip Code

(215) 283-2868
Daytime Phone Number


Social Security Number/Tax Identification Number:
[redacted] 7892
(Primary Investor) (Additional Investor)

Signature

If (a) natural person(s):

Russell Jamison Meyer
(print name)

(print name)


Signature

Signature

MARCH 6, 2018
Date:

Date:

If investor is other than a natural person:

(print name)

By: _____
Name: _____
Title: _____
Date: _____

Please attach a voided check to this form and return to:
ABFP INCOME FUND, LLC,
c/o ABFP Management Company, LLC
234 Mall Boulevard, Suite 270
King of Prussia, PA 19406

PAR

FUNDING
www.parfunding.com



EXHIBIT
E

24-48 hours
QUICK PROCESSING

2000+
BUSINESSES FUNDED


BBB
ACCREDITED BUSINESS

100%
SECURE APPLICATION

AR Change	Factoring Losses ⁴	Funding Exposure ⁵	Exposure % ⁴	ACH Payment Total	Daily ACH Average	Returned ACH Total	Return %
5,688,670.71	\$ 1,264,465.50	\$ 502,296.51	3.7%	\$ 7,774,763.57	\$ 31,099.05	\$ 501,380.77	6.4%
4,089,803.66	\$ 1,622,534.64	\$ 331,947.39	2.0%	\$ 14,900,902.48	\$ 59,603.61	\$ 1,073,079.75	7.2%
7,836,999.51	\$ 3,059,835.62	\$ (153,741.39)	-0.5%	\$ 25,248,409.50	\$ 100,993.64	\$ 993,864.43	3.9%
51,230,326.88	\$ 5,409,620.98	\$ 210,069.88	0.3%	\$ 54,943,260.82	\$ 219,773.04	\$ 1,795,928.41	3.3%
7,049,985.02	\$ 566,876.18	\$ 211,139.52	2.0%	\$ 7,613,348.99	\$ 365,441.34	\$ 224,304.05	2.9%
9,865,420.80	\$ 949,652.32	\$ 578,047.94	4.6%	\$ 8,106,842.88	\$ 389,129.08	\$ 408,937.62	5.0%
6,070,963.78	\$ 849,319.92	\$ 162,840.04	1.3%	\$ 10,016,639.61	\$ 480,799.47	\$ 489,160.08	4.9%
6,772,015.71	\$ 636,990.71	\$ 127,027.44	1.0%	\$ 8,565,932.18	\$ 411,165.40	\$ 486,065.21	5.7%
6,116,516.36	\$ 400,428.98	\$ 85,203.53	0.8%	\$ 9,528,831.48	\$ 457,384.64	\$ 276,663.61	2.9%
7,624,788.84	\$ 442,988.22	\$ (24,499.92)	-0.2%	\$ 10,176,925.07	\$ 488,493.18	\$ 365,762.18	3.6%
14,049,563.85	\$ 404,711.86	\$ 122,104.18	0.7%	\$ 10,019,246.68	\$ 480,924.61	\$ 413,152.25	4.1%
17,404,682.24	\$ 834,791.02	\$ (93,789.41)	-0.4%	\$ 13,585,400.92	\$ 652,100.29	\$ 700,034.69	5.2%
6,347,126.20	\$ 1,057,512.18	\$ 383,026.30	2.4%	\$ 12,326,422.68	\$ 591,669.24	\$ 892,273.63	7.2%
11,059,479.97	\$ 1,282,946.91	\$ (128,426.50)	-0.6%	\$ 14,235,347.09	\$ 683,297.75	\$ 840,911.91	5.9%
12,306,545.19	\$ 3,032,977.08	\$ 587,300.15	2.8%	\$ 15,744,800.83	\$ 755,751.65	\$ 779,621.05	5.0%
13,332,724.51	\$ 2,165,414.68	\$ 449,247.60	2.0%	\$ 15,949,892.92	\$ 765,596.09	\$ 873,149.70	5.5%
10,329,263.67	\$ 2,376,917.79	\$ 699,722.31	2.7%	\$ 18,209,788.82	\$ 874,071.26	\$ 1,279,477.19	7.0%
11,423,560.34	\$ 2,877,370.80	\$ 882,822.57	3.6%	\$ 17,757,186.64	\$ 852,346.32	\$ 971,328.94	5.5%
12,039,678.07	\$ 976,039.57	\$ 216,191.67	0.8%	\$ 21,738,686.87	\$ 1,043,458.64	\$ 1,551,282.09	7.1%
(71,176.04)	\$ 1,946,365.33	\$ 76,120.21	0.3%	\$ 19,415,234.32	\$ 931,932.74	\$ 1,550,157.48	8.0%
9,072,106.07	\$ 3,917,991.69	\$ 1,210,953.52	4.3%	\$ 22,613,960.56	\$ 1,085,471.84	\$ 1,034,268.08	4.6%
8,712,481.46	\$ 2,360,474.56	\$ 599,378.52	2.5%	\$ 21,298,523.92	\$ 1,022,330.78	\$ 1,658,395.93	7.8%
2,002,234.93	\$ 3,173,773.12	\$ 582,393.32	2.5%	\$ 20,051,462.89	\$ 962,471.76	\$ 1,245,988.98	6.2%
19,773,929.16	\$ 3,572,333.66	\$ 233,965.21	0.7%	\$ 22,600,982.19	\$ 1,084,848.88	\$ 1,183,411.58	5.2%
(1,189,740.56)	\$ 2,806,469.73	\$ 822,437.97	3.7%	\$ 20,485,374.20	\$ 983,299.53	\$ 1,310,095.28	6.4%
13,810,482.54	\$ 3,084,482.70	\$ 161,907.14	0.5%	\$ 23,539,851.01	\$ 1,069,993.23	\$ 1,550,757.18	6.6%
13,126,496.98	\$ 3,487,104.81	\$ 405,889.69	1.5%	\$ 20,808,406.33	\$ 1,040,420.32	\$ 1,161,306.75	5.6%
29,532,106.09	\$ 3,411,944.18	\$ 304,994.02	0.6%	\$ 21,374,248.29	\$ 1,068,712.41	\$ 1,232,557.83	5.8%
\$	\$ 57,972,334.74	\$ 9,546,569.41	1.4%	\$ 488,630,673.74	\$ 366,385.40	\$ 26,843,316.65	5.5%

THE UNITED FIDELIS GROUP
MICHAEL C. FURMAN, MFP, CTEP
 MASTER FINANCIAL PLANNER
 CHARTERED TRUST & ESTATE PLANNER



J.D. Mellberg
 FISCAL

561-623-0913 OFFICE
 1-800-727-8139 TOLL-FREE
 561-202-7345 CELL
 1-888-229-2756 FAX
 MFURMAN@UNITEDFIDELISGROUP.COM
 WWW.UNITEDFIDELISGROUP.COM



PAR
FUNDING

CORPORATE OVERVIEW

PAR
FUNDING

CBSG Funding Analysis

01/01/13 - 12/31/18

Month	Year	Funding Count	Funded Total	AVG Funding	Factoring AVG ¹	Avg Term	Monthly Factor% ²	New AR	AR Total ³	AR Change	Factoring Losses ⁴	Funding Exposure ⁵	Exposure % ⁴	ACH Payment Total	Daily ACH Average	Returned ACH Total	Return %
TOTAL	2013	356	\$ 13,455,766.30	\$ 37,797.10	1.35	123	5.9%	\$ 19,064,984.47	\$ 5,688,670.71	\$ 5,688,670.71	\$ 1,264,465.50	\$ 502,296.51	3.7%	\$ 7,774,763.57	\$ 31,099.05	\$ 501,380.77	6.4%
TOTAL	2014	978	\$ 16,932,688.07	\$ 17,313.59	1.33	94	7.4%	\$ 31,951,849.33	\$ 9,778,474.37	\$ 4,089,803.66	\$ 1,622,534.64	\$ 331,947.39	2.0%	\$ 14,900,902.48	\$ 59,603.61	\$ 1,073,079.75	7.2%
TOTAL	2015	703	\$ 28,741,086.51	\$ 40,883.48	1.35	116	6.3%	\$ 50,316,486.89	\$ 17,615,473.88	\$ 7,836,999.51	\$ 3,059,835.62	\$ (153,741.39)	-0.5%	\$ 25,248,409.50	\$ 100,993.64	\$ 993,864.43	3.9%
TOTAL	2016	1087	\$ 68,065,864.62	\$ 729,215.29	1.34	132	5.4%	\$ 138,236,034.04	\$ 59,067,326.39	\$ 51,230,326.88	\$ 5,409,620.98	\$ 210,069.88	0.3%	\$ 54,943,260.82	\$ 219,773.04	\$ 1,795,928.41	3.3%
JAN	2017	132	\$ 10,759,147.25	\$ 81,508.69	1.36	135	5.6%	\$ 21,694,463.61	\$ 66,117,311.41	\$ 7,049,985.02	\$ 566,876.18	\$ 211,139.52	2.0%	\$ 7,613,348.99	\$ 365,441.34	\$ 224,304.05	2.9%
FEB	2017	128	\$ 12,525,612.73	\$ 97,856.35	1.42	133	6.6%	\$ 23,449,636.08	\$ 75,982,732.21	\$ 9,865,420.80	\$ 949,652.32	\$ 578,047.94	4.6%	\$ 8,106,842.88	\$ 389,129.08	\$ 408,937.62	5.0%
MAR	2017	141	\$ 12,577,815.09	\$ 89,204.36	1.36	137	5.5%	\$ 25,891,272.89	\$ 82,053,695.99	\$ 6,070,963.78	\$ 849,319.92	\$ 162,840.04	1.3%	\$ 10,016,639.61	\$ 480,799.47	\$ 489,160.08	4.9%
APR	2017	121	\$ 12,339,017.66	\$ 101,975.35	1.44	143	6.4%	\$ 21,464,602.65	\$ 88,825,711.70	\$ 6,772,015.71	\$ 636,990.71	\$ 127,027.44	1.0%	\$ 8,565,932.18	\$ 411,165.40	\$ 486,065.21	5.7%
MAY	2017	148	\$ 10,410,320.81	\$ 70,340.01	1.39	139	5.8%	\$ 22,969,822.72	\$ 94,942,228.06	\$ 6,116,516.36	\$ 400,428.98	\$ 85,203.53	0.8%	\$ 9,528,831.48	\$ 457,384.64	\$ 276,663.61	2.9%
JUN	2017	189	\$ 13,949,239.34	\$ 73,805.50	1.40	136	6.1%	\$ 24,603,699.84	\$ 102,567,016.90	\$ 7,624,788.84	\$ 442,988.22	\$ (24,499.92)	-0.2%	\$ 10,176,925.07	\$ 488,493.18	\$ 365,762.18	3.6%
JUL	2017	179	\$ 16,851,014.63	\$ 94,139.75	1.43	144	6.2%	\$ 27,661,587.66	\$ 116,616,580.75	\$ 14,049,563.85	\$ 404,711.86	\$ 122,104.18	0.7%	\$ 10,019,246.68	\$ 480,924.61	\$ 413,152.25	4.1%
AUG	2017	193	\$ 22,170,320.60	\$ 114,872.13	1.31	143	4.5%	\$ 46,622,404.25	\$ 134,021,262.99	\$ 17,404,682.24	\$ 834,791.02	\$ (93,789.41)	-0.4%	\$ 13,585,400.92	\$ 652,100.29	\$ 700,034.69	5.2%
SEP	2017	184	\$ 15,912,256.76	\$ 86,479.66	1.34	135	5.2%	\$ 31,969,150.88	\$ 140,368,389.19	\$ 6,347,126.20	\$ 1,057,512.18	\$ 383,026.30	2.4%	\$ 12,326,422.68	\$ 591,669.24	\$ 892,273.63	7.2%
OCT	2017	222	\$ 20,149,987.84	\$ 90,765.71	1.40	135	6.2%	\$ 33,538,893.00	\$ 151,427,869.16	\$ 11,059,479.97	\$ 1,282,946.91	\$ (128,426.50)	-0.6%	\$ 14,235,347.09	\$ 683,297.75	\$ 840,911.91	5.9%
NOV	2017	184	\$ 20,716,313.04	\$ 112,588.66	1.34	136	5.2%	\$ 45,421,963.26	\$ 163,734,414.35	\$ 12,306,545.19	\$ 3,032,977.08	\$ 587,300.15	2.8%	\$ 15,744,800.83	\$ 755,751.65	\$ 779,621.05	5.0%
DEC	2017	215	\$ 22,687,033.94	\$ 105,521.09	1.34	151	4.7%	\$ 42,152,836.45	\$ 177,067,138.86	\$ 13,332,724.51	\$ 2,165,414.68	\$ 449,247.60	2.0%	\$ 15,949,892.92	\$ 765,596.09	\$ 873,149.70	5.5%
JAN	2018	231	\$ 25,988,471.90	\$ 112,504.21	1.41	142	6.0%	\$ 48,104,018.86	\$ 187,396,402.53	\$ 10,329,263.67	\$ 2,376,917.79	\$ 699,722.31	2.7%	\$ 18,209,788.82	\$ 874,071.26	\$ 1,279,477.19	7.0%
FEB	2018	218	\$ 24,276,743.91	\$ 111,361.21	1.41	136	6.3%	\$ 39,129,821.11	\$ 198,819,962.87	\$ 11,423,560.34	\$ 2,877,370.80	\$ 882,822.57	3.6%	\$ 17,757,186.64	\$ 852,346.32	\$ 971,328.94	5.5%
MAR	2018	239	\$ 26,088,554.89	\$ 109,157.13	1.37	137	5.6%	\$ 47,248,625.92	\$ 210,859,640.94	\$ 12,039,678.07	\$ 976,039.57	\$ 216,191.67	0.8%	\$ 21,738,686.87	\$ 1,043,458.64	\$ 1,551,282.09	7.1%
APR	2018	214	\$ 22,293,014.29	\$ 104,172.96	1.40	126	6.6%	\$ 38,713,809.32	\$ 210,788,464.90	\$ (71,176.04)	\$ 1,946,365.33	\$ 76,120.21	0.3%	\$ 19,415,234.32	\$ 931,932.74	\$ 1,550,157.48	8.0%
MAY	2018	226	\$ 28,196,013.40	\$ 124,761.12	1.41	126	6.8%	\$ 51,725,063.24	\$ 219,860,570.97	\$ 9,072,106.07	\$ 3,917,991.69	\$ 1,210,953.52	4.3%	\$ 22,613,960.56	\$ 1,085,471.84	\$ 1,034,268.08	4.6%
JUN	2018	278	\$ 24,265,627.39	\$ 87,286.43	1.33	105	6.6%	\$ 57,743,223.33	\$ 228,573,052.43	\$ 8,712,481.46	\$ 2,360,474.56	\$ 599,378.52	2.5%	\$ 21,298,523.92	\$ 1,022,330.78	\$ 1,658,395.93	7.8%
JUL	2018	257	\$ 23,200,148.31	\$ 90,272.95	1.39	114	7.1%	\$ 50,897,768.69	\$ 230,575,287.36	\$ 2,002,234.93	\$ 3,173,773.12	\$ 582,393.32	2.5%	\$ 20,051,462.89	\$ 962,471.76	\$ 1,245,988.98	6.2%
AUG	2018	408	\$ 34,912,139.25	\$ 85,568.97	1.32	109	6.1%	\$ 61,449,697.26	\$ 250,349,216.52	\$ 19,773,929.16	\$ 3,572,333.66	\$ 233,965.21	0.7%	\$ 22,600,982.19	\$ 1,084,848.88	\$ 1,183,411.58	5.2%
SEP	2018	304	\$ 22,402,215.62	\$ 73,691.50	1.36	105	7.1%	\$ 37,342,245.12	\$ 249,159,475.96	\$ (1,189,740.56)	\$ 2,806,469.73	\$ 822,437.97	3.7%	\$ 20,485,374.20	\$ 983,299.53	\$ 1,310,095.28	6.4%
OCT	2018	346	\$ 34,412,857.49	\$ 99,459.13	1.35	114	6.4%	\$ 57,844,155.75	\$ 262,969,958.50	\$ 13,810,482.54	\$ 3,084,482.70	\$ 161,907.14	0.5%	\$ 23,539,851.01	\$ 1,069,993.23	\$ 1,550,757.18	6.6%
NOV	2018	325	\$ 27,643,297.78	\$ 85,056.30	1.34	123	5.8%	\$ 50,488,891.00	\$ 276,096,455.48	\$ 13,126,496.98	\$ 3,487,104.81	\$ 405,889.69	1.5%	\$ 20,808,406.33	\$ 1,040,420.32	\$ 1,161,306.75	5.6%
DEC	2018	338	\$ 46,987,002.49	\$ 139,014.80	1.33	148	4.6%	\$ 101,471,225.87	\$ 305,628,561.57	\$ 29,532,106.09	\$ 3,411,944.18	\$ 304,994.02	0.6%	\$ 21,374,248.29	\$ 1,068,712.41	\$ 1,232,557.83	5.8%
		8544	\$ 658,909,571.91	\$ 77,119.57	1.36	120	6.2%	\$ 1,249,168,233.49		\$ 57,972,334.74	\$ 9,546,569.42	\$ 1.4%	\$ 488,630,673.74	\$ 366,385.40	\$ 26,843,316.65	5.5%	

¹ Weighted average of factor rate in respective month based on total funding commitment per transaction.

² The proportionate monthly factor rate average in respective month based on AVG Funding divided by AVG Term.

³ Reflects month end AR balance not including outstanding funding liabilities or deferral of revenue.

⁴ Factoring Losses realized in respective month equal to total AR balance for transactions written off against Factoring Loss reserve.

⁵ Cumulative exposure, as determined by funding amount minus collected payments, at the time that transactions were written off in the respective month to Factoring Losses.

Industry Avg. 15-25%

CBSG Funding Analysis
01/01/13 - 12/31/18

Month	Year	Funding Count	Funded Total	AVG Funding	Factoring AVG ¹	Avg Term	Monthly Factor% ²	New AR	AR Total ³
TOTAL	2013	356	\$ 13,455,766.30	\$ 37,797.10	1.35	123	5.9%	\$ 19,064,984.47	\$ 5,688,670.71
TOTAL	2014	978	\$ 16,932,688.07	\$ 17,313.59	1.33	94	7.4%	\$ 31,951,849.33	\$ 9,778,474.37
TOTAL	2015	703	\$ 28,741,086.51	\$ 40,883.48	1.35	116	6.3%	\$ 50,316,486.89	\$ 17,615,473.88
TOTAL	2016	1087	\$ 68,065,864.62	\$ 729,215.29	1.34	132	5.4%	\$ 138,236,034.04	\$ 59,067,326.39
JAN	2017	132	\$ 10,759,147.25	\$ 81,508.69	1.36	135	5.6%	\$ 21,694,463.61	\$ 66,117,311.41
FEB	2017	128	\$ 12,525,612.73	\$ 97,856.35	1.42	133	6.6%	\$ 23,449,636.08	\$ 75,982,732.21
MAR	2017	141	\$ 12,577,815.09	\$ 89,204.36	1.36	137	5.5%	\$ 25,891,272.89	\$ 82,053,695.99
APR	2017	121	\$ 12,339,017.66	\$ 101,975.35	1.44	143	6.4%	\$ 21,464,602.65	\$ 88,825,711.70
MAY	2017	148	\$ 10,410,320.81	\$ 70,340.01	1.39	139	5.8%	\$ 22,969,822.72	\$ 94,942,228.06
JUN	2017	189	\$ 13,949,239.34	\$ 73,805.50	1.40	136	6.1%	\$ 24,603,699.84	\$ 102,567,016.90
JUL	2017	179	\$ 16,851,014.63	\$ 94,139.75	1.43	144	6.2%	\$ 27,661,587.66	\$ 116,616,580.75
AUG	2017	193	\$ 22,170,320.60	\$ 114,872.13	1.31	143	4.5%	\$ 46,622,404.25	\$ 134,021,262.99
SEP	2017	184	\$ 15,912,256.76	\$ 86,479.66	1.34	135	5.2%	\$ 31,969,150.88	\$ 140,368,389.19
OCT	2017	222	\$ 20,149,987.84	\$ 90,765.71	1.40	135	6.2%	\$ 33,538,893.00	\$ 151,427,869.16
NOV	2017	184	\$ 20,716,313.04	\$ 112,588.66	1.34	136	5.2%	\$ 45,421,963.26	\$ 163,734,414.35
DEC	2017	215	\$ 22,687,033.94	\$ 105,521.09	1.34	151	4.7%	\$ 42,152,836.45	\$ 177,067,138.86
JAN	2018	231	\$ 25,988,471.90	\$ 112,504.21	1.41	142	6.0%	\$ 48,104,018.86	\$ 187,396,402.53
FEB	2018	218	\$ 24,276,743.91	\$ 111,361.21	1.41	136	6.3%	\$ 39,129,821.11	\$ 198,819,962.87
MAR	2018	239	\$ 26,088,554.89	\$ 109,157.13	1.37	137	5.6%	\$ 47,248,625.92	\$ 210,859,640.94
APR	2018	214	\$ 22,293,014.29	\$ 104,172.96	1.40	126	6.6%	\$ 38,713,809.32	\$ 210,788,464.90
MAY	2018	226	\$ 28,196,013.40	\$ 124,761.12	1.41	126	6.8%	\$ 51,725,063.24	\$ 219,860,570.97
JUN	2018	278	\$ 24,265,627.39	\$ 87,286.43	1.33	105	6.6%	\$ 57,743,223.33	\$ 228,573,052.43
JUL	2018	257	\$ 23,200,148.31	\$ 90,272.95	1.39	114	7.1%	\$ 50,897,768.69	\$ 230,575,287.36
AUG	2018	408	\$ 34,912,139.25	\$ 85,568.97	1.32	109	6.1%	\$ 61,449,697.26	\$ 250,349,216.52
SEP	2018	304	\$ 22,402,215.62	\$ 73,691.50	1.36	105	7.1%	\$ 37,342,245.12	\$ 249,159,475.96
OCT	2018	346	\$ 34,412,857.49	\$ 99,459.13	1.35	114	6.4%	\$ 57,844,155.75	\$ 262,969,958.50
NOV	2018	325	\$ 27,643,297.78	\$ 85,056.30	1.34	123	5.8%	\$ 50,488,891.00	\$ 276,096,455.48
DEC	2018	338	\$ 46,987,002.49	\$ 139,014.80	1.33	148	4.6%	\$ 101,471,225.87	\$ 305,628,561.57
		8544	\$ 658,909,571.91	\$ 77,119.57	1.36	120	6.2%	\$ 1,249,168,233.49	

AR Change	Factoring Losses ⁴	Funding Exposure ⁵	Exposure % ⁴	ACH Payment Total	Daily ACH Average	Returned ACH Total	Return %
\$ 5,688,670.71	\$ 1,264,465.50	\$ 502,296.51	3.7%	\$ 7,774,763.57	\$ 31,099.05	\$ 501,380.77	6.4%
\$ 4,089,803.66	\$ 1,622,534.64	\$ 331,947.39	2.0%	\$ 14,900,902.48	\$ 59,603.61	\$ 1,073,079.75	7.2%
\$ 7,836,999.51	\$ 3,059,835.62	\$ (153,741.39)	-0.5%	\$ 25,248,409.50	\$ 100,993.64	\$ 993,864.43	3.9%
\$ 51,230,326.88	\$ 5,409,620.98	\$ 210,069.88	0.3%	\$ 54,943,260.82	\$ 219,773.04	\$ 1,795,928.41	3.3%
\$ 7,049,985.02	\$ 566,876.18	\$ 211,139.52	2.0%	\$ 7,613,348.99	\$ 365,441.34	\$ 224,304.05	2.9%
\$ 9,865,420.80	\$ 949,652.32	\$ 578,047.94	4.6%	\$ 8,106,842.88	\$ 389,129.08	\$ 408,937.62	5.0%
\$ 6,070,963.78	\$ 849,319.92	\$ 162,840.04	1.3%	\$ 10,016,639.61	\$ 480,799.47	\$ 489,160.08	4.9%
\$ 6,772,015.71	\$ 636,990.71	\$ 127,027.44	1.0%	\$ 8,565,932.18	\$ 411,165.40	\$ 486,065.21	5.7%
\$ 6,116,516.36	\$ 400,428.98	\$ 85,203.53	0.8%	\$ 9,528,831.48	\$ 457,384.64	\$ 276,663.61	2.9%
\$ 7,624,788.84	\$ 442,988.22	\$ (24,499.92)	-0.2%	\$ 10,176,925.07	\$ 488,493.18	\$ 365,762.18	3.6%
\$ 14,049,563.85	\$ 404,711.86	\$ 122,104.18	0.7%	\$ 10,019,246.68	\$ 480,924.61	\$ 413,152.25	4.1%
\$ 17,404,682.24	\$ 834,791.02	\$ (93,789.41)	-0.4%	\$ 13,585,400.92	\$ 652,100.29	\$ 700,034.69	5.2%
\$ 6,347,126.20	\$ 1,057,512.18	\$ 383,026.30	2.4%	\$ 12,326,422.68	\$ 591,669.24	\$ 892,273.63	7.2%
\$ 11,059,479.97	\$ 1,282,946.91	\$ (128,426.50)	-0.6%	\$ 14,235,347.09	\$ 683,297.75	\$ 840,911.91	5.9%
\$ 12,306,545.19	\$ 3,032,977.08	\$ 587,300.15	2.8%	\$ 15,744,800.83	\$ 755,751.65	\$ 779,621.05	5.0%
\$ 13,332,724.51	\$ 2,165,414.68	\$ 449,247.60	2.0%	\$ 15,949,892.92	\$ 765,596.09	\$ 873,149.70	5.5%
\$ 10,329,263.67	\$ 2,376,917.79	\$ 699,722.31	2.7%	\$ 18,209,788.82	\$ 874,071.26	\$ 1,279,477.19	7.0%
\$ 11,423,560.34	\$ 2,877,370.80	\$ 882,822.57	3.6%	\$ 17,757,186.64	\$ 852,346.32	\$ 971,328.94	5.5%
\$ 12,039,678.07	\$ 976,039.57	\$ 216,191.67	0.8%	\$ 21,738,686.87	\$ 1,043,458.64	\$ 1,551,282.09	7.1%
\$ (71,176.04)	\$ 1,946,365.33	\$ 76,120.21	0.3%	\$ 19,415,234.32	\$ 931,932.74	\$ 1,550,157.48	8.0%
\$ 9,072,106.07	\$ 3,917,991.69	\$ 1,210,953.52	4.3%	\$ 22,613,960.56	\$ 1,085,471.84	\$ 1,034,268.08	4.6%
\$ 8,712,481.46	\$ 2,360,474.56	\$ 599,378.52	2.5%	\$ 21,298,523.92	\$ 1,022,330.78	\$ 1,658,395.93	7.8%
\$ 2,002,234.93	\$ 3,173,773.12	\$ 582,393.32	2.5%	\$ 20,051,462.89	\$ 962,471.76	\$ 1,245,988.98	6.2%
\$ 19,773,929.16	\$ 3,572,333.66	\$ 233,965.21	0.7%	\$ 22,600,982.19	\$ 1,084,848.88	\$ 1,183,411.58	5.2%
\$ (1,189,740.56)	\$ 2,806,469.73	\$ 822,437.97	3.7%	\$ 20,485,374.20	\$ 983,299.53	\$ 1,310,095.28	6.4%
\$ 13,810,482.54	\$ 3,084,482.70	\$ 161,907.14	0.5%	\$ 23,539,851.01	\$ 1,069,993.23	\$ 1,550,757.18	6.6%
\$ 13,126,496.98	\$ 3,487,104.81	\$ 405,889.69	1.5%	\$ 20,808,406.33	\$ 1,040,420.32	\$ 1,161,306.75	5.6%
\$ 29,532,106.09	\$ 3,411,944.18	\$ 304,994.02	0.6%	\$ 21,374,248.29	\$ 1,068,712.41	\$ 1,232,557.83	5.8%
\$ 57,972,334.74	\$ 9,546,569.42	\$ 9,546,569.42	1.4%	\$ 488,630,673.74	\$ 366,385.40	\$ 26,843,316.65	5.5%

↑

Industry Avg. 15-25%

¹ Weighted average of factor rate in respective month based on total funding commitment per transaction.

² The proportionate monthly factor rate average in respective month based on AVG Funding divided by AVG Term.

³ Reflects month end AR balance not including outstanding funding liabilities or deferral of revenue.

⁴ Factoring Losses realized in respective month equal to total AR balance for transactions written off against Factoring Loss reserve.

⁵ Cumulative exposure, as determined by funding amount minus collected payments, at the time that transactions were written off in the respective month to Factoring Losses.



PAR
FUNDING

CORPORATE OVERVIEW

WHO WE ARE

Par Funding is a direct provider of merchant cash advances.

Par Funding was founded in 2012.



We have provided more than \$600M in business funding since inception.



We provide cash management solutions to help companies grow.



We service a niche market currently overlooked by conventional financing.



INDUSTRY OVERVIEW

Traditional small business lending has decreased dramatically since the collapse of the U.S. banking industry in 2008.



The number of small business advances peaked at 14 billion in 2007 and declined to less than 5 billion in 2010.¹



While the TARP program sanctioned more than \$30 billion to banks to provide small business advances, however, only about \$4 billion was actually loaned.²

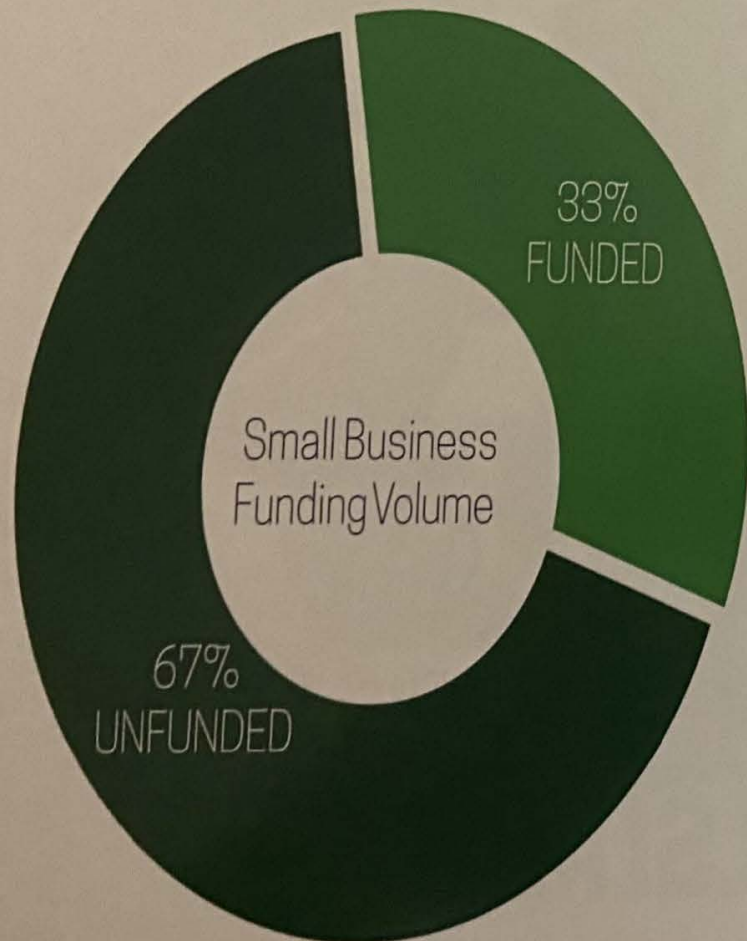


A recent survey conducted by Pepperdine University revealed that 67% of those who applied for a traditional business loan were unsuccessful.

*Source: 1. Sourced from Federal Financial Institutions Examination Council data
2. Sourced from U.S. Small Business Administration*

INDUSTRY OVERVIEW

Why do billions of dollars in Small Business loan applications go unfunded each year?



Many banks have legacy portfolios of non-performing loans and higher reserve requirements making them reluctant to lend money in this category.

Additionally, traditional lending institutions have employed stricter underwriting guidelines further limiting the amount of small business funding.

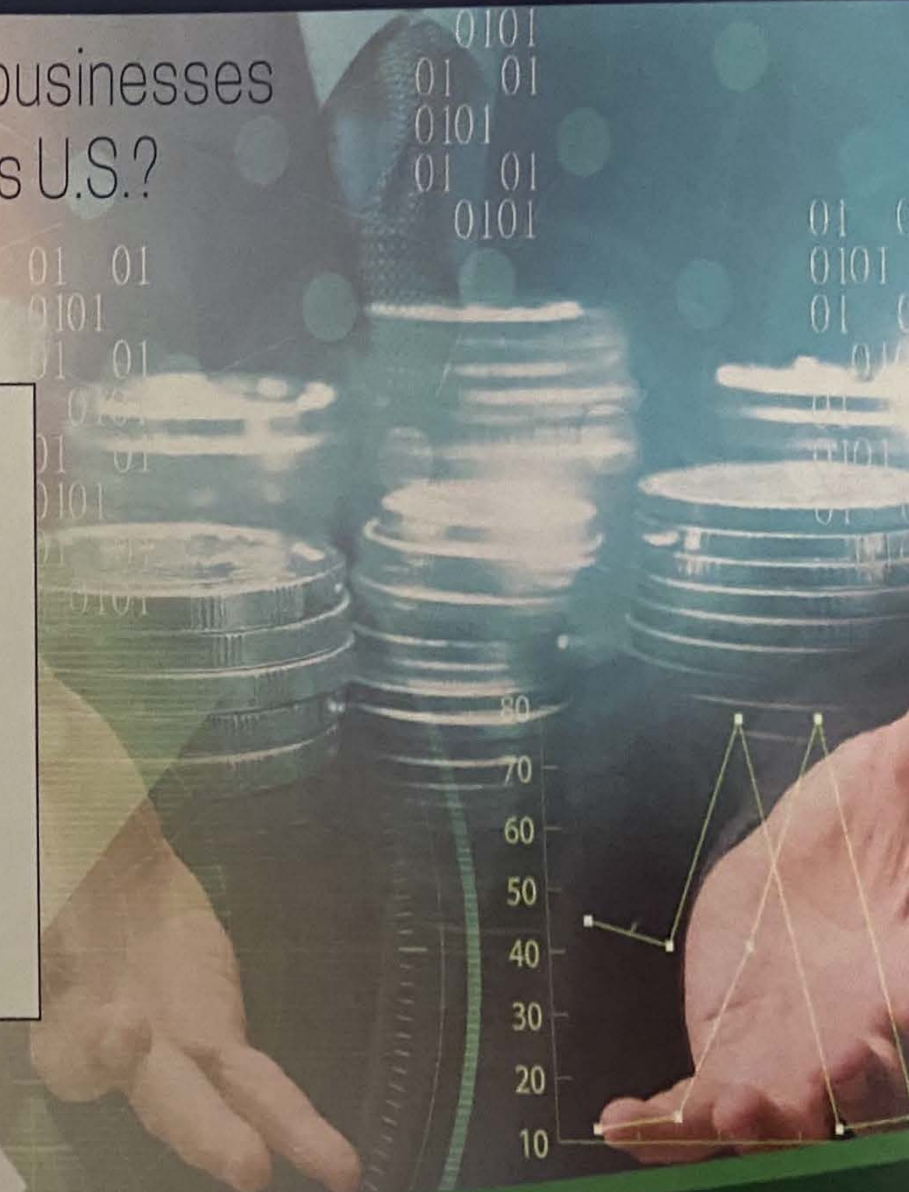
INDUSTRY OVERVIEW

What is the alternative for many of these businesses left under serviced in a post-banking crises U.S.?

Merchant Cash Advance Programs

- MCA's provide a viable alternative to banks.¹
- MCA's enable businesses to leverage cash flow when needed to uplift their business.¹
- MCA payback systems based on a percentage of business receipts is a major advantage to the small business borrower.¹

Source: 1. U.S. Small Business Administration



WHY PAR FUNDING?

Par Funding is uniquely positioned to capitalize in this multi-billion segment of small business funding through MCA's.

1

Our MCA's provide high rates of return and continuous daily cash flow beginning the day after initial funding.

2

Through our customer acquisition methods, we have generated a diversified pool of qualified merchants seeking opportunistic capital.

3

We have provided over \$600 million in MCA's and maintained a below industry bad debt funding.

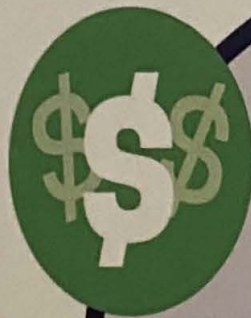
4

Our staff manages the business relationship from underwriting through repayment to reduce non-performance to the lowest possible levels.

THE PAR FUNDING ADVANTAGE

Once an MCA is approved and funded it begins to generate cash flow the next day.

We provide cash advances that range for \$5,000.00 to \$500,000.00, with an average funding size of \$50,000.00.



We collect remittances directly via automated clearing house (ACH) debits from client bank accounts.



Funding terms are typically given for a period of 100 business days, or 5 to 6 months, based on 22 business days per month.



The average payback is based on a factor rate of 1.35-1.40.



COLLATERAL & INSURANCE

Par Funding now offers real estate collateral and insurance backed products

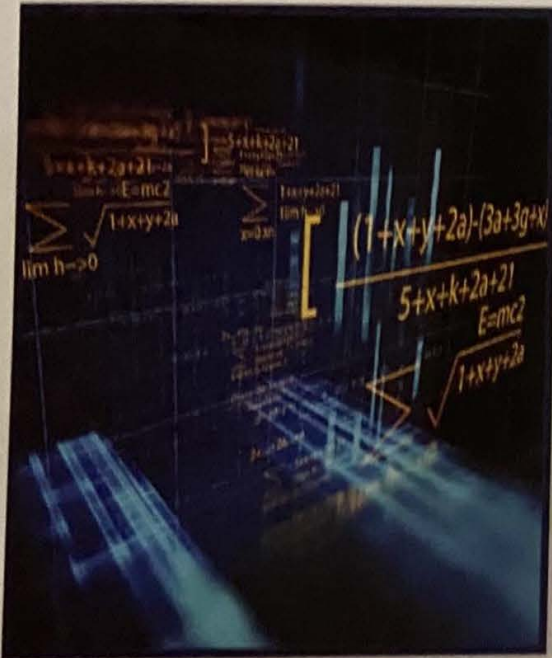
If a merchant has real estate collateral to provide additional support on an advance, we extend the duration of the terms while increasing the advance amount.



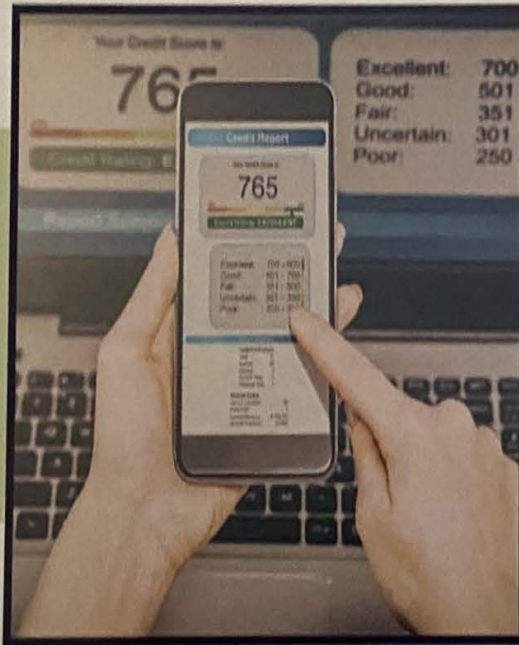
We offer insurance on all of our products up to \$150,000. There is no deductible, just a small fee for the merchant. The insurance protects us in case of a default or non-payment.

HOW OUR MODEL WORKS

It all starts with underwriting.



Par Funding uses a financial matrix for our underwriting which evaluates clients with an emphasis based on cash flow rather than traditional credit metrics.



We investigate numerous sources in addition to credit scores to screen applicants including:

- MCA Industry databases
- Background checks
- On-Site inspections



We complete the underwriting process to reach a decision in 48-72 hours.

OUR FUNDING PROCESS

- Sales reps contact clients & collect applications / bank statements
- Completed applications are sent to processor
- Underwriting collects & reviews client financials
- Approval is given based on underwriting review
 - Funding agreement is sent to client
- Agreement is received from client & funds are sent
 - ACH payments from client are collected

USING SOCIAL MEDIA TO EXPAND UNDERWRITING INTELLIGENCE

As much as business and financing have changed, basic tools for identifying default risks remain as they were for some time. Statistical algorithmic modeling technologies work by automating the collection of data relevant to the financial strength of a merchant: revenue, costs, credit history, cash flow, profitability. They work well. But they can't detect all the factors that can make or break a cash advance. Extra steps to achieve meaningful, personal and often intangible qualities of an applicant make all the difference.

Par Funding extends the value of underwriting algorithms using social media, a new force that promises to transform the MCA business.

THERE'S NO SUBSTITUTE FOR PERSONAL ON-SITE MERCHANT INSPECTION

The Par Funding emphasis on thorough underwriting is especially evident in details of our process, such as on-site inspection. Visual confirmation of a business's viability yields the highest levels of confidence in the future viability of merchant partners.

Social media, and the Par Funding force of underwriters skilled to use it, gives us access to an unprecedented range of added data for supporting decisions about credit worthiness. It's a window to the character of an applicant and other more tangible and measurable indices. Through their social networks, we gain insights into merchant spending habits, management philosophy, business vision and goals, education, work history, the profiles of others in the network and their credit indicators. We see the strength of the applicant's professional networks – and get a more in-depth

Our media-savvy underwriters also navigate social networks to see what others – customers, suppliers, competitors, and industry members – say about the applicant's character and day-to-day practices. Reputation can be created, shaped and amplified on social media.

This approach complements algorithms, which are by definition tied to looking at the past. They won't help you find a merchant's vision, ambition and drive for future expansion and growth.

EXCEPTIONAL UNDERWRITING RIGOR: BEYOND UNDERWRITING ALGORITHMS

Par Funding became very good at spotting potential defaults by applying a unique underwriting methodology. The care and discipline invested in approving a cash advance results in an especially selective approach to monetizing our service. That means typically funding no more than two of every 10 prospects we encounter. We learn more about our clients before doing business through a proven, multi-step underwriting process.

We locate and begin productive dialogue with prospects through a nationwide network of sales professionals.

A credit profile shows credit history, credit worthiness score (FICO), outstanding liens, credit limits, risk scores tax debts and other information available through social media, clear, Thomson Reuters or Experian.

The potential client takes the first step by providing important decision-support information in its funding application. The application gathers the basics: length of time in business, ownership details and planned use of capital. It requires evidence of credit worthiness, such as bank statements and personal credit.

On-site inspections of the merchant's physical places of business provide us positive verification of the legitimacy of the business and accuracy of statements made on the application. The on-site inspection can be a labor-intensive extra step, but it has been proven to enhance the low default rate we experience.

We examine key indicators of business health, including average monthly banks deposits, other sources of funding, recurring overhead and other outstanding payment obligations.

The signed agreement, which includes a personal guarantee from each merchant and the means for fully transparent access to the merchant bank account for the term of the engagement, goes before the credit committee.

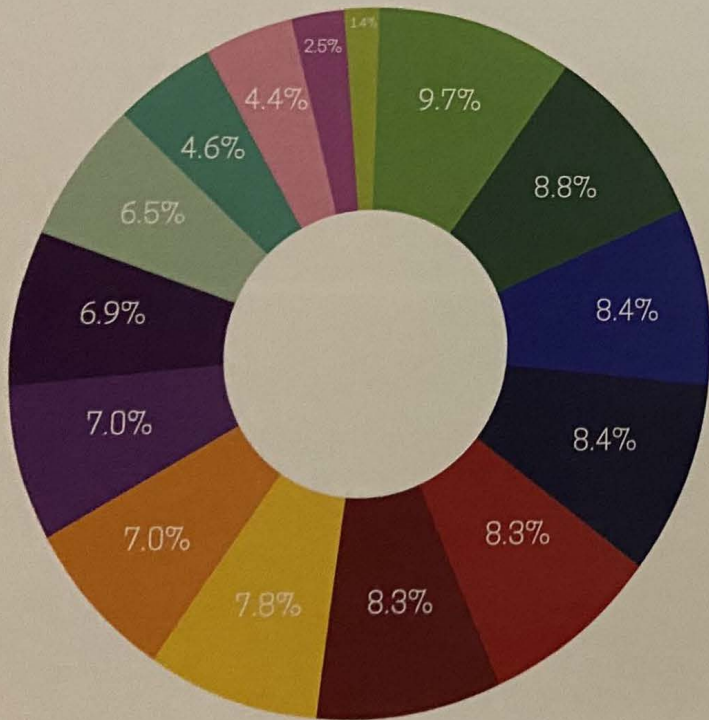
A background check further confirms that the merchant we fund is likely to be reliable and trustworthy.

Personal interviews with the merchant provide the opportunity to build rapport, answer questions and prepare for our credit committee decision.

Business from applicants that aren't approved can be brokered to other MCA companies with less demanding underwriting standards. This helps to provide our sales professionals with the incentive to continue to pursue all feasible new opportunities.

These are breakthrough underwriting techniques that help spot risks early, identifying promising partners and laying the foundation for long-term, repeat business relationships.

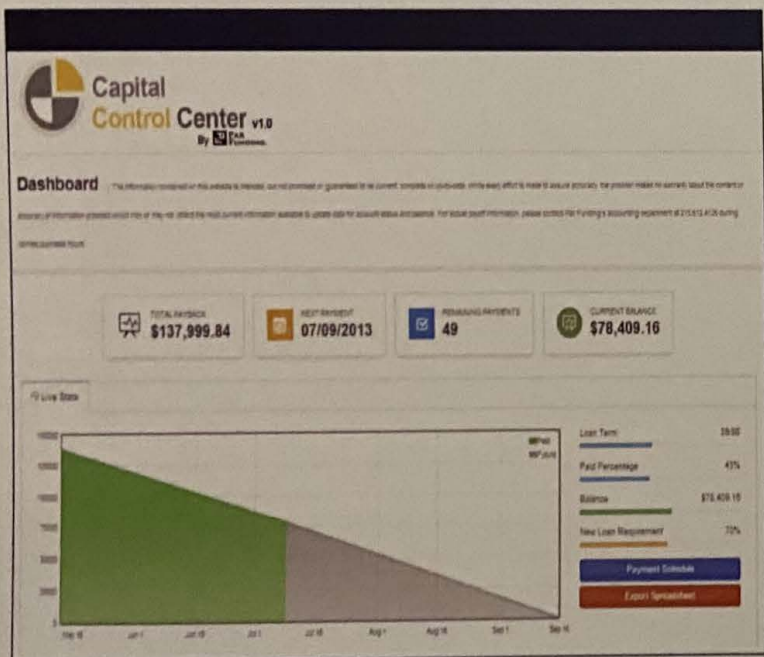
RISK MITIGATION THROUGH DIVERSIFICATION



- Technology - **9.7%**
- Retail - **8.8%**
- Construction - **8.4%**
- Finance - **8.4%**
- Automotive - **8.3%**
- Restaurant - **8.3%**
- Energy - **7.8%**
- Medical - **7.0%**
- Marketing - **7.0%**
- Manufacturing - **6.9%**
- Food Distribution - **6.5%**
- Gym / Salons - **4.6%**
- Home Services - **4.4%**
- Travel - **2.5%**
- Other Industries - **1.4%**

EXCEPTIONAL CLIENT SERVICE LEADS TO BETTER PERFORMANCE

In addition to quick funding decisions we offer additional services to help clients manage their cash.



24 / 7
CUSTOMER SUPPORT

Client web portal for account management and payment tracking

PARFUNDING SAMPLE ADVANCE

FUNDING AMOUNT	\$50,000.00
FACTOR (PERCENT)	1.35
TERM (BUSINESS DAYS)	100
PAYBACK TOTAL	\$67,500.00
ACH PAYMENT INCREMENT	\$675.00
FEE PORTION	\$175.00
PRINCIPAL PORTION	\$500.00
REVENUE	\$17,500.00

- **1-3 day** attainment of cash
- We provide cash advances that range from **\$5,000 to \$500,000**, with an average funding size of **\$50,000**
- Funding terms are typically given for a period of **100 business days**, or **5 to 6 months**, based on a 22 business day cycle per month
- We collect remittances directly via automated clearing house (ACH) debits from client bank accounts
- The average payback is based on a **factor rate of 1.35-1.40**

REVENUE ACCELERATION THROUGH CASH FLOW REINVESTMENT

As our daily cash flow grows so does our rate of return.

	FIRST FUNDING	SECOND FUNDING	THIRD FUNDING
AMOUNT	\$30,000.00	\$42,000.00	\$58,800.00
PAYBACK	\$42,000.00	\$58,800.00	\$82,320.00
TERM	88	88	88
REVENUE	\$12,000.00	\$28,800.00	\$52,320.00

Daily ACH payments collected from clients are pooled together and used to fund new clients to accelerate returns.

Compounding effect more than mitigates percentage of non-performance.

PROJECTED GROWTH WITH \$1 MILLION CASH INFUSION

	FIRST FUNDING	SECOND FUNDING	THIRD FUNDING
AMOUNT	\$1,000,000	\$1,400,000	\$1,960,000
PAYBACK @ 1.4	\$1,400,000	\$1,960,000	\$2,744,000
TERM	88	88	88
REVENUE	\$400,000	\$960,000	\$1,744,000

CONTINUING PERSONAL RELATIONSHIPS TO CULTIVATE FUTURE OPPORTUNITIES

Each merchant is assigned a Par Funding liaison to lay the groundwork for building profitable revenue for years to come.

We want our merchants to succeed. We build our success when they do.

PAR

NOTES



PAR

NOTES





Renee Meyer <meyer.renee@gmail.com>

FW: MCA Investment Update -COVID 19 -

1 message

Russ Meyer <kahunaf1@bellsouth.net>
To: Renee Meyer <meyer.renee@gmail.com>

Thu, Mar 26, 2020 at 4:21 PM

From: michael furman <mfurman@unitedfidelisgroup.com>
Sent: Thursday, March 26, 2020 3:15 PM
To: Kristin Groleau <kristin@unitedfidelisgroup.com>
Subject: MCA Investment Update -COVID 19 -
Importance: High

Dear MCA Investor,

We first hope that everyone is safe & healthy as we work together to get through this truly unprecedented time. We realize the Coronavirus has affected us all in some way in this constantly changing environment. Since we have multiple funds in various industries, we want to do our best to stay in touch and update everyone on each investment accordingly with our limited resources. Please read the latest email we received from Par Funding as they work through these events. After speaking with their executives again today please read my thoughts below for additional information as this progresses. We will provide continual updates as I am in constant communication with the executives at Par Funding. Please read through the entire email while we work through all of this together! (Please read BELOW Par Funding's Email)

From: Par Funding Management <management@parfunding.com>

Subject: Par Funding Covid 19 Update



Over the past several months, Par Funding, like many other companies across the globe, has been severely impacted by the Coronavirus pandemic. Rather than modulating, as we all hoped for, the virus has gotten worse. Just in the last several weeks, for example, we have been forced to close our physical offices and transition to a remote workforce as we continue to actively manage our MCA portfolio in a near zero revenue environment.

We continue to be laser focused on collecting client payments and reducing exposure for the existing deals within our MCA portfolio of small business owners. However, despite our diligent efforts, the impact of this pandemic has been disproportionate within our community of small business owners, many of whom have been caused to shutdown during this crisis. In point of fact, over just the last week, our average daily deposits have already dropped substantially; and based

on conversations with our MCA clients, we believe it is going to get worse.

We are actively taking steps to try to mitigate losses and preserve the Company's operations as a going concern, to the best extent possible. First and foremost, we are working with each of our MCA clients, virtually all of whom have called seeking a moratorium on payments and other restructured payment terms. Next, given all of the uncertainty in the market at this time, we are revising our underwriting guidelines and limiting future advances to only MCA deals that offer compelling risk/return opportunities. Further, we will make corresponding reductions in the amount of additional creditor capital incurred.

Most importantly, we need to maintain our liquidity and cash reserves to protect the Company as a going concern and your capital with us. However, to do this, it has become clear that, in light of the dramatic reduction in business among our client base, we will need to make corresponding modifications to our current loan terms. Towards that end, we are currently reviewing our financial situation and projections, and are putting together a comprehensive plan for moving forward.

Based upon early guidance from our financial advisors, we will likely need to restructure our current loan portfolio to incorporate a temporary moratorium on payments until the market stabilizes and our MCA clients return to business. Thereafter, based upon the ability of our client base to recover, we will start to incorporate interest into our debt structure; and thereafter, once business has returned to historic levels, we look forward to re-instituting amortization of principal and interest payments to each of our loyal lenders.


This is an unprecedented situation, but we are confident that we can put together a plan to ensure the future success of our company.

We remain grateful for your support and hope you are faring well during these challenging times.

Company Management



20 N 3rd St
Philadelphia, PA 19106

 management@parfunding.com

Here are my comments to the letter above.

First and foremost...DON'T PANIC!

Everyone knows that small businesses have been crushed by this pandemic, and everything has absolutely come to a halt, for now. As much as it pains me, I actually understand the reasoning as to why Par is not dispersing any interest payments to any investors for the time being. There has been a confirmed Coronavirus case directly at the home office of Par Funding already which has contributed to their physical closure and

they are still working through this as best as humanly possible. My own personal funds, among family & friends are involved here, as well our company only gets paid through every interest payment so we are all in this together and will all get through this together. And it pains me to have to tell every one of them, and each of you. But I believe in Par Funding and their decision which is in the prudent name of preserving all of our principal. Par needs to retain capital to stay in business while the economy gets back on its feet. At that point they will be able to continue with interest payments, and begin returning principal to those notes that have come due. They are no longer accepting new principal, even this past note that was to begin today and I will be in touch with those individuals as soon as possible to discuss their options. My personal opinion is that this economy and small businesses will come roaring back once we get through this nationwide standstill. This country will have a unity that will be stronger than it was after 9/11. Just my opinion of course, but many people agree.

As each of you know, up until now, Par Funding has delivered interest and return of investor principal for every one of the 1000+ merchant cash investors since its inception. Not one payment has ever been late. Par's revenues totals have gone from \$30 Million a year to over \$30 Million per month and over \$1 Billion in total advances. I have said 1000x that the employees at Par are some of the hardest working people I have ever met. I thought I was a hard worker...but the employees at Par Funding excel like no one else in business period!

We intend to work with Par Funding daily as they put together a plan to restructure payments, including a timetable to begin on making interest payments again. I will review it with both legal departments, and we won't sign off on anything unless it makes sense for the investors who are all first and foremost...and let me remind many of you that I too have a substantial investment with Par Funding.

A few other points...Par does have an insurance policy that they purchased to help offset a bunch of defaults along with their collateral programs. But the small print basically says claims cannot be paid as a result of War, acts of Terrorism and Pandemics etc.

Also many of you may be asking if we should take legal action against Par Funding. I spoke to my legal counsel and the short answer is that we can. We absolutely can. Par Funding has defaulted on a note with the fund that you each invested in, and they will continue to default for the next few months by not paying interest payments & halting all principal returns for those that come due during this moratorium. But, in short, both mine & other fund manager attorney's have said it I will take 1-2 years to win a judgement against Par Funding...and along the way, they definitely will not be paying us if we are in a legal fight with them, we will incur legal fees and then collect and enforce any judgment.

At this point, I believe that the better course of action is to work through this nationwide halt as we develop & workout future payment plans with Par Funding. We ask that you give them the time needed for the economy to recover and for the for small business to get ramped up again. Once that happens, we have a much better chance of seeing the cash flow that they need in order to continue their interest & principal payments.

Another point to keep in mind. When Par advances money to a merchant, that merchant basically signed his/her life away to Par. Par has a lien on both personal assets and business assets. Par has the right to confess judgment (an expedited legal process that let's them foreclose on collateral) in every state except NY. Par has a lien on all future receivables by the merchant too. Lastly, if the merchant closes his/her business and opens a new business, Par can and will pursue a claim for "fraudulent conveyance". My point is this, when the merchants/companies get back up and running, the overall majority of them willingly pay back the money they owe Par. For the rest of the merchants that try not to, Par has all of the above in place to collect what is owed to them....in addition to having the law-firm of Fox Rothschild as their in house legal counsel to collect the money. That is why they have historically had such a low default rate.

I just want to add that Par Funding has made it extremely clear to me that making interest & principal payments to investors is their main goal above and beyond even preserving their retained earnings. In order to continue to make future interest & principal payments they had to make the difficult decision to halt all payments in or out of the company to help preserve the funds necessary to regroup once this national standstill comes to an end. Once they are able to they have stated that they plan on returning to interest payments once it is viable while working with each fund to return each payment that has come due. Because we are unable to predict the current timetable, we will continue to update every investor as we move forward through these unprecedented events.

Par Funding has been good to all of us. The returns they have delivered have been unmatched. Over the years, I think we've had less than 5 of the hundreds of investors not reinvest after the end of their 1 year note. That is a testament to PAR, and their ability to execute on their business. This pandemic is a once in a 100 year occurrence, and you know that. Nobody could have foreseen the catastrophic impact it has had on our economy coming to a standstill, and we will all work diligently to get back to normal as soon as we possibly can. I am certain that PAR will rebound as the broader economy does and you will get your money when they do.

We will update you as soon as we develop a plan with Par. This is all we can tell you now. Please remember that there are 1000+ investors effected by this and it is virtually impossible for us to call or email everyone back individually but we appreciate your patience as we reach out to everyone.

Stay Healthy & Stay Safe & We Will All Get Through This Together,

--



Chartered Trust & Estate Planner®

126

Master Financial Planner®

THE UNITED FIDELIS GROUP

561-623-0913 Main Office

1-800-727-8139 Toll Free

561-202-7345 Direct Cell

1-888-229-2756 Fax

MFurman@UnitedFidelisGroup.com

This email and its content, and any files transmitted with it, are intended solely for the addressee(s) and may be legally privileged and/or confidential. Access by any other party is unauthorized without the express written permission of the sender. If you have received this email in error you may not copy or use the contents, attachments or information in anyway. Please destroy it and contact the sender via email return. This email has been prepared using information believed by the author to be reliable and accurate, but I make no warranty as to accuracy or completeness. In particular Michael Furman does not accept responsibility for changes made to this email after it was sent.



Renee Meyer <meyer.renee@gmail.com>

FW: URGENT PAR FUNDING UPDATE - COVID 19

1 message

Russ Meyer <kahunaf@bellsouth.net>
To: Renee Meyer <meyer.renee@gmail.com>

Tue, Apr 14, 2020 at 3:08 PM

From: michael furman <mfurman@unitedfidelisgroup.com>
Sent: Tuesday, April 14, 2020 12:40 PM
To: Kristin Groleau <kristin@unitedfidelisgroup.com>
Subject: URGENT PAR FUNDING UPDATE - COVID 19

EXHIBIT**G**

I first hope that this email finds each of you and your families in good health and staying healthy as this is always our first concern. I want to give each and every one of you a phone call this week to discuss the latest & ongoing updates that I am continually receiving in regards to our Merchant Cash Advance Fund that is invested into Par Funding. (our Fidelis Financial Planning LLC Fund)

If you are like myself, the impacts of this life changing pandemic event, Covid-19 or Coronavirus, has presented many challenges that the world has never faced before. There are few if any areas of the world or the United State's economy that has not been affected in some way, and for those of us with 401k's, IRA's, or other investments, the stresses of knowing that we are at an economic standstill without any clear view of when things will normalize or what the "new normal" will look like, has been weighing on our minds. The truth is that noone know. I suspect that we will continue to see for even years to come both market & economic volatility, as well as swings in both the economy and with the actual virus totals itself.

Let me update you on what we know so far on our Fidelis Financial Planning llc Fund or Merchant Cash Advance Fund that is invested in Par Funding. I have been on nonstop phone calls and conferences with executives at Par Funding, the over 30+ fund managers around the nation, as well as a team of attorneys. Par Funding continues to state that their primary objective is to get every investor their principal back, and throughout the years I still have full belief that they will. They have been severely impacted by the economic standstill, with most of the small businesses they work with closed or on their way to closing, as seen by the increase in unemployment numbers week over week, and continues to increase pressure on sustaining their own business throughout this economic crisis. We as the fund managers, are currently discussing options with Par Funding including renegotiating our notes and payment schedules with the important focus on the investor principal being paid back to all of our investors. We will be reviewing those options in the coming days with the one common focus on your principal being returned even if over a different time frame and interest rate.

It will not be easy to do all in one day, but we will be calling everyone to go over the renegotiated terms once they are reached in the coming days, so please know that we will be in touch with every one of you sometime this week.

Again, we hope you and your families are healthy and safe. I realize that not one of us wanted anything to change, as not just my business but my own funds are affected through this situation, but we are doing everything we can for our investor so we appreciate all of your patience so far. We will be in touch with all of you this week to discuss the latest updates as we receive them, and to go over it all with you personally.

--

Michael C. Furman, MFP[®], CTEP[®]



Chartered Trust & Estate Planner[®]

Master Financial Planner[®]

THE UNITED FIDELIS GROUP

561-623-0913 Main Office

1-800-727-8139 Toll Free

561-202-7345 Direct Cell

1-888-229-2756 Fax

MFurman@UnitedFidelisGroup.com

This email and its content, and any files transmitted with it, are intended solely for the addressee(s) and may be legally privileged and/or confidential. Access by any other party is unauthorized without the express written permission of the sender. If you have received this email in error you may not copy or use the contents, attachments or information in anyway. Please destroy it and contact the sender via email return. This email has been prepared using information believed by the author to be reliable and accurate, but I make no warranty as to accuracy or completeness. In particular Michael Furman does not accept responsibility for changes made to this email after it was sent.



Renee Meyer <meyer.renee@gmail.com>

FW: URGENT PARFUNDING/MCA COVID-19 UPDATE & INITIAL TERMS

1 message

Russ Meyer <kahunaf1@bellsouth.net>
To: Renee Meyer <meyer.renee@gmail.com>

Wed, Apr 15, 2020 at 4:38 PM

From: michael furman <mfurman@unitedfidelisgroup.com>
Sent: Wednesday, April 15, 2020 3:58 PM
To: Kristin Groleau <kristin@unitedfidelisgroup.com>
Subject: URGENT PARFUNDING/MCA COVID-19 UPDATE & INITIAL TERMS

Good Day Everyone,

I want to first say that I hope all of you and your families are safe and healthy so far through this Covid-19 pandemic. I realize that this email is long, but this subject matter warrants the time & attention in addition to our upcoming phone calls later this week. As of today I personally am still safe, but I must admit that I have been struggling with my throat and vocal cord pain issues that started almost a year ago and has been intermittent ever since, but as of today is not Covid-19. I only say this as I will be doing my very best to physically speak with every one of my clients as soon as I possibly can. But the fact that I lose my voice each day from speaking nonstop has presented some limitations to how many phone calls I am able to make each day, so I appreciate your patience as we gather all possible details from Par Funding about our MCA Fund for each one of you.

I realize that for all investments, any outcome other than exactly what was originally intended can be considered to be a disappointment. So I will not try to downplay the fact that all of us, including my business and myself personally, wish that we could simply pick up things exactly where we had left off in life just a few short months ago. Unfortunately that is simply an impossible goal. There will be debates on almost every matter of this current pandemic, and the effects are being felt throughout the world with virtually no one going unaffected. Our current situation was not because of a bad business decision, poor judgement, or any malicious intent. This truly has been a series of unprecedented events that has forced our economy and lives to come to a standstill affecting every one of us from almost every angle. From "Blue Chip" companies stopping dividends, falling stock prices, volatility at levels unseen before, fixed rates at all time lows while even surpassing negative ranges at some points, and the millions of small businesses nationwide closed or closing, there must be countless ways that all of our investments are suffering. But my main goal since day one for all of my private equity funds has always been to protect my clients principal in every way I possibly can. As much as I know we all want the highest rates of return possible, the first and most important factor to me since this Covid-19 pandemic started has been protecting your principal if possible. As we all know, every investment carries risk. We all at one point put both our money and our trust with Par Funding, and throughout the years they have over delivered in

every way that they possibly could. Par Funding and the entire merchant cash advance industry, completely relies on our nation's small businesses, which over these past few weeks have virtually all been forced to shut down. Some are temporarily, but many will be permanent unfortunately. Because of this, Par Funding has been working nonstop to stay in business like so many others.

They have been forced to restructure their notes with all of the businesses they have advanced funds to, in the hopes that once this nation allows us to slowly start to reopen, they will be able to restart their payments and work to rebuild together. Just as they are forced to restructure the notes with their clients, they are forced to restructure their notes with all of the investment fund managers nationwide. Par Funding has experienced unprecedented losses in their books of over 70% and growing every single day without any concrete knowledge of when or if they will be able to resume "normal" business operations. I can honestly say that they have not waivered one bit from their day one statement that their priority is to repay 100% of every investors principal.

I have spent countless hours working with the owners & management team at Par Funding, numerous legal teams & attorneys, and all of the fund managers working on the very best offer for our hard earned investment funds. We have considered every possible option, and although it is an extremely hard decision we have to make a decision on how to move forward now. Without going into details or debates on what the economy can possibly look like in 1 month, 1 year, or 10 years. We have now reached a final offer that I will be going over with each and every investor in order for us all to move forward. Par Funding has given us a one time, non-negotiable offer to restructure our investment notes. And just as we are all in this together, we must 100% all agree on these terms together in order to move forward. The alternative if we do not accept, is that Par Funding will declare bankruptcy, and in all likelihood be a complete loss for all of us. So I implore you to look at this as a positive move towards our end goal of 100% principal repayment.

Because of the irreparable damage to our small businesses and our economy, no one knows what this economy or business will look like in the coming months and years. But just as all of us must do, Par Funding must plan for their worst case scenario while working towards their best. So just as we trusted them before, we must again put our trust in them now. The alternative would be a lengthy, expensive, legal battle that although we would win, would take a minimum of a 1-2 years to even get close to a point where we could gain any access to moving forward with any funds.

Only to be in a "best case scenario" recover pennies on the dollar. Par Funding's book of business has been reduced by over 70%, and even then many of those assets are those that collect from the various small businesses nationwide through their merchant cash advances. So there is not any easy outlook on the potential to regain funds if we do not accept and move forward.

Again, I will speak with each of you individually, but compared to the alternative, I would prefer the ability to return principal to every one of my clients. Even if that is over a longer period of time.

And to even have the ability to include an interest rate that is many times higher than what you would normally get at any bank right now during a time where more people are experiencing losses without any discussion of positive interest is a positive in my eyes. The exact terms that Par Funding has offered are being continuously reviewed and worked on by a series of attorneys and will be ready very soon. So until I am able to send everyone the new note offering documents, this is how the new offer will work that I must get 100% of our investors to agree to or we will not be able to accept. But I do hope that you will all take note of the current situation at hand, and what the alternative that lies ahead if you choose not to.

Par Funding has agreed to the following new note with all investors –

1. Begin making INTEREST ONLY payments in the coming months (we are looking at June or July possibly by the time everyone signs & all legal documents are filed perhaps) WITH an interest rate of between 3%-4% with a 7 year term and principal repayments starting after 1 year of interest only payments.
2. Year 2 – All investors will still receive their monthly interest payments EVERY YEAR but with the addition of 5% of your principal paid back monthly.
3. Year 3 - They will increase principal repayments to an additional 10% in year 3
4. Year 4 – They will again increase principal repayments to an additional 15% in year 4
5. Year 5 – They will then pay back an additional 25% in year 5
6. Year 6 – They will then pay back another 25% in year 6
7. Year 7 – They will pay back the remaining 25% of principal with your final interest and principal payment at the end of year 7

They have included in the contract that they have the option, but not the requirement, to repay 100% of all principal and interest owed to you in a lump sum earlier at any time if they are able to resume operations in the coming years. There is no way to guarantee or put in writing anything earlier, but we can discuss possible future options and outcomes when we speak over the phone. There are many, many additional contractual obligations and changes, including moving all investors from the current unsecured position to a secured position, as well as waiving the right to litigation over the current or older contracts once the new contract is in place. Again, I realize to each and every one of you, that these are not the original terms. BUT, as you all trusted both my professional and personal opinion when we began our investments, I can only tell you that the best decision right now is to ACCEPT this offer, and move forward with restarting your interest payments with the hopes that Par Funding will yet again under promise and over deliver in the years to come. The alternative would be a lengthy, extremely costly litigation for both parties, over a stand alone entity that 100% relies on interest payments from Par Funding to have any value.

We have and will continue to negotiate with Par Funding on all parts of the new note, but they 100% will not change the written terms of this agreement and that is non negotiable or they will be forced to declare bankruptcy. However, because I know about their amazing work ethic and performance over the years, my trust is still with them, and in this country, that we will somehow be able to get back to business in the coming years and although improbable, be given the chance to have our principal returned even earlier. I 100% understand that this is not any easy situation to deal with, but we can choose to look at this now as a positive move to getting paid again in just a few months and move towards getting paid back, or coming out of pocket to fight for what will in all likelihood would be a substantial or perhaps complete loss.

This is just the first step in moving towards restarting our interest payments, and I want to not only give each and every one of you the time you need to consider your options. But also the chance for us to personally speak about the situation and answer any and all questions that you might have. If we can all agree to accept the terms and move forward towards restarting our interest payments, we will then need to resign the new documents very much the same that we did when we began the current notes. Because of the Covid-19 healthcare precautions, we will most likely be utilizing digital signatures through DocuSign as well as video conferences when needed. I also realize that most, if not all of you, are clients of mine with investments in various other investment funds or vehicles through myself. We have been, and will continue to work through this pandemic to continue to keep your interest payments and principal positive for all of your investments. I feel that not just compared to the alternative, but in comparison to the options that every investor will have moving forward after the effects of this pandemic continue to rock the financial sector, are that not only does this offer give every investor their principal repaid in full. But also a favorable rate of return given the events & circumstances that have transpired both here in this situation and worldwide.

I thank each and every one of you for the trust you placed with me in the beginning, and I hope that you will once again place your trust in me to help you navigate this extremely difficult & unprecedented situation that none of us could foresee coming. I hope that we are all able to stay healthy and safe during these coming weeks and months. And I hope that we can take this next step together and work towards beginning our much wanted principal and interest payments.

Thank you once again, I look forward to speaking with you in the coming days so please stay safe & healthy

--

Michael C. Furman, MFP[®], CTEP[®]



Chartered Trust & Estate Planner[®]

Master Financial Planner[®]

THE UNITED FIDELIS GROUP

561-623-0913 Main Office

1-800-727-8139 Toll Free

561-202-7345 Direct Cell

1-888-229-2756 Fax

MFurman@UnitedFidelisGroup.com

www.FixedRateFunds.com

This email and its content, and any files transmitted with it, are intended solely for the addressee(s) and may be legally privileged and/or confidential. Access by any other party is unauthorized without the express written permission of the sender. If you have received this email in error you may not copy or use the contents, attachments or information in anyway. Please destroy it and contact the sender via email return. This email has been prepared using information believed by the author to be reliable and accurate, but I make no warranty as to accuracy or completeness. In particular Michael Furman does not accept responsibility for changes made to this email after it was sent.



Renee Meyer <meyer.renee@gmail.com>

Fwd: PARFUNDING UPDATE/NEW INVESTOR TERMS

1 message

Russell Meyer <kahunaf1@bellsouth.net>
 To: Renee Meyer <meyer.renee@gmail.com>

Mon, Apr 27, 2020 at 5:40 PM

Get Outlook for iOS

----- Forwarded message -----

From: "**Michael Furman**" <mfurman@unitedfidelisgroup.com>
 Date: Mon, Apr 27, 2020 at 5:22 PM -0400
 Subject: RE: PARFUNDING UPDATE/NEW INVESTOR TERMS
 To: "Russ Meyer" <kahunaf1@bellsouth.net>

Good Day Russ,

I hope you & Renee are still safe & healthy so far through this pandemic. I apologize as ive lost my voice completely today but will put you to the top of the list for tomorrow sometime in the morning before I lose it. I have been in nonstop communications with them, and everything is still very positive. We have been working on the new restructured notes which are still being finished for everyone to sign which will move us to the secured position and restart interest payments in June. I am extremely confident in their ability once the economy starts to open back up, especially with all of the restrictions on current banks & lending institutions, as well as so many of their competition just like Par Funding have been hit hard and will not be able to continue. There is SO much more to it, but honestly its hard to put into words so I will update you tomorrow over the phone. In all likelihood those ultra conservative figures in the note will happen much sooner but that is the written deal which is a very good option. I know you have received over 99% of your principal back at this point which I also wanted to discuss with you both, but since that is safe for now in cash I have been trying to reach everyone individually. Unfortunately I have been losing my voice each day by this point, and so have been very limited so far but with the help of one Par Funding's executives I have reached almost everyone via phone or email and most are all positive once they understand the situation.

I also want to give you updates on your commercial real estate funds, the various other annuities, & the senior living funds for you that I want to discuss tomorrow if you will have a few minutes. Again, all good news, just will be restructuring the current MCA note and we will work to get through this pandemic while looking to utilize a few other areas that have been extremely strong throughout all of this.

Thank you again for your patience, Be Safe & Stay Healthy

--

Michael C. Furman, MFP[®], CTEP[®]**Chartered Trust & Estate Planner[®]****Master Financial Planner[®]****THE UNITED FIDELIS GROUP****EXHIBIT****H**

561-623-0913 Main Office

1-800-727-8139 Toll Free

561-202-7345 Direct Cell

1-888-229-2756 Fax

MFurman@UnitedFidelisGroup.com

www.FixedRateFunds.com

This email and its content, and any files transmitted with it, are intended solely for the addressee(s) and may be legally privileged and/or confidential. Access by any other party is unauthorized without the express written permission of the sender. If you have received this email in error you may not copy or use the contents, attachments or information in anyway. Please destroy it and contact the sender via email return. This email has been prepared using information believed by the author to be reliable and accurate, but I make no warranty as to accuracy or completeness. In particular Michael Furman does not accept responsibility for changes made to this email after it was sent.

From: Russ Meyer
Sent: Monday, April 27, 2020 4:51 PM
To: michael furman
Subject: PARFUNDING UPDATE/NEW INVESTOR TERMS

Michael,

I hope you are feeling better. Is there anything new to report on the PARFUNDING?

Thank you,

Russ Meyer

THIS NOTE HAS BEEN MADE FOR INVESTMENT PURPOSES ONLY AND NOT WITH A VIEW TO OR FOR SALE IN CONNECTION WITH THE DISTRIBUTION THEREOF AND HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"). THIS NOTE MAY NOT BE SOLD, TRANSFERRED, OR ASSIGNED ("TRANSFER") UNLESS IT IS SUBSEQUENTLY REGISTERED OR AN EXEMPTION FROM SUCH REGISTRATION IS AVAILABLE AND THE MAKER CONSENTS IN WRITING TO SUCH TRANSFER.

AMENDMENT NO. 1 TO NOTE

This is Amendment No. 1 to the promissory note (the "Note"), dated May 11th, 2020, accompanying the confidential offering memorandum dated May 1, 2018, pursuant to which Fidelis Financial Planning LLC (the "Maker"), for value received, promised to pay to the individual and/or legal entity designated in this Note as the "Holder," the principal sum of Ten Thousand (\$ 10,000) Dollars (such Note, the "Original Note"). Each of the Maker and the Holder, a "Party and collectively the "Parties".

WHEREAS, the Original Note was made in connection with the Maker offering up to 400 units comprised of fifty (50) \$1,000 principal amount 12-month 9%, 10%, 12%, 14%, or 15% promissory notes per unit (collectively, the "Units") for an aggregate offering price of \$20,000,000 (the "Offering"). Each promissory note is an unsecured debt security consisting of a \$1,000 principal amount 12-month 9%, 10%, 12%, 14%, or 15% note (depending on the number of Units purchased);

WHEREAS, the Holder and the Maker desire to amend the Original Note to modify the payment terms and maturity date of the Original Note; on the terms and subject to the conditions set forth herein;

WHEREAS, the COVID-19 pandemic in the United States has caused state and local governments to issue orders that require non-essential businesses to close and for the populations of those states and locales to isolate themselves at home. These governmental orders have forced the closure of many of the small and mid-sized businesses in need of working capital being financed by the merchant cash advance businesses in which the Maker has invested and reduced dramatically the business activity for those which remained open. Unable to operate and generate revenue, many of these small businesses have defaulted on their payment obligations to their merchant cash advance provider; many have closed entirely and are not expected to reopen, making collection very difficult if not impossible;

WHEREAS, the Maker has requested that the Holders agree to amend the terms of the Notes in order to provide greater flexibility in the challenging economic times during and in the aftermath of COVID-19 and the Holders have agreed to provide such greater flexibility on the terms and conditions set forth herein; and

WHEREAS, pursuant to Section 10(b) of the Original Note, the amendment contemplated by the Parties must be contained in a written agreement signed by each Party to be enforced.

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. Definitions. Capitalized terms used and not defined in this Amendment have the respective meanings assigned to them in the Original Note.

2. Amendments to the Original Note. As of the Effective Date (defined below), the Original Note is hereby amended or modified as follows:

(a) The Maturity Date of the Note shall be the date set forth in Schedule 1 to this Amendment.

(b) Interest and principal payments shall be made at the times and in the amounts set forth on Schedule 1 to this Amendment.

EXHIBIT

I

(c) The Maker shall have the right, but not the obligation, to prepay the Note and all accrued and unpaid interest thereon in whole or in part prior to the Maturity Date.

(d) Upon execution of this Amendment and the satisfaction of the conditions precedent to the Effectiveness hereof, the Holder waives any Event of Default that may have occurred under the Original Note relating to the payment of principal of and/or interest on the Original Note.

3. Date of Effectiveness; Limited Effect. This Amendment will be deemed effective on the date on which all Holders of the Units have consented to an amendment of their respective Unit and the related Note on the terms and conditions set forth herein (the "Effective Date"). Except as expressly provided in this Amendment, all of the terms and provisions of the Original Note are and will remain in full force and effect and are hereby ratified and confirmed by the Parties. Without limiting the generality of the foregoing, the amendments contained herein will not be construed as an amendment to or waiver of any other provision of the Original Note or as a waiver of or consent to any further or future action on the part of either Party that would require the waiver or consent of the other Party. On and after the Effective Date, each reference in the Original Note to "this Agreement," "the Agreement," the "Note", "hereunder," "hereof," "herein," or words of like import, and each reference to the Original Note in any other agreements, documents, or instruments executed and delivered pursuant to, or in connection with, the Original Note will mean and be a reference to the Original Note as amended by this Amendment.

4. Miscellaneous.

(a) This Amendment is governed by and construed in accordance with, the laws of the State of Delaware, without regard to the conflict of laws provisions of such State.

(b) This Amendment shall inure to the benefit of and be binding upon each of the Parties and each of their respective permitted successors and permitted assigns.

(c) The headings in this Amendment are for reference only and do not affect the interpretation of this Amendment.

(d) This Amendment may be executed in counterparts, each of which is deemed an original, but all of which constitute one and the same agreement. Delivery of an executed counterpart of this Amendment electronically or by facsimile shall be effective as delivery of an original executed counterpart of this Amendment.

(e) This Amendment constitutes the sole and entire agreement between the Parties with respect to the subject matter contained herein, and supersedes all prior and contemporaneous understandings, agreements, representations, and warranties, both written and oral, with respect to such subject matter.

(f) Each Party shall pay its own costs and expenses in connection with this Amendment (including the fees and expenses of its advisors, accountants, and legal counsel).

IN WITNESS WHEREOF, the Parties have executed this Amendment [as of/on] the date first written above.

MAKER:

Fidelis Financial Planning LLC

By: DocuSigned by:
Michael Furman
C2543198F2B149A

Michael Furman, President

Date: 5/12/2020

HOLDER:

DocuSigned by:
Russell Meyer
6E3C80827CD5436

Print Name: Russell Meyer (Camplan FBO
Russell Meyer ROTH IRA)

Date: 5/12/2020

Schedule 1
Payment Schedule

Maturity Date: June 5th, 2027

Interest Payments:

<u>Period</u>	<u>Payment Terms</u>
Year 1 (commencing on Effective Date)	The Principal Amount shall bear interest at the rate of 4% payable monthly in arrears on the date set forth in the Original Note, as amended. Interest shall be calculated on the actual number of days elapsed since the Effective Date.
Year 2 - Maturity	Interest payments at the per annum rate set forth in the notes payable as provided in the Notes.

Principal Payments

<u>Period</u>	<u>Payment Terms</u>
Year 1 (commencing on Effective Date)	No principal payment, interest-only
Year 2	5% of the original principal amount, payable on the 5th of each month.
Year 3	10% of the original principal amount, payable on the 5th of each month.
Year 4	15% of the original principal amount, payable on the 5th of each month.
Year 5	20% of the original principal amount, payable on the 5th of each month.
Year 6	25% of the original principal amount, payable on the 5th of each month.
Year 7	25% of the original principal amount, payable on the 5th of each month.

Notice of Acceptance

Fidelis Financial Planning LLC

A Delaware Limited Liability Company

\$20,000,000 AGGREGATE AMOUNT 4% PROMISSORY NOTES

AMENDMENT NO. 1 TO NOTE

Offering Price: \$50,000 Per Unit

Minimum Subscription: One Unit

NOTICE OF ACCEPTANCE

Investor: __Russell Meyer__ (Camaplan FBO)

Number of Units: __0.20 - (\$10,000)_____

Maturity Date: June 5th, 2027

Certificate # __M-232_____

The subscription by the above referenced investor for the above referenced number of Units being offered by the Company in accordance with the terms and conditions provided by the offering documents furnished to the investor is hereby accepted as of the date set forth above.

Fidelis Financial Planning LLC

By: 

Michael Furman, President

From: Ben Mannes <bmannes@fullspectrumprocessing.com>
Sent: Fri, 3 Apr 2020 14:46:21 -0400
Subject: Insurance memo for legal
To: Joe Cole <joecole@parfunding.com>, Joe Mack <Joe@parfunding.com>
[040320 Legal Memo RE Insurance.docx](#)

Joes,

Attached is the drafted memo we discussed yesterday. As the documentation from IT comes in, we can file it in the Y drive for when/what legal needs.

--

Thank you,

Ben

A. Benjamin Mannes, MA, CPP
Chief Compliance Officer

Full Spectrum Processing

20 N. 3rd Street

Philadelphia, PA 19106

(215) 922-2636 Ext. 118



Confidential Memorandum
Revised Date: 04.03.20

Confidential Memorandum

to: *Legal Counsel*

CC: *Joe Cole & Joe Mack*

from: *Ben Mannes*

subject: *Insurance*

date: *April 3, 2020*

In November of 2018, CBSG was referred by ROC Funding to an insurance broker named Anthony Bernato who claimed to have developed a new set of policies that cover the Advance Factoring/Merchant Cash Advance sector through Euler Hermes, a major international insurance carrier. Over the following six months, CBSG spent upwards of \$1.2M in premiums to cover numerous accounts that carried above-average risk to CBSG. When some of those accounts defaulted, CBSG attempted to file claims covering those accounts and was informed by Euler Hermes that they could not process the respective claims until CBSG produced third-party invoices between the merchant on the account and their customers.

Upon the hiring of the CCO (Mannes) in the summer of 2019, an intensive reconstruction of merchant (client) communications, applications and collections activities was performed, as well as contact with Euler Hermes at the VP-level. What was gleaned from this project, lasting six months was that CBSG was mis-sold on the type of insurance they were buying, as Euler Hermes;

1. Had never developed a type of coverage for advance factoring,
2. Covers traditional factoring designed to fund a client who has a contract with a customer and needs funding to meet that obligation, and
3. Conveyed these requirements for invoicing documentation in policy documents and applications sent through the Broker (Bernato), and signed by CBSG designee Anthony Zingarelli on October 9, 2018.



Confidential Memorandum
Revised Date: 04.03.20

According to VP Ryan Wimberly at Euler, when a claim due to merchant insolvency and/or bankruptcy, a complete record of all relevant information, accessible in a central repository is necessary, to include:

1. MCA Agreement and all necessary contractual info
2. Proof of delivery (Deposits & ACH history)
3. Invoices (our ongoing email account communications and B2B invoices between merchants and *their* debtors)
4. Collection activity with clear, uniform communications stating account balances, agreement summaries and payment histories as well as missed payments.
5. Correspondence with the merchant.
6. Other items that may be needed (see Fig. 1)

After it was determined that CBSG was sold into insurance coverage it could not use, specifically because our business model is that of advance-factoring (MCA), which mainly funds businesses who are consumer facing on a point of sale basis; and thus no invoices can be produced for Euler to assume collections activity on after paying out a claim, the CCO reported this to the CFO and Sales Director and shifted the project to see what carriers could insure CBSG on it's current business model.

In August and September of 2019, the CCO suggested that CBSG should explore their legal rights respective to their inability to pursue claims or refunds from Euler Hermes and Anthony Bernardo, as his contact/due diligence on the following insurance brokers & carriers revealed that no credit coverage exists for Merchant Cash Advance factoring companies:

- [ARI Global](#)
- [Atradius Trade Credit Insurance](#) & [Credit Insurance](#)
- [AIG](#)
- [Chubb](#)
- [Coface](#)
- [Aon](#)
- [BMS](#) (only for Banks)

Following this determination, corporate guidance was to allow current policies with Euler to expire and to not renew. However, upon notifications through investor relations, it was revealed that certain PPMs, specifically AG Morgan of Long Island, NY were selling investments as "insured" and allowing their investors to believe that the insurance we were carrying through Euler would act as a guarantee of investment. Therefore, to assist our PPMs stay in SEC compliance, we renewed a smaller (\$200K) portfolio of insurance through the existing Euler

CONFIDENTIAL//FOR INTERNAL USE ONLY//ATTORNEY-CLIENT COMMUNICATION



Confidential Memorandum
Revised Date: 04.03.20

policies, with the knowledge that we couldn't file claims without invoices on our merchant losses; but that the PPMs could show that we were "insured".

However, with the COVID-19 pandemic, the same PPMs that were briefed on the situation are now fielding questions as to insurance claims that we simply can't file. Therefore, we need to pursue two immediate avenues with legal forthwith;

1. Have a call between Legal Counsel (Brett), Joe Mack/Cole and Mannes to discuss legal options against Bernato and/or Euler who aggressively sold insurance coverage to CBSG (and ROC Funding as well) that they knew could not have claims filed on, and
2. Draft a letter from Fox Rothschild on behalf of CBSG to stakeholders with a message similar to the following:

"Our client, Complete Business Solutions Group (d/b/a PAR Funding) understands and values the concerns of our stakeholders given the trying economic times that have resulted from the global COVID-19 outbreak. In examining all possible ways to meet our obligations to our stakeholders, CBSG has reached out to its credit insurance carrier, Euler Hermes, to get information as to our eligibility for insurance claims due to COVID-19 related account defaults. Unfortunately, as our coverage was underwritten issued for traditional factoring transactions; our credit insurance policies are not geared toward claims resulting from an "act of God" or natural disaster."

We hope, through working with our legal counsel that we can address our requests from investors on our insurance coverage while, at the same time, investigating our ability to hold predatory brokers accountable for selling us the coverage we can't use.



141 N 2nd St
Philadelphia, PA 19106
(215) 922-2636
www.parfunding.com

CBSG Finder's Fee Agreement

Date: 05/15/16

This Finder's Fee Agreement (the "Agreement") is entered into by and between Complete Business Solutions Group Inc. dba Par Funding (the "Client") with its principal offices at 141 N 2nd St, Philadelphia, PA 19106 and Daniel A. Cistone, LLC (the "Finder") for the purpose of providing the Service (the "Service") of introducing Creditors (the "Creditor") and procuring working capital (the "Capital") in the form of a loan to the Client for use in company operations, as described under item 4, in exchange for a commission fees (the "Commission") paid by the Client to the Finder.

1. **Definition of Service.** Finder is providing to the Client the service of introducing Creditors to the Client and assisting in the consummation of loans from Creditors to the Client. This service includes facilitating communications between these parties, providing company information to the Creditor, explanation of the Client's operations to the Creditor, assisting the delivery and execution of any loan documents and maintaining on-going communications between both parties.
2. **Terms of Service.** This non-exclusive agreement shall commence on May 15, 2016 and continue in perpetuity until the termination of the agreement, expressed verbally or in writing, by either party. Any loans or other business arrangements made between the Creditor and any other parties known to the Client or Finder without initial introduction by the Finder will not warrant any payments to be made to the Finder and the Client will have no obligation to pay Finder their Commission fee or any other sum.
 - a. **Expenses.** It is the sole responsibility of the Finder to pay for any related expenses in associated with completing the Service being provided to the Client.
3. **Commission Structure.** Compensation to the Finder for services rendered to the Client will be paid according to the following schedule:
 - a. **Initial Payment.** Once principal funds from a Creditor have been received in accordance with the terms established with the Client, a one-time distribution totaling 10.0% of the principal Capital will be made to the Finder within seven days. This initial payment reflects compensation for introducing the Creditor to the Client and for assisting in

consummating loan documents, with terms of 12 months or greater, between both parties.

- b. **Renewals.** For any loan agreement renewals or loans with terms of 12 months or greater between the Creditor and Client, a quarterly distribution totaling 2.50% of the Capital principal, totaling 10.0% annually based on the same splits listed above, will be paid to the Finder at the beginning of the consecutive 12 month period following the consummation of the loan. These distributions reflects compensation for assistance in maintaining the business relationship between the Creditor and Client.
 - c. **Cancellations.** For any cancellation of loan agreements between the Creditor and Client that do not satisfy the terms of the consummated agreement, the Finder must forfeit and make payable any commission fees paid to them, as described in item 3a and 3b associated with the cancelled agreement, by the Client immediately after the cancellation of the agreement. The cancellation may be initiated by either the Creditor or Client's refusal to continue operating under the terms of their consummated loan agreement.
4. **Use of Capital.** Capital provided by Creditors to the Client introduced by the Finder will be utilized by the Client primarily for funding activity in the Client's merchant cash advance business. The use of capital may also be utilized for company expenses, including but not limited to overhead expense, commission payments and interest distributions to Creditors. Capital provided to the Client by the Creditors will be secured separately between the Creditor and Client through a Security Agreement and Promissory Note issued by the Client.
 5. **Independent Agent.** Finder acknowledges that they are an independent contractor and shall not be deemed an agent of to the Client in any way for any purposes whatsoever. Client certifies that the Finder is not an employee of the Client and will report taxable income earned by Finder as a subcontractor. Finder shall have no right or authority to assume or create any obligation or liability, expressed or implied, for or on behalf of the Client, or to otherwise bind Client in any manner whatsoever.
 6. **Indemnification.** After payment of any Commission fees to the Finder, the Finder shall indemnify, protect, defend and hold harmless the Client and its affiliates from and against any and all claims, actions, losses, liabilities, damages, liens, costs or expenses (including and without limitation, reasonable attorneys' fees and costs), however described, arising from any claim by any other person or entity for Commission fees or similar compensation in connection with any transaction involving a prospective Creditor introduced by the Finder.
 7. **Severability.** This Agreement may be terminated by either party, at any time, with or without cause. This Agreement may be terminated by either party either verbally or by providing written notice to the either party.
 8. **Confidentiality.** Any company information provided by the Client to the Finder for the purpose of introducing Creditors to the client is deemed confidential. The information may only be provided to prospective Creditors and shall not be provided or discussed with any other parties. The Finder understands the value and sensitive nature of financial data, client information, projections, portfolio metrics or any trade secrets provided to them under this agreement. The Finder assets that they are responsible for disclosure and security of this information and will be


legally accountable for any misuse or negligence with the information provided by the Client. The information provided to the Finder will remain confidential during the course of and after the termination of this Agreement.

- 9. **Governing Law.** This agreement shall be made in and shall be governed and interpreted in accordance with the laws of the State of Pennsylvania.
- 10. **Entire Agreement.** This Agreement contains all of the agreements of the parties with respect to any matter covered or mentioned in this Agreement and no prior agreements shall be effective for any purpose.

This Agreement and each party's obligations shall be binding on the representatives, assigns, and successors of such party.

Signed:

Client – Complete Business Solutions Group Inc. dba Par Funding



Joseph Cole - CFO

06/02/16

Date

Finder



Daniel A. Cistone

5/15/16

Date

Message

From: Joe Cole [joecole@parfunding.com]
Sent: 6/6/2016 8:49:47 PM
To: 'Jeffrey Schneider' [js@cbsgus.com]; 'Perry Abbonizio' [abbonizio.perry@gmail.com]
Subject: Dan Cistone Commission

We sent the \$25,000.00 commission wire to Dan Cistone's LLC earlier today.

Joe Cole



141 N 2nd St
Philadelphia, PA 19106
Office 1: 215.613.4126
Office 2: 215.922.2636 x106
Cell: 949.232.2463

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
SOUTHERN DISTRICT OF FLORIDA

SECURITIES AND EXCHANGE)	
COMMISSION,)	
)	
Plaintiff,)	
)	
vs.)	CASE NO.
)	20-CV-81205-RAR
COMPLETE BUSINESS SOLUTIONS)	
GROUP, INC. D/B/A PAR)	
FUNDING ET AL.,)	
)	
Defendants, and)	
)	
L.M.E. 2017 FAMILY TRUST,)	
)	
Relief Defendant.)	
)	

REMOTE DEPOSITION OF
VICTORIA VILLAROSE
Tuesday, August 31, 2021

Reported by:
Denise Sankary,
RPR, RMR, CRR
Job No. 210831DSA

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
SOUTHERN DISTRICT OF FLORIDA

SECURITIES AND EXCHANGE)	
COMMISSION,)	
)	
Plaintiff,)	
)	
vs.)	CASE NO.
)	20-CV-81205-RAR
COMPLETE BUSINESS SOLUTIONS)	
GROUP, INC. D/B/A PAR)	
FUNDING ET AL.,)	
)	
Defendants, and)	
)	
L.M.E. 2017 FAMILY TRUST,)	
)	
Relief Defendant.)	
_____)	

Remote videotaped deposition of VICTORIA VILLAROSE, taken on behalf of Plaintiff, all parties appearing remotely, commencing at 10:06 a.m. and ending at 4:15 p.m., on Tuesday, August 31, 2021, before Denise Sankary, RPR, RMR, CRR, and Notary Public of the State of Florida, pursuant to notice.

1 APPEARANCES (All appearing remotely):

2

3 For the Plaintiff:

4 UNITED STATES SECURITIES AND EXCHANGE COMMISSION
5 BY: AMIE RIGGLE BERLIN, ESQUIRE
6 801 Brickell Avenue, Suite 1800
7 Miami, Florida 33131
8 Telephone: 305-982-6300
9 Email: berlina@sec.gov

10 On behalf of Ryan Stumphauzer, Court-Appointed
11 Receiver:

12 STUMPHAUZER FOSLID SLOMAN ROSS & KOLAYA
13 BY: TIMOTHY KOLAYA, ESQUIRE
14 One Biscayne Tower
15 2 South Biscayne Boulevard, Suite 1600
16 Miami, Florida 33131
17 Telephone: 305-614-1400
18 Email: tkolaya@sfslaw.com

19 On behalf of Joseph LaForte:

20 FRIDMAN FELS & SOTO, PLLC
21 BY: ALEJANDRO SOTO, ESQUIRE
22 BY: CHERLY LUCIEN, ESQUIRE
23 2525 Ponce De Leon Boulevard, Suite 750
24 Coral Gables, Florida 33134
25 Telephone: 305-569-7701
Email: asoto@ffslawfirm.com
Email: clucien@ffslawfirm.com

On behalf of Lisa McElhone:

LAW OFFICES OF ALAN FUTERAS
BY: RICHARD BRUECKNER, ESQUIRE
565 Fifth Avenue, 7th Floor
New York, New York 10017
Telephone: 212-684-8400
Email: rbrueckner@futerfaslaw.com

25

1 APPEARANCES (All appearing remotely):

2

3 On behalf of Perry Abbonizio:

4 MARCUS NEIMAN RASHBAUM & PINEIRO, LLP
5 BY: JEFFREY MARCUS, ESQUIRE
6 One Biscayne Tower
7 2 South Biscayne Boulevard, Suite 2530
8 Miami, Florida 33131
9 Telephone: 305-400-4260
10 Email: jmarcus@mnrlawfirm.com

8

9 On behalf of Joseph LaForte:

10 KOPELOWITZ OSTROW FERGUSON WEISELBERG GILBERT
11 BY: DAVID FERGUSON, ESQUIRE
12 BY: JOSH LEVINE, ESQUIRE
13 One West Las Olas Boulevard, 5th Floor
14 Fort Lauderdale, Florida 33301
15 Telephone: 954-525-4100
16 Email: ferguson@kolawyers.com
17 Email: levine@kolawyers.com

14

15 ALSO PRESENT:

16 Dean Vagnozzi

17 Perry Abbonizio

18 Michael Furman

19 Joseph LaForte

20 Nancy Holmstock, Videographer

21

22

23

24

25

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

INDEX

WITNESS:	EXAMINATION
VICTORIA VILLAROSE	
BY MS. BERLIN	8
BY MR. SOTO	145

EXHIBITS

EXHIBIT NO.		PAGE
Exhibit 82	12/23/16 E-mail from Tori Villarose to Joe Mack Subject: Christmas	123
Exhibit 83	08/16/19 E-mail from Tori Villarose to Joe Mack Subject: FAF NY Commissions 8-16-19 with attachment	125
Exhibit 84	07/08/20 from Joe Mack to Tori Villarose Subject: CBSG Default Deals - 06/30/20 with attachments	133
Exhibit 85	07/23/20 E-mail from Jamie McElhone to Aida Lau and others Subject: Wires for Today 7-30-20	138
Exhibit 86	Text messages between Victoria Villarose and Joseph LaForte	139
Exhibit 87	07/27/20 E-mail string between Corey Kalkanoglu, Brett Berman and others Subject: Settlement Documents - New Vegetarian and Ronald Wong	141

1 Tuesday, August 31, 2021

2 10:06 a.m. - 4:15 p.m.

3

4 THE VIDEOGRAPHER: We are on the record.

10:05 5 This is Video Number 1, video deposition of
6 Victoria Villarose in the matter of Securities
7 and Exchange Commission versus Complete
8 Business Solutions Group, Inc., et al., pending
9 before the United States District Court,
10:05 10 Southern District of Florida, Case
11 Number 9:20-CV-81205.

12 This deposition is being held remotely by
13 WebEx videoconferencing. The physical video
14 recording is held in Culpeper, Virginia on
10:06 15 August 31, 2021. The time on the video monitor
16 is 10:06 a.m. Eastern Time.

17 My name is Nancy Holmstock, legal video
18 specialist from the firm Gradillas Court
19 Reporters. The court reporter today is Denise
10:06 20 Sankary, also with Gradillas Court Reporters.

21 For the record, will counsel now please
22 introduce yourselves and whom you represent
23 starting with the taking attorney.

24 MS. BERLIN: Good morning. This is Amie
10:06 25 Riggle Berlin with the U.S. Securities and

10:06 1 Exchange Commission.

2 MR. SOTO: Good morning. This is Alex
3 Soto. I'm counsel for defendant, Joseph
4 LaForte.

10:06 5 MR. KOLAYA: Good morning. This is Tim
6 Kolaya on behalf of the court-appointed
7 receiver, Ryan Stumphauzer.

8 MR. LEVINE: Good morning. Josh Levine,
9 I'm co-counsel for Joseph LaForte.

10:06 10 MR. MARCUS: Good morning. Jeff Marcus.
11 I'm counsel for Perry Abbonizio.

12 MR. FERGUSON: David Ferguson, counsel for
13 Joseph LaForte.

14 MS. LUCIEN: Cherly Lucien, counsel for
10:07 15 Joseph LaForte.

16 MR. BRUECKNER: Richard Brueckner. I'm
17 with the law offices of Alan Futerfas. We
18 represent Lisa McElhone.

19 THE VIDEOGRAPHER: Okay. Will the court
10:07 20 reporter please administer the oath.

21 THE COURT REPORTER: Yes.

22 Ms. Villarose, would you raise your right
23 hand, please?

24 Do you swear the testimony you're about to
10:07 25 give today will be the truth, the whole truth,

10:07 1 and nothing but the truth?

2 THE WITNESS: Yes.

3 THE COURT REPORTER: Thank you.

4 Thereupon:

10:07 5 VICTORIA VILLAROSE

6 having been first duly sworn, was examined and

7 testified as follows:

8 THE COURT REPORTER: Thank you.

9 THE VIDEOGRAPHER: Counsel, you can

10:07 10 proceed.

11 EXAMINATION

12 BY MS. BERLIN:

13 Q. Good morning, Ms. Villarose. My name is

14 Amie Riggle Berlin. And if you need a break at any

10:07 15 time, just let me know and we'll take a break.

16 And if any of my questions are confusing

17 or you don't understand, just let me know and I'll

18 rephrase them, okay?

19 A. Okay.

10:08 20 Q. Great. I wonder if you could tell us your

21 educational background.

22 A. I am a current student working towards my

23 master's degree -- bachelor's and master's degree,

24 but I am a high school graduate from Upper Darby

10:08 25 High School.

10:08 1 THE COURT REPORTER: From what high
2 school? What high school?

3 A. Upper Darby High School.

4 THE COURT REPORTER: Thank you.

10:08 5 BY MS. BERLIN:

6 Q. And what year did you graduate from high
7 school?

8 A. 2010.

9 Q. And you're currently working on a college
10:08 10 degree and master's degree?

11 A. Yes, Southern New Hampshire University.

12 Q. And did you previously work for Par
13 Funding?

14 A. Yes.

10:08 15 Q. Okay. During what years?

16 A. Well, Par Funding, like, you mean Full
17 Spectrum and Complete Business Solutions, the whole
18 thing?

19 Q. Yes.

10:09 20 A. 2017. September 2017.

21 Q. Until when?

22 A. Was it -- no, 2015. It was September of
23 2015 until August of 2020.

24 Q. Are you currently employed?

10:09 25 A. Yes.

10:09 1 Q. Where do you work now?
2 A. Yes Lender, LLC in King of Prussia.
3 Q. Can you spell that?
4 A. Y-E-S L-E-N-D-E-R.
10:09 5 Q. Is there any connection between Yes Lender
6 and Par Funding or Full Spectrum that you know of?
7 A. No.
8 Q. And what is Yes Lender?
9 A. It's a merchant cash advance company.
10:10 10 Q. What do you do there?
11 A. I am the head of operations, so I run
12 underwriting and the operations side of things, so
13 the back end in collections.
14 Q. When did you begin working at Yes Lender?
10:10 15 A. In November of 2020.
16 Q. What was your title during the time that
17 you were working for Par Funding and Full Spectrum?
18 A. I was the head of underwriting, and I was
19 also a member of credit committee.
10:10 20 Q. During what years were you the head of
21 underwriting?
22 A. 2018 to 2020. Prior to that, I was the --
23 just the manager of processing individually.
24 Q. And during what years of your employment
10:11 25 were you on the credit committee?

10:11 1 A. March of 2019 to August of 2020.

2 Q. Did the members of the credit committee
3 change during the time that you were a member of it?

4 A. Well, yes. Alex Schlepin was brought on
10:11 5 in, I think it was May of 2018, and he left in June
6 of 2020.

7 Q. So when you began working on the credit
8 committee in March of 2019, who were the other
9 members of the committee?

10:11 10 A. It was Joe and Alex.

11 Q. And what is Joe's last name?

12 A. LaForte.

13 Q. And is that Alex Schlepin?

14 A. Yes.

10:12 15 Q. And were the three of you the members of
16 the credit committee from March 2019 until
17 June 2020?

18 A. Yes.

19 Q. And after Mr. Schlepin left in June 2020,
10:12 20 who were the members of the credit committee?

21 A. It was Joe LaForte, myself, and we just
22 brought in Frank Scarpati to learn how to do it.

23 Q. And what does the credit committee do?

24 A. So we preapprove files that have gone
10:12 25 through processing for funding. So we would price

10:12 1 the deals, fund an amount, buy rate, sell rate and
2 the frequency of payment over a term. And then we
3 would review them again after they had a signed
4 contract, went through underwriting, and the entire
10:13 5 file was ready for final review where we would do a
6 funding call and then decide whether to proceed with
7 wire transfer or not.

8 Q. Would Joseph LaForte generally make the
9 decisions on the credit committee?

10:13 10 A. Not always. It was pretty spread out
11 between all of us.

12 Q. Was Joseph LaForte the boss?

13 A. No.

14 Q. Did you consider him your boss?

10:13 15 A. I considered him higher level than myself,
16 yes.

17 Q. Okay. Did you ever refer to him as your
18 boss?

19 A. Yes.

10:13 20 Q. And why was that?

21 A. Because he taught me most of the things
22 that I know. He brought me in the credit committee.
23 He helped me make big decisions within the
24 processing, so...

10:14 25 Q. Who did you report to when you were at Par

10:14 1 Funding and Full Spectrum?

2 A. I reported to Joe, I guess.

3 Q. Joe LaForte?

4 A. Yes.

10:14 5 Q. And was his office at Par Funding/Full
6 Spectrum's offices in Philadelphia?

7 A. Was -- I'm sorry, what was that?

8 Q. I'm sorry.

9 Was Mr. LaForte's office space, like his
10:14 10 desk and where he -- where he worked physically, was
11 that located in the same office as you in
12 Philadelphia?

13 A. Yes, I sat in the same office as Joe
14 LaForte.

10:14 15 Q. And that's at the Full Spectrum offices in
16 Philadelphia?

17 A. Yes, on Third Street.

18 Q. And was Mr. LaForte in the office almost
19 like nearly every day or every day?

10:15 20 A. Yes, regularly.

21 Q. And what was his role at the company?

22 A. He was a member of credit committee, and
23 he worked with sales. He was a -- he would sell
24 deals individually, but he would also help work with
10:15 25 the sales side of the other side of the office, and

10:15 1 he also helped with underwriting and processing and,
2 you know, adjustments to our process and monthly
3 goals expected of the teams.

4 Q. When you say "sales," do you mean the
10:16 5 merchant cash advance deals with merchants, or are
6 you talking about another kind of sale -- another
7 product that was being sold?

8 A. No, just merchant cash advances.

9 Q. Okay. So who is -- who was running the
10:16 10 day-to-day operations at Par Funding and Full
11 Spectrum while you were working there?

12 A. Honestly, me. I -- truthfully, I ran most
13 of the departments by myself.

14 Q. And what about Lisa McElhone? What was
10:16 15 her role at the company?

16 A. She was the big boss.

17 Q. Okay. And how often was she in the
18 office?

19 A. Pretty regularly. Not all the time she
10:17 20 was busy, but a lot.

21 Q. Daily?

22 A. No, not daily.

23 Q. Was she there at least every -- once a
24 week?

10:17 25 A. I would say several times a month.

10:17 1 Q. So when she wasn't there, who was
2 supervising people in the office?

3 A. Mainly me and Alex.

4 Q. Alex Schlepin?

10:17 5 A. Yes, and Joe as well because of sales, and
6 he helped manage underwriting and processing.

7 Q. When you say Joe, do you mean Joe LaForte?

8 A. Yes, Joe LaForte. Should I just say his
9 last name the whole time?

10:17 10 Q. You could just say -- we could just do
11 this: If you say Joe, I'll just assume you mean Joe
12 LaForte unless you tell me it's a different Joe.

13 Is that --

14 A. Okay.

10:18 15 Q. Does that sound good so you don't have to
16 keep saying it?

17 A. Yeah.

18 Q. So who in the office would make hiring and
19 firing decisions?

10:18 20 A. Me, if it was for my departments.

21 Q. Would you have to check with anyone first
22 before you hired or fired someone?

23 A. No.

24 Q. You could just hire or fire whoever you
10:18 25 wanted?

10:18 1 A. I mean, I discussed it with Joe and Alex,
2 but my decision was taken seriously, and I -- I
3 would make those choices. I would actually
4 interview everybody for all of my departments.

10:18 5 Q. And so if you decided to give an offer to
6 someone, how would you decide the salary?

7 A. That was a base rate. I always had a base
8 rate for -- for every offer, and there was never
9 really a negotiation once I -- that -- I -- I was --
10:19 10 I always made the person in the interview aware of
11 the starting salary for the job, so that was in
12 place before I started.

13 Q. So if you wanted to hire or fire someone,
14 you could make that decision, and you would run it
10:19 15 by Joe LaForte and Alex Schlepin; is that right?

16 A. Yes, I would let them know, you know, that
17 I found a new processor or new underwriter, an
18 admin.

19 Q. Okay.

10:19 20 MR. SOTO: I want to lodge my objection to
21 the last question. I tried, but I was on mute.

22 Objection to form.

23 MS. BERLIN: Okay.

24 BY MS. BERLIN:

10:19 25 Q. And was Mr. LaForte the person that you

10:20 1 would report to during the entire time that you were
2 working at Par Funding and Full Spectrum, or did it
3 ever change?

4 MR. SOTO: Form. Objection to form.

10:20 5 A. I don't know what "objection to form"
6 means.

7 Do I answer the question, or do I not
8 answer?

9 BY MS. BERLIN:

10:20 10 Q. So from time to time, lawyers will just
11 state objections on the record and the -- you'll
12 hear that. So sometimes if you pause before you
13 speak, you'll hear sometimes an objection that's
14 being said, and then if you need me to repeat the
10:20 15 question because we've interrupted your train of
16 thought, just let me know and I'll repeat it.

17 A. Yes. Could you? Because --

18 Q. No problem.

19 A. This is my first time, all right?

10:20 20 Q. Yeah. At any time if you need me to
21 repeat a question or rephrase it, just let me know.

22 A. Okay.

23 Q. So during the time that you worked at Full
24 Spectrum and Par Funding from 2015 until 2020, was
10:21 25 Joseph LaForte the person you would report to during

10:21 1 that entire time period, or did it ever change?

2 MR. SOTO: Same objection.

3 A. No, from -- from 2015 till about 2018, my
4 boss was Susan Graeser. She was the head of
10:21 5 underwriting before I took over.

6 BY MS. BERLIN:

7 Q. Okay. And then after you took over in
8 2018, then you were reporting to Mr. LaForte?

9 MR. SOTO: Objection to form.

10:21 10 A. I guess you could say that, yes. I didn't
11 really consider myself reporting to anybody at that
12 point. You know, if I had any kind of request, I
13 would either go to probably Aida for, like, time
14 off, but I -- I worked with Joe and Alex, so I let
10:22 15 them know if anything was happening.

16 BY MS. BERLIN:

17 Q. Okay. But even prior to 2018 when you
18 became the head of underwriting, you considered
19 Joseph LaForte to be your boss; is that correct?

10:22 20 MR. SOTO: Objection to form.

21 A. Well, prior to 2018, Susan Graeser was my
22 boss. Afterwards, I would consider Joe a higher up
23 in the company. We were -- we worked together.

24 BY MS. BERLIN:

10:22 25 Q. Okay. But my question is different.

10:22 1 So I'm just asking about prior to 2018,
2 did you or did you not consider Joseph LaForte to be
3 your boss?

4 MR. SOTO: Objection to form. Asked and
10:22 5 answered.

6 A. Not my boss.

7 BY MS. BERLIN:

8 Q. Go ahead.

9 A. My boss was Susan Graeser.

10:23 10 Q. Okay. And so your testimony is your boss
11 was not Joseph LaForte prior to 2018; is that
12 correct?

13 MR. SOTO: Objection to form. Asked and
14 answered.

10:23 15 A. Right. Susan Graeser.

16 BY MS. BERLIN:

17 Q. Only Susan Graeser, is that your answer?

18 A. That is correct, only Susan Graeser.

19 Q. Oh, okay. At a certain point did you
10:23 20 create a processing department at Par Funding and
21 Full Spectrum?

22 A. Yes.

23 Q. And that was a subset of the underwriting
24 department?

10:23 25 A. Yes.

10:23 1 Q. Can you explain what the processing
2 department did and when you started it?

3 A. So I started that probably in 2016, I want
4 to say, probably fall of 2016. So pretty much the
10:24 5 process at that time, because underwriting was so
6 small, was the underwriters would process the files
7 initially. They would be preapproved for an offer.
8 Then once the contract went out and got signed, they
9 would finish the underwriting on the file, and then
10:24 10 it would get approved for funding after we collected
11 our stips, did log-in, et cetera.

12 So processing was an attempt to stretch
13 out the process to alleviate some of the pressure on
14 underwriting. So processing would receive the
10:24 15 application and the bank statements. They would run
16 two types of reports. So New York court systems and
17 data merchant for -- to see if there were any
18 defaults or any, you know, indication of fraud on
19 the file at any point within the industry. That's
10:25 20 data merchant.

21 Judgments were on UniCourt. We would run
22 CLEAR, Thompson Reuters as a background check, check
23 for bankruptcy history, any liens or judgments and
24 criminal history. We would run personal and
10:25 25 business credit, and we would do a financial

10:25 1 analysis of the three months of bank statements. We
2 called it a matrix. That would be --

3 Q. I apologize, I didn't mean to cut you off.

4 A. Okay. So that would be approved for an
10:25 5 offer. And then from there, if the offer was
6 accepted, they would get a contract, and then it
7 would go through the back end of underwriting.

8 Q. Okay. And so during what years were you
9 working in the -- with the processing department
10:26 10 that you just described?

11 A. I can't say definitely, but I want to say
12 2018 because I took over underwriting. I worked
13 directly with both departments, but I took over
14 underwriting as well, I believe, in 2018.

10:26 15 Q. So after you took over underwriting in
16 2018, did you continue to work in the processing
17 department?

18 A. Yes.

19 Q. Okay. So you worked in the processing
10:26 20 department from 2016 until August 2020?

21 A. Yes.

22 Q. And was one of the -- was the processing
23 department started to speed up the process of
24 getting deals done for Par Funding and Full
10:27 25 Spectrum?

10:27 1 MR. SOTO: Objection to form.

2 A. No, it was to alleviate pressure from
3 underwriting. It needed to be split up into two
4 sides to create quicker pre-approvals so that we
10:27 5 could become more competitive with other funders, so
6 our offers would get out faster, but it wasn't to
7 get more deals done.

8 BY MS. BERLIN:

9 Q. I understand.
10:27 10 Was the processing department then created
11 to speed up the process and make it go faster?

12 MR. SOTO: Objection to form.

13 A. No. It was made to alleviate the pressure
14 from underwriting, and it was made to -- it was made
10:28 15 to separate that process. It was made to get
16 quicker pre-approvals because it was less work on
17 the underwriters. They could focus on the contracts
18 that came back signed, they could work on those
19 underwrites, and processing could take care of the
10:28 20 front end.

21 BY MS. BERLIN:

22 Q. Understood.

23 So I just want to make sure that this is
24 clear.

10:28 25 Your testimony is that the processing

10:28 1 department was not started to speed up the process
2 of the -- getting the deals approved through the
3 process of Par Funding and Full Spectrum; is that
4 right?

10:28 5 MR. SOTO: Objection to form.

6 A. For a pre-approval, yes.

7 BY MS. BERLIN:

8 Q. So it was created to speed up the process
9 for the pre-approvals; is that correct?

10:28 10 MR. SOTO: Objection to form. Asked and
11 answered.

12 A. Yes.

13 BY MS. BERLIN:

14 Q. Okay. Before testifying today, did you
10:29 15 speak with anyone about your testimony?

16 A. Yes and no. I didn't talk to anybody
17 about my testimony, but I did talk to Alex Soto and
18 Dave Ferguson.

19 Q. When did that happen?

10:29 20 A. That happened -- I talked to them
21 yesterday because -- well, do you want to know why?

22 Q. Yeah.

23 A. Okay. I was uncomfortable with your
24 request to talk off record. That made me nervous,
10:29 25 so I wanted to consult with somebody that could, you

10:29 1 know, make me feel more comfortable with that. But
2 at that point, I had already agreed to go forward
3 with the deposition, so they pretty much just told
4 me to stay calm and tell the truth.

10:30 5 Q. And you're referring to the SEC offering
6 to, if you wanted to, just be interviewed rather
7 than being deposed?

8 A. Yes.

9 Q. Okay. And what else did Mr. Ferguson
10:30 10 and -- did Mr. Ferguson and Mr. Soto ask you any
11 questions?

12 A. No.

13 Q. Okay. And they didn't give you any --
14 they didn't say anything other than stay calm and
10:30 15 tell the truth?

16 A. Right.

17 Q. Okay. When was the last time you spoke
18 with Joseph LaForte?

19 A. I sent him a message around Christmastime.

10:30 20 Q. Okay. And Mr. LaForte also reached out to
21 you asking you for materials in connection with this
22 case; is that true?

23 A. Yes.

24 Q. Okay.

10:30 25 A. Yes.

10:30 1 Q. And when did that happen?

2 A. I would say prior to Christmas, I'm pretty
3 sure. That was the last time I reached out to him.

4 Q. What did he ask you for?

10:31 5 A. He asked me for the names of the site
6 inspection companies.

7 Q. Okay.

8 A. And I honestly cannot recall the other
9 things. That's the last one I remember.

10:31 10 Q. Did you and Mr. LaForte have a close
11 relationship?

12 A. Yes. Well, yes.

13 Q. When you started at Par Funding in 2015,
14 how long did the process take once you -- once Par
10:32 15 Funding received a submission for a merchant? Like,
16 how long did the process take from beginning to end?

17 A. In terms of initial submission to funding?

18 Q. Yes.

19 A. I mean, that could take anywhere from 24
10:32 20 to 72 hours, depending on how long it took to get
21 the contract back, how long it took to get the stips
22 in, do the funding call.

23 Q. Okay. And how long did the whole
24 underwriting process take? Did it take about three
10:32 25 days when you were --

10:32 1 A. The underwriting -- the underwriting
2 process depended on the speed in which we got the
3 information required. Processing was same day.
4 Pre-approvals went out same day.

10:33 5 Q. The same day as what?

6 A. As the submission. The submission would
7 come in, processing would complete their portion of
8 the pre-underwrite, and it would get approved same
9 day.

10:33 10 Q. So is it true that -- or not -- I just
11 want to make sure I understand -- that when you
12 started, the whole process took about three days
13 from beginning to end?

14 A. It could take up to three days.

10:33 15 Q. I apologize, I spoke over you. I'm not
16 sure the court reporter heard it either.

17 I'm sorry, can you say that again?

18 A. It could take up to three days if we got a
19 contract back.

10:34 20 Q. Okay. So after you would get the contract
21 back, then it was three days? I'm just trying to
22 understand.

23 A. It's a hard question to -- to answer with
24 a solid answer because it was just very dependent.

10:34 25 If I had to give an average, I would say from start

10:34 1 to finish, it would take about three days maximum,
2 72 hours maximum. Sometimes that would be after the
3 contract comes in. So maybe the contract sat out
4 there for a week and then it came back, and then it
10:34 5 could possibly take us a few days to get all of the
6 documents that we had requested.

7 Q. Okay. And when you say the contract would
8 sit out there and then it would come back, you mean,
9 like, the applicant would be sitting on the contract
10:35 10 for a few days and then send it back? Is that what
11 you're referring to?

12 A. Correct. Yes. They wouldn't always
13 immediately sign.

14 Q. Okay.

10:35 15 A. Especially because back then we didn't use
16 DocuSign. Everything was printed out, signed,
17 scanned.

18 Q. Yeah. That will take longer.

19 A. Exactly.

10:35 20 Q. When did you start using DocuSign?

21 A. That wasn't my decision, so I couldn't
22 give you a specific date.

23 Q. Okay. But I mean, you were the person --
24 were you one of the people that was sending
10:35 25 documents out to applicants asking them to use the

10:35 1 DocuSign?

2 A. No, I didn't send out contracts.

3 Q. Okay.

4 A. If in case of an emergency, like shortage
10:35 5 of staff, I would send a contract, but that really
6 didn't fall under my day-to-day operations.

7 Q. Okay. And during the time that you were
8 at Par Funding and Full Spectrum, did the process
9 from application, you know, through to the end where
10:36 10 the final decision is made, did that become -- did
11 that start happening in a faster period of time?

12 A. I'm not really sure what you're asking.

13 Q. Oh, sure. So at the beginning of the time
14 period -- you just testified about what it was like
10:36 15 when you first started in 2014 and sort of how long
16 things would take.

17 And my question is whether things -- that
18 time period became shorter.

19 So in other words, by 2020, was it taking
10:36 20 less time, like was the process being completed in
21 fewer days from application to approval than it was
22 when you first started?

23 A. For most files, yes, because we had
24 DocuSign that made things easier. And actually, the
10:37 25 ISO representatives were doing just a better,

10:37 1 quicker job of getting us the stips that we required
2 in the back end.

3 Q. When you say "ISO," are you talking about
4 the independent sales organizations that would send
10:37 5 merchants applications to Par Funding?

6 A. Yes.

7 Q. Okay. Wasn't it also sort of to stay
8 competitive that Par Funding wanted to turn around
9 approvals faster?

10:37 10 A. Yes. We -- the name of the game in the
11 industry is to be fast in order to be competitive,
12 so yes. As long as we got what we needed, we could
13 fund faster.

14 Q. By the time that you left Par Funding in
10:38 15 2020, was the process from application to approval
16 sometimes happening in one day?

17 A. Yes.

18 Q. Approximately when did that start,
19 roughly, the year? I know you can't give me the
10:38 20 specific date, but --

21 A. Right. I mean, I guess I would have to
22 say maybe -- I can't give you a definite answer, so
23 I'm really not sure.

24 Q. Okay. So -- but at some point the process
10:38 25 became faster and -- but you don't recall, like,

10:38 1 even what year it was that it started to move more
2 quickly?

3 A. No.

4 Q. Okay.

10:38 5 A. Not with confidence, no.

6 Q. Okay. I wanted to talk about situations
7 where a merchant that already had a deal with Par
8 Funding wanted more money.

9 Are you familiar with that having ever
10:39 10 occurred while you were at Par Funding?

11 A. Yes, all the time.

12 Q. Okay. And so what was the process? Was
13 there a process if a merchant -- I'm just going to
14 call them like a merchant borrower or a merchant,
10:39 15 and if I do, I'm just referring to the people who
16 have deals with Par Funding.

17 You understand?

18 A. Yes.

19 Q. Okay. So if a merchant that already had a
10:40 20 deal with or had a loan or MCA from Par Funding
21 wanted more money, what was the process for
22 determining whether or not to approve it?

23 A. So if they wanted an additional merchant
24 cash advance, they would have to submit updated bank
10:40 25 statements. So we require the three most recent

10:40 1 months of bank statements. So if they are coming to
2 me in June, I need March, April, May. We did not
3 need any new application being as they were an
4 already existing client. So that is all we needed
10:40 5 to pre-approve them for an offer.

6 Q. And what would you look at in those three
7 month of bank records to make a decision about
8 whether they should receive more funding?

9 A. Well, we would look to -- we would assess
10:41 10 their revenue trends. So are they -- is their
11 revenue trending down? Is there a drop in deposits
12 from the last time we reviewed their file and funded
13 them? Are they having negative days? Are their
14 average daily balances low? Are they bouncing?
10:41 15 Have they taken any additional cash advances? Are
16 they -- you know, do they have good payment history
17 with us? Do they have good payment history with
18 their other advances? Are there any modifications?
19 Are there any third parties? Are there any stop
10:41 20 pays?

21 Q. And you can tell all of this just by
22 looking at three months of bank -- this was clear to
23 you on the face of three months of bank records?

24 A. Yes.

10:41 25 Q. So wait. By looking at the bank records,

10:41 1 how could you tell all of the things you just said,
2 whether they were -- I don't understand.

3 A. I don't understand what you're asking
4 either.

10:42 5 Q. Well, tell me again. Let me make a list
6 and we'll go through each of them.

7 And we're talking about bank account
8 records that show money in/money out, correct?

9 A. Right. Three months of bank statements.

10:42 10 Q. Okay. So what would you look at in those
11 bank statements to decide if an existing merchant
12 borrower could get more money from Par Funding?

13 A. So we would look at their revenue trends
14 over the last three months. We would look at the
10:42 15 number of deposits, their total revenue -- their
16 total true revenue, I should say, their average
17 daily bank balances, negative days, returns and
18 overdrafts, any new fundings, any new third parties
19 pulling, any stop payments, any modifications on
10:42 20 current advances.

21 Q. Okay. And so how would you determine --
22 we referred to revenue trends.

23 How would you determine that by looking at
24 the bank records? Were you just looking at how much
10:43 25 money was flowing into the -- how much money was

10:43 1 being deposited or transferred into those bank
2 accounts?

3 A. Well, transfers don't count as -- as real
4 money, so any true deposits for the company, we
10:43 5 would be reviewing. We would compare it to the last
6 time we funded them. Are they still on track? Is
7 their revenue still consistent with the last time we
8 funded it? Is it lower? Is it trending down? Did
9 they start with 50,000 in March, and in May, do they
10:43 10 have 10-?

11 So that's them trending down. So we
12 would, you know, look for consistencies and
13 inconsistencies in the information.

14 Q. Okay. And so -- but I just want to be
10:43 15 clear we're talking about the same thing.

16 When you say "revenue," what you're
17 referring to is deposits that are shown on the three
18 months of bank records that you're looking at for a
19 merchant; is that correct?

10:44 20 A. It's not the total revenue, it's the true
21 revenue. So if they have bank transfers or funding,
22 that's not counted as actual revenue.

23 Q. Okay. So what would be included as actual
24 revenue?

10:44 25 A. Credit card deposits, checks, wires that

10:44 1 are not from another MCA or from other businesses
2 affiliated with the business that we're reviewing,
3 for anything that could be considered real revenue.
4 There might be insurance payments if it's a doctor.

10:44 5 Q. Understood.

6 So you look at the deposits that are on
7 the bank statements, but not all deposits, to
8 determine what you referred to as the true revenue
9 that's examined for purposes of deciding whether to
10:45 10 provide more funding; is that right?

11 A. Correct.

12 Q. Okay. And so looking at the -- I'm just
13 going to refer to that as the -- the revenue for
14 purposes of the next few questions. I'm talking
10:45 15 about what you've just explained you look at in the
16 bank records to determine the revenue of the
17 merchant.

18 A. Okay.

19 Q. Okay. Would Par Funding approve more
10:45 20 money for a merchant if they were seeking funds that
21 were below a certain percentage or relative to their
22 revenue as you just explained it?

23 A. I'm not sure what you mean by "a certain
24 percentage."

10:46 25 Q. Okay. Well, would Par Funding approve an

10:46 1 MCA loan if a merchant had wanted money, more money
2 from CBSG and the amount that they wanted was
3 30 percent or less than the revenue shown on their
4 bank records?

10:46 5 A. So with renewals, first and -- and
6 foremost, they would need to be at least 55 percent
7 through their current advance with us in order to
8 qualify for a renewal. There were situations in
9 which we would do small add-ons, which would be in
10:46 10 addition. But 30 percent holdback, as we called it,
11 was pretty much our max. We did not want to go
12 above that because we did not want to over-leverage
13 the merchant.

14 So we wouldn't always approve a merchant
10:47 15 just because they were on our books. Their revenue
16 would have to support it. Their balances would have
17 to be able to support an extra payment or a larger
18 payment.

19 Q. Okay. So in order for a merchant to get
10:47 20 more money from Par Funding, they would have had to
21 have paid at least 55 percent of the advance they
22 already received? Is that -- did I understand you
23 correctly?

24 A. That was the rule.

10:47 25 Q. Okay. And was that the advance or that

10:47 1 the -- the money that they received through the
2 advance or the money they received through the
3 advance plus the fees that were owed for that?

4 A. It was the total RTR.

10:47 5 Q. What is RPR?

6 A. RTR, so that would be the total of the
7 funded amount at the factor rate, the total of the
8 deal owed by the merchant.

9 Q. And they would have had to pay -- they
10:48 10 would have had to have paid back 55 percent or more
11 of the full amount that they owe on their MCA; is
12 that accurate?

13 A. Yes.

14 Q. Okay. And that was the rule, and was it
10:48 15 always followed?

16 A. There might be certain instances where we
17 would do an add-on where we would give them the
18 position next to our position. So I mean, that
19 technically wouldn't need to be at 55 percent. But
10:48 20 it's hard to renew somebody's balance when it's too
21 high and give them additional capital on top of it
22 and make the payment affordable depending on -- on
23 the deal size, so it's situational.

24 Q. So my question is, just going back, you
10:48 25 said the rule was that the merchant would have had

10:48 1 to have paid 55 percent of the amount that they owed
2 to CBSG before receiving more money.

3 And my question is, was that rule always
4 followed, or were there times when merchants were
10:49 5 approved for receiving additional funds but had not
6 yet paid back 55 percent of their initial MCA deal?

7 A. So yes, it was the rule, but there were
8 exceptions depending on the file.

9 Q. And who would make the decision about
10:49 10 whether to deviate from the rule?

11 A. Credit committee as a whole, so me, Alex,
12 Joe.

13 Q. Okay. So just going back to this
14 question, would CBSG approve a loan if a merchant
10:50 15 had outstanding merchant cash advances and the new
16 merchant cash advances they wanted was 30 percent or
17 less of their monthly revenue? Was that a rule?

18 A. I'm sorry, can you repeat that?

19 Q. Yes. Was it -- was it generally the case
10:50 20 that CBSG would approve a loan if a merchant had
21 outstanding merchant cash advances and the new
22 merchant cash advance they wanted was 30 percent or
23 less of their monthly revenue?

24 MR. SOTO: Objection to form.

10:50 25 A. We would approve a merchant cash advance

10:50 1 behind other advances so long as the holdback did
2 not exceed around 30 percent, but also, they would
3 need to be able to just afford it in general. So if
4 they had low average daily balances, most likely,
10:50 5 no.

6 BY MS. BERLIN:

7 Q. Okay. So I just -- so is it your
8 testimony then that it's not correct that CBSG would
9 approve a loan if a merchant had outstanding
10:51 10 merchant cash advances and the new merchant cash
11 advance they wanted was 30 percent or less of their
12 monthly revenue?

13 MR. SOTO: Objection to form.

14 A. So CBSG does not approve loans.

10:51 15 BY MS. BERLIN:

16 Q. All right. So let me be clear. When I
17 refer to loans today, it's just that means merchant
18 cash advance. It could be a consolidation deal. It
19 could be any of the types of transactions that Par
10:51 20 Funding does.

21 Do you understand?

22 A. Can we refer to them as merchant cash
23 advances instead of --

24 Q. I'm going to use -- Ms. Villarose, I'm
10:51 25 going to use the word -- well, let me ask you this:

10:51 1 Why is that so important to you? Did someone tell
2 you that it was important to use that word or that
3 phrase at any point?

4 MR. SOTO: Objection.

10:51 5 A. No. No one said that, no. That's --

6 BY MS. BERLIN:

7 Q. Okay.

8 A. -- something I've known since the
9 beginning of my career in the merchant cash advance
10:52 10 industry.

11 Q. Okay. Great. So today, I might refer to
12 MCA -- MCA or MCA loan, and when I do, I'm talking
13 about the transactions that Par Funding did. That's
14 what I'm referring to. That doesn't mean that's
10:52 15 what they are, but that's what I'm referring to.

16 Do you understand what I'm saying?

17 MR. SOTO: Objection to form.

18 A. Yes.

19 BY MS. BERLIN:

10:52 20 Q. Okay, great. So I'm going to ask again.

21 Did -- is it -- was it the case that CBSG
22 would approve a loan if a merchant had outstanding
23 merchant cash advances and a new MCA was 30 percent
24 or less of their new monthly revenue?

10:52 25 MR. SOTO: Objection to form.

10:52 1 A. The total between their existing advances
2 and our potential new offer shouldn't necessarily
3 exceed 30 percent. If that's what you're asking,
4 because that's what I'm understanding from what
10:52 5 you're saying.

6 So the total between their existing
7 advances, those payments, and our potential new
8 payment shouldn't exceed 30 percent.

9 MS. BERLIN: Okay. We're going to take a
10:53 10 break for about 15 minutes and we'll come back.
11 It's 10:53. So let's come back on the record
12 at 11:05.

13 THE VIDEOGRAPHER: The time is now 10:53
14 and going off the record.

10:53 15 (Recess taken.)

16 THE VIDEOGRAPHER: We are back on the
17 record. The time is now 11:20 a.m.

18 BY MS. BERLIN:

19 Q. Ms. Villarose, before we proceed, I wanted
11:20 20 to just circle back to one thing.

21 I mentioned earlier today that I'm with
22 the Securities and Exchange Commission.

23 Do you understand that the Securities and
24 Exchange Commission is a federal agency that
11:20 25 enforces the federal securities laws?

11:20 1 A. Yes.

2 Q. And you understand that you're testifying
3 today in a federal enforcement action that was filed
4 by the Securities and Exchange Commission?

11:21 5 A. Yes.

6 Q. Okay. And do you understand that the
7 SEC's investigation is ongoing?

8 A. Yes.

9 Q. You understand that the case you're
11:21 10 testifying in involves allegations of securities
11 fraud, among other things?

12 MR. SOTO: Objection to form.

13 A. Yes.

14 BY MS. BERLIN:

11:21 15 Q. Do you understand that you are and have
16 been testifying under oath?

17 MR. SOTO: Objection to form.

18 A. Yes.

19 BY MS. BERLIN:

11:21 20 Q. And do you understand what that means?

21 A. Tell the whole truth, nothing but the
22 truth.

23 Q. Yes. And you understand that there are --
24 do you understand that there are penalties for
11:21 25 testifying untruthfully under oath?

11:21 1 MR. SOTO: Objection to form.

2 A. Yes.

3 BY MS. BERLIN:

4 Q. Okay. Is there any of your testimony that
11:21 5 you've provided so far today that you want to
6 clarify or change?

7 A. No.

8 Q. Okay. So before we took the break, you
9 were testifying -- oops.

11:22 10 Is there an echo? Do you hear an echo
11 when I speak, Ms. Villarose? I hear one.

12 A. No.

13 Q. Okay. Just let me know if it's hard -- if
14 it's hard to hear me because sometimes the audio on
11:22 15 these WebEx depositions can be difficult.

16 So just stop me if that happens at any
17 time, okay?

18 A. Sure.

19 Q. Thanks.

11:22 20 You testified earlier about where a
21 merchant that already had an MCA loan with CBSG
22 wanted more money, that CBSG would look at three
23 months of bank records; is -- is that right?

24 A. For a pre-approval, yes.

11:23 25 Q. Okay. And did that happen every time?

11:23 1 A. Yes. To my knowledge, yes.

2 Q. And in reviewing those merchants who
3 wanted -- in reviewing the merchant applications for
4 MCAs, you testified about looking at the bank
11:23 5 records for revenue, right?

6 A. Yes.

7 Q. Okay. Would you also look at the
8 merchant's expenses?

9 A. In what context? Like their withdrawals
11:24 10 from their account, is that what you're asking?

11 Q. Well, I'm asking about expenses, and then
12 if the answer is yes, you can tell me what expenses
13 you looked at or where you looked.

14 But did you -- did you look at the
11:24 15 merchant's expenses in any context?

16 A. Yes, through the bank statements. So any
17 other cash advances, their payroll, personal --
18 possible personal out of their business account,
19 those are things that we would consider.

11:24 20 Q. Okay. Did you look -- I mean, did you
21 look at like any sort of mortgage or rent
22 obligations or request those types of documents to
23 assess what their overhead or rent or mortgage might
24 be?

11:24 25 A. Typically, their mortgages probably

11:24 1 weren't coming out of their business account, but we
2 did look to see if they were returning on their rent
3 if we could see that in the account.

4 Q. Okay. So if you looked -- looking at
11:25 5 expenses would be limited to whatever money the bank
6 records showed going out of the business account; is
7 that correct?

8 A. Yes.

9 Q. Okay. So would you also request any
11:25 10 records to see like providers that were utilized to
11 see what the payroll expenditures were?

12 A. No, we wouldn't request additional
13 documents about payroll, just what we could see in
14 the account.

11:25 15 Q. Okay. So for example, if it was like a
16 trucking business, the merchant was a trucking
17 business and they leased the trucks that they
18 utilized for their company, would you request those
19 lease agreements to see what the expenditures were
11:26 20 with, like, insurance or lease payments on the
21 trucks?

22 A. No, we can see that in the bank statements
23 as well.

24 Q. You're looking just at the business bank
11:26 25 records, correct?

11:26 1 A. Correct, uh-huh.

2 Q. So you're not looking at any other account
3 that any sort of -- any merchant might have?

4 A. No.

11:26 5 Q. So there could be expenses that are not in
6 the business records -- I mean in the business bank
7 records that you're looking at?

8 A. It's possible.

9 Q. Okay. And my question is just, you didn't
11:26 10 ask for anything beyond those corporate bank records
11 to assess what the expenditures were; is that
12 accurate?

13 MR. SOTO: Objection to form.

14 A. Correct. For pre-approval, that's the
11:27 15 only thing we asked for, bank statements.

16 BY MS. BERLIN:

17 Q. Okay. What about post pre-approval,
18 during underwriting, what documents, if any, beyond
19 the bank statements would you request to assess the
11:27 20 expenditures of a company or the expenses of a
21 company?

22 A. Sometimes we would ask for a credit card
23 statement. One, to check for credit card slip that
24 they might have with the merchant cash advance; and
11:27 25 two, for collections purpose if needed, but not

11:27 1 necessarily for business expenses.

2 Q. Okay. So sometimes you would ask for, you
3 said, a credit card statement?

4 A. Yeah, credit card processing statement.

11:27 5 Q. And is that in connection with if they had
6 other merchant cash advances at the time they were
7 applying?

8 A. Right. Yes, so if they have a credit card
9 split that affects their revenue, pretty much.

11:28 10 Q. Okay. And did you -- would you request
11 the credit card statements for all applicants?

12 A. No.

13 Q. Okay. So as far as expenditures, you
14 would request the three months of bank records, and
11:28 15 sometimes you would ask for credit card statements
16 if it appeared that they had a credit card
17 affiliated with another merchant cash advance?

18 A. Yes.

19 Q. Okay. Anything else?

11:28 20 A. For business expenses? No.

21 Q. Okay.

22 A. No, nothing else.

23 Q. In looking at expenditures, did CBSG only
24 look at the other merchant cash advance payments
11:28 25 that were owed?

11:29 1 A. In terms of what they could afford, is
2 that what you're asking?

3 Q. Well, in terms of anything for
4 pre-approval or underwriting.

11:29 5 When you were looking at the payments that
6 were coming out of the accounts, was the focus on
7 payments or on MCA payments?

8 A. That was a main focus. We also looked for
9 third party debt collection companies. We also
11:29 10 wanted to see if they're paying -- you know, if
11 they're making payment to their payroll, not
12 bouncing. Same thing with truck leases, things like
13 that. So those -- those payments shouldn't be
14 bouncing, so that's why mainly we would look at that
11:29 15 kind of information.

16 THE COURT REPORTER: You would look at
17 that kind of what?

18 THE WITNESS: Information.

19 THE COURT REPORTER: Thank you.

11:29 20 BY MS. BERLIN:

21 Q. So was there a rule about how about much
22 the expenditures could be in relation to revenue or
23 the MCA loan that they were trying to obtain?

24 A. Well, that's two parts. So one part is
11:30 25 the other merchant cash advances that they have and

11:30 1 how that affects the carry in their accounts, so
2 their holdback. If they have multiple advances
3 pulling, that's going to affect how much we're going
4 to be able to approve them for, but also at the same
11:30 5 time, the amount of expenses coming out of their
6 business account directly -- is directly correlated
7 with the amount of money they keep in their
8 accounts.

9 So if they have all of these expenses
11:30 10 coming out of their accounts, say they're making,
11 you know, \$20,000 in revenue a month but there's --
12 they're draining their account at 50,000 a month,
13 their balances are going to reflect those loan
14 numbers. They're putting out more than they're
11:31 15 bringing in; therefore, it's going to affect the way
16 that we could price the deal, if we could even price
17 it, and that's why we looked at, you know, balances
18 as well because that's directly affected by their
19 expenses.

11:31 20 Q. Was that done --

21 THE COURT REPORTER: Was that done --

22 A. I'm sorry, you broke up.

23 BY MS. BERLIN:

24 Q. Oh. Was that done on every application?

11:31 25 A. Yes, there was a full financial workup --

11:31 1 workup on every application.

2 Q. And that full financial workup that you
3 described --

4 A. I'm sorry, you broke up again.

11:31 5 Q. When you say "full financial workup," are
6 you referring to what you just -- what you testified
7 about today, about what was done in reviewing the --
8 the records and expenditures and revenue on the bank
9 records?

11:31 10 A. Yes. The three months of bank statements
11 and our analysis on those.

12 Q. Was there a rule at any time about the
13 amount of outstanding cash advances plus the new
14 merchant cash advance they were seeking being
11:32 15 30 percent or less of their monthly revenue?

16 A. Yes, that was a rule. We made it a point
17 not to exceed that 30 percent holdback based off of
18 their cash advances that they have plus --

19 Q. Okay. So if their monthly revenue, for
11:32 20 example, was \$900, then the new merchant cash
21 advance funding plus the other merchant cash advance
22 loans could not be more than \$300?

23 MR. SOTO: Objection to form.

24 A. We would never fund somebody with \$900,
11:33 25 but...

11:33 1 BY MS. BERLIN:

2 Q. I'm just giving you an example using small
3 numbers.

4 A. Yes. Yeah, so their total daily payment
11:33 5 over a month should not exceed 30 percent.

6 Q. Okay. Was that rule -- was that a hard
7 and fast rule?

8 A. It was a -- it was a hard rule. I
9 wouldn't consider it a loose rule. There were
11:33 10 files, maybe like a strong restaurant file with high
11 cash flow, steady revenue, strong balances that we
12 may feel comfortable enough to go up to 35 percent,
13 but very seldom would we exceed that.

14 Q. Okay. So it was -- would you agree with
11:33 15 me that the rule was not always followed?

16 MR. SOTO: Objection to form.

17 A. For the most part, it was followed.

18 BY MS. BERLIN:

19 Q. Okay. If I go and look in the records for
11:34 20 ConvergeHub, am I going to see that every single
21 person had less than 30 -- every single merchant
22 that was funded had -- had prior MCAs plus the new
23 MCA funding that was 30 percent or less of their
24 monthly revenue?

11:34 25 MR. SOTO: Objection to form.

11:34 1 Just clarification. Are you asking the
2 witness whether she's going to know what you
3 might find if you do a search? I don't
4 understand your question, I'm sorry.

11:34 5 MS. BERLIN: Okay. You're not
6 representing the witness. If the witness
7 doesn't understand, she can let me know.

8 MR. SOTO: I need to understand your
9 question so that I can properly object to it or
11:34 10 decide not to. I just want to make sure I
11 understood your question.

12 MS. BERLIN: Okay.

13 BY MS. BERLIN:

14 Q. Ms. Villarose, go ahead.

11:34 15 A. I mean, I would also like clarification
16 because ConvergeHub is a big system.

17 Q. ConvergeHub holds the underwriting
18 documents and the applications for merchants; is
19 that correct?

11:35 20 A. Yes, it holds all documents that we have
21 obtained throughout the fundings of every merchant.

22 Q. Okay, great. So when you testified that
23 the rule was followed about 30 percent, that that
24 was a hard rule, that the new MCA amount being
11:35 25 sought by a merchant plus their outstanding merchant

11:35 1 cash advances had to be less, 30 percent or less of
2 their monthly revenue, my question is, if -- if
3 that's true, should the ConvergeHub records for
4 every merchant reflect that at the time they applied
11:35 5 their outstanding MCAs and the MCA they were seeking
6 were 30 percent or less than the monthly revenue
7 that they showed CBSG at the time of application?

8 MR. SOTO: Objection to form.

9 BY MS. BERLIN:

11:35 10 Q. Do you understand now?

11 A. For funded files only, correct?

12 Q. Yes.

13 A. Okay. So no, there may be a few that
14 might reflect a higher holdback number.

11:36 15 Q. Okay. So going back to my question
16 before.

17 My question was simply, was this rule
18 about 30 percent, was it always followed? So you --
19 was it always followed or not? Do you understand my
11:36 20 question a little bit better now?

21 A. Sure. No.

22 Q. Okay. Similarly, for the rule you talked
23 about earlier where a merchant could get more
24 funding from CBSG but they also had to have paid
11:36 25 55 percent of the outstanding RTR amount, was that

11:36 1 rule always followed?

2 A. No.

3 Q. Did you have any involvement while you
4 were at Par Funding with any of the legal issues or
11:37 5 lawsuits that Par Funding was involved in for
6 defaults?

7 A. No.

8 Q. Do you --

9 A. I'm sorry, you broke up completely. I
11:37 10 didn't hear you.

11 Q. Sorry. Did you know Brett Berman?

12 A. B. Berman, yes. There would be e-mail.

13 Q. And you e-mailed with him frequently,
14 correct?

11:37 15 THE COURT REPORTER: I'm sorry, what was
16 your question?

17 BY MS. BERLIN:

18 Q. You emailed with him frequently, correct?

19 A. No, not frequently.

11:37 20 Q. You e-mailed with him almost weekly, would
21 you agree with me?

22 A. I don't know the answer to that question.

23 Q. What was your e-mail address at Par
24 Funding?

11:38 25 A. Tori@ParFunding.com.

11:38 1 Q. Did anyone else use your e-mail address?

2 A. No.

3 Q. So if there's any e-mail with that name as
4 the sender or recipient, it would be you, correct?

11:38 5 A. Yes.

6 Q. Okay. Would Joseph LaForte ever direct
7 you to send lists of defaulted merchant cash
8 advances to the legal department for action?

9 A. No.

11:39 10 Q. That never happened?

11 A. To legal, as in downstairs legal in the
12 building?

13 Q. To any attorney in order to bring --
14 did -- were you ever part of the process of getting
11:39 15 the list of defaulted merchant cash advances to any
16 lawyer or paralegal for purposes of them then doing
17 their job as a legal department and looking at
18 whatever actions might need to be filed?

19 MR. SOTO: Objection to form.

11:39 20 A. There were e-mail correspondence with
21 Brett Berman, so yes.

22 BY MS. BERLIN:

23 Q. Okay. So what was your role in the
24 process?

11:39 25 A. To send him files. That's all I know.

11:39 1 Q. Okay. And Joseph LaForte would tell you
2 which files to send?

3 MR. SOTO: Objection to form.

4 A. I honestly cannot recall who gave me that
11:40 5 task.

6 BY MS. BERLIN:

7 Q. You don't recall from Joseph LaForte where
8 he would tell you to send the list of defaulted
9 merchant cash advances to one of the attorneys for
11:40 10 CBSG?

11 A. I honestly cannot recall. I don't know if
12 Brett requested them directly or if Joe gave me a
13 list.

14 Q. Okay. Just one moment.

11:41 15 Okay. Sorry about that. I don't know if
16 you've been hearing the little dog barking in the
17 background, but that's what I was trying to get him
18 to make him stop.

19 So I apologize. I'm not sure if you could
11:41 20 hear him, but hopefully we won't have any more
21 interruptions from any of the little canines in my
22 household.

23 Did you receive updates about the merchant
24 cash advances that were in default with respect
11:41 25 to --

11:41 1 A. Did I receive updates? Is that what you
2 said?

3 Q. Yes.

4 A. Okay. You broke up again. I don't know
11:42 5 if it's my connection or your connection.

6 Q. It's -- it's like probably every one of
7 the depositions or proceedings where we're all
8 online, so if -- if I -- I don't know whose side
9 it's on, but if you hear -- if I'm breaking up at
11:42 10 any time, just let me know and I'll stop and I'll
11 just ask it again.

12 A. Yeah, if you could repeat that question.

13 Q. Yeah, sure. Did you receive updates or
14 lists or the merchant cash advances that were in
11:42 15 default?

16 A. To me, specifically? I don't know, but I
17 want to say no.

18 Q. And who would --

19 THE COURT REPORTER: You broke up. You
11:43 20 totally broke up there.

21 BY MS. BERLIN:

22 Q. Okay. Who at Par Funding or Full Spectrum
23 would make a decision about which merchant cash
24 advances were in default?

11:43 25 A. That would be the collections department.

11:43 1 Q. And who in the collections department
2 would make that decision?

3 A. I don't know.

4 Q. Okay. Are you speculating that the
11:43 5 collections department made the decision about which
6 merchant cash advances were in default?

7 A. I --

8 MR. SOTO: Objection to form. Sorry.

9 A. That would -- that would be speculation.
11:43 10 I would assume that collections and legal made those
11 decisions.

12 BY MS. BERLIN:

13 Q. Okay. But you don't know for sure,
14 correct?

11:44 15 THE COURT REPORTER: I'm sorry, you broke
16 up, Ms. Berlin.

17 BY MS. BERLIN:

18 Q. You don't know for sure, correct?

19 A. Correct.

11:44 20 Q. Okay. Did Mr. LaForte go by any other
21 names during the time that you were working at Par
22 Funding and Full Spectrum?

23 A. Joe Mack.

24 Q. Did he also use the name Joe Macki?

11:44 25 A. I heard that, yes.

11:44 1 Q. Or Joe McElhone?

2 A. I'm sorry, could you repeat that?

3 Q. Or Joe McElhone, did you ever hear him use
4 that name?

11:44 5 A. No.

6 Q. Okay. And did you ever ask Mr. LaForte
7 why he uses an alias?

8 A. No.

9 Q. Did he ever tell you?

11:44 10 A. No.

11 Q. Are you aware of Mr. LaForte's criminal
12 record?

13 A. Yes.

14 Q. And when did you become aware of that?

11:45 15 A. When I started at CBSG.

16 Q. Who told you?

17 A. Google.

18 Q. Oh, you Googled it and found it from a
19 Google search in 2015?

11:45 20 A. Yeah, I Googled the -- the business and
21 Susan Graeser, my old boss, confirmed it because I
22 asked.

23 Q. Did you ever discuss that with
24 Mr. LaForte?

11:45 25 A. You broke up again, I'm sorry.

11:45 1 Q. Did you ever discuss that with
2 Mr. LaForte?

3 A. No.

4 Q. And why were you communicating with Fox
11:45 5 Rothschild on behalf of Par Funding; concerning what
6 matters?

7 A. I'm sorry, you broke up again.

8 Q. What -- sure. Why were you -- why did you
9 communicate with Brett Berman and attorneys at Fox
11:46 10 Rothschild while you were working at Par Funding?

11 A. I'm unsure. I believe it had to do with
12 certain clients in default. I believe that's what's
13 in those e-mails. That's about it. Because I had
14 access to the agreements and the on-sites and all of
11:46 15 these things that the merchants sent over.

16 Q. Was there a list of the clients, the
17 merchants -- the merchants or clients who were in
18 default?

19 A. I believe there was a default tab on the
11:46 20 deposit log.

21 Q. You referenced a deposit log.

22 What specifically was that?

23 A. It was a list of clients that would be
24 sent out daily. That's -- underwriting processing
11:47 25 used that for reloads to check statuses of deals and

11:47 1 the percentage paid through, so we all had access to
2 it.

3 Q. Did you have any involvement in
4 collections when you worked at Par Funding?

11:47 5 THE COURT REPORTER: You broke up.

6 A. Did I have any involvement with?

7 BY MS. BERLIN:

8 Q. Collections.

9 A. Yes.

11:47 10 Q. And what was your involvement with
11 collections?

12 A. There were occasions where I would call
13 clients as a second voice to try to get them back on
14 a payment plan, but mostly, it was during COVID. I
11:48 15 was in charge of trying to get these merchants
16 modified in order to help them get through the
17 shutdown.

18 Q. Okay. Did you have any other involvement
19 in collections?

11:48 20 A. No.

21 Q. Did you know Gino?

22 A. Yes.

23 Q. And who is that?

24 A. He worked collections in the old office.

11:48 25 I think that was 2015, 2016.

11:48 1 Q. And he was one of the employees in
2 collections that worked for Par Funding?

3 A. I'm sorry, you broke up again.

4 Q. Sure. He was one of the people who did
11:48 5 collections work for Par Funding?

6 A. Yes, he would call clients.

7 Q. He would also visit clients?

8 A. That, I don't know. He sat next to me.

9 Q. So you would hear his calls with merchant
11:49 10 borrowers?

11 A. Yes.

12 Q. And did -- would Gino threaten the
13 merchants, the merchant borrowers if they did not
14 pay?

11:49 15 A. On his phone calls?

16 Q. Yes. You said you sat next to him and you
17 heard his phone calls.

18 Did you ever hear him make any threats to
19 any of the merchants about paying?

11:49 20 A. No.

21 Q. Had you previously described Gino as
22 scary?

23 A. As scary?

24 Q. Yes.

11:49 25 A. I mean, he was intense. He was an intense

11:49 1 guy.

2 Q. So your answer is no?

3 A. Right.

4 THE COURT REPORTER: So your answer is
11:50 5 what?

6 MS. BERLIN: No. And she said "right."

7 MR. KOLAYA: Amie, can I make a suggestion
8 for a minute? It sounds to me that when you
9 ask a question, sometimes Ms. Villarose's
11:50 10 microphone is picking up additional audio and
11 basically reverbing the response. There's a
12 way for her to call in from a cellphone that
13 might solve the issue. It might be her
14 computer audio.

11:50 15 MS. BERLIN: Let's go off the record and
16 we'll try to help with that. Thank you.

17 THE VIDEOGRAPHER: The time is now
18 11:50 a.m. Going off the record.

19 (Recess taken.)

11:54 20 THE VIDEOGRAPHER: We're back on the
21 record. The time is now 11:54 a.m.

22 BY MS. BERLIN:

23 Q. So I wanted to talk about the credit
24 committee when it was you, Mr. Schlepkin, and
11:54 25 Mr. LaForte.

11:54 1 Was -- was Mr. LaForte less conservative
2 than Mr. Schlepin in making decisions about which
3 deals to fund?

4 MR. SOTO: Objection. Form.

11:54 5 A. I feel like that's a -- that's opinion or
6 speculation. I mean, we all tried to price the same
7 way, so we all talked about deals together so that
8 we could all be on the same page.

9 BY MS. BERLIN:

11:55 10 Q. Would Mr. LaForte make lending decisions
11 or MCA decisions based on his relationships with
12 merchants sometimes?

13 MR. SOTO: Objection to form.

14 A. I -- I -- you're asking if he was lenient
11:55 15 with certain files because of a relationship?

16 BY MS. BERLIN:

17 Q. Well, that could be your answer, but I'm
18 just asking, did Mr. LaForte ever make any lending
19 decisions or MCA funding decisions that were based
11:55 20 on his relationships with the merchants or merchant
21 applicants?

22 MR. SOTO: Objection to form.

23 A. I don't believe so, because we -- we
24 underwrote the files, so there was data to support a
11:56 25 decision. Typically, it is -- if you have a

11:56 1 long-term client in the industry, like we do at Yes
2 Lender as well, you have a consistent merchant that
3 you've had a longstanding relationship with that has
4 been a good payer, but maybe they're struggling a
11:56 5 little bit. So you have that relationship, you're
6 willing to take a chance with them because they have
7 proven to be a good payer even through, maybe, hard
8 times.

9 BY MS. BERLIN:

11:56 10 Q. And so were there occasions where there
11 were merchants that had a relationship with CBSG --
12 or I'm sorry, with Par Funding or Mr. LaForte, and
13 that was a factor in deciding whether or not to make
14 a funding decision?

11:57 15 A. I don't know because I didn't make those
16 decisions.

17 Q. But you were on the credit committee with
18 Mr. LaForte and Mr. Schlepin, correct?

19 A. Correct, and we priced both individually
11:57 20 and as a group. So if we were unsure on a file, we
21 would join heads to be on the same page, but we also
22 priced deals individually, so...

23 Q. So would Mr. LaForte make any -- did
24 Mr. LaForte ever make any lending decisions or
11:57 25 funding decisions based on his relationships with

11:57 1 merchants?

2 MR. SOTO: Objection to form.

3 A. I don't know.

4 BY MS. BERLIN:

11:57 5 Q. Well, did you ever -- did you ever
6 witness -- I mean, you were on the credit committee.

7 Did you ever witness that occurring where
8 Mr. LaForte was less conservative than Mr. Schlepin
9 because Mr. LaForte was making decisions based on
11:58 10 his relationships with merchants?

11 MR. SOTO: Objection to form.

12 A. I don't know because I didn't monitor his
13 offers out to people.

14 BY MS. BERLIN:

11:59 15 Q. Well, I'm asking if you ever experienced
16 that, if you ever witnessed that or saw or heard
17 that happen.

18 MR. SOTO: Same objection.

19 A. Because of a relationship? No.

11:59 20 BY MS. BERLIN:

21 Q. What about because the merchant -- would
22 Mr. LaForte make decisions based on a merchant's
23 preexisting relationship with Par Funding?

24 A. Not a personal relationship, just as a
11:59 25 merchant that is currently working with Par Funding

11:59 1 on a separate deal.

2 Is that what you're asking?

3 Q. So I've never asked about personal
4 relationships. I want to make sure you understand
12:00 5 that because you testified about -- in response to
6 my questions about relationships. I never asked
7 about personal relationships. I'm asking just -- it
8 could be any relationship. Your response could be
9 yes, based on their business relationship, their
12:00 10 preexisting relationship, any relationship at all.

11 So I'll -- I'll ask it -- I'm going to ask
12 it again with -- and I want to make sure you
13 understand that when I talk about relationship, I'm
14 not talking about a personal relationship or a
12:00 15 friendship, necessarily. I'm talking about any type
16 of relationship. It could be business, it could be
17 preexisting merchant borrower, it could be a
18 personal relationship. It could be any type of
19 relationship at all.

12:00 20 Do you understand?

21 A. Okay.

22 Q. Okay. So did Mr. LaForte ever make any
23 lending or funding decisions based on a merchant's
24 relationship with Par Funding?

12:01 25 A. Yes, but it had to be supported by data.

12:01 1 Q. Okay. So what were the lending -- when
2 you say yes, you mean lending decisions were made
3 based on relationships with merchants.

4 Can you just explain what types of
12:01 5 relationships and how that would have impacted the
6 process?

7 MR. SOTO: Objection to form.

8 A. If we had a longstanding client with good
9 payment history, we might offer them more capital
12:01 10 than the first time or maybe a longer term than we
11 typically would.

12 BY MS. BERLIN:

13 Q. Okay. But weren't there also merchants
14 that because they had -- well, let me ask you this:
12:02 15 Do you know about B&T Supply? Have you ever heard
16 of that company as a merchant?

17 A. Yes.

18 Q. What's that? What is B&T Supply?

19 A. A merchant.

12:02 20 Q. Are you familiar with -- did they ever
21 have a deal with Par Funding to receive funds?

22 A. Yes.

23 Q. Did they have more than one?

24 A. Yes.

12:02 25 Q. And why were the decisions made to you

12:02 1 getting the B&T Supply funds?

2 A. I do not know because I did not make that
3 decision.

4 Q. Who did?

12:03 5 A. Another member of credit committee.

6 Q. All right. Who?

7 A. I would -- it would be an assumption. My
8 answer would be an assumption, but Joe LaForte.

9 Q. There were -- there were certain merchants
12:03 10 who would repeatedly get reloads or new merchant
11 cash advances from Par Funding, would you agree with
12 me?

13 A. Could you repeat that?

14 Q. Would you agree with me that there were
12:03 15 many merchants who had reloads or repeated merchant
16 cash advances with Par Funding?

17 MR. SOTO: Objection to form.

18 A. Yes. We had many reloads.

19 BY MS. BERLIN:

12:03 20 Q. Okay. And so the process for -- would you
21 agree with me that the process for a merchant
22 obtaining a reload was different than the process
23 for a new submission of a merchant that had never
24 done any business with Par Funding?

12:04 25 A. Yes.

12:04 1 Q. Okay. And can you explain the difference
2 to me? Like, how -- if someone was receiving a
3 reload, how was it different -- how was the review
4 and approval process different than it would be for
12:04 5 an applicant from a merchant who was making their
6 first submission to Par Funding?

7 A. Okay. So for the processing side, we do
8 not require a new application unless a merchant has
9 been paid off for like six months to a year. If
12:04 10 they are currently remitting for Par Funding, we
11 only pull their credit every three months so it's
12 not a constant pull for their credit. We require
13 the three months of bank statements, and that's all
14 we need for processing.

12:05 15 Q. So if someone wants to do a reload,
16 meaning they want to do -- they want to get more
17 money through a new agreement with Par Funding, is
18 there an on-site inspection that's done when they
19 seek an additional MCA from Par Funding?

12:05 20 A. No, because they already have it. We
21 don't require documents that we already have. So a
22 voided check, an on-site, a driver's license, we
23 have those on file already.

24 Q. Well, there wasn't an on-site inspection
12:05 25 for every merchant applicant, correct?

12:05 1 A. There was an on-site for most files that
2 it was deemed necessary. You know, for maybe
3 smaller files, we wouldn't need one, or we could
4 verify the business through Google, or we would
12:06 5 request pictures to verify the business.

6 Q. Okay. So the -- just a second here.
7 So when you said if there was a reload,
8 you wouldn't seek an on-site inspection because you
9 would have already had one, would you agree with me
12:06 10 that not every merchant who sought an additional MCA
11 from Par Funding or reload had already had an actual
12 on-site inspection?

13 A. It's possible that we accepted a different
14 form of validation.

12:06 15 Q. Okay. And that could be a Google search,
16 that could be having an entity send you pictures
17 themselves, correct?

18 A. Correct.

19 Q. Okay. So for -- was there a threshold
12:07 20 under which there was no on-site inspections -- so
21 let me ask that a better way.

22 Were on-site inspections ever waived if
23 the MCA funding was going to be less than \$25,000?

24 A. That was put into process. It wasn't
12:07 25 always that way. There was a certain point in time

12:07 1 that I could not time stamp for you that we did say
2 anything lower doesn't -- it wouldn't warrant an
3 on-site unless there was an issue with the file that
4 we needed it -- it for.

12:07 5 Q. Okay. And did that process, the waiving
6 an on-site inspection if the deal was less than
7 25,000, did that begin after you became the head of
8 underwriting, or was it already in effect before you
9 became the head of underwriting?

12:08 10 A. I would say after.

11 Q. Okay. And was it your idea?

12 A. It was either my idea or Alex's idea. I
13 couldn't tell you.

14 Q. When you say "Alex," is that Alex
12:08 15 Schlepin?

16 A. Yes.

17 Q. Okay. I feel awful for you to sit there
18 to hold your phone. I'm sorry that you have to do
19 that.

12:08 20 A. It's okay.

21 Q. So like, seriously, if you just want a
22 break at any time, let me know because that looks
23 really uncomfortable. I'm sorry.

24 A. I'm fine.

12:08 25 Q. That's awful.

12:08 1 Let's see.

2 Was -- was there also -- was there -- with
3 on-site inspections not happening if deals were less
4 than a certain amount, was that something that --
12:09 5 that Mr. LaForte would have known was occurring, or
6 did you all just -- did you keep that a secret from
7 the company in underwriting, or was it sort of known
8 that that was going to be the process, that if deals
9 were below a certain threshold and there was no sort
12:09 10 of like red flag warranting an on-site inspection,
11 that they would not be occurring?

12 MR. SOTO: Objection to form.

13 A. Underwriting was aware because they would
14 have to request it. Credit committee was aware
12:09 15 because they would have to approve it prior to
16 funding.

17 BY MS. BERLIN:

18 Q. Okay. So -- and the credit committee
19 during this time was you, Mr. LaForte, and
12:09 20 Mr. Schlepin.

21 And for Schlepin, it was through
22 June 2020; is that right?

23 MR. SOTO: Objection to form.

24 A. Correct.

25

12:09 1 BY MS. BERLIN:

2 Q. Okay. So they would have all known about
3 the on-site inspection waiver?

4 MR. SOTO: Objection. Form.

12:10 5 BY MS. BERLIN:

6 Q. Is that true?

7 A. Yes.

8 Q. Okay. Was there also a waiver for on-site
9 inspections if a deal was short-term, meaning it was
12:10 10 like 50 to 75 days instead of the standard 88 to 120
11 days?

12 A. Yes, but those -- those deals were
13 typically very small, so they should have fit under
14 both guidelines.

12:10 15 Q. And was the waiver for the short-term MCA
16 deals, was that put into effect at the same time as
17 the waiver for the deals that were less than 25,000?

18 A. I don't think so.

19 Q. Okay. Did it come later or before?

12:11 20 A. I don't know. That was a separate -- that
21 was a separate program, those short-term deals were
22 like a separate program. So I'm not sure when that
23 went into effect.

24 Q. Okay. What was the program for the
12:11 25 short-term deals?

12:11 1 A. They were for lower -- lower revenue
2 files, you know, there might be -- they wouldn't
3 typically qualify for a lot of money, they might
4 have pretty subpar credit, so we would give them an
12:11 5 offer but mitigate our risk by keeping the terms
6 short.

7 Q. All right. And when -- approximately,
8 what year did that program start?

9 A. I don't remember.

12:12 10 Q. Did it start before you became the head of
11 underwriting or after?

12 A. I don't remember.

13 Q. Okay. Would Mr. Schlepin know, or
14 would -- like, would he be one of the people who
12:12 15 would be aware of the program for the short-term
16 deals?

17 MR. SOTO: Objection to form.

18 A. He would be aware. I don't know if he
19 would know when it started.

12:12 20 BY MS. BERLIN:

21 Q. Okay. Was there a name for the program?

22 A. I don't remember.

23 Q. Okay. Do you remember, like, how did you
24 learn about this program? Did someone tell you
12:12 25 about it?

12:12 1 A. Well, underwriting and processing was
2 always made aware of new programs.

3 Q. And how would you all -- how would
4 underwriting and processing learn about new
12:13 5 programs?

6 A. Through Joe and Alex.

7 Q. Joe LaForte and Alex Schlepin?

8 A. Uh-huh.

9 Q. That's yes, right?

12:13 10 A. Yes.

11 Q. Okay. Sorry. When the court reporter
12 writes down uh-huh --

13 A. Yes.

14 Q. Sorry.

12:13 15 A. Yes.

16 Q. Okay. And for the on-site inspection --
17 oh, were there any other times -- we talked about
18 like the waiver for the on-site inspection if the
19 deal was less than a certain threshold and that
12:13 20 on-site inspections weren't required where a deal
21 was short-term.

22 Were there any other sort of rules or
23 guidelines like that that would cause an application
24 not to warrant an on-site inspection?

12:13 25 A. There were merchants that were

12:13 1 uncomfortable with an on-site, and we would request
2 pictures of the business and we would also check for
3 signage and whatever we could see on Google. If
4 it's a restaurant, there's obviously pictures of the
12:14 5 restaurant, signage out front. But if it's some guy
6 with a home office, we might just ask for a picture
7 of the workplace or a picture. If it's a trucking
8 company, we might ask for a picture of their truck
9 with the DOT number on there.

12:14 10 Q. Okay. And you would ask the -- when you
11 said you would request pictures, you would ask the
12 merchant applicant to send the pictures to Par
13 Funding?

14 MR. SOTO: Objection to form.

12:14 15 A. Depending on the deal channel. So we
16 might request it from their ISO representative.

17 BY MS. BERLIN:

18 Q. Okay. And so the merchant would -- the
19 applicant would take the pictures him or herself and
12:14 20 then send them to Par Funding either directly or
21 through their independent sales agent; is that
22 correct?

23 MR. SOTO: Objection to form.

24 A. Yes.

25

12:15 1 BY MS. BERLIN:

2 Q. Okay. I was just trying to confirm, the
3 photos that you were getting, it's not like you're
4 sending someone out to take photos of these sites
12:15 5 where the merchant applicant isn't comfortable
6 having an on-site inspection.

7 The -- the merchant instead is, like,
8 sending the photos himself or herself?

9 MR. SOTO: Objection to form.

12:15 10 A. Yes. We kept other options just in case
11 we needed them.

12 BY MS. BERLIN:

13 Q. Okay.

14 A. It was almost like -- it was hard to get
12:15 15 every merchant to accept an on-site. People get
16 weary about strangers showing up to a business.

17 Q. Yeah. And so when that occurred, am I
18 correct that the merchant would send photos, him or
19 herself, to Par Funding, and sometimes Par Funding
12:16 20 would also go on Google to check for signage or
21 photos that might be on the Internet? Is that --
22 did I summarize that correctly?

23 A. Yes, we would accept photos of the
24 business. If they didn't send us correct ones, we
12:16 25 would ask for, you know, more detailed pictures. If

12:16 1 they just sent us random stuff, you know, we would
2 want something more specific, and we would use
3 Google to the best of our abilities and other, you
4 know, search engines to try to validate the business
12:16 5 through there.

6 Q. Okay. And so for merchants who were
7 coming back to Par Funding seeking reloads or
8 seeking like additional merchant cash advances,
9 if -- if they sent their own photos in the first
12:17 10 time when they applied or there was an on-site
11 inspection the first time, would you have those
12 applicants send photos again when they applied for
13 additional funding?

14 A. No, unless there was some kind of natural
12:17 15 disaster that swept through their town and we needed
16 to make sure that they weren't like physically under
17 water, we wouldn't need that, no.

18 Q. Okay. And Metro Inspection was a company
19 who did the -- the inspections of some of the
12:17 20 merchants?

21 A. Up to January of 2020, yes.

22 Q. Okay. And then why did that stop in 2020,
23 in January 2020?

24 A. Because we found a new product called
12:18 25 Truepic.

12:18 1 Q. And -- and Truepic was a product where the
2 merchants could take the photos themselves and then
3 Truepic could be utilized to make sure that the
4 geography was accurate of where the photos were
12:18 5 taken.

6 Is that a good summary?

7 MR. SOTO: Objection to form.

8 A. Yes. They were -- they were time-stamped.
9 They were pinpointed to a location so you could see
12:18 10 through Truepic's website, and they would also
11 verify the pictures for fraud. So if they took a
12 picture of their computer screen, it would flag it,
13 and if they -- if we -- if we needed to request more
14 pictures, we could just do so and they wouldn't have
12:18 15 to go through the whole process again and they could
16 just update through Truepic.

17 BY MS. BERLIN:

18 Q. And so -- and the photos that Truepic
19 would provide those services for that you just
12:19 20 described, those were photos that the merchants
21 would take themselves and upload to Truepic?

22 A. So the -- the way the app works is we
23 select from a list what we want a picture of and
24 through the app itself. So they don't upload them,
12:19 25 they take them physically with the app for each

12:19 1 individual item that we request.

2 Q. And so what types of items would you
3 request? Would it be like office, exterior? I'm
4 just guessing here, but can you give me some
12:19 5 examples?

6 A. Sure. We might request signage, pictures
7 of trucks, the actual establishment. You know, we
8 want to make sure it's not run down and going out of
9 business. The storefront, if they have one, home
12:19 10 office, that setup.

11 Q. Okay. And so was Truepic used -- starting
12 in January 2020, were there still occasions where
13 merchant applicants would send photos to Par Funding
14 directly or through their independent sales
12:20 15 organizations rather than using the Truepic app?

16 A. Yes. There were certain merchants that
17 couldn't figure it out or they didn't want to go
18 through the process of getting into it, so they just
19 sent them over through their ISO or sales rep.

12:20 20 Q. Okay. So prior to January 2020, there
21 would either be -- for first-time applicants, there
22 would either be an on-site inspection or the
23 merchant applicant would send in their own photos,
24 or the company, Par Funding, would go online to
12:21 25 search for photos using Google; is that fair?

12:21 1 A. Yes.

2 Q. And then starting in January 2020, there
3 were no longer on-site inspections, but the
4 first-time applicants would submit photos either
12:21 5 directly themselves or through their sales agents,
6 or they would use the Truepic app to send photos
7 they took; is that fair?

8 A. Yes. So Truepic was the new on-site
9 inspection.

12:21 10 Q. Truepic is not going there and conducting
11 any on-site inspection, it's a photo -- it's a
12 company that verifies photos that are uploaded
13 through an app; is that fair? Or are you claiming
14 that Truepic also went on-site themselves?

12:22 15 MR. SOTO: Objection to form.

16 A. Truepic didn't go -- Truepic didn't go
17 on-site themselves. They did not physically go to
18 the property, but they had specific software to
19 verify all photos as legitimate.

12:22 20 BY MS. BERLIN:

21 Q. Okay.

22 A. So that was considered our on-site.

23 Q. So did you -- and was the credit
24 committee, meaning Mr. LaForte, Mr. Schlepin, were
12:22 25 they aware of the fact that in 2020 that Metro

12:22 1 Inspections was no longer going on-site and that,
2 instead, the first-time applicants were submitting
3 photos either directly or through Truepic?

4 MR. SOTO: Objection to form.

12:23 5 A. Credit committee was aware, yes, uh-huh.

6 BY MS. BERLIN:

7 Q. Were there also occasions when CBSG or Par
8 Funding was using Metro Inspections where the
9 inspector would go on-site and the inspection
10 couldn't occur because either it was the wrong
11 address, it wasn't the right company, the merchant
12 applicant wouldn't allow them onto the premises, or
13 any other reason?

14 A. Yes. We got several flag reports, you
12:23 15 know, over the years of merchants not being there,
16 refusing to talk to them, so you know, sometimes
17 they would just take pictures of the premises
18 because they were not allowed inside. Not really
19 incorrect addresses, though.

12:24 20 Q. Let's say they would go and the business
21 that -- for the address that Par Funding or that the
22 merchant provided was actually a different company.

23 Do you recall that happening?

24 MR. SOTO: Objection to form.

12:24 25 A. If we got an on-site back with a different

12:24 1 company at the address that we put on the contract,
2 it would get flagged in the Metro report that the
3 signage doesn't match the business, and we would
4 also have to do further investigation in that
12:24 5 because we couldn't, obviously, use that address on
6 the contract.

7 BY MS. BERLIN:

8 Q. So some of the on-site inspections that --
9 and I'm just going to refer to them as flagged
12:24 10 reports because you all would get e-mails from
11 on-site inspection with like a subject line it was a
12 flagged inspection and explaining what went wrong,
13 correct?

14 A. I'm sorry, could you repeat that?

12:25 15 Q. Sure. Would you all get e-mails from
16 on-site inspections where it would reference flagged
17 inspections and indicate in the message to Par
18 Funding why they couldn't verify a merchant site
19 that they had been sent out to?

12:25 20 A. Underwriting would get e-mails about
21 flagged reports and completed reports.

22 THE COURT REPORTER: And what reports?

23 MS. BERLIN: Completed reports. Completed
24 reports and flagged reports.

12:25 25 THE COURT REPORTER: Thank you.

12:25 1 BY MS. BERLIN:

2 Q. And when you say "flagged reports," you're
3 referring to the reports about inspections where
4 the -- Metro Inspection could not complete or
12:25 5 conduct the inspection for any number of reasons?

6 A. Right.

7 Q. Okay. Now, were some of the merchants who
8 had a flagged on-site inspection, were some of those
9 merchants still funded by Par Funding?

12:26 10 MR. SOTO: Objection to form.

11 A. Depending on -- on what type of flag, it
12 is possible, especially because we follow up in a
13 funding call so we can, you know, discuss that with
14 the merchant as well.

12:26 15 BY MS. BERLIN:

16 Q. Okay. So my question is, would you agree
17 with me that there were some merchants who received
18 MCA deals from Par Funding who had a flagged on-site
19 inspection?

12:26 20 MR. SOTO: Objection to form. Asked and
21 answered.

22 A. Yes. Depending on the flag.

23 BY MS. BERLIN:

24 Q. And were there -- was there a rush to fund
12:27 25 quickly at Par Funding?

12:27 1 MR. SOTO: Objection to form.

2 A. Define what you -- could you define what
3 you mean by "rush to fund"?

4 BY MS. BERLIN:

12:27 5 Q. Would you agree with me that being quick
6 to fund was the most important thing to be
7 competitive with other merchant cash advance
8 companies?

9 MR. SOTO: Objection to form.

12:27 10 A. I wouldn't define it as the most important
11 thing, but it's very important to the industry to
12 remain fast in order to be competitive.

13 BY MS. BERLIN:

14 Q. Okay. And so was being fast to review and
12:27 15 fund transactions, was that a priority at Par
16 Funding?

17 A. Could you repeat that? I'm sorry.

18 Q. Sure. Was -- when you worked at Par
19 Funding, was there an emphasis on having the process
12:28 20 completed as quickly as possible between the time an
21 applicant -- an application came in and the time a
22 decision was made for funding and...

23 A. Yes.

24 MR. SOTO: Objection to form.

12:28 25 A. I believe we would like the process to be

12:28 1 fast.

2 BY MS. BERLIN:

3 Q. Once Par Funding switched to using Truepic
4 instead of the on-site inspection process, did that
12:28 5 allow the process to occur more quickly for getting
6 an approval or -- or a decision made by
7 underwriting?

8 A. Not necessarily. It was completely
9 contingent on the merchant actually completing it.
12:29 10 So if they had time to do it immediately, then it
11 would speed up funding; if they didn't, then it
12 would not.

13 Q. Okay. So -- but if a merchant was --
14 sends up their photos immediately, then is it a case
12:29 15 that sometimes those deals were approved that same
16 day?

17 MR. SOTO: Objection to form.

18 A. If we got all the steps that we required,
19 including bank log-in, which is even more important,
12:29 20 then it could fund same day.

21 BY MS. BERLIN:

22 Q. Did -- well, I was asking about with the
23 approval process, you know, deciding that they were
24 approved for funding.

12:29 25 Would that happen before the funding

12:29 1 actually occurred?

2 A. Well, it's a two-part process. If they
3 are preapproved with the offer, that gets sent out,
4 and then once they accept that pre-approval, that's
12:30 5 when we send the contract out and the list of stips
6 required. So after that, after we get all that
7 information and do a funding call, then they are
8 approved for funding and can receive their wire.

9 Q. And that's when you send a welcome letter?

12:30 10 A. I don't know when the welcome letters are
11 sent out. I know we sent a wire.

12 Q. You've never seen a welcome letter from
13 Par Funding to a merchant telling them welcome and
14 telling them they've been approved?

12:30 15 A. I've seen them. I don't know when they
16 get sent out, though.

17 Q. Oh, okay. And so you said that the stips
18 that were requested from the applicants, what were
19 the stips? You mean stipulations or --

12:31 20 A. Yes, stipulations. So we would request a
21 driver's license and a voided check, manual bank
22 verification or decision logic, a signed contract,
23 pictures of the business. Special stipulations
24 would be payback months. So if it was a somewhat
12:31 25 seasonal business, we would request statements from

12:31 1 last year. So if we were going to fund them in
2 August, we would want to see, you know, September to
3 January or February of last year to watch for the
4 revenue trend and see how they held up during their
12:31 5 slower season. Another --

6 Q. I'm sorry --

7 A. What was that?

8 Q. Did you do that for seasonal businesses,
9 or was that something that would occasionally occur?

12:32 10 A. I'm sorry, could you repeat that? You
11 broke up.

12 Q. Oh, I'm sorry.

13 Did -- did that happen for every merchant
14 applicant that had a seasonal business or some of
12:32 15 them?

16 A. Most of them, but not all. It -- it was
17 strictly dependent on the file. Another possible
18 stipulation would be a credit card statement.
19 That's not something that we request up front,
12:32 20 that's something that we would request after the
21 contract is signed.

22 Q. Now, you didn't request credit card
23 statements from every merchant applicant, correct?

24 A. Correct.

12:32 25 Q. So under what circumstances would you

12:32 1 request a credit card statement?

2 A. Typically, they would have to receive
3 credit card deposits. If they don't accept credit
4 card deposits, we're not going to ask for credit
12:32 5 card statements. It's also dependent on the size of
6 the deal, you know, the risk factors on the deal.
7 If it's a higher risk file, we want to make sure
8 we're covering our bases with collectibility on the
9 file. We want to know if they have credit card
12:33 10 splits, which you could typically usually see in the
11 statement. You'll see the funding, but you won't
12 see payments, so we'll know to request it. Not
13 every deal, but -- I'm sorry.

14 Q. I'm sorry.

12:33 15 A. Not every deal, but some deals.

16 Q. Okay. And what is a credit card split?

17 A. A credit card split is where they receive
18 funding. PayPal does them a lot. Shopify also does
19 them a lot. And they take a percentage of their
12:33 20 credit card revenue straight out of their credit
21 card processor.

22 Q. When did you -- when did Par Funding start
23 requesting credit card -- or I'm sorry, you said you
24 would request it for some but not all -- like, let
12:34 25 me ask this: Would you request credit card

12:34 1 statements for the reloads?

2 A. Sometimes.

3 Q. Okay. So -- and you would request credit
4 card statements for some of the initial applicants?

12:34 5 A. Sometimes, yes.

6 Q. Okay. So -- okay.

7 And was there anything else? I didn't
8 mean to interrupt you. You were giving a list of
9 the stips.

12:34 10 Was there anything else?

11 And I see -- are you looking at something?

12 A. No. Sometimes we would ask for a list of
13 clients that they work with so we can verify their
14 check deposits. Sometimes we would ask for a list
12:34 15 of insurances if they accepted insurance payments.

16 Q. Okay. Anything else?

17 A. Sometimes we would ask for a list of
18 future jobs or accounts receivables to see what they
19 have going on. So if they only have a couple
12:35 20 deposits a month, you know, we typically had a -- a
21 minimum of, you know, between three to five was like
22 really our limit. But if they had a lower number of
23 deposits, we would want to make sure that they have
24 jobs lined up or -- or payments lined up since we're
12:35 25 purchasing their future receivables.

12:35 1 Q. Okay. So sometimes you would ask for a
2 list of clients or for any insurance they had or for
3 a list of future accounts receivable; is that
4 accurate?

12:36 5 A. Yes.

6 Q. Okay. But that didn't happen every time;
7 it would happen if there were certain indicators and
8 a decision was made to request one of those three
9 things?

12:36 10 A. Yes. It -- it was -- it varied through
11 the file.

12 Q. Okay. Anything else?

13 A. No, I think that's it.

14 Q. Did -- did the underwriting or approval
12:36 15 process include obtaining copies of the merchant's
16 invoices?

17 A. I'm sorry, can you repeat that? I heard
18 the -- I heard half of it.

19 Q. Sure. Did the -- sorry.

12:36 20 Did the process involve asking
21 merchants -- merchant applicants for copies of
22 invoices that they had sent out to their clients?

23 A. Occasionally, yes. Same thing with doing
24 a manual bank rotation, we would pull from their AR
12:37 25 checks they had on record.

12:37 1 Q. But the -- requesting the invoices that
2 the merchant applicant had issued to their clients,
3 would you agree with me that that was a rather rare
4 occurrence?

12:37 5 MR. SOTO: Objection to form.

6 A. It was an occasional occurrence. It
7 depended on the deal. So an example would be if we
8 did a log-in into their account and their revenue
9 wasn't really tracking with the last three months
12:37 10 that we had, we might ask for invoices to see their
11 upcoming payment schedule and what they have out
12 there in AR.

13 BY MS. BERLIN:

14 Q. Okay. And like, approximately what
12:38 15 percentage of the time -- and if you requested
16 invoices, would you have uploaded them into
17 ConvergeHub?

18 A. Yes.

19 MR. SOTO: Objection to form.

12:38 20 BY MS. BERLIN:

21 Q. Okay. So any invoices that were obtained
22 would appear there or should appear there?

23 A. They should, yes. All post-funding
24 documents, prefunding documents should be in
12:38 25 ConvergeHub.

12:38 1 Q. Okay. So approximately what percentage of
2 the new applicants, new merchant borrower applicants
3 and the reload applicants combined would have
4 included Par Funding obtaining copies of their
12:38 5 invoices?

6 A. I mean, that's a hard number to -- to
7 estimate because it depends on how they get paid,
8 the quality of their file. I don't -- I saw most
9 files, but not all files, so I -- it's almost
12:39 10 impossible for me to give you a percentage on that.

11 Q. Okay. Well, how often did you personally
12 request and receive invoices from merchant
13 applicants?

14 A. I couldn't tell you.

12:39 15 Q. Was it -- was it infrequent, or was it
16 frequent? I understand you can't give me a
17 percentage, but would you agree with me --

18 A. Semi-frequent. Semi-frequent.

19 Q. Okay. Okay. So ConvergeHub for the deals
12:39 20 that you worked on should show that -- if we look at
21 all the deals that you worked on in ConvergeHub,
22 we're going to see that -- we're going to see many
23 that have invoices in the files?

24 A. I think you're going to see some.

12:40 25 Q. Some. Okay. Well, that's all I'm trying

12:40 1 to get at is, is this was -- seeking invoices was
2 done by Par Funding when you all felt that you
3 needed to see it. It wasn't a routine part of the
4 process.

12:40 5 Would you agree with me on that?

6 A. Yes.

7 Q. Okay. Was it --

8 A. To be specific -- to be specific, we
9 always would like invoices or accounts receivables,
12:40 10 but we wouldn't always get them, and depending on
11 the state of the file is whether or not we would
12 push for that.

13 Q. Okay. So you know the companies Capital
14 Source 2000 and Fast Advance Funding?

12:41 15 A. Yes.

16 Q. Okay. Did they operate out of this office
17 space that you worked in?

18 A. Fast Advance Funding was the name of the
19 company for the sales reps across the hall.

12:41 20 Q. Well, Fast Advance Funding also did some
21 merchant cash advances, correct?

22 A. Correct.

23 Q. Okay. And Capital Source 2000 also --

24 THE COURT REPORTER: I'm sorry, what?
25

12:41 1 BY MS. BERLIN:

2 Q. Capital Source 2000 also did, correct?

3 A. Yes, those were contract papers that we
4 would have come through occasionally.

12:42 5 Q. Okay. And were there times that -- I
6 mean, was Capital Source 2000 the place that if
7 you -- that would be utilized for subpar loans?

8 MR. SOTO: Objection to form.

9 A. I don't know. I did not determine what
12:42 10 deal went on what contract. That was out of my
11 wheelhouse.

12 BY MS. BERLIN:

13 Q. Okay. Got it.

14 So -- and that after these would come into
12:42 15 Par Funding, and then is it true -- like, it could
16 end up being funded by Capital Source 2000, Par
17 Funding, or Fast Advance Funding?

18 MR. SOTO: Objection to form.

19 A. It's possible. I didn't make those
12:42 20 decisions, so I don't know.

21 BY MS. BERLIN:

22 Q. But you were aware of the process,
23 correct?

24 A. I was aware of the process. I -- I know
12:43 25 about our contract, but I did not choose what --

12:43 1 what would go on what paper.

2 Q. I understand that you didn't make the
3 decision, but you were aware, were you not, that
4 Capital Source 2000 would fund some of the subpar
12:43 5 loans that Par Funding did not want to do?

6 MR. SOTO: Objection to form.

7 A. It's not that we didn't want to do them.
8 From what I understood, it was a separate portfolio
9 to manage the performance of those files separate
12:43 10 from Par Funding or CBSG. It was a way for us to
11 view them in a separate portfolio.

12 BY MS. BERLIN:

13 Q. Okay.

14 A. From what I understood.

12:43 15 Q. I'm sorry, I didn't mean to speak over
16 you.

17 Were you finished with your answer? I
18 didn't mean to interrupt.

19 A. Yes. From what I understand, that's the
12:44 20 end of it.

21 Q. Got it. All right.

22 And was CS2000 -- I'm going to call
23 Capital Source 2000, CS2000.

24 Was it your understanding that that was an
12:44 25 entity that would fund some of the subpar MCA deals?

12:44 1 MR. SOTO: Objection to form.

2 A. Yes.

3 BY MS. BERLIN:

4 Q. Okay. And so -- and for Fast Advance
12:44 5 Funding, that entity was used to fund some of the
6 risk -- like the higher risk MCA deals, correct?

7 MR. SOTO: Objection to form.

8 A. That, I don't know. That -- that paper, I
9 don't know.

12:44 10 BY MS. BERLIN:

11 Q. I just want to be clear.

12 Fast Advance Funding, you don't have any
13 understanding of whether or not it was used to fund
14 some of the higher risk deals?

12:45 15 A. I do not.

16 Q. Okay. Were there instances where
17 merchants stopped wanting to use Par Funding for
18 whatever reason and so they would get an offer from
19 CS2000 or Fast Advance Funding instead?

12:45 20 A. That, I don't know.

21 Q. Okay. Well, because the way it was --

22 A. That was the sales side of the...

23 Q. All right. But you've -- okay.

24 But the way it works is that the
12:45 25 independent sales organization will get an applicant

12:45 1 from -- an application from a merchant, and then one
2 of the places that that application could ultimately
3 be submitted would be Full Spectrum.

4 Would you agree with me on that?

12:46 5 MR. SOTO: Objection to form.

6 A. I don't understand your question.

7 BY MS. BERLIN:

8 Q. Okay. Well, you're -- you're aware of how
9 this applications process works and how, ultimately,
12:46 10 merchant applicants come to be before Par Funding
11 and Full Spectrum?

12 A. So I mean, technically, Full -- Full
13 Spectrum is just the process in underwriting. It
14 has nothing to do with the contract paper that
12:46 15 anything is on. So they're kind of, to me, two
16 separate things. We do all the work and we do all
17 the funding, but I -- I guess I'm just not
18 understanding what you're trying to ask me.

19 Q. Well, I'm trying to break it down into
12:46 20 pieces.

21 A. Okay.

22 Q. So the first part of this -- and I'm only
23 asking like these questions.

24 We're just going to baby step through it,
12:47 25 okay?

12:47 1 A. Okay.

2 Q. So would you agree with me that when you
3 get an application, you see an application that
4 comes onto your desk when you were working at Par
12:47 5 Funding and Full Spectrum, it would be an
6 application that would have been submitted to Par
7 Funding or Full Spectrum by an independent sales
8 organization that obtained the application.

9 Do you agree with me so far?

12:47 10 A. Correct.

11 Q. Okay. And then once that application
12 comes in, it could -- it could end up being funded
13 at the end of the day by either Capital Source 2000,
14 First Advance Funding, or Par Funding.

12:47 15 Do you agree with me on that?

16 MR. SOTO: Objection to form.

17 A. So you're saying once the application
18 comes in, it has the possibility of funding at the
19 end of the day.

12:48 20 BY MS. BERLIN:

21 Q. Yeah, by --

22 MR. SOTO: Objection to form.

23 A. Once that application comes in and is
24 preapproved and goes through the underwriting
12:48 25 process, then it has the possibility to fund on

12:48 1 those different papers. I am aware that we had
2 those different contracts, but I did not make the
3 decision on what contract goes to what merchant. So
4 I don't know if we were using Fast Advance contracts
12:48 5 for people who didn't want to fund with Par. I
6 don't know that.

7 BY MS. BERLIN:

8 Q. Okay. So the only question that I'm
9 asking right now is, would you agree with me that an
12:48 10 application could come into underwriting through Par
11 Funding and Full Spectrum, and at the end of the
12 day, if approved, then it could end up being funded
13 by either Par Funding, Full Spectrum, or CS2000?

14 MR. SOTO: Objection to form. Asked and
12:49 15 answered now three times at least.

16 A. It's possible --

17 BY MS. BERLIN:

18 Q. Okay.

19 A. -- that it could fund on those papers.

12:49 20 Q. Correct. So sometimes you would do
21 underwriting on an application, but then you don't
22 make the decision at the end of the day as to which
23 of the three companies will ultimately fund the
24 deal.

12:49 25 Would you agree with me on that?

12:49 1 MR. SOTO: Objection to form.

2 A. Correct.

3 BY MS. BERLIN:

4 Q. Okay.

12:49 5 A. Most contracts that went out were Complete
6 Business Solutions Group. The -- any exception on
7 that was not directed by me, so I do not know.

8 Q. Okay. But did you have an understanding
9 as a member of Par Funding who would make these
12:49 10 decisions or hear these decisions being made that it
11 wasn't to be Par Funding, but then instead be funded
12 by Fast Advance or CS2000 because it was like a
13 subpar or high-risk deal?

14 MR. SOTO: Objection to form. Asked and
12:50 15 answered many times.

16 A. I can -- I cannot say with certainty that
17 I have heard or seen that decision being made. I
18 do -- I am aware of the CS2000 subpar files that we
19 were using for a different portfolio to manage the
12:50 20 performance. That is the only one that I am aware
21 of.

22 BY MS. BERLIN:

23 Q. Okay. Were you ever aware of a deal
24 coming in or an application coming in that was high
12:50 25 risk and so a decision was made to have Fast Advance

12:50 1 Funding fund it rather than Par Funding?

2 A. No, I am not aware.

3 Q. Are you aware of any time that other
4 companies -- I'm sorry -- that merchants indicated
12:50 5 they stopped wanting to use Par Funding because of
6 either articles they read or other reasons and so
7 they wouldn't -- they would instead do business with
8 CS2000 or Fast Advance Funding?

9 MR. SOTO: Objection to form.

12:51 10 A. No.

11 BY MS. BERLIN:

12 Q. Who was running -- were you on the credit
13 committee that would make decisions for Fast Advance
14 Funding and Capital Source 2000 also?

12:51 15 A. I made offers on CS2000 files on occasion,
16 but I did not do anything with Fast Advance paper.

17 Q. Okay. Who did?

18 A. I don't know. I don't know.

19 Q. Was that -- was James LaForte the person
12:51 20 in charge of Fast Advance Funding?

21 A. Was who?

22 Q. James LaForte. I think he sometimes goes
23 by Jimmy LaForte.

24 A. Fast Advance Funding was our sales team,
12:52 25 and from what I understand, they are under Joe

12:52 1 LaForte. He helped manage sales.

2 Q. Understood.

3 But we've already -- you've already
4 testified and agreed with me, unless you want to
12:52 5 change your testimony, that Fast Advance Funding
6 also did MCA transactions.

7 A. Right. Oh, so you're asking if he had
8 control over the Fast Advance contracts.

9 Am I understanding that?

12:52 10 Q. It could be contracts or anything else.

11 I mean, Fast Advance Funding, who would
12 make the decision that -- do you have any sense of
13 who would make the decision that an applicant was
14 going to be funded by Fast Advance Funding or CS2000
12:53 15 versus Par Funding?

16 A. I don't know if -- if Jimmy had a say in
17 that. I don't know.

18 Q. Do you know who did?

19 A. I do not know.

12:53 20 Q. So you would do underwriting on an
21 application, and then you would see, okay, it's
22 going to be funded, and it would list the name of
23 the company that's going to fund it, correct?

24 A. So if -- for CS2000, it would -- there
12:53 25 would be a note in the -- in the CRO. As for Fast

12:53 1 Advance, I never personally did that, so I wouldn't
2 know until that contract hit my desk for final
3 approval.

4 Q. Understood.

12:53 5 And who would -- would you -- you had no
6 idea like who was making the decision that it was --
7 why you were getting a contract for Fast Advance
8 versus CR2000 versus Par Funding?

9 A. Truthfully, no. I looked at hundreds of
12:53 10 files a week and managed a team of over 20, so that
11 was not something that I concerned myself with.

12 Q. Okay. And I just want to be clear.

13 I want to make sure I understood you
14 correctly that you did not have the understanding
12:54 15 that Fast Advance Funding was a high-risk, but those
16 were the higher-risk applicants?

17 MR. SOTO: Objection to form. Asked and
18 answered.

19 A. No.

12:54 20 BY MS. BERLIN:

21 Q. I -- I couldn't hear you, Ms. Villarose.

22 A. No.

23 Q. So let's talk a bit about consolidations.

24 Was one of the programs that Par Funding
12:55 25 had doing consolidations for merchants who had

12:55 1 multiple merchant cash advances?

2 A. Uh-huh, yes, that was a program.

3 Q. And under that program, was that program
4 in effect when you became the underwriting, the head

12:55 5 of underwriting?

6 A. Yes.

7 Q. Okay. And it continued until August 2020?

8 A. Yes.

9 Q. Under the consolidation program, would you
12:55 10 agree with me that Par Funding did not give a lump
11 sum to the merchants up front like it did with other
12 types of merchant cash advances it did?

13 MR. SOTO: Objection to form.

14 A. Correct. They were in increments on a
12:56 15 weekly basis.

16 BY MS. BERLIN:

17 Q. Okay. So for example, like if it was
18 funded -- I know these are -- these aren't
19 necessarily the real numbers. I'm using it for an
12:56 20 example.

21 Like, for example, there's a consolidation
22 that's approved where Par Funding is going to pay a
23 million dollars. Then is -- the merchant would
24 receive that million dollars but broken down into
12:56 25 smaller payments that happened intermittently; is

12:56 1 that correct?

2 MR. SOTO: Objection to form.

3 A. So yes, it's scheduled on a weekly basis.
4 So the way that -- I don't know if you've seen it in
12:56 5 the CRM, but the calculator itself is divided into
6 total payoff funding and new funding. So if they
7 qualify for additional money, that's considered a
8 lump sum in the first wire that will also pay off --
9 it will pay for that week's advance payments.

12:57 10 So each week, it remains the same amount
11 to pay off their advances based off of their
12 payments, and as those balances for those other
13 advances fall off, that wire amount drops.

14 BY MS. BERLIN:

12:57 15 Q. And were there approximately 15 to 20 of
16 these consolidation deals done a day by Par Funding?

17 A. We did several of them a day. Because
18 they are clustered into weekly wires, there were,
19 you know, around 20 a day that the consolidation
12:57 20 department had to go through, but I wouldn't
21 necessarily say that we funded 20 a day in the
22 initial process. But it just might be 20 on Monday,
23 20 on Tuesday, 20 on Wednesday.

24 Q. And were the merchants who were part of
12:58 25 the consolidation program, were they considered --

12:58 1 were they high-risk?

2 A. They were higher risk because they had
3 multiple positions, but it was also mitigated risk
4 throughout the entire program because we weren't
12:58 5 paying those advances up front and we were giving
6 them incremental wires while receiving our payment
7 at the same time. So we weren't completely exposed.
8 So it was mitigated risk on higher-risk files
9 because they have so many advances which can get
12:58 10 risky in their account.

11 Q. Right, because these applicants have
12 multiple merchant cash advances that are already
13 pending, and now they're coming to Par Funding to
14 consolidate them.

12:59 15 Did I summarize that correctly?

16 MR. SOTO: Objection to form.

17 A. Yes, they are coming to us to help pay off
18 those advances.

19 BY MS. BERLIN:

12:59 20 Q. Okay. So what happens if -- if one of
21 those merchants in the consolidation program misses
22 like one or two of those payments?

23 I just want to go back for a second.

24 Am I correct also that the merchants who
12:59 25 are in the consolidation program, that they are --

12:59 1 they're receiving their money in increments, right,
2 instead of the lump sum payment, and then they also
3 have like a schedule for when their consolidation
4 payment is being paid back?

12:59 5 Like, they're given a schedule of when
6 they have to pay back to Par Funding out of the
7 program; is that right?

8 A. Yes. So their payback is on a daily basis
9 to Par Funding. So they do follow a list of rules
01:00 10 that they have to abide by in order to stay in the
11 program. So I mean, if they bounce one payment,
12 we'll give them a call they have to make it up. But
13 it's less likely that we're going to completely kick
14 them out of the program and restructure their deal.

01:00 15 But if they stop payment on their other
16 advances, if they are negative in their account, if
17 they take another position on top of our
18 consolidation that's trying to get rid of their cash
19 advances, you know, these are all reasons that we
01:00 20 might have to restructure them out of the program.

21 Now, typically, if they're negative, we
22 just -- they just need to get positive before we
23 fund them, but if they take other advances, if they
24 start messing with their cash advance payments, if
01:01 25 we suddenly discover a third party, these are all

01:01 1 reasons to take them out of the program and
2 restructure their file.

3 Q. Okay. And so if -- if one of these
4 merchants is kicked out of the consolidation program
01:01 5 and it's restructured, what kind of restructuring is
6 done? Are they put into like a traditional merchant
7 cash advance instead of the consolidation program
8 that we just talked about?

9 MR. SOTO: Objection to form.

01:01 10 A. So they will receive a new agreement that
11 is based off of their true balance. So whatever we
12 have sent them times the factor rate and then
13 subtracted the amount that they've already paid us
14 back, and that will be their balance owed, and
01:01 15 they'll be restructured on a new payment plan for X
16 amount of days.

17 BY MS. BERLIN:

18 Q. Okay. So if they're kicked out of the
19 program, they're put into new merchant cash advances
01:02 20 and their consolidation agreement goes by the
21 wayside?

22 A. So they -- once they fail to abide by the
23 guidelines of that contract, it's pretty much void.
24 So what we have to do is restructure their agreement
01:02 25 with a restructure agreement that we have that's

01:02 1 separate from a regular merchant cash advance
2 agreement based solely off of what we have given
3 them and what they have paid us back already. It
4 makes them less liable for all the other money we
01:02 5 didn't actually get to send.

6 Q. So they -- are they -- they're just put
7 into a new MCA deal that's called a restructure
8 agreement; is that accurate?

9 A. Correct. So the program stops and we send
01:03 10 them a restructure agreement.

11 Q. Okay. Are -- what about collateral deals,
12 that's another type of transaction that Par Funding
13 did?

14 A. Yes. Those were -- those were rare, but
01:03 15 they did exist.

16 Q. Okay. And the collateral deals, were
17 those for the riskier MCA loans?

18 MR. SOTO: Objection to form.

19 A. I don't know if I would label them as
01:04 20 riskier. I would label them as most likely larger
21 fundings.

22 BY MS. BERLIN:

23 Q. And what -- what were the collateral
24 deals? I mean, I've -- I've referenced them, but
01:04 25 can you explain what they were?

01:04 1 A. Not a hundred percent. I didn't really do
2 anything with these. These were, again, out of --
3 out of my wheelhouse. Mostly, Alex took care of the
4 collateral deals because he would -- he knows more
01:04 5 about that, and then it would go through the whole
6 legal team downstairs. So it didn't really have
7 much to do with me, but typically, we would require
8 a personal property for collateral in order to
9 protect ourselves from some of these larger
01:04 10 fundings.

11 Q. Okay. Did you do the underwriting on
12 those?

13 A. All underwrites came through the same
14 process. So yes, outside of the collateral part and
01:05 15 all that paperwork and whatever that is,
16 underwriting still remained the same. So it went
17 through processing per usual. Sometimes I just
18 would request a collateral deal. Then it would go
19 to the credit committee, and credit committee would
01:05 20 make that decision. And from there, it would go
21 through underwriting like normal outside of all of
22 that collateral documents stuff.

23 Q. All right. So -- and you said that all of
24 the -- everything went through the same underwriting
01:05 25 process, but I think, am I correct in understanding

01:05 1 that the one exception to that would be what you
2 testified about at the beginning of the day, which
3 is reloads or sort of repeat merchants who had
4 already done an initial application and who were
01:06 5 like preexisting or prior clients of Par Funding?

6 A. Well, they still went through the
7 underwriting process. We just required less
8 documentation. So yes, it's not the exact
9 underwriting procedure, but it is the same process.
01:06 10 It goes to practicing, it goes to credit committee,
11 it goes to underwriting, it goes to credit
12 committee, it goes to wire.

13 Q. Right. It's just not as involved?

14 A. Correct.

01:06 15 Q. And so I just want to make sure I
16 understood your testimony.

17 Is it your testimony today that the
18 collateral loans were not the riskier ones?

19 A. I mean, that's a -- that's an opinion
01:06 20 because, again, I didn't have a lot to do with
21 those. So I wouldn't categorize them as risky but
22 more large -- like of a -- of a larger size.

23 Q. Okay. Have you ever been to the Par
24 Funding Florida office?

01:07 25 A. No.

01:07 1 Q. Do you know anyone who worked there or
2 ever did?

3 A. I think Jack Mulvhill worked -- worked
4 there, but no, not necessarily.

01:07 5 Q. What's his name?

6 A. Jack Mulvhill. I think that's his name,
7 yeah.

8 Q. Who was that?

9 A. He -- he worked in the ISO department.

01:07 10 Q. Did he work for Par Funding, or he worked
11 for one of the ISOs?

12 A. I'm unsure if he worked for the sales side
13 of it, so the RMR or if he was under Full Spectrum
14 or Complete Business Solutions Group. I'm unsure of
01:08 15 that piece.

16 Q. Did you understand why there was a Florida
17 office?

18 A. I never really thought about it, so...

19 Q. Did you have a sense of what the Florida
01:08 20 office actually was?

21 THE COURT REPORTER: I'm sorry, what was
22 your question?

23 BY MS. BERLIN:

24 Q. Did you have a sense of what the
01:08 25 Florida -- the Florida office was?

01:08 1 THE COURT REPORTER: Thank you.

2 BY MS. BERLIN:

3 Q. And I'll ask it a little differently.

4 Did you think the Florida office was a
01:08 5 place with employees working, or did you think it
6 was just like a place to get mail? Did you have a
7 sense of whether it even was an actual office space?
8 What did you understand about the Florida location?

9 MR. SOTO: Objection to form.

01:08 10 A. I never thought about it. Truthfully, I
11 had my own office to worry about, so I didn't worry
12 about that.

13 BY MS. BERLIN:

14 Q. Okay. So you didn't know anything about
01:09 15 the Florida office; is that correct? Other than
16 that there was one and maybe Jack Mulvhill also
17 worked there at some point?

18 A. Right. That's all I know.

19 Q. Okay. During COVID, were there some
01:09 20 merchants who had their payments reduced to like \$5
21 or \$10 a week to keep them out of default?

22 A. Yes.

23 Q. And was that -- why was -- why was that
24 done?

01:09 25 A. Well, initially, and to have access to my

01:09 1 e-mail at Par Funding, you can see this on a live
2 Google Sheet. Initially, it started with us taking
3 in these phone calls around the time of the, like,
4 complete shutdown of the world, and therefore, all
01:09 5 these small businesses not having access to -- to
6 new revenue. Everything shut down, so we were
7 trying to work out a way for them to not hold
8 payments completely because they still have an
9 obligation, but to make it so that it wasn't hurting
01:10 10 them any more than they were already going to be
11 hurting.

12 So we were getting hundreds of phone calls
13 a day from these merchants, and we would work with
14 each one individually and figure out where their
01:10 15 payment needed to be for them to survive but for us
16 to also survive.

17 Q. Okay. And so was it also a way to keep
18 these merchants out of default status by just making
19 these five or ten-dollar a week payments?

01:10 20 MR. SOTO: Objection to form.

21 A. Yes. So we wanted to keep them on their,
22 you know, payment schedule, obviously, at an
23 aggressively reduced amount in order to keep their
24 payments, going because it's a lot harder to get
01:11 25 somebody back on payments than it is to increase

01:11 1 them when the time -- when the time comes.

2 So we wanted people to continue to pay
3 this obligation, but we also wanted to help them
4 out. So yes, to keep them out of default, we did
01:11 5 try our best to keep as many people on a payment
6 schedule as possible.

7 BY MS. BERLIN:

8 Q. All right. And when did -- did that start
9 in about February 2020?

01:11 10 A. No, that started in March. Nothing was
11 really happening in February yet. I mean, it was
12 all over the news and stuff, but it didn't start
13 directly affecting our merchants until March.

14 Q. Okay. And did that process -- did the
01:11 15 process that we were just talking about of, you
16 know, making these five or ten-dollar payments to
17 stay out of default and have them still paying
18 something, at least something on their obligations,
19 did that -- was that continuing until the end of
01:12 20 July 2020, or had it ended by then?

21 A. No. We still had a lot of merchants on
22 modifications. So we would take it month by month.
23 We would reach out to them and ask for an updated
24 statement from March or April to make sure that
01:12 25 they're being truthful about their hardship, and we

01:12 1 would make the decision and work with them to
2 increase payments incrementally so, again, as not to
3 deplete their -- whatever they have in their account
4 but get them closer to their actual payment. And
01:12 5 that continued up until the end of July.

6 Q. Okay. 2020?

7 A. Yes.

8 Q. Okay. Did you ever participate in any
9 meetings with any of the individuals who were
01:13 10 investing funds in connection with Par Funding?

11 A. No, I've never met an investor.

12 Q. Okay. Or a potential investor --

13 A. No.

14 Q. -- meaning somebody that was pitched or
01:13 15 talked to about investing?

16 A. No.

17 Q. Okay. And did you -- were you aware that
18 those meetings were going on at Par Funding where
19 you were working, even if you didn't participate in
01:13 20 them yourself?

21 MR. SOTO: Objection to form.

22 A. I was not aware of the location of
23 investor meetings.

24 BY MS. BERLIN:

01:13 25 Q. You never saw potential investors or

01:13 1 investors coming into the office to have meetings?

2 A. I mean, I sat up there in the back, so I
3 didn't really see any -- any of that.

4 Q. Well, wasn't it like a regular part of the
01:13 5 tour through Par Funding for potential investors
6 like going to the underwriting department to show
7 them how busy and thorough you were?

8 A. I mean, I didn't sit in the underwriting
9 department for that long since I got moved to credit
01:14 10 committee.

11 Q. Okay.

12 A. There might have been one couple that I
13 saw, but they could have been investors or not. I'm
14 not sure.

01:14 15 Q. I understand. I didn't realize you didn't
16 sit in that -- in that area. So that -- but that
17 makes sense.

18 Your office, your desk wasn't in the
19 underwriting group, so if there was a tour, like, by
01:14 20 the underwriting group where they sit, your office
21 was in another area; am I right?

22 A. Yes. I sat in Joe's office.

23 Q. Okay. You sat in Joe LaForte's office?

24 A. Yes.

01:14 25 Q. Was Aida Lau there also?

01:14 1 (Reporter clarification.)

2 MS. BERLIN: Aida Lau. It's A-I-D-A, and
3 then the second word is L-A-U.

4 A. She did not sit in Joe's office, but she
01:15 5 did sit next to Jamie on the other side of the
6 window for a little bit before she moved downstairs
7 on the right side of the building where there's the
8 stairs for collections. She sat over there.

9 BY MS. BERLIN:

01:15 10 Q. You're talking about Aida Lau?

11 A. Yes. Aida Lau sat outside of Joe's
12 office. There's four cubes. She sat next to Jamie,
13 and then at another point she moved downstairs
14 because we moved other people upstairs and she was
01:15 15 on the side that had the stairs down in collections.

16 Q. Okay. In July 2020, where was Aida Lau's
17 office located? Was it still outside of Joseph
18 LaForte's office?

19 A. No, it was downstairs on the right side of
01:15 20 the building facing out.

21 Q. Okay. And when did she move down there?

22 A. I don't know.

23 Q. Okay.

24 A. She moved over to our office in February.
01:16 25 I believe it was February 2020, around there

01:16 1 somewhere, but I don't know when she moved
2 downstairs.

3 Q. Okay. And then has anyone ever, like,
4 told you directly or indicated to you that you
01:16 5 should sort of not be forthright in discussing what
6 Mr. LaForte's role was at Par Funding?

7 A. I'm not sure what you're asking.

8 Q. Has anyone ever indicated to you that you
9 should not be forthright, meaning like you should
01:16 10 not disclose everything you know or that you should
11 even conceal things about Joseph LaForte and his
12 role at Par Funding?

13 A. No.

14 Q. Okay.

01:16 15 MS. BERLIN: So let's -- we're going to
16 take our lunch break. We can go off the
17 record.

18 THE VIDEOGRAPHER: The time is now
19 1:17 p.m. Going off the record.

20 (At this time, a luncheon recess was taken
21 from 1:17 p.m. to 3:09 p.m.)

22 THE VIDEOGRAPHER: We're back on the
23 record. The time is now 3:09 p.m.

24 BY MS. BERLIN:

03:09 25 Q. So Ms. Villarose, you were testifying

03:09 1 earlier today about how Mr. LaForte was not your
2 boss at Par Funding or Full Spectrum, correct?

3 A. No.

4 MR. SOTO: Objection to form.

03:09 5 A. I'm pretty sure I said he was.

6 BY MS. BERLIN:

7 Q. I'm sorry, say that again.

8 A. I'm pretty sure I said he was. It wasn't
9 for the majority. My direct report was Susan

03:09 10 Graeser.

11 Q. Okay. So prior to -- so maybe I
12 misunderstood.

13 After 2018 when you became the head of
14 underwriting, was he your boss then through

03:09 15 August 2020?

16 A. Yes, he was practically my direct report.

17 Q. Okay. And then what about before 2018?

18 A. Susan Graeser.

19 Q. Okay. So before 2018, Mr. LaForte was not
03:10 20 your boss?

21 A. He was not my direct report, no.

22 Q. Okay. So I'm not asking if he was your
23 direct report. I'm asking if was he your boss.

24 Like, was he the boss before 2018 or not?

03:10 25 MR. SOTO: Objection to form.

03:10 1 A. Susan Graeser was my boss.

2 THE COURT REPORTER: He was what?

3 MS. BERLIN: Alex, I didn't hear your
4 objection.

03:10 5 Can you say that again?

6 MR. SOTO: Objection to form.

7 BY MS. BERLIN:

8 Q. Ms. Villarose, when you spoke, counsel was
9 speaking his objection at the same time. I couldn't
03:10 10 hear what you said.

11 Can you repeat your answer?

12 A. Susan Graeser was my boss.

13 Q. I'll ask another way.

14 Did you have more than one boss before
03:10 15 2018, or was it just Susan Graeser?

16 A. Just Susan Graeser was my boss.

17 Q. I wonder if we can show you the first
18 exhibit that we've marked.

19 THE COURT REPORTER: What -- what was
03:11 20 that?

21 BY MS. BERLIN:

22 Q. Can you say that again, Ms. Villarose? I
23 couldn't hear you. There was no question, but can
24 you restate what you just said?

03:11 25 A. I don't -- I think Joe might have been her

03:11 1 boss, but she was my boss.

2 Q. Okay. So Joseph LaForte was her boss and
3 she was your boss before 2018?

4 MR. SOTO: Objection to form.

03:11 5 BY MS. BERLIN:

6 Q. Am I understanding correctly?

7 A. Yes.

8 Q. Okay. Can we show you the first exhibit
9 that's been marked? So these go -- they're going to
03:11 10 go in the order that they're in numerically.

11 A. Okay.

12 THE VIDEOGRAPHER: So just confirming 82,
13 Ms. Berlin?

14 MS. BERLIN: Sure, because I did not
03:12 15 receive them. I guess Vicky -- my office
16 e-mailed them to you pre-labeled --

17 THE VIDEOGRAPHER: Okay.

18 MS. BERLIN: -- but they put them in the
19 order that I asked them to put them in.

03:12 20 THE VIDEOGRAPHER: Okay. I understand.

21 (Thereupon, marked as Exhibit 82.)

22 BY MS. BERLIN:

23 Q. So Ms. Villarose, we're showing you
24 Exhibit 82, and this is your e-mail to Joe Mack,
03:12 25 which I think we've identified is Joe LaForte,

03:12 1 correct?

2 A. Uh-huh.

3 Q. I'm sorry?

4 A. Yes.

03:12 5 Q. Okay. And so this is from 2016,
6 December 23, 2016. As you see, you write to him,
7 "Thank you so much for all that you do and this
8 amazing opportunity. You're the greatest boss I've
9 ever had, literally, and I love my work family."

03:13 10 Do you see that?

11 A. I see that.

12 Q. Okay. So do you want to clarify your
13 testimony from earlier today that -- that
14 Mr. LaForte was not your boss prior to 2018 and you
03:13 15 didn't consider him your boss prior to that time?

16 MR. SOTO: Objection to form.

17 A. So Susan Graeser was my boss. So if Joe
18 was her boss, then I guess he would be considered my
19 boss' boss, so he would be a boss. So I guess, yes,
03:13 20 he was my other boss.

21 BY MS. BERLIN:

22 Q. Okay. Is there anything else that you
23 want to clarify about before or correct from your
24 testimony prior to the break today before we move
03:13 25 on?

03:13 1 MR. SOTO: Objection to form.

2 A. No. We covered a lot, so I couldn't tell
3 you.

4 MS. BERLIN: Can we show the next exhibit,
03:14 5 please.

6 (Thereupon, marked as Exhibit 83.)

7 BY MS. BERLIN:

8 Q. Ms. Villarose, I'm showing you an e-mail
9 between you -- if you could go back to the first
03:14 10 page, please, between you and Joe Mack. This is
11 Exhibit 83 from August 16, 2019, and it has the
12 subject line of FAF, NY commissions.

13 Do you see that?

14 A. Yes.

03:14 15 Q. Okay. And FAF, do you agree with me
16 that's Fast Advance Funding?

17 A. Yes.

18 Q. Okay. And what are these commissions for
19 that we see on the second page?

03:14 20 A. Funded deals.

21 Q. Okay. And so are these all deals that
22 came into Full Spectrum or Par Funding that
23 ultimately -- well, why don't you tell me: Why is
24 Fast Advance Funding getting a commission on the
03:14 25 deals that we see on page 82 of Exhibit 83?

03:15 1 A. Because they were the sales reps on those
2 deals.

3 Q. Okay. And --

4 A. I don't know if you're breaking up or if
03:15 5 you're not.

6 THE COURT REPORTER: You totally broke up.

7 A. I couldn't hear you at all.

8 BY MS. BERLIN:

9 Q. Okay. Was one of the things you did --
03:15 10 can you hear me better?

11 A. Yes.

12 Q. Okay. Was one of the things that you did
13 at Par Funding and Full Spectrum handle the
14 processing for commissions to the independent sales
03:15 15 agents that submitted applications to Par Funding or
16 Fast Advance Funding?

17 A. I never handled commissions directly in
18 terms of paying them out or anything, but I did make
19 lists of funded deals for Fast Advance, obviously.

03:16 20 Q. Okay. So are the deals that we see on
21 page 2 of Exhibit 83, it says like, "MJB Transport,
22 JT Renovations, Springs Medical, Tinny's Automotive,
23 AA Action Electrical, 2 Nate Transport, and Capital
24 Jet."

03:16 25 Do you see those?

03:16 1 A. Yes.

2 Q. Are those all MCA deals that were
3 ultimately done by Fast Advance Funding?

4 A. That's not necessarily the same thing. So
03:16 5 these were funded deals from Fast Advance sales
6 reps, but it doesn't -- this doesn't tell me
7 anything on what paper contract they were on.

8 Q. I see.

9 And so where it says -- we see commission
03:16 10 rep and then it says, "Jimmy and Joe."

11 Do you see that?

12 A. Yes.

13 Q. Can you explain, like, what is the
14 commission column reflecting?

03:17 15 A. The total commission on the file.

16 Q. Okay. And was that a percentage of the
17 amount that was being funded?

18 A. Yes. So it's based off a buy rate and a
19 sell rate. So each deal gets a buy rate on the
03:17 20 pricing, and then they can up-sell it to a certain
21 factor rate, and that's where the commission comes
22 from.

23 Q. Okay. So where it says, "rep Jimmy and
24 Joe," what would -- who is the -- like, what does
03:17 25 the word "rep" mean? Is that the individual at Fast

03:17 1 Advance Funding who submitted the application?

2 A. Yes.

3 Q. Okay. And it looks like if you look at
4 the last item on your -- on your chart that the rep
03:17 5 gets about half of the total commission; is that
6 accurate?

7 A. Yeah.

8 Q. Okay. And what percentage -- the -- the
9 \$36,781 for these particular deals, like what
03:18 10 percentage of -- of the MCA transaction was the
11 commission based on?

12 MR. SOTO: Objection to form.

13 A. I'm not sure. I'm not sure what you're
14 asking.

03:18 15 BY MS. BERLIN:

16 Q. Oh, okay. So when you calculated the --
17 did you create this chart yourself?

18 A. Yes.

19 Q. Okay.

03:18 20 A. I don't think I originated it, but I got
21 it from somewhere.

22 Q. Okay. So how is the commission figure
23 calculated? Is there a number that is the
24 percentage?

03:18 25 A. Right. So back to what I said about the

03:18 1 points involved in the deal. So for example, say
2 the buy rate on a file was a 1-3 up and they can
3 up-sell to a point, so 1.2. So if they sold it at a
4 1.2, they make 12 percent on the funded amount.

03:19 5 Q. Got it.

6 So depending on the amount that they
7 up-sell it -- I don't know if I'm using the right
8 terminology, so you'll correct me.

9 A. That works.

03:19 10 Q. Okay. So based on the -- the amount that
11 they up-sell it, that would be their commission
12 amount; is that fair?

13 A. Yes.

14 Q. Okay. So the more they get -- the more
03:19 15 that the merchant is paying, the more -- the higher
16 the commission would be?

17 A. The more the merchant is funded, the
18 higher the commission will be depending on how many
19 points it's up-sold.

03:19 20 Q. Okay. And who decides the initial figure
21 from which it is up-sold?

22 A. Who decides the buy rate?

23 Q. Yeah.

24 A. Credit committee.

03:19 25 Q. Okay. So that would be you and Joseph

03:20 1 LaForte.

2 (Connection interruption)

3 A. I'm sorry, you broke up again.

4 THE VIDEOGRAPHER: Ms. Berlin, you're
03:20 5 breaking up. We did not get your question.

6 MR. KOLAYA: Let's go off the record. It
7 looks like Amie has dropped off by chance.

8 THE VIDEOGRAPHER: The time is now
9 3:20 p.m. Going off the record.

03:20 10 (Recess taken.)

11 THE VIDEOGRAPHER: We're back on the
12 record. The time is now 3:27.

13 BY MS. BERLIN:

14 Q. Thank you. I'm sorry, Ms. Villarose.

03:27 15 I -- my connection was lost while I was asking you a
16 question.

17 So I was just confirming that the credit
18 committee, you said, determined the -- the rates
19 would be the credit committee which was -- and I
03:27 20 just wanted to confirm that that was you and
21 Mr. LaForte that you were referring to, and then
22 Alex Schlepin as well during the time period, you
23 testified, he was on the credit committee?

24 A. Yes.

03:27 25 Q. Okay. And so in the -- so Mr. -- and who

03:27 1 would decide the -- the up-sell rate?

2 So for example, you know, you said the
3 commission was based on that.

4 Would that be Fast Advance Funding that
03:28 5 would make that decision?

6 A. Correct, that would be the sales rep.
7 They would have a maximum amount that they could
8 up-sell a deal, and they had up to that to sell. So
9 they could sell -- they could down-sell it and not
03:28 10 go like the full commission points or up-sell it all
11 the way.

12 Q. Okay. And in the columns on Exhibit --
13 page 2 of Exhibit 3, we see Jimmy and Joe.

14 A. Uh-huh.

03:28 15 Q. And Jimmy, is that James LaForte?

16 A. Yes.

17 Q. Okay. And is the column that says Joe, is
18 that Joseph LaForte?

19 A. Yes.

03:28 20 Q. Okay. And so it seems -- it looks like
21 from Exhibit 83, page 2 that they each made about
22 \$9,195 for these particular transactions; is that
23 right?

24 A. Yes.

03:29 25 Q. And so why were -- why were they receiving

03:29 1 commissions? Why did they appear in your commission
2 calculator for Fast Advance Funding?

3 A. So I didn't create this calculator. All I
4 did was put the names of the deals and the total
03:29 5 commission on the file. This was already a created
6 calculator, but I don't have a definitive answer as
7 to why they're on there. I have a guess, but...

8 Q. Well, why did you put Jimmy and Joe?
9 I mean, I guess I'm trying to understand
03:29 10 if this is your document, why do that or why do they
11 even appear on this? Why did they receive money
12 from these commissions?

13 A. From what I can recall, this is a
14 pre-populated, like, fancy Excel doc where
03:30 15 everything auto-populates, and all I have to enter
16 is the name of the deal and the commission, and the
17 sheet does the rest. So I don't know what -- what
18 creates -- I don't know why this sheet populates
19 those specific amounts for those specific sections
03:30 20 of that deal because I didn't have any part in Fast
21 Advance fundings or commissions. All I did was put
22 the names of the deal and the commission amount and
23 total so that that could be disbursed amongst the
24 reps.

03:30 25 Q. Okay. Thank you.

03:30 1 MS. BERLIN: I wonder if we could share
2 the next exhibit.

3 (Thereupon, marked as Exhibit 84.)

4 A. Wow, that's small.

03:31 5 BY MS. BERLIN:

6 Q. So we're showing you Exhibit 84, which
7 is -- you can see at the top, it's an e-mail from
8 Joe Mack to you.

9 MS. BERLIN: If you could scroll up to the
03:31 10 top so the witness can see the top of the
11 document, please, meaning the beginning. Thank
12 you.

13 BY MS. BERLIN:

14 Q. Do you see that it's from Joe Mack to you,
03:31 15 and it says, "Forward CBSG default deals 06/30/20"?
16 Do you see that at the top of Exhibit 84?

17 A. Yes.

18 Q. And do you see where Mr. Mack is directing
19 you to, "Send these deals to James Larson tomorrow
03:31 20 when you can. Hot off the press for him to go
21 after."

22 Do you see that?

23 A. Yes.

24 Q. Okay. So what is Mr. Mack or Mr. LaForte
03:31 25 asking you to do in Exhibit 84?

03:31 1 A. Something with default files. I don't
2 actually know. It looks like they were writeoffs
3 and he wanted me to send them for collection
4 purposes. I don't -- I don't know.

03:32 5 Q. Who is James Larson?

6 A. I was literally just asking that. I don't
7 even remember who James Larson is. Yeah. No, I do
8 not.

9 Q. Okay. Did Mr. LaForte -- isn't it the
03:32 10 case then that he would ask you to send lists of
11 defaulted deals on to other people for action?

12 A. Yeah. Yes.

13 Q. Okay. And how often did this occur?

14 A. I don't know. I'm sure my -- my e-mail
03:33 15 will tell you, but I honestly could not tell you an
16 accurate amount of times.

17 Q. During the time that you were working at
18 Par Funding, did you ever get a sense of
19 approximately how many of these deals that you were
03:33 20 working on the underwriting for actually ended up in
21 default?

22 A. I wouldn't say I got a feel for it. I
23 know we had access to the files that were in
24 collections and in default on the deposit log, and
03:33 25 we would get a daily list of returns, bounces, but I

03:34 1 couldn't give you an accurate number of our default
2 list.

3 Q. Okay. Well, I get it, but can you give me
4 like approximately how many or what percentage of
03:34 5 the deals ended up in default at some point?

6 A. No, I couldn't give you an -- an estimate
7 because I don't -- I don't know.

8 Q. Okay. Well, was it -- I understand you
9 can't give me an estimate of the percentage.

03:34 10 Was it, like, rare or -- to see the deals
11 that had been underwritten by Par Funding? Was it
12 rare to see them or unusual to see them come back as
13 accounts that had been in default?

14 A. I wouldn't say unusual because the
03:34 15 industry comes with that risk, but I say we managed
16 our portfolio well. Between underwriting and our,
17 you know, forefront defense of underwriting and our
18 back-end collections, I would say that we had a low
19 percentage of defaults in total in comparison to the
03:35 20 amount of deals that we were funding.

21 Q. Okay. But if it's in collections, then I
22 mean, you're using -- you're referencing collections
23 as being relevant to showing that something is not
24 in default.

03:35 25 I mean, you understood, didn't you, that

03:35 1 cases -- you know, accounts that are in default were
2 sometimes sent to collections because they were in
3 default?

4 A. But not every file in collections was in
03:35 5 default. Obviously, every file that had been in a
6 default status is going to be within collections,
7 but not every file in collections was a default.
8 They were actively working to get these merchants
9 back on track.

03:36 10 Q. Okay. But you said that this list right
11 here of default deals from June 30, 2020, you said
12 you're not even sure, you could be sending this to
13 collections for them to go try to collect on these
14 default deals?

03:36 15 A. If I'm sending this list out to be
16 collected by somebody other than our collections
17 team, it's because they have already defaulted.
18 They're past the point of being able --

19 THE COURT REPORTER: I -- I'm sorry, this
03:37 20 is the court reporter. This is the court
21 reporter.

22 Ms. Berlin, when the witness is speaking,
23 for -- I hear some wind from your connection.
24 I apologize. So it's hard to understand the
03:37 25 witness when she's speaking.

03:37 1 MS. BERLIN: Oh, no. Okay. Well, I will
2 try to mute myself so that my background isn't
3 overlapping.

4 Do you need the witness to repeat what she
03:37 5 just said?

6 THE COURT REPORTER: "If I'm sending this
7 list out to be collected by somebody other
8 than our collections team, it's because they
9 have already defaulted. They're past the point
03:37 10 of" --

11 A. They're past the point of being able to be
12 collected by our collections team, pretty much.

13 THE COURT REPORTER: Thank you.

14 BY MS. BERLIN:

03:37 15 Q. Okay. Thank you.

16 And did you also participate with the
17 attorneys for Par Funding? I mean, I think you
18 testified about this earlier, that you didn't really
19 have a lot of involvement with the attorneys for Par
03:37 20 Funding with respect to MCAs that were in default or
21 that were in litigation, correct?

22 A. If I did anything with an attorney, it's
23 send them documents from our CRM that they might
24 need, the occasional updated CLEAR report, mostly.
03:38 25 The most I've done with the in-house attorneys that

03:38 1 we had was work on our merchant cash advance
2 agreement to ensure everything in there was good.

3 Q. Right. And those were revisions you were
4 working on with Fox Rothschild in 2020; is that
03:38 5 correct?

6 A. Yes. Yes.

7 Q. Thank you.

8 MS. BERLIN: I wonder if we could show the
9 next exhibit, which will be 85.

03:38 10 (Thereupon, marked as Exhibit 85.)

11 BY MS. BERLIN:

12 Q. So I'm showing you Exhibit 85 which states
13 it's from Jamie McElhone, and it's you to and
14 others. It says "wires for today" --

03:39 15 A. Uh-huh.

16 Q. -- "7/23/2020."

17 Do you see that?

18 A. Yes.

19 Q. Okay. What is Exhibit 85?

03:39 20 A. So Exhibit 85 is a list of funded deals
21 for that day, so that -- that is all of the approved
22 and funded files for July 23, 2020. We kept a
23 running Google spreadsheet of all contracts out, all
24 contracts back, all funded deals, all deals killed
03:39 25 at the funding table, and this was sent out every

03:39 1 night.

2 Q. And what was Ms. Jamie McElhone's role at
3 Par Funding and Full Spectrum?

4 A. She sent out the wire transfers.

03:40 5 Q. Did she act as a treasurer for Par
6 Funding?

7 A. I don't know. I know that she was in
8 charge of just sending out the wires and was
9 typically the one that brought in most of the
03:40 10 renewals. They liked to talked to her individually
11 instead of the sales rep again, but I don't know
12 anything about treasurer.

13 Q. Okay. And where it says "missing stips
14 funding," does that just mean that it's completed
03:41 15 except that the wire hasn't gone out?

16 A. Yes. So we -- we weren't actually missing
17 anything. We just wrote "funding" in there.

18 Q. Okay. Thank you.

19 MS. BERLIN: I wonder if we could just
03:41 20 turn to the next exhibit.

21 (Thereupon, marked as Exhibit 86.)

22 BY MS. BERLIN:

23 Q. So we're looking at Exhibit 86.

24 And this is -- did you text with
03:41 25 Mr. LaForte?

03:41 1 A. Yeah. Hello? Did I lose you again?
2 THE VIDEOGRAPHER: Ms. Berlin, did we lose
3 you? Ms. Berlin, I think you might have to
4 restate -- you might have to restate your
03:42 5 question. We did not get the end.
6 BY MS. BERLIN:
7 Q. Oh, okay. I asked --
8 A. I'm sorry, I have no idea what you just
9 said.
03:42 10 Q. Okay. I'll try to re -- anyway, did you
11 send text messages with Joseph LaForte?
12 A. Yeah. Yes.
13 Q. Okay. On Exhibit 86, do you see where it
14 says, "Tori Villarose from 1(484)881-1748"?
03:42 15 A. Do I see where it says my phone number?
16 Q. Yes. My question is, do you see those
17 numbers there, and do you see your name?
18 A. Yes.
19 Q. Okay. Is that your phone number?
03:42 20 A. Yes.
21 Q. Okay. And so any text messages with you,
22 that would be --
23 A. I'm sorry, you broke up again.
24 Q. Sure. Any text messages from that number,
03:43 25 would that be you, Tori Villarose, or did you, for

03:43 1 example, share your phone with someone?

2 A. No.

3 Q. Okay. So if there's a text and it's from
4 the phone number I just stated, then it's fair to
03:43 5 say that it's you sending the text message?

6 A. Yes.

7 Q. Okay. Thank you.

8 MS. BERLIN: Let's go to the next exhibit.
9 (Thereupon, marked as Exhibit 87.)

03:43 10 MS. BERLIN: I wonder if the videographer
11 could go to the next page. I wonder if we
12 could please go -- I'm not sure anyone can hear
13 me in the WebEx. If anyone can hear, I'm
14 not --

03:44 15 THE VIDEOGRAPHER: Ms. Berlin? Do you
16 hear us now, Ms. Berlin?

17 MS. BERLIN: I do. Thank you so much for
18 saying something.

19 THE VIDEOGRAPHER: Okay. So the last I
03:44 20 heard, go to the next page, and that's page
21 Number 2.

22 MS. BERLIN: No, I asked if you would
23 please go to the next --

24 THE VIDEOGRAPHER: You broke up.

03:45 25 MS. BERLIN: Can we please --

03:45 1 THE VIDEOGRAPHER: Oh, I can't understand
2 her.

3 MR. KOLAYA: I can't understand her
4 either. I got, "can we please," and then
03:45 5 muffled.

6 THE COURT REPORTER: I don't see her up
7 there anymore.

8 MS. BERLIN: I'm going to -- so I'm --

9 THE VIDEOGRAPHER: Ms. Berlin, are you
03:45 10 still there?

11 Okay. We're going to go off the record.
12 Is that okay with everyone?

13 MR. KOLAYA: Yes.

14 THE VIDEOGRAPHER: The time is now
03:45 15 3:45 p.m. We're going off the record.

16 (Recess taken.)

17 THE VIDEOGRAPHER: We're back on the
18 record. The time is now 3:47.

19 MS. BERLIN: Thank you.

03:47 20 BY MS. BERLIN:

21 Q. Ms. Villarose, is the underwriting that
22 you do at your current employer, is it the same as
23 the -- the same level of underwriting that you did
24 for Par Funding?

03:47 25 A. Partially, yes.

03:47 1 Q. What's different?

2 A. We have -- we have a few more reports that
3 we didn't run at Par, but everything else is the
4 same. The process is just different from start to
03:48 5 finish. So at Par, we had a separate underwrite, we
6 had the preliminary underwrite that was processing,
7 and then we had the post-contract underwriting prior
8 to final approval. Here, we just do a fully-loaded
9 underwrite up front.

03:48 10 Q. Okay. And so does your new employer do --
11 do they look at more or less or the same as did you
12 at Par Funding?

13 A. Relatively the same except they run an
14 extra report called instant checkmate. That's the
03:48 15 only difference, truly.

16 Q. And does your current employer do an
17 on-site inspection?

18 A. Oh, no. No, they do not, like ever. They
19 don't ask for AR, they don't ask for credit card
03:49 20 statements, they don't get an on-site. The only
21 thing that they ask for is proof of ownership and
22 bank verification. That's it.

23 Q. Okay. So let's look at the last exhibit,
24 which is Exhibit 87. And do you see this is from
03:49 25 Corey -- this name is hard, but you see it's from a

03:49 1 Corey to Brett Berman and it's copying you --

2 A. Yes.

3 Q. -- from July 27, 2020?

4 A. Yes.

03:49 5 Q. Okay. And so can you tell us what is this
6 exhibit?

7 A. Well, according to the subject, it's about
8 settlement documents. I'm not sure. This probably
9 has -- I don't know why I'm tagged on this.

03:50 10 Did I say anything in this other than
11 forwarding it to Corey?

12 MS. BERLIN: I have no further questions
13 for you, Ms. Villarose. Thank you so much.

14 THE WITNESS: No problem.

03:50 15 MR. LEVINE: Could we go off the record
16 for ten minutes and let the defense counsel
17 confer?

18 MS. BERLIN: Sure.

19 THE VIDEOGRAPHER: The time is now
03:50 20 3:51 p.m. Going off the record.

21 (Recess taken.)

22 THE VIDEOGRAPHER: We're back on the
23 record. The time is now 4:11.

24

25

04:11 1
2
3
4
04:11 5
6
7
8
9
04:12 10
11
12
13
14
04:12 15
16
17
18
19
04:12 20
21
22
23
24
04:12 25

EXAMINATION

BY MR. SOTO:

Q. Hi, Ms. Villarose. My name is Alex Soto, and I represent defendant, Joseph LaForte.

I want to begin by asking you a question relating to a definition that SEC trial counsel gave you. She said that she's going to refer to the transactions at issue in this case as loans or advances or merchant cash advances, and I believe you made it a point to say, no, they're merchant cash advances.

My question is, why did you feel it important to make that distinction?

A. Because it's not the same thing, and this should not be lumped under the same category. There's different legalities between both. And since I started my career in this industry, I've always been adamant -- Sue taught me to be very adamant that is a purchase of future receivables. It is a merchant cash advance. We are purchasing future receivables, and it is not a loan.

So anytime anybody has ever brought up the L word, we would always instruct them that that's not what it is. So that has always stuck with me. That's not what it is. People would refer to us as

04:12 1 loan sharks and things like that, but that has
2 nothing to do with our industry. So it's important
3 that that is made completely aware and it's very
4 transparent.

04:13 5 Q. Okay. I also want to ask you, when you
6 were asked by Ms. -- SEC trial counsel with respect
7 to whether you had conversations with either me or
8 David Ferguson or any other counsel for the defense,
9 do you recall that?

04:13 10 A. Yes.

11 Q. And you said that you had spoken to us,
12 correct?

13 A. Yes.

14 Q. Okay. So I want to ask you, did we
04:13 15 provide any practice questions for you to consider
16 in our discussion?

17 A. No.

18 Q. Did we suggest any answers that you should
19 provide?

04:13 20 A. No.

21 Q. Did we suggest any topics that you ought
22 to remind SEC trial counsel about?

23 A. No.

24 Q. Did we suggest that you avoid any topics?

04:13 25 A. No.

04:13 1 Q. Did we suggest that you not answer any
2 particular questions or try to be evasive in any
3 way?

4 A. No.

04:14 5 Q. Did we do anything other than discuss
6 CBSG?

7 A. No.

8 Q. Okay. Did we ask you to tell the truth?

9 A. Yes.

04:14 10 MR. SOTO: Okay. Those are all the
11 questions I have. Thank you.

12 THE VIDEOGRAPHER: Are there any other
13 questions? Will that complete today's
14 deposition?

04:14 15 MS. BERLIN: Thank you.

16 MR. SOTO: Thank you.

17 THE VIDEOGRAPHER: Okay. It is August 31,
18 2021. The time is now 4:15 p.m., completing
19 today's deposition. Off the record.

20 (Time noted: 4:15 p.m.)

21

22

23

24

25

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

CERTIFICATE OF OATH

STATE OF FLORIDA

I, the undersigned authority, certify that VICTORIA VILLAROSE appeared remotely before me and was duly sworn on the 31st day of August, 2021.

Signed this 7th day of September, 2021.

Denise Sankary

DENISE SANKARY, RPR, RMR, CRR
Notary Public, State of Florida
My Commission No. GG 944837
Expires: 1/27/24

CERTIFICATE OF REPORTER

STATE OF FLORIDA

I, DENISE SANKARY, Registered Merit Reporter, do hereby certify that I was authorized to and did stenographically report the foregoing remote videotaped deposition of VICTORIA VILLAROSE; pages 1 through 147; that a review of the transcript was requested; and that the transcript is a true record of my stenographic notes.

I FURTHER CERTIFY that I am not a relative, employee, attorney, or counsel of any of the parties, nor am I a relative or employee of any of the parties' attorneys or counsel connected with the action, nor am I financially interested in the action.

Dated this 7th day of September, 2021.

Denise Sankary
DENISE SANKARY, RPR, RMR, CRR

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

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

CERTIFICATE OF WITNESS

I, VICTORIA VILLAROSE, do hereby declare under penalty of perjury that I have read the entire foregoing transcript of my deposition testimony, or the same has been read to me, and certify that it is a true, correct and complete transcript of my testimony given on August 31, 2021, save and except for changes and/or corrections, if any, as indicated by me on the attached Errata Sheet, with the understanding that I offer these changes and/or corrections as if still under oath.

_____ I have made corrections to my deposition.

_____ I have NOT made any changes to my deposition.

Signed: _____
VICTORIA VILLAROSE

Dated this _____ day of _____ of 20____.

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

ERRATA SHEET

Deposition of: VICTORIA VILLAROSE
Date taken: AUGUST 31, 2021
Case: SEC v. COMPLETE BUSINESS SOLUTIONS GROUP, INC., et al.

PAGE	LINE	CHANGE:	REASON:
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

Signed _____
Dated _____

Sent: Tue, 6 Nov 2018 12:42:47 -0500 (EST)
From: abriskmgr@optonline.net
To: Jimmy S <jimmy@parfunding.com>
Cc: Dan Scaramellino <danscaramellino@gmail.com>, Joe Mack <Joe@parfunding.com>
Subject: RE: Intoduction

Thank you for the introduction.....

It was nice to meet you in Philadelphia. Thank you for meeting with me. As per our discussion, I am a Licensed Insurance Broker and Consultant, based in NYC. Currently, celebrating my 29th year in the insurance industry.

My clients have ranged from Start-Up Biotech companies in Human Clinical Trials to NYSE listed firms with global exposures, clients included:

Forest Labs (NYSE Listed)
NABI Biopharma (NASDAQ)
The Vitamin Shoppe (NASDAQ)
Battery Park City (Silverstein Organization)
New York State Troopers PBA (5,000 members, Albany NY). and many more.....Just let me know how I can be of assistance.

Anthony Bernato-

212-991-8268 Direct

On Tue, Nov 06, 2018 at 11:45 AM, Jimmy S wrote:

Anthony, please allow me to reintroduce you to Danny. He works with us on many of our dealings and after hearing you last week he feels there might be something he can bring to the table. Joe is also on this email whom you already know. Please feel free to speak openly to one another.

Thanks guys,

Jimmy

From: Joe Mack <joe@parfunding.com>
Sent: Thu, 20 Dec 2018 15:33:31 -0500
Subject: Fwd: Insurance document
To: "jimmy@parfunding com" <jimmy@parfunding.com>

Sent from my iPhone

Begin forwarded message:

From: James Klenk <james@parfunding.com>
Date: December 20, 2018 at 3:25:20 PM EST
To: abriskmgr@optonline.net
Cc: Joe Cole <joecole@parfunding.com>, Joe Mack <Joe@parfunding.com>, Anthony Z <anthonyz@parfunding.com>, Cynthia Clark <caclark@parfunding.com>
Subject: Insurance document

Hi Anthony,

I just received a phone call from Willem van der Berg, CPA at Friedman LLP. Willem informed me that he had a conversation with you regarding getting a corrected insurance policy that properly states the \$75 million of coverage. On page two line two of the current policy, the policy amount is listed as \$5 million of coverage. The estimated sales value on line ten is stating the \$75 million.

I cannot not stress strongly enough that we need the correction done as soon as possible and delivered to our internal counsel for review before sending to Friedman LLP.

Please send acknowledgement that you have received this email and provide an estimated of when Willem's request will be completed.

Thank you
Jim

Jim Klenk
Financial Controller



20 N 3rd St
Philadelphia, PA 19106



Office: (215) 922 2636 ext 1040



Direct Line: (267) 465-9012



james@parfunding.com



From: Jimmy S <jimmy@parfunding.com>
Sent: Tue, 6 Nov 2018 11:45:21 -0500
Subject: Intoduction
To: abriskmgr@optonline.net
Cc: Dan Scaramellino <danscaramellino@gmail.com>, Joe Mack <Joe@parfunding.com>

Anthony, please allow me to reintroduce you to Danny. He works with us on many of our dealings and after hearing you last week he feels there might be something he can bring to the table. Joe is also on this email whom you already know. Please feel free to speak openly to one another.

Thanks guys,

Jimmy

**IN THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF FLORIDA
CASE NO. 20-CV-81205-RAR**

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

v.

COMPLETE BUSINESS SOLUTIONS
GROUP, INC. d/b/a PAR FUNDING, *et al.*,

Defendants.

DECLARATION OF TIMOTHY A. KOLAYA, ESQ.

Pursuant to 28 U.S.C. § 1746, the undersigned states as follows:

1. My name is Timothy A. Kolaya. I am over twenty-one years of age and have personal knowledge of the matters set forth herein.

2. I am an attorney at the law firm of Stumphauzer Foslid Sloman Ross & Kolaya, PLLC (“SFS”). My business address is 2 South Biscayne Boulevard, Suite 1600, Miami, Florida 33131.

3. Pursuant to the Order Granting Plaintiff Securities and Exchange Commission’s Motion for Appointment of Receiver dated July 27, 2020 [ECF No. 36] (the “Receivership Order”) and other subsequent orders entered in this action, Ryan K. Stumphauzer, Esq. was appointed as the receiver (the “Receiver”) over, among other entities, Complete Business Solutions Group, Inc. d/b/a Par Funding (“CBSG”) and Full Spectrum Processing, Inc. (“FSP”) (together, the “Receivership Entities”).

4. The Receivership Order authorized the Receiver “[t]o engage and employ persons in his discretion to assist him in carrying out his duties and responsibilities hereunder, including, but not limited to, accountants, lawyers, and paralegals,” and “[t]o take custody, control, and possession of all Receivership Entity records, documents, and materials, and to safeguard these items until further Order of the Court.” (Receivership Order ¶¶ 1, 3).

5. Pursuant to this authority under the Receivership Order, the Receiver retained SFS, together with the law firm of Pietragallo Gordon Alfano Bosick & Raspanti, LLP, to serve as his lawyers to assist him in carrying out his duties and responsibilities under the Receivership Order.

6. In the course of SFS’s work for the Receiver, the firm has assisted the Receiver to, among other things, determine the nature and location of all records and documents of the Receivership Entities, as well as reviewing the books, records, documents, accounts, and all other instruments and papers of the Receivership Entities.

7. Accordingly, I am familiar with the records and documents of the Receivership Entities, including the record-keeping system of the Receivership Entities.

8. The documents attached as Exhibit 6 and Composite Exhibit 7 (the “CBSG Business Records”) are copies of the Receivership Entities’ domestic business records.

9. The Receivership Entities’ Business Records were made at or near the time of the occurrence of the matters set forth by, or from information transmitted by, a person with knowledge of the matters described in those records.

10. The Receivership Entities’ Business Records were kept in the course of regularly-conducted business activities of the Receivership Entities.

11. It was a regular practice of the Receivership Entities to make and maintain records such as the Receivership Entities' Business Records.

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

Executed on this 28th day of October, 2021 in Miami, Florida.



TIMOTHY A. KOLAYA

Exhibit “6”

From: Ben Mannes <bmannes@fullspectrumprocessing.com>
Sent: Fri, 3 Apr 2020 14:46:21 -0400
Subject: Insurance memo for legal
To: Joe Cole <joecole@parfunding.com>, Joe Mack <Joe@parfunding.com>
[040320 Legal Memo RE Insurance.docx](#)

Joes,

Attached is the drafted memo we discussed yesterday. As the documentation from IT comes in, we can file it in the Y drive for when/what legal needs.

--

Thank you,

Ben

A. Benjamin Mannes, MA, CPP
Chief Compliance Officer

Full Spectrum Processing

20 N. 3rd Street

Philadelphia, PA 19106

(215) 922-2636 Ext. 118



Confidential Memorandum
Revised Date: 04.03.20

Confidential Memorandum

to: *Legal Counsel*

cc: *Joe Cole & Joe Mack*

from: *Ben Mannes*

subject: *Insurance*

date: *April 3, 2020*

In November of 2018, CBSG was referred by ROC Funding to an insurance broker named Anthony Bernato who claimed to have developed a new set of policies that cover the Advance Factoring/Merchant Cash Advance sector through Euler Hermes, a major international insurance carrier. Over the following six months, CBSG spent upwards of \$1.2M in premiums to cover numerous accounts that carried above-average risk to CBSG. When some of those accounts defaulted, CBSG attempted to file claims covering those accounts and was informed by Euler Hermes that they could not process the respective claims until CBSG produced third-party invoices between the merchant on the account and their customers.

Upon the hiring of the CCO (Mannes) in the summer of 2019, an intensive reconstruction of merchant (client) communications, applications and collections activities was performed, as well as contact with Euler Hermes at the VP-level. What was gleaned from this project, lasting six months was that CBSG was mis-sold on the type of insurance they were buying, as Euler Hermes;

1. Had never developed a type of coverage for advance factoring,
2. Covers traditional factoring designed to fund a client who has a contract with a customer and needs funding to meet that obligation, and
3. Conveyed these requirements for invoicing documentation in policy documents and applications sent through the Broker (Bernato), and signed by CBSG designee Anthony Zingarelli on October 9, 2018.



Confidential Memorandum
Revised Date: 04.03.20

According to VP Ryan Wimberly at Euler, when a claim due to merchant insolvency and/or bankruptcy, a complete record of all relevant information, accessible in a central repository is necessary, to include:

1. MCA Agreement and all necessary contractual info
2. Proof of delivery (Deposits & ACH history)
3. Invoices (our ongoing email account communications and B2B invoices between merchants and *their* debtors)
4. Collection activity with clear, uniform communications stating account balances, agreement summaries and payment histories as well as missed payments.
5. Correspondence with the merchant.
6. Other items that may be needed (see Fig. 1)

After it was determined that CBSG was sold into insurance coverage it could not use, specifically because our business model is that of advance-factoring (MCA), which mainly funds businesses who are consumer facing on a point of sale basis; and thus no invoices can be produced for Euler to assume collections activity on after paying out a claim, the CCO reported this to the CFO and Sales Director and shifted the project to see what carriers could insure CBSG on it's current business model.

In August and September of 2019, the CCO suggested that CBSG should explore their legal rights respective to their inability to pursue claims or refunds from Euler Hermes and Anthony Bernardo, as his contact/due diligence on the following insurance brokers & carriers revealed that no credit coverage exists for Merchant Cash Advance factoring companies:

- [ARI Global](#)
- [Atradius Trade Credit Insurance](#) & [Credit Insurance](#)
- [AIG](#)
- [Chubb](#)
- [Coface](#)
- [Aon](#)
- [BMS](#) (only for Banks)

Following this determination, corporate guidance was to allow current policies with Euler to expire and to not renew. However, upon notifications through investor relations, it was revealed that certain PPMs, specifically AG Morgan of Long Island, NY were selling investments as "insured" and allowing their investors to believe that the insurance we were carrying through Euler would act as a guarantee of investment. Therefore, to assist our PPMs stay in SEC compliance, we renewed a smaller (\$200K) portfolio of insurance through the existing Euler

CONFIDENTIAL//FOR INTERNAL USE ONLY//ATTORNEY-CLIENT COMMUNICATION



Confidential Memorandum
Revised Date: 04.03.20

policies, with the knowledge that we couldn't file claims without invoices on our merchant losses; but that the PPMs could show that we were "insured".

However, with the COVID-19 pandemic, the same PPMs that were briefed on the situation are now fielding questions as to insurance claims that we simply can't file. Therefore, we need to pursue two immediate avenues with legal forthwith;

1. Have a call between Legal Counsel (Brett), Joe Mack/Cole and Mannes to discuss legal options against Bernato and/or Euler who aggressively sold insurance coverage to CBSG (and ROC Funding as well) that they knew could not have claims filed on, and
2. Draft a letter from Fox Rothschild on behalf of CBSG to stakeholders with a message similar to the following:

"Our client, Complete Business Solutions Group (d/b/a PAR Funding) understands and values the concerns of our stakeholders given the trying economic times that have resulted from the global COVID-19 outbreak. In examining all possible ways to meet our obligations to our stakeholders, CBSG has reached out to its credit insurance carrier, Euler Hermes, to get information as to our eligibility for insurance claims due to COVID-19 related account defaults. Unfortunately, as our coverage was underwritten issued for traditional factoring transactions; our credit insurance policies are not geared toward claims resulting from an "act of God" or natural disaster."

We hope, through working with our legal counsel that we can address our requests from investors on our insurance coverage while, at the same time, investigating our ability to hold predatory brokers accountable for selling us the coverage we can't use.

Composite Exhibit “7”

Message

From: of [markuschapman@aol.com]
Sent: 7/23/2018 8:38:50 PM
To: daniel.cistone@verizon.net
CC: abrown@tombstonemining.com; perry@parfunding.com
Subject: RE: agreement

Dan good afternoon please find following as requested
First month I'm just going to go with the Markus Chapman DBA
Chapman Resources
1841 Island Club Drive
Indialantic Fla 32903
Us Citizen
SS # 323 46 5041

I will reapply for a new Ein as well most likely I'm going to do a Florida Corporation.
Please find attached passport

And for at least the first few weeks will use the direct deposit slips that I forwarded to you two different accounts

Respectfully
Markus Chapman

Sent from AOL Mobile Mail

On Monday, July 23, 2018 Daniel Cistone <daniel.cistone@verizon.net> wrote:

Markus,

I sent you the points over the weekend and we heard your need for some security so I modified the agreement to read as follows:

1. Salary of 10,500/mo.
2. A 15% share of the first years net profits. Year 2 is 10% and subsequent years are 5%. We will draw up a three year renewable contract stating that as long as you are engaged in the business and we are hitting our targets we will renew for an additional three year3 with a 5% share of the profits.
3. We will provide a vehicle for you.
4. We will provide housing on the island.
5. Gaitor will be our onsite contractor.
6. Markus will confer with Doug on equipment needs.
7. We will communicate directly with Louie and Monique on business issues.

8. This contract will be for the business we already know about. Should you bring additional opportunities we will discuss them separately.

I will need to know the following so I can have a formal contract drawn up:

- Your business legal name and address
- Your business Federal ID number
- I assume you are an American citizen, please confirm that for me
- The contract will be drawn up between a new company we are creating and your company

Please get back to me quickly so we can get this underway.

Regards,

Dan

Daniel A Cistone LLC

1471 Buck Hill Road

Southampton, PA 18966

215-260-2993

Message

From: Joe Cole [joecole@parfunding.com]
Sent: 6/6/2016 8:49:47 PM
To: 'Jeffrey Schneider' [js@cbsgus.com]; 'Perry Abbonizio' [abbonizio.perry@gmail.com]
Subject: Dan Cistone Commission

We sent the \$25,000.00 commission wire to Dan Cistone's LLC earlier today.

Joe Cole



141 N 2nd St
Philadelphia, PA 19106
Office 1: 215.613.4126
Office 2: 215.922.2636 x106
Cell: 949.232.2463



141 N 2nd St
Philadelphia, PA 19106
(215) 922-2636
www.parfunding.com

CBSG Finder's Fee Agreement

Date: 05/15/16

This Finder's Fee Agreement (the "Agreement") is entered into by and between Complete Business Solutions Group Inc. dba Par Funding (the "Client") with its principal offices at 141 N 2nd St, Philadelphia, PA 19106 and Daniel A. Cistone, LLC (the "Finder") for the purpose of providing the Service (the "Service") of introducing Creditors (the "Creditor") and procuring working capital (the "Capital") in the form of a loan to the Client for use in company operations, as described under item 4, in exchange for a commission fees (the "Commission") paid by the Client to the Finder.

1. **Definition of Service.** Finder is providing to the Client the service of introducing Creditors to the Client and assisting in the consummation of loans from Creditors to the Client. This service includes facilitating communications between these parties, providing company information to the Creditor, explanation of the Client's operations to the Creditor, assisting the delivery and execution of any loan documents and maintaining on-going communications between both parties.
2. **Terms of Service.** This non-exclusive agreement shall commence on May 15, 2016 and continue in perpetuity until the termination of the agreement, expressed verbally or in writing, by either party. Any loans or other business arrangements made between the Creditor and any other parties known to the Client or Finder without initial introduction by the Finder will not warrant any payments to be made to the Finder and the Client will have no obligation to pay Finder their Commission fee or any other sum.
 - a. **Expenses.** It is the sole responsibility of the Finder to pay for any related expenses in associated with completing the Service being provided to the Client.
3. **Commission Structure.** Compensation to the Finder for services rendered to the Client will be paid according to the following schedule:
 - a. **Initial Payment.** Once principal funds from a Creditor have been received in accordance with the terms established with the Client, a one-time distribution totaling 10.0% of the principal Capital will be made to the Finder within seven days. This initial payment reflects compensation for introducing the Creditor to the Client and for assisting in

consummating loan documents, with terms of 12 months or greater, between both parties.

- b. **Renewals.** For any loan agreement renewals or loans with terms of 12 months or greater between the Creditor and Client, a quarterly distribution totaling 2.50% of the Capital principal, totaling 10.0% annually based on the same splits listed above, will be paid to the Finder at the beginning of the consecutive 12 month period following the consummation of the loan. These distributions reflects compensation for assistance in maintaining the business relationship between the Creditor and Client.
 - c. **Cancellations.** For any cancellation of loan agreements between the Creditor and Client that do not satisfy the terms of the consummated agreement, the Finder must forfeit and make payable any commission fees paid to them, as described in item 3a and 3b associated with the cancelled agreement, by the Client immediately after the cancellation of the agreement. The cancellation may be initiated by either the Creditor or Client's refusal to continue operating under the terms of their consummated loan agreement.
4. **Use of Capital.** Capital provided by Creditors to the Client introduced by the Finder will be utilized by the Client primarily for funding activity in the Client's merchant cash advance business. The use of capital may also be utilized for company expenses, including but not limited to overhead expense, commission payments and interest distributions to Creditors. Capital provided to the Client by the Creditors will be secured separately between the Creditor and Client through a Security Agreement and Promissory Note issued by the Client.
 5. **Independent Agent.** Finder acknowledges that they are an independent contractor and shall not be deemed an agent of to the Client in any way for any purposes whatsoever. Client certifies that the Finder is not an employee of the Client and will report taxable income earned by Finder as a subcontractor. Finder shall have no right or authority to assume or create any obligation or liability, expressed or implied, for or on behalf of the Client, or to otherwise bind Client in any manner whatsoever.
 6. **Indemnification.** After payment of any Commission fees to the Finder, the Finder shall indemnify, protect, defend and hold harmless the Client and its affiliates from and against any and all claims, actions, losses, liabilities, damages, liens, costs or expenses (including and without limitation, reasonable attorneys' fees and costs), however described, arising from any claim by any other person or entity for Commission fees or similar compensation in connection with any transaction involving a prospective Creditor introduced by the Finder.
 7. **Severability.** This Agreement may be terminated by either party, at any time, with or without cause. This Agreement may be terminated by either party either verbally or by providing written notice to the either party.
 8. **Confidentiality.** Any company information provided by the Client to the Finder for the purpose of introducing Creditors to the client is deemed confidential. The information may only be provided to prospective Creditors and shall not be provided or discussed with any other parties. The Finder understands the value and sensitive nature of financial data, client information, projections, portfolio metrics or any trade secrets provided to them under this agreement. The Finder assets that they are responsible for disclosure and security of this information and will be

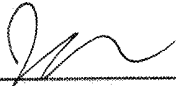
legally accountable for any misuse or negligence with the information provided by the Client. The information provided to the Finder will remain confidential during the course of and after the termination of this Agreement.

- 9. **Governing Law.** This agreement shall be made in and shall be governed and interpreted in accordance with the laws of the State of Pennsylvania.
- 10. **Entire Agreement.** This Agreement contains all of the agreements of the parties with respect to any matter covered or mentioned in this Agreement and no prior agreements shall be effective for any purpose.

This Agreement and each party's obligations shall be binding on the representatives, assigns, and successors of such party.

Signed:

Client – Complete Business Solutions Group Inc. dba Par Funding



Joseph Cole - CFO

06/02/16

Date

Finder



Daniel A. Cistone

5/15/16

Date

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
SOUTHERN DISTRICT OF FLORIDA

SECURITIES AND EXCHANGE)	
COMMISSION,)	
)	
Plaintiff,)	
)	
vs.)	CASE NO.:
)	20-CV-81205-RAR
COMPLETE BUSINESS SOLUTIONS)	
GROUP, INC., d/b/a PAR)	
FUNDING, et al.,)	
)	
Defendants, and)	
)	
L.M.E 2017 FAMILY TRUST,)	
)	
Relief Defendant.)	
_____)	

VIDEO DEPOSITION OF
GEORGE PHILIP RUTLEDGE
VIA VIDEOCONFERENCE
Friday, July 16, 2021

Reported by:
Brigitte Rothstein, Stenographer
JOB NO. 210716BGR

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
SOUTHERN DISTRICT OF FLORIDA

SECURITIES AND EXCHANGE)
COMMISSION,)
)
Plaintiff,)
)
vs.)
COMPLETE BUSINESS SOLUTIONS)
GROUP, INC., d/b/a PAR)
FUNDING, et al.,)
)
Defendants, and)
L.M.E 2017 FAMILY TRUST,)
)
Relief Defendant.)
_____)

CASE NO. :
20-CV-81205-RAR

Video deposition of GEORGE PHILIP RUTLEDGE
taken via videoconference on behalf of the Plaintiff,
beginning at 10:17 a.m. and ending at 4:04 p.m., on
Friday, July 16th, 2021, before Brigitte Rothstein,
Stenographer Court Reporter.

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

APPEARANCES:

For the Plaintiff:

UNITED STATES SECURITIES AND EXCHANGE
COMMISSION
BY: AMIE RIGGLE BERLIN (BY VTC)
Senior Trial Counsel
Miami Regional Office
801 Brickell Avenue
Suite 1800
Miami, Florida 33131
(305) 982-6300
berlina@sec.gov

For Defendant Dean Vagnozzi:

AKERMAN, LLP
BY: BRIAN MILLER (BY VTC)
Counsel
98 Southeast 7th Street
Suite 1100
Miami, Florida 33131
(305) 374-5600
brian.miller@akerman.com

For Defendant Perry Abbonizio:

MARCUS NEIMAN RASHBAUM & PINEIRO, LLP
BY: JEFFREY MARCUS (BY VTC)
Counsel
2 South Biscayne Boulevard
Suite 2530
Miami, Florida 33131
(305) 400-4260
jmarcus@mnrlawfirm.com

1 For Defendant Joseph LaForte:

2 KOPELOWITZ OSTROW FERGUSON WEISELBERG GILBERT
3 BY: DAVID L. FERGUSON (BY VTC)
4 Counsel
5 -and-
6 BY: JOSHUA LEVINE (BY VTC)
7 Counsel
8 One West Las Olas Boulevard
9 Suite 500
10 Ft. Lauderdale, Florida 33301
11 (954) 525-4100
12 ferguson@kolawyers.com
13 levine@kolawyers.com

14 FRIDMAN FELS & SOTO
15 BY: ALEJANDRO O. SOTO (BY VTC)
16 Counsel
17 -and-
18 BY: VICTORIA PANTIN (BY VTC)
19 Paralegal
20 2525 Ponce de Leon Boulevard
21 Suite 750
22 Coral Gables, Florida 33134
23 (305) 569-7720
24 asoto@ffslawfirm.com

25 For Defendant Lisa McElhone:

LAW OFFICES OF ALAN S. FUTERFAS
BY: ALAN S. FUTERFAS (BY VTC)
Counsel
565 Fifth Avenue
7th Floor
New York, New York 10017
(212) 684-8400
asfuterfas@futerfaslaw.com

BACHNER & WEINER, PC
BY: MICHAEL F. BACHNER (BY VTC)
Counsel
39 Broadway
Suite 1610
New York, New York 10006
(212) 344-7778
mb@bhllawfirm.com

1 For Defendant Michael C. Furman:

2 BY: MICHAEL C. FURMAN (BY VTC)
3 Pro se

4
5 For Defendant Joseph Cole Barleta:

6 LAW OFFICES OF BETTINA SCHEIN
7 BY: BETTINA SCHEIN (BY VTC)
8 Counsel
9 565 Fifth Avenue
10 7th Floor
11 New York, New York 10017
12 (212) 880-9417
13 bschein@bettinascheinlaw.com

10

11

12

13 For the Receiver:

14 PIETRAGALLO GORDON ALFANO BOSICK & RASPANTI, LLP
15 BY: GAETAN ALFANO (BY VTC)
16 Counsel
17 1818 Market Street
18 Suite 3402
19 Philadelphia, Pennsylvania 19103
20 (215) 320-6200
21 gja@pietragallo.com

18

19

20 For the Witness:

21 KANE, PUGH, KNOELL, TROY & KRAMER
22 BY: PAUL TROY (BY VTC)
23 Counsel
24 510 Swede Street
25 Norristown, Pennsylvania 19401
(610) 275-2000
ptroy@kanepugh.com

25

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

Also present:

JOSEPH COLE BARLETA (BY VTC)
Defendant

PERRY ABBONIZIO (BY VTC)
Defendant

JOSEPH LAFORTE (BY VTC)
Defendant

NANCY HOLMSTOCK (BY VTC)
Videographer

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

INDEX

WITNESS	EXAMINATION
G. PHILIP RUTLEDGE	
BY MS. BERLIN	11

EXHIBITS

NUMBER	DESCRIPTION	PAGE
Exhibit 52	CBSG-Receiver-000129261	16
Exhibit 53	CBSG-Receiver-000715227	24
Exhibit 54	Email, 1/11/18	27
Exhibit 55	Email, 1/18/18	32
Exhibit 56	Email, 2/1/18	39
Exhibit 57	Letter, 2/5/18	40
Exhibit 58	Email, 9/13/18	59
Exhibit 59	Email, 9/24/18	65
Exhibit 60	Letter, 9/25/18	74
Exhibit 61	Email, 9/28/18	80
Exhibit 62	Email, 11/14/18	86
Exhibit 63	Email, 11/16/18	90
Exhibit 64	CBSG-Receiver-000360148 - 150	95
Exhibit 65	CBSG-Receiver-000373211	107
Exhibit 66	CBSG-Receiver-000373227 - 3231	110
Exhibit 67	CBSG-Receiver-000373319 - 3321	120
Exhibit 68	NY-09593_MIGRATION-000017849	129

1	Exhibit 69	SEC-ABFP-E-0034495 - 502	131
2	Exhibit 70	ES_RECEIVER-0006408 - 6417	133
3	Exhibit 71	SEC-ABFP-E-0007426 - 7427	134
4			
5			
6			
7			
8			
9			
10			
11			
12			
13			
14			
15			
16			
17			
18			
19			
20			
21			
22			
23			
24			
25			

1 Friday, July 16, 2021

2 10:17 a.m. - 4:04 p.m.

3 --oOo--

10:17 4 THE VIDEOGRAPHER: We are now on the
10:17 5 record. This is video number one of the video
10:17 6 deposition of George Phillip Rutledge in the matter
10:17 7 of United States Securities and Exchange Commission
10:17 8 versus Complete Business Solutions Group, Inc., doing
10:17 9 business as Par Funding, et al., pending before the
10:17 10 United States District Court for the Southern
10:17 11 District of Florida, civil action number 20-CV-81205.
10:17 12 This deposition is being held remotely by Webex video
10:17 13 conferencing. The physical recording is held
10:17 14 Culpeper, Virginia on July 16th, 2021. The time on
10:18 15 the video screen is 10:17 a.m. Eastern time.

10:18 16 My name is Nancy Holmstock, and I am the
10:18 17 legal video specialist from the firm Gradillas Court
10:18 18 Reporters. The Court Reporter today is Brigitte
10:18 19 Rothstein in association with Gradillas Court
10:18 20 Reporters.

10:18 21 For the record, will now Counsels please
10:18 22 introduce themselves and whom they represent starting
10:18 23 with the taking attorney.

10:18 24 MS. BERLIN: Yes. This is Amie Riggle
10:18 25 Berlin on behalf of the US Securities and Exchange

10:18 1 Commission.

10:18 2 MR. TROY: And I am Paul Troy, and I'll
10:18 3 explain for Amie's benefit that it probably says
10:18 4 Nariman under my name. We have only so many Emails
10:18 5 to use. I'm Paul Troy, and I represent Philip
10:18 6 Rutledge, who you see on the screen with Paul Troy
10:18 7 under his name, and that's that.

10:19 8 And when Mr. Alfano introduces himself,
10:19 9 I just ask him to confirm that -- or reconfirm that
10:19 10 the Receiver has waived the attorney/client
10:19 11 privilege, so we can proceed smoothly today. I can
10:19 12 sort of see everyone.

10:19 13 MR. ALFANO: Sure. This Gaetan Alfano
10:19 14 for Ryan Stumphauzer, the Receiver. And on behalf of
10:19 15 the various Receivership entities, I am confirming
10:19 16 that Mr. Stumphauzer has waived the attorney/client
10:19 17 privilege for purposes of today's deposition.

10:19 18 MR. SOTO: Good morning. This is Alex
10:19 19 Soto. I'm counsel for Defendant Joseph LaForte, and
10:19 20 we cross-noticed this deposition.

10:19 21 MR. FUTERFAS: Good morning. Alan
10:19 22 Futerfas for Lisa McElhone.

10:19 23 MR. BACHNER: Good morning. Michael
10:19 24 Bachner, Co-Counsel for Lisa McElhone.

10:19 25 MS. SCHEIN: Good morning. Bettina

10:19 1 Schein. I'm Counsel for Joe Cole.

10:19 2 MR. LEVINE: Good morning. Joshua

10:19 3 Levine. I'm Co-Counsel for Joseph LaForte.

10:20 4 MR. FERGUSON: I'm David Ferguson,

10:20 5 Co-Counsel for Joseph LaForte.

10:20 6 MR. MILLER: Brian Miller from Akerman,

10:20 7 Counsel for Defendant Vagnozzi.

10:20 8 THE VIDEOGRAPHER: Is there anyone else?

10:20 9 MR. FURMAN: Michael Furman, pro se. I

10:20 10 just joined.

10:20 11 THE VIDEOGRAPHER: Okay. Will the Court

10:20 12 Reporter administer the oath.

10:20 13 THE COURT REPORTER: Go ahead and raise

10:20 14 your right hand, Mr. Rutledge.

10:20 15 Do you swear or affirm that the

10:20 16 testimony you're about to give is the truth, the

10:20 17 whole truth, and nothing but the truth?

10:20 18 THE WITNESS: I do.

10:09 19 THE COURT REPORTER: Thank you.

10:09 20 WHEREUPON:

10:09 21 G. PHILIP RUTLEDGE

10:09 22 having been first duly sworn, was examined and

10:09 23 testified as follows:

10:09 24 EXAMINATION

25

10:20 1 BY MS. BERLIN:

10:20 2 Q Good morning, Mr. Rutledge. I'm Amie
10:21 3 Riggle Berlin from the US Securities and Exchange
10:21 4 Commission. If you need a break at any time today, or
10:21 5 if you'd like me to ask or restate a question, just let
10:21 6 me know.

10:21 7 In what year did you graduate from law
10:21 8 school, Mr. Rutledge?

10:21 9 A You broke up a little bit. Could you
10:21 10 repeat the question?

10:21 11 Q Sure.

10:21 12 In what year did you graduate from law
10:21 13 school?

10:21 14 A Oh, 1978.

10:21 15 Q And can you just briefly go through your
10:21 16 work experience since 1978.

10:21 17 A For twenty-five years, approximately, I
10:21 18 worked for the Commonwealth of Pennsylvania first with
10:21 19 the Legislative Budget and Finance Committee for about
10:21 20 eighteen months, and then the rest of that tenure was
10:22 21 at the Pennsylvania Securities Commission.

10:22 22 After I retired from state government, I
10:22 23 entered private practice and still am in private
10:22 24 practice.

10:22 25 Q Okay.

10:22 1 And what did you do at the Pennsylvania
10:22 2 Securities Commission?

10:22 3 A I started as a staff attorney, became
10:22 4 Director of the Division of Corporate Finance, and
10:22 5 ended up as Deputy Chief Counsel and then as Chief
10:22 6 Counsel to the Commission, which in, I believe, was
10:22 7 2012 was combined with the Pennsylvania Department of
10:22 8 Banking to create the Pennsylvania Department of
10:22 9 Banking and Securities.

10:22 10 Q At a certain point during your career in
10:22 11 private practice, were you retained by Complete
10:22 12 Business Solutions Group?

10:22 13 A Yes.

10:22 14 Q And, approximately, when was that?

10:23 15 A January of 2018.

10:23 16 Q And how did it come about that you were
10:23 17 retained by Complete Business Solutions Group?

10:23 18 A I received a call from a Norman Valz,
10:23 19 V-A-L-Z, who said that he was acting -- although he was
10:23 20 in private practice himself, he represented that he
10:23 21 provided general counsel type advice to -- can I use
10:23 22 CBSG as kind of an acronym for Complete Business
10:23 23 Solutions?

10:23 24 Q Certainly.

10:23 25 A Okay.

10:23 1 And they had received a subpoena from the
10:23 2 Pennsylvania Department of Banking and Securities and
10:23 3 wanted to know whether I would be able to assist them
10:24 4 in complying with the subpoena.

10:24 5 Q And did your work concerning the subpoena
10:24 6 from the Pennsylvania state regulators begin in
10:24 7 January of 2018?

10:24 8 A Again, you broke up. Could you repeat
10:24 9 that, please?

10:24 10 Q Sure.

10:24 11 Did your work concerning -- did your work
10:24 12 for Complete Business Solutions Group concerning the
10:24 13 subpoena from Pennsylvania state regulators, did that
10:24 14 work begin in about January of 2018?

10:24 15 A Yeah. It began in January of '18, because
10:24 16 I believe the subpoena was due in February.

10:24 17 Q And, approximately, when did your work in
10:24 18 connection with that -- for CBSG in connection with
10:24 19 that subpoena, when did it conclude?

10:25 20 A It, basically, concluded with a settlement
10:25 21 with the Department of Banking and Securities, a
10:25 22 settlement agreement. They call it a settlement
10:25 23 agreement and order, which I believe was finalized at
10:25 24 the end of November 2018.

10:25 25 Q During the eleven-month period when you

10:25 1 were working for CBSG concerning the subpoena from
10:25 2 Pennsylvania state regulators, who was your primary
10:25 3 client contact at CBSG?

10:25 4 A Well, my point of contact was initially
10:25 5 Joe Cole, who was -- said he was the CFO, the Chief
10:26 6 Financial Officer, for CBSG. And during that time,
10:26 7 Mr. Valz -- I was informed that Mr. Valz had withdrawn
10:26 8 his relationship, whatever that was, with CBSG, and a
10:26 9 Cynthia Clark, I dealt with her as general counsel to
10:26 10 CBSG, in-house counsel. Those were the only two people
10:26 11 I dealt with at CBSG.

10:26 12 Q Did you have any conference calls or
10:26 13 discussions with Mr. LaForte during that eleven-month
10:27 14 time period?

10:27 15 A No.

10:27 16 Q What about an individual named Joe Mack?

10:27 17 A No.

10:27 18 THE COURT REPORTER: What was that last
10:27 19 question? I'm sorry.

10:27 20 MS. BERLIN: I asked if he -- the last
10:27 21 question was, what about Joe Mack, which M-A-C-K is
10:27 22 the last name.

10:27 23 THE COURT REPORTER: Thank you.

10:27 24 BY MS. BERLIN:

10:27 25 Q Have you ever represented anyone at CBSG

10:27 1 in their personal capacity?

10:27 2 A Did you say individual capacity?

10:27 3 Q Yes.

10:27 4 A The answer's no.

10:27 5 (SEC Exhibit 52 was marked for
10:27 6 identification.)

10:27 7 MS. BERLIN: I wonder if we can display
10:27 8 Exhibit 52.

10:28 9 MR. TROY: This is very small on our
10:28 10 screen. I don't know if there's a way to enlarge it,
10:28 11 but -- or if you tell us what it is.

10:28 12 THE WITNESS: Could I approach the
10:28 13 screen to look at it?

10:28 14 MS. BERLIN: Sure. Usually it would
10:28 15 be -- on my end, too. It's only filling a portion of
10:28 16 the screen.

10:28 17 On your side, Mr. Rutledge, is the
10:28 18 document taking up your whole screen, or is it --

10:28 19 THE WITNESS: No. I'd say only about a
10:28 20 third of the screen.

10:28 21 MR. TROY: Is there something we could
10:29 22 do -- there we go.

10:29 23 THE WITNESS: How about the last one,
10:29 24 which should be full screen. Go down to the end.
10:29 25 No. It brings it back.

10:29 1 THE VIDEOGRAPHER: One moment.

10:29 2 THE WITNESS: I still would like to
10:29 3 approach the screen, if I might.

10:29 4 MS. BERLIN: Of course. Absolutely.

10:29 5 Let's go off the record for a moment,
10:29 6 and let's see if we can enlarge the exhibit. Let's
10:29 7 go off the record.

10:29 8 THE VIDEOGRAPHER: The time is now 10:29
10:29 9 a.m. Going off the record.

10:29 10 (Whereupon, at 10:29 a.m., a short recess
10:29 11 was taken.)

10:33 12 THE VIDEOGRAPHER: We are back on the
10:33 13 record. The time is now 10:33 a.m.

10:33 14 BY MS. BERLIN:

10:33 15 Q So I'm showing you a document that we've
10:33 16 labeled as Exhibit 52, and this is an Email exchange
10:34 17 between you and Mr. Cole, Mr. Joseph Cole. Can you see
10:34 18 that on your screen?

10:34 19 A I can see it, but it's an Email exchange
10:34 20 from Mr. Cole to Norman Valz.

10:34 21 Q I'm sorry. So Exhibit 52 -- just hold on
10:34 22 one moment.

10:36 23 Okay. I believe we have the correct
10:36 24 document up on my screen. It's dated -- are you
10:36 25 looking on your screen? It begins with an Email from

10:36 1 Joe Cole to Norman Valz and Joe Mack, dated January
10:36 2 9th, 2018?

10:36 3 A Yes.

10:36 4 Q Okay. Great.

10:36 5 MS. BERLIN: And if you scroll to the
10:36 6 second page please of this exhibit. Thank you.

10:36 7 BY MS. BERLIN:

10:36 8 Q Do you see where within the Email string
10:36 9 it's a message from you to Norman Valz on January 9th,
10:36 10 2018?

10:36 11 A Yes.

10:36 12 Q Okay.

10:36 13 In January of 2018, if you look on the
10:37 14 screen, so we're on page two of Exhibit 52. The Bates
10:37 15 number being 9272. You identified two Norman Valz in
10:37 16 January 2018 that the Pennsylvania securities
10:37 17 regulators probably would be interested in knowing
10:37 18 whether or not there was a registration exemption. Do
10:37 19 you see that on item one in your message?

10:37 20 A Yes.

10:37 21 Q Okay.

10:37 22 And the other, what disclosure CBSG
10:37 23 provide to persons who purchased the promissory notes.
10:37 24 Do you see that as an item in your message?

10:37 25 A Yes.

10:37 1 Q Okay.

10:37 2 And so did you commence your work -- did
10:38 3 your work for CBSG regarding the subpoena involve
10:38 4 examining whether or not the CBSG promissory notes were
10:38 5 exempted from registration under the Securities Act of
10:38 6 1933?

10:38 7 A Yes.

10:38 8 Q Okay.

10:38 9 And in examining that issue providing
10:38 10 legal advice to CBSG, did you rely on the information
10:38 11 that Joseph Cole provided to you?

10:38 12 A Yes.

10:38 13 Q Okay.

10:38 14 In 2018 while you were conducting work for
10:39 15 CBSG, legal work for CBSG, did you understand that CBSG
10:39 16 was using sales agents in connection with the offer and
10:39 17 sale of promissory notes issued by Complete Business
10:39 18 Solutions Group?

10:39 19 A Yes. And I told them to stop.

10:39 20 Q So what was your understanding when you
10:39 21 were retained of Par Funding's use of sales agents that
10:39 22 was explained by Complete Business Solutions Group at
10:39 23 that time?

10:39 24 A I was told that they were using
10:39 25 individuals and that -- to find purchasers of the

10:39 1 notes, and that they had, quote, finder's agreements
10:39 2 with those individuals for which they would receive
10:39 3 compensation for the sale of the notes, and those
10:40 4 individuals were not registered under the Pennsylvania
10:40 5 Securities Act as otherwise would be required.

10:40 6 Q And did your legal work for Par Funding
10:40 7 include -- as far as the sales agents were concerned,
10:40 8 did that -- did you exam other states where the sales
10:40 9 agents were doing work -- or was your work limited --

10:40 10 A The work was governed by the subpoena,
10:40 11 which just asked for information for Pennsylvania, but
10:40 12 I do believe in the course of production there was --
10:40 13 CBSG did produce finders that they used in other
10:41 14 jurisdictions.

10:41 15 Q Did anyone at Complete Business Solutions
10:41 16 Group tell you why Complete Business Solutions Group
10:41 17 was using sales agents in 2018?

10:41 18 A No.

10:41 19 Q And during the course of your work for
10:41 20 Complete Business Solutions Group, did you ever come to
10:41 21 understand why Complete Business Solutions Group was
10:41 22 using sales agents, what the purpose of the agents
10:41 23 was --

10:41 24 A My understanding was --

10:41 25 THE COURT REPORTER: I'm sorry. Excuse

10:41 1 me. I missed the last part of the question. You
10:41 2 broke up, Amie. Could you repeat it. I'm sorry.

10:41 3 MS. BERLIN: Oh, sure.

10:41 4 BY MS. BERLIN:

10:41 5 Q During your time working for Complete
10:41 6 Business Solutions Group in 2018, did you come to
10:41 7 understand why Complete Business Solutions Group was
10:41 8 using sales agents?

10:42 9 A Yes. They were using them to find
10:42 10 purchasers for notes issued by CBSG.

10:42 11 Q And during the course of your work with
10:42 12 Complete Business Solutions Group in 2018, did you
10:42 13 determine whether or not prior to retaining your legal
10:42 14 services Complete Business Solutions Group -- were
10:42 15 making any effort to determine whether or not potential
10:42 16 investors were accredited?

10:42 17 A I'm sorry. You broke up on that. Could
10:42 18 you repeat the question?

10:43 19 MR. FUTERFAS: Alan Futerfas. Amie, I'm
10:43 20 not hearing a lot of your questions. You're breaking
10:43 21 up a lot.

10:43 22 MS. BERLIN: Oh, no. Can the Court
10:43 23 Reporter --

10:43 24 THE COURT REPORTER: Amie, you're
10:43 25 breaking up a lot.

10:43 1 MS. BERLIN: Oh. Let's go off the
10:43 2 record. I'm going to disconnect and reconnect and
10:43 3 see if that helps.

10:43 4 THE VIDEOGRAPHER: Would you like to go
10:43 5 off the record first?

10:43 6 MS. BERLIN: Yes, absolutely.

10:43 7 THE VIDEOGRAPHER: Okay. The time is
10:43 8 now 10:43 a.m., and we're going off the record.

10:43 9 (Whereupon, at 10:43 a.m., a short recess
10:43 10 was taken.)

10:56 11 THE VIDEOGRAPHER: We're going back on
10:56 12 the record. The time is now 10:55 a.m.

10:56 13 BY MS. BERLIN:

10:56 14 Q And just let me know if at any time you
10:56 15 can't make out my audio well or it's breaking up,
10:56 16 Mr. Rutledge. I can repeat any question, so just let
10:56 17 me know that. Okay?

10:56 18 A Okay. Thank you.

10:56 19 Q Sure.

10:56 20 So when you began representing Complete
10:56 21 Business Solutions Group in 2018, did you gain an
10:56 22 understanding of whether or not CBSG was determining
10:57 23 whether investors were accredited before CBSG sold
10:57 24 promissory notes to those people?

10:57 25 A I'm sorry. Could you please repeat the

10:57 1 question again?

10:57 2 Q Sure.

10:57 3 When you began representing Complete
10:57 4 Business Solutions Group in 2018, did you again an
10:57 5 understanding of whether or not Complete Business
10:57 6 Solutions Group was determining if people were
10:57 7 accredited investors prior to selling the promissory
10:57 8 notes to them?

10:57 9 A Yes. It was my understanding they were
10:57 10 not.

10:57 11 Q So was one of the things that you did in
10:57 12 connection with the Pennsylvania securities matter that
10:57 13 involved trying to determine how many investors at
10:58 14 Complete Business Solutions Group were accredited
10:58 15 versus not accredited?

10:58 16 A Yes. My advice to Mr. Cole was to reach
10:58 17 out to the investors and request that they complete a
10:58 18 questionnaire to determine their eligibility as an
10:58 19 accredited investor.

10:58 20 Q So when you began working with Complete
10:58 21 Business Solutions Group in early 2018, did Complete
10:58 22 Business Solutions Group have any documentation to show
10:58 23 whether the investors were accredited?

10:58 24 A At that time, no. Subsequently, yes.

10:58 25 Q And so you suggested that they send a

10:58 1 questionnaire to the individuals who had already
10:58 2 invested in order to determine if those people were
10:59 3 accredited or not; isn't that right?

10:59 4 A Correct.

10:59 5 MR. SOTO: Objection to form.

10:59 6 THE COURT REPORTER: Mr. Soto?

10:59 7 MR. SOTO: Yes. Sorry. I didn't
10:59 8 identify myself. I'll do that next time.

10:59 9 (SEC Exhibit 53 was marked for
10:59 10 identification.)

10:59 11 MS. BERLIN: And can we please just show
10:59 12 Exhibit 53 on the screen.

10:59 13 BY MS. BERLIN:

11:00 14 Q And so, Mr. Rutledge --

11:00 15 MS. BERLIN: Let's go ahead and make the
11:00 16 exhibit a little bit larger. Thank you. And I
11:00 17 wonder if we could just zoom in so that Mr. Rutledge
11:00 18 can see the document.

11:00 19 BY MS. BERLIN:

11:00 20 Q Mr. Rutledge, would you like us to just
11:00 21 scroll down the document so that you can get a sense --
11:00 22 this is an Email string.

11:00 23 A Yes, please.

11:00 24 Q Okay.

11:00 25 A Can you -- is there more?

11:00 1 THE VIDEOGRAPHER: Yes. Just say next
11:00 2 page, and I'll scroll.

11:00 3 THE WITNESS: Okay.

11:00 4 Okay. Next page.

11:01 5 Next page. Uh-huh.

11:01 6 Next page. Okay.

11:01 7 Next page.

11:01 8 Next page.

11:01 9 Okay. Thank you.

11:01 10 THE VIDEOGRAPHER: Do you need more?

11:01 11 THE WITNESS: No, that's fine. Thank
11:01 12 you.

11:01 13 THE VIDEOGRAPHER: Okay.

11:01 14 BY MS. BERLIN:

11:01 15 Q So is Exhibit 53, I mean, absent up at the
11:01 16 top it appears to be forwarded from Norm Valz to Joe
11:02 17 Macki and Joe Cole and Perry Abbanizio, but is the
11:02 18 message that he's forwarding here in Exhibit 53 your
11:02 19 Email from January 2018 sending a suggested draft
11:02 20 questionnaire so that CBSG can determine whether or not
11:02 21 investors are accredited?

11:02 22 MR. SOTO: Objection to form. This is
11:02 23 Alex Soto. Objection to form.

11:02 24 THE WITNESS: Okay. Yes, it's my Email
11:02 25 with the attachment for the purpose to determine

11:02 1 whether the investors who are accredited for purposes
11:02 2 of determining the availability of a registration
11:02 3 exemption.

11:03 4 THE COURT REPORTER: I think Ms. Berlin
11:03 5 left.

11:03 6 Ms. Berlin, are you there?

11:03 7 THE VIDEOGRAPHER: Okay. Let's go off
11:03 8 the record.

11:03 9 The time is now 11:02 a.m. Going off
11:03 10 the record.

11:05 11 (Whereupon, at 11:02 a.m., a short recess
11:05 12 was taken.)

11:07 13 THE VIDEOGRAPHER: We're back on the
11:07 14 record. The time is now 11:06 a.m.

11:07 15 (Mr. Marcus has joined the Webex
11:07 16 proceeding.)

11:07 17 BY MS. BERLIN:

11:07 18 Q And so, Mr. Rutledge, is it fair to say
11:07 19 that before you were retained by CBSG, at least as of
11:07 20 January of 2018, Complete Business Solutions Group
11:07 21 wasn't making any effort to determine whether or not
11:07 22 investors were accredited prior to selling them the
11:07 23 promissory note?

11:07 24 A Not to my knowledge.

11:07 25 Q Well, in connection with your

11:07 1 representation of them, did you determine whether or
11:07 2 not they were already using an employee -- or I'm
11:07 3 sorry, an investor questionnaire?

11:07 4 A I don't believe they were.

11:07 5 Q Well, how did it come about -- I mean, why
11:08 6 did you send a draft of an investor questionnaire to
11:08 7 Complete Business Solutions Group?

11:08 8 A Well, this was in connection, of course,
11:08 9 with the subpoena by the Department, and my concern was
11:08 10 that the Department at some point in time may assert a
11:08 11 violation of Section 201 of the Pennsylvania Securities
11:08 12 Act, which is similar to Section 5 of the '33 Act, and
11:08 13 if you could show that everybody was accredited, then
11:08 14 CBSG may avail themselves to the preemptive provisions
11:08 15 of -- sequential provisions of Section 18 of the '33
11:08 16 Act, so there would be no registration violation under
11:08 17 the state law.

11:08 18 (SEC Exhibit 54 was marked for
11:08 19 identification.)

11:08 20 MS. BERLIN: And I wonder if we could
11:09 21 show Exhibit 54. Is there any way that we can zoom
11:09 22 in on Exhibit 54? Thanks.

11:09 23 BY MS. BERLIN:

11:09 24 Q And, Mr. Rutledge, would you like us to
11:09 25 scroll down, so that you can get a sense of what this

11:09 1 exhibit is?

11:09 2 A Yes, please.

11:10 3 Okay.

11:10 4 Okay.

11:10 5 Okay.

11:10 6 Q There is an indication on Exhibit 54 that
11:10 7 the information is needed -- was that in connection
11:10 8 with providing a response to the Pennsylvania state
11:10 9 regulators?

11:10 10 A Yes. That was --

11:10 11 MR. SOTO: This is -- go ahead, sir.

11:10 12 THE WITNESS: That was the requested
11:10 13 return date in the subpoena for the requested
11:10 14 production.

11:10 15 MR. SOTO: This is Alex Soto. I'm
11:10 16 having trouble hearing you, Amie. I've turned up my
11:10 17 sound all the way up, and I can't hear the question.

11:10 18 MS. BERLIN: Okay. I'll try to speak a
11:11 19 bit more loudly.

11:11 20 BY MS. BERLIN:

11:11 21 Q So -- and the questionnaire was sent to
11:11 22 individuals who had already purchased promissory notes
11:11 23 from Complete Business Solutions Group and were
11:11 24 residing in the state of Pennsylvania?

11:11 25 MR. SOTO: Objection to form. This is

11:11 1 Alex Soto.

11:11 2 THE WITNESS: Yes, I believe so.

11:11 3 BY MS. BERLIN:

11:11 4 Q Was the questionnaire sent to investors
11:11 5 who resided in other states, or was it limited to
11:11 6 Pennsylvania?

11:11 7 A That, I do not know.

11:11 8 Q Did anyone at Complete Business Solutions
11:11 9 Group ever tell you that they had sent the
11:11 10 questionnaire to individuals in states, other than
11:11 11 Pennsylvania?

11:11 12 A No.

11:12 13 Q And did you ask your clients at CBSG --
11:12 14 did you recommend that they sent the questionnaire to
11:12 15 investors to resided in Pennsylvania?

11:12 16 A Yes, who resided in Pennsylvania.

11:12 17 Q Okay.

11:12 18 And did you advise them or recommend that
11:12 19 they send the questionnaire to investors in other
11:12 20 states in the same time period, which is early 2018?

11:12 21 A I don't recall.

11:12 22 Q Did you communicate to -- now, you
11:12 23 represented Complete Business Solutions Group in
11:12 24 connection with the subpoena and, ultimately, a
11:12 25 settlement with the Pennsylvania securities regulators,

11:13 1 correct?

11:13 2 A Correct.

11:13 3 Q And did you communicate to the

11:13 4 Pennsylvania state regulators that Complete Business

11:13 5 Solutions Group was determining after the fact, meaning

11:13 6 after individuals had already purchased the promissory

11:13 7 notes, whether or not the investors were accredited?

11:13 8 MR. SOTO: This is Alex Soto. Objection

11:13 9 to form.

11:13 10 THE WITNESS: My recollection is after I

11:13 11 received a return of what CBSG provided in context of

11:13 12 the questionnaire and produced that to the Department

11:13 13 pursuant to the subpoena, I was able to argue to the

11:13 14 Department that the -- that all of the purchasers,

11:14 15 based on that information, were accredited investors.

11:14 16 BY MS. BERLIN:

11:14 17 Q Right. My question is a little different.

11:14 18 It's, did you tell the Pennsylvania state regulators

11:14 19 that Par Funding was determining after the investments

11:14 20 had already occurred, that they were determining after

11:14 21 the investments occurred whether or not the investors

11:14 22 were accredited?

11:14 23 A So you're saying after the sale?

11:14 24 Q Yes.

11:14 25 A Okay. I -- I think that was self-evident.

11:14 1 Certainly, these purchasers -- these purchases occurred
11:14 2 probably prior to the issuance of the subpoena, so the
11:14 3 regulators, you know, knew that these people had
11:15 4 already purchased the notes.

11:15 5 Q Right, but I guess my question is: Did
11:15 6 you tell the Pennsylvania state regulators when you
11:15 7 were providing information about the number of
11:15 8 accredited and nonaccredited investors, did you tell
11:15 9 the Pennsylvania state regulators that Complete
11:15 10 Business Solutions Group had not done anything to
11:15 11 determine whether people were accredited or not prior
11:15 12 to selling them the notes?

11:15 13 MR. FUTERFAS: This is Al Futerfas. I'm
11:15 14 objecting. I believe that question's been asked and
11:15 15 answered three times. Thank you.

11:15 16 THE WITNESS: Okay. I don't necessarily
11:15 17 recall that -- you know, a specific conversation, but
11:15 18 it's, basically, here's the information, they already
11:15 19 did it, they knew that it was not done simultaneously
11:16 20 with the purchase, it was done to show the Department
11:16 21 that these people are accredited, but after the fact
11:16 22 of the purchase.

11:16 23 BY MS. BERLIN:

11:16 24 Q Did you tell the Pennsylvania state
11:16 25 regulators that Complete Business Solutions Group had

11:16 1 not taken any steps to assess whether people were
11:16 2 accredited prior to selling them the notes?

11:16 3 MR. FUTERFAS: Alan Futerfas. The same
11:16 4 objection as I had before. This question's been
11:16 5 asked and answered. Thank you.

11:16 6 MR. SOTO: Mr. Soto. Objection to the
11:16 7 form.

11:16 8 THE WITNESS: I don't believe so, but I
11:16 9 can't -- I just don't think so.

11:16 10 BY MS. BERLIN:

11:16 11 Q In early 2018, did you advise Complete
11:16 12 Business Solutions Group to stop paying finders fees?

11:17 13 A Yes.

11:17 14 MR. SOTO: Mr. Soto. Objection to the
11:17 15 form.

11:17 16 BY MS. BERLIN:

11:17 17 Q And why -- how did that come about?

11:17 18 A Well, part of the focus of the subpoena
11:17 19 and the investigation by the Department and what
11:17 20 violation, ultimately, appeared in the settlement was
11:17 21 that CBSG violated the Pennsylvania Securities Act by
11:17 22 compensating the finders who were not registered -- or
11:17 23 who were not registrants of the Department under the PA
11:17 24 Securities Act.

11:18 25 (SEC Exhibit 55 was marked for

11:18 1 identification.)

11:18 2 MS. BERLIN: So can we please show

11:18 3 Exhibit 55.

11:18 4 THE VIDEOGRAPHER: Did you say 55?

11:18 5 MS. BERLIN: Yes, 55. Thank you.

11:18 6 THE VIDEOGRAPHER: Mr. Rutledge, just

11:18 7 let me know when you want to go down the page.

11:18 8 THE WITNESS: Yeah, could you scroll

11:18 9 down, please.

11:18 10 Okay.

11:19 11 Okay.

11:19 12 Okay.

11:19 13 Oh, okay we're back to the top. Okay.

11:19 14 BY MS. BERLIN:

11:19 15 Q Do you want us to scroll back down again?

11:19 16 A No, that's all right. Thank you.

11:19 17 Q And so was it, approximately -- you see

11:19 18 your Email here is from January 18th, 2018 to Joe Cole

11:20 19 and Norm Valz advising that they immediately stop the

11:20 20 finder's fee payment. Was it about January -- like

11:20 21 mid-January 2018, does this reflect around the first

11:20 22 time that you told them to stop paying the finder's

11:20 23 fees?

11:20 24 THE VIDEOGRAPHER: Ms. Berlin, I can

11:20 25 barely hear your question.

11:20 1 MS. BERLIN: Oh, no. Okay.

11:20 2 THE VIDEOGRAPHER: If you just get
11:20 3 closer to the mic.

11:20 4 BY MS. BERLIN:

11:20 5 Q Mr. Rutledge, is mid-January 2018 about
11:20 6 the first time that you recommended to Complete
11:20 7 Business Solutions Group that they stop paying finder's
11:20 8 fees?

11:20 9 MR. SOTO: Amie, this is Alex Soto. I
11:20 10 can't hear your question. Every other word is
11:20 11 muddled. I can't make out what you're saying.

11:21 12 MS. BERLIN: Okay.

11:21 13 Can the Court Reporter make out what I'm
11:21 14 saying?

11:21 15 THE COURT REPORTER: Yes, I heard it,
11:21 16 but it is getting choppy, Amie. I did get the
11:21 17 question, but it's hard to get it down.

11:21 18 MS. BERLIN: And there's an echo on my
11:21 19 end. I wonder if everybody who's not talking can
11:21 20 just mute their microphone, and let's see if that
11:21 21 helps. If everybody that's not speaking can mute.
11:21 22 And is that better?

11:21 23 THE VIDEOGRAPHER: You still have an
11:21 24 echo.

11:21 25 MR. LEVINE: Amie, is it possible since

11:21 1 you're on two devices, it's probably causing the
11:21 2 echo.

11:21 3 MS. BERLIN: No. I have the audio off
11:21 4 on the other device.

11:21 5 MR. TROY: The echo, we're getting it
11:21 6 here. And I think -- I appreciate everybody here. I
11:21 7 think the Witness has been able to hear and I've been
11:21 8 able to hear the questions fine. And, Amie, the echo
11:22 9 is a slight echo. It's not that a -- you know, it's
11:22 10 not that feedback that you get with the bandwidth
11:22 11 when there's multiple things open.

11:23 12 THE VIDEOGRAPHER: Did we lose
11:23 13 Ms. Berlin?

11:23 14 MR. TROY: I hope not.

11:23 15 THE VIDEOGRAPHER: Ms. Berlin, are you
11:23 16 there? Should we go off the record?

11:23 17 MR. TROY: Sure.

11:23 18 THE VIDEOGRAPHER: The time is now 11:23
11:23 19 a.m., and we're going off the record.

11:28 20 (Whereupon, at 11:23 a.m., a lunch break
11:28 21 was taken.)

12:07 22 THE VIDEOGRAPHER: We're on the record.
12:07 23 The time is now 12:07 p.m.

12:07 24 MS. BERLIN: Okay. Great. So it looks
12:07 25 like we've resolved the audio problems, which is

12:07 1 fantastic.

12:07 2 BY MS. BERLIN:

12:07 3 Q Mr. Rutledge, did you -- the work that you
12:07 4 did for CBSG in 2018, was it based solely on matters
12:08 5 involving sales agents -- or rather finders who were
12:08 6 located in Pennsylvania, or did you also do legal work
12:08 7 in connection --

12:08 8 A We lost you.

12:08 9 Q Okay. The question, Mr. Rutledge, is:
12:08 10 Whether or not the work you did in 2018 for CBSG was
12:08 11 limited to finders located in Pennsylvania, or whether
12:08 12 you also provided legal services in connection with
12:08 13 finders in other states for CBSG?

12:08 14 A Only in Pennsylvania.

12:08 15 Q Okay.

12:08 16 During the course of your work for
12:08 17 Complete Business Solutions Group at any time, did you
12:09 18 speak with Joseph LaForte or Joe Mack?

12:09 19 A No.

12:09 20 Q And did you ever have any understanding of
12:09 21 who he was in connection with the company?

12:09 22 A Not until the end of March 2020.

12:09 23 Q And what happened then?

12:09 24 A I had a telephone call from attorneys of
12:09 25 Fox Rothschild who told me about Mr. LaForte, and I

12:09 1 think the purpose of the call was to advise me of
12:09 2 certain criminal convictions that he had in -- I
12:09 3 believe it was New York. That was the first time. I
12:09 4 rarely ever heard of Mr. LaForte.

12:10 5 Q Okay.

12:10 6 And did that come up in March 2020 because
12:10 7 of the Texas securities regulators' matter concerning
12:10 8 Complete Business Solutions Group?

12:10 9 MR. SOTO: Objection to form.

12:10 10 THE WITNESS: My recollection is it came
12:10 11 up in context of the exchange offer that was being
12:10 12 developed.

12:10 13 BY MS. BERLIN:

12:10 14 Q Okay.

12:10 15 And who did you speak with at Fox
12:10 16 Rothschild?

12:10 17 A There were three people on the call; Brett
12:10 18 Berman, Steve Cohen, and Lauren Taylor.

12:10 19 Q And did they tell you what Mr. LaForte's
12:10 20 position -- they -- just to be clear, Fox Rothschild,
12:10 21 your understanding is at that time in March 2020, they
12:10 22 were also counsel for Complete Business Solutions
12:10 23 Group?

12:10 24 A Yes, to a certain degree. I only know
12:11 25 that they were counsel with respect to certain matters.

12:11 1 Q Okay.

12:11 2 And what did they tell you about -- did
12:11 3 they tell you anything about Mr. LaForte's role at the
12:11 4 company?

12:11 5 A It was a little bit of a mix. My
12:11 6 recollection, it was, well, Joe Cole does all the
12:11 7 day-to-day operations, but Mr. LaForte kind of has
12:11 8 oversight, and he is the husband of Lisa McElhone,
12:11 9 whose trust controls CBSG. That was, basically, my
12:11 10 recollection of what they said.

12:11 11 Q Okay.

12:11 12 And did they tell you that Mr. LaForte was
12:11 13 a trustee of the trust that owns CBSG?

12:12 14 A No.

12:12 15 Q Did they tell you that Mr. LaForte worked
12:12 16 at -- works in the CBSG offices and oversees certain
12:12 17 parts of the business?

12:12 18 A No.

12:12 19 Q So when you said that they indicated he
12:12 20 provided some oversight, what was your understanding of
12:12 21 what he did specifically?

12:12 22 A Well, subsequent to that conversation, I
12:12 23 had a conversation with Joe Cole and asked him, what
12:12 24 does Mr. LaForte do? Mr. Cole told me that Mr. LaForte
12:12 25 is not associated with CBSG, that he runs an

12:12 1 independent sales organization who provide leads to
12:12 2 CBSG of small business borrowers and that CBSG -- for
12:13 3 which CBSG pays him a commission.

12:13 4 Q And at any time, did the attorneys at Fox
12:13 5 Rothschild or Mr. Cole or anyone else connected to CBSG
12:13 6 tell you that Mr. LaForte uses aliases?

12:13 7 A No.

12:13 8 Q Okay.
12:13 9 Had you ever heard of Joe Mack before
12:13 10 March 2020?

12:13 11 A The only indication was way back in -- I
12:13 12 think it was around February there was an Email to me
12:13 13 to set up a call -- to me from Joe Cole to set up a
12:13 14 call, and he said Joe Mack may be joining us. Well,
12:14 15 through scheduling problems, that call never occurred,
12:14 16 and Joe never ever mentioned that name again. And --

12:14 17 Q Did you ever get any other information
12:14 18 about Joe LaForte or what his role was at the company,
12:14 19 other than what Mr. Cole told you and what the Fox
12:14 20 Rothschild attorneys told you as you've testified
12:14 21 today?

12:14 22 A No.

12:14 23 Q Okay.
12:14 24 (SEC Exhibit 56 was marked for
12:14 25 identification.)

12:14 1 MS. BERLIN: I wonder if we could show
12:14 2 Exhibit 56.

12:14 3 BY MS. BERLIN:

12:15 4 Q Would you like us to zoom in on the
12:15 5 document --

12:15 6 A Yes, please.

12:15 7 Q -- so it's easier to read. Yeah.

12:15 8 A Okay.

12:15 9 Q And do you see Exhibit 56 as an Email
12:15 10 setting up a conference call with Joe Mack?

12:15 11 A Correct.

12:15 12 Q Okay.

12:15 13 Is this what you were referencing a few
12:15 14 moments ago in your testimony?

12:15 15 A Yes. The conference call never occurred.

12:15 16 Q Okay.

12:15 17 And so you never heard anything else about
12:15 18 Joe Mack or Joe LaForte until March of 2020?

12:15 19 A Correct.

12:15 20 Q Okay.

12:15 21 MS. BERLIN: And we can take down
12:15 22 Exhibit 56.

12:15 23 (SEC Exhibit 57 was marked for
12:15 24 identification.)

12:15 25 MS. BERLIN: I wonder if she can just

12:16 1 show -- yes? If we go show Exhibit 57.

12:16 2 I wonder if we could enlarge the
12:16 3 document, so that -- and scroll down, so that
12:16 4 Mr. Rutledge can see what it is. Thank you.

12:17 5 THE WITNESS: Okay.

12:17 6 BY MS. BERLIN:

12:17 7 Q Is Exhibit 57 your letter on behalf of
12:17 8 Complete Business Solutions Group to the Pennsylvania
12:17 9 state regulators in February 2018?

12:17 10 A Yes.

12:17 11 Q Okay.

12:17 12 And the representations made to the
12:17 13 Pennsylvania state regulators in Exhibit 57, where did
12:17 14 you obtain this information?

12:18 15 A From Joe Cole. And I believe with respect
12:18 16 to the business of CBSG, from Norman Valz.

12:18 17 Q And that is -- was Norman Valz an attorney
12:18 18 for Complete Business Solutions Group?

12:18 19 A No. He was an attorney in private
12:18 20 practice who told me that he acted kind of as an
12:18 21 outside in-house counsel to CBSG.

12:18 22 Q Okay.

12:18 23 MS. BERLIN: And I wonder if we could
12:18 24 just turn to page two of this exhibit. And maybe we
12:18 25 could just zoom in a bit, so that the text is a

12:19 1 little bit more legible, a little bit easier to read.

12:19 2 Thank you. If we could zoom in on paragraph two of
12:19 3 page two.

12:19 4 THE VIDEOGRAPHER: Do you mean where it
12:19 5 starts, The source?

12:19 6 MS. BERLIN: Yes.

12:19 7 THE VIDEOGRAPHER: This is as much
12:19 8 magnified I can go.

12:19 9 MS. BERLIN: Oh, okay.

12:19 10 THE WITNESS: I can read it.

12:19 11 BY MS. BERLIN:

12:19 12 Q Oh, okay. Good.

12:19 13 And so I just wanted to direct you to
12:19 14 the -- this language that says, "The source of funds
12:19 15 for payments to these merchants has been the sale of
12:19 16 nonnegotiable, nontransferrable term promissory notes
12:19 17 issued by CBSG to individuals who met the definition of
12:20 18 accredited investor in Rule 501 of SEC Regulation D.
12:20 19 The source of funds for repayment of the principal and
12:20 20 interest on the notes is the amount realized from
12:20 21 monies due to the merchant, which right to receipt has
12:20 22 been assigned to CBSG." Do you see that language on
12:20 23 page two of Exhibit 57?

12:20 24 A Yes.

12:20 25 Q And so how did -- what is the source of

12:20 1 the information that you relied upon in stating to the
12:20 2 Pennsylvania state regulators that the source of funds
12:20 3 used to repay the principal and interest on the
12:20 4 promissory notes was the amount of money that the
12:20 5 merchants were paying to CBSG?

12:20 6 A That's what the client advised me.

12:21 7 Q Joseph Cole?

12:21 8 A Yes.

12:21 9 Q Did you review any financial documents at
12:21 10 CBSG to verify that information?

12:21 11 A I can't recall whether at that time I had
12:21 12 the documentation that Joe Cole sent me that was used,
12:21 13 but I did not, you know, examine it in terms of that
12:21 14 language, which came from Joe Cole.

12:21 15 Q Okay.

12:21 16 So did you do anything to independently
12:21 17 verify whether that representation was true, or did you
12:21 18 rely on Mr. Cole's representation?

12:21 19 A I relied on Mr. Cole's representation.

12:21 20 Q Okay.

12:22 21 And then if you could look at the third
12:22 22 paragraph and the last sentence there, which states,
12:22 23 "CBSG advises that it has terminated this practice with
12:22 24 immediate effect and until CBSG has received further
12:22 25 advice and direction from the Department." And that's

12:22 1 in connection with no longer compensating finders in
12:22 2 connection with the CBSG promissory notes. Do you see
12:22 3 that?

12:22 4 A Yes.

12:22 5 Q And so did you rely on Mr. Cole
12:22 6 exclusively when you made this representation to the
12:22 7 Pennsylvania state regulators, or did you review any
12:22 8 sources of information from the company?

12:22 9 A No. As stated, Joe Cole advised me that
12:23 10 they had terminated the practice.

12:23 11 Q When you sent the letter to the
12:23 12 Pennsylvania state regulators in February of 2018, were
12:23 13 you aware that the individuals who were finders were
12:23 14 being -- were creating investment funds through which
12:23 15 they would offer promissory notes and then send that
12:23 16 money to Par Funding?

12:23 17 MR. SOTO: This is Mr. Soto. Objection
12:23 18 to form.

12:23 19 THE WITNESS: No.

12:23 20 BY MS. BERLIN:

12:23 21 Q Did you ever become aware of the
12:23 22 individuals who were finders, as well as other
12:23 23 individuals, creating investment funds to raise money
12:23 24 for Par Funding through the offer and sale of
12:24 25 promissory notes issued by those investment funds?

12:24 1 MR. SOTO: Mr. Soto. Same objection.

12:24 2 THE WITNESS: In March -- okay. In
12:24 3 March of -- yeah, in March of 2018, I received an
12:24 4 Email from Joe Cole, who made reference to PPMs that
12:24 5 he was working with. To which, I replied, we need to
12:24 6 discuss this in terms of securities while compliance,
12:24 7 and in particular, you know, compliance with any
12:24 8 broker/dealer regulations.

12:24 9 BY MS. BERLIN:

12:24 10 Q And did that occur?

12:24 11 A Yes, that did occur. I advised him -- his
12:25 12 question really was, can I sell Par notes to what I'm
12:25 13 going to refer to as a pooled investment vehicle, and,
12:25 14 you know, to which I replied saying, well, as long as
12:25 15 they're accredited investors, but you have to make sure
12:25 16 that these are independent pooled investment vehicles.
12:25 17 You cannot be involved in creating them, in marketing
12:25 18 them, in promoting them, in facilitating them, or
12:25 19 anything else.

12:25 20 And I wasn't really aware that the one
12:25 21 that he talked about specifically, which was I believe
12:25 22 an ABFP fund, did not show that they were investing
12:26 23 solely in Par notes, so I -- and I said, you know, if
12:26 24 you don't -- if you do become involved, you could be
12:26 25 deemed to be acting as an unregistered broker/dealer.

12:26 1 Q And was that the extent of the legal
12:26 2 advice that CBSG sought concerning the PPMs for the
12:26 3 pooled investment vehicles?

12:26 4 A About selling to pooled investment
12:26 5 vehicles?

12:26 6 Q Yes.

12:26 7 A All right. They also requested that --
12:26 8 and this was part of the settlement with the
12:26 9 Department -- that I create a note purchase agreement
12:27 10 going forward to be used for any purchase of notes by
12:27 11 whomever. And that is something that I used to
12:27 12 demonstrate to the Department that, you know, they
12:27 13 sought -- CBSG was seeking to improve their policies
12:27 14 and procedures, and, therefore, would be using the note
12:27 15 purchase agreement going forward.

12:27 16 Q And one of the primary reasons the note
12:27 17 purchase agreement was utilized was, it provided an
12:27 18 indemnification provision for CBSG if the pooled
12:27 19 investment vehicles made any misrepresentations or
12:27 20 omissions or otherwise violated any laws; is that
12:27 21 right?

12:28 22 A Well, not only were there indemnification
12:28 23 provisions, but there were also, in my view, important
12:28 24 representations and warranties, principally that they
12:28 25 were representing that they were not a broker/dealer,

12:28 1 they were not an investment company, and also the
12:28 2 specific provision of Rule 501 that they were relying
12:28 3 upon to represent to CBSG that they were an accredited
12:28 4 investor. There was also a provision that said that
12:28 5 the company, CBSG, could at its option require an
12:28 6 opinion of counsel as to whether the person was an
12:28 7 accredited investor or not.

12:28 8 Q Okay.

12:28 9 Anything else? Was there any other legal
12:28 10 advice that CBSG sought in connection with the pooled
12:28 11 investment vehicles or the PPMs being offered by those
12:28 12 entities?

12:28 13 A Well, at that time, I was only aware of
12:29 14 one entity.

12:29 15 Q Okay.

12:29 16 So was there any other legal advice that
12:29 17 CBSG sought in 2018, other than the two things that
12:29 18 you've testified to?

12:29 19 A No. But I would note that the one note
12:29 20 purchase agreement that I reviewed in 2018 from -- I
12:29 21 think it was one of the ABFP fund, Cynthia Clark
12:29 22 said -- showed it to -- Emailed it to me and said, I
12:29 23 think this is C, but I'm not sure. And I looked at it,
12:29 24 and I said, no, it's a checkmark, it can't be C because
12:29 25 there is no such provision in the rule, it is

12:30 1 unacceptable.

12:30 2 Q I'm sorry. When you say they checked C,
12:30 3 what do you mean?

12:30 4 A No. I'm sorry. In the note purchase
12:30 5 agreement, it said, I represent and warrant that I'm an
12:30 6 accredited investor pursuant to Rule 501A, and there's
12:30 7 a blank, and the purchaser is supposed to fill in that
12:30 8 blank with the appropriate subparagraph of the rule.
12:30 9 And the -- Cynthia Clark sent this to me and she says,
12:30 10 well, I think it's a C that they put in that space. I
12:30 11 said, no, C is not an option, and this is unacceptable,
12:30 12 you need to have them make an affirmative
12:30 13 representation as to which rule they're relying upon.

12:30 14 Q And did that occur?

12:30 15 A I don't know.

12:31 16 Q And was that in connection with A Better
12:31 17 Financial Plan?

12:31 18 A Yes. Well, I think it was called ABFP
12:31 19 Fund.

12:31 20 Q Okay.

12:31 21 And so was there any other legal advice in
12:31 22 2018, other than what you've testified to today about
12:31 23 responding to the Pennsylvania state securities
12:31 24 regulators in connection with their subpoena and the
12:31 25 proceeding, the advice requested in roughly March 2018

12:31 1 about using pooled investment vehicles, the creation of
12:31 2 the note purchase agreement, and reviewing the note
12:32 3 purchase agreement for one of the ABFP entities?

12:32 4 MR. SOTO: Mr. Soto. Objection to form.

12:32 5 THE WITNESS: To the best of my
12:32 6 recollection, I think that covers everything in 2018.

12:32 7 BY MS. BERLIN:

12:32 8 Q Okay.

12:32 9 Now, when you referred to pooled
12:32 10 investment vehicles, what do you mean by that?

12:32 11 A A pooled investment vehicle is -- people
12:32 12 use different names for them, private equity funds,
12:32 13 hedge funds, but, basically, it's an investment. You
12:32 14 know, people provide capital to usually a manager, who
12:32 15 then invest that capital on behalf of their investors.
12:32 16 The investment, according to, you know, certain
12:33 17 documentation there may be restrictions on what they
12:33 18 can invest it, there may not be restrictions on what
12:33 19 they can invest in, there may be time horizons, there
12:33 20 may be minimum investments, but it's, basically, kind
12:33 21 of a private blind pool for investors to come together
12:33 22 and make investments pursuant to a manager or managers.

12:33 23 Q And so, generally speaking, a pooled
12:33 24 investment vehicle is one where multiple investors are
12:33 25 participating? Do you agree with me on that?

12:33 1 A Yeah. They're usually investing -- making
12:33 2 investments through an umbrella organization.

12:34 3 Q Now, with respect to the advice sought in
12:34 4 March -- about March 2020 about using pooled
12:34 5 investments vehicles, did Mr. Cole or anyone at CBSG
12:34 6 advise you that all of the sales agents, the prior
12:34 7 sales agents of CBSG had been invited to create
12:34 8 investment funds for purposes of soliciting investors
12:34 9 to raise money for Complete Business Solutions Group?

12:34 10 MR. SOTO: Mr. Soto. Objection to form.

12:34 11 THE WITNESS: No.

12:34 12 BY MS. BERLIN:

12:35 13 Q I'm sorry. If you answered, it was
12:35 14 overlapped with Mr. Soto.

12:35 15 A No. I'm sorry. The answer was no.

12:35 16 Q Okay.

12:35 17 Did Mr. Cole explain to you in 2018 how
12:35 18 CBSG would be working with the pooled investment
12:35 19 vehicle?

12:35 20 A In what regards exactly?

12:35 21 Q I guess that's what I'm asking. So when
12:35 22 Mr. Cole sought the advice from you in early 2018 about
12:35 23 working with pooled investment vehicles, did he explain
12:36 24 to you what CBSG was envisioning or what they were
12:36 25 going to do specifically with these pooled investment

12:36 1 vehicles?

12:36 2 A No.

12:36 3 Q Okay.

12:36 4 Did Mr. Pool or anyone at CBSG ever tell
12:36 5 you that Par Funding would be providing these funds
12:36 6 with marketing materials to show -- about Par
12:36 7 Funding -- to show to potential investors?

12:36 8 A No.

12:36 9 MR. SOTO: Objection to form. Mr. Soto.

12:36 10 BY MS. BERLIN:

12:36 11 Q Did anyone at Complete Business Solutions
12:36 12 Group tell you at any time that Perry Abbonizio from
12:37 13 Par Funding would be attending sales events that these
12:37 14 pooled investment vehicles were hosting for potential
12:37 15 investors?

12:37 16 MR. SOTO: Objection to form.

12:37 17 THE WITNESS: No.

12:37 18 BY MS. BERLIN:

12:37 19 Q Did anyone at Complete Business Solutions
12:37 20 Group ever tell you that Complete Business Solutions
12:37 21 Group was hosting at their offices the managers of
12:37 22 these investment funds to provide information about
12:37 23 CBSG and to train them on the solicitation of
12:37 24 investors?

12:37 25 MR. FUTERFAS: Objection to form.

12:37 1 Assumes a fact not in evidence. Objection from Alan
12:37 2 Futerfas.

12:37 3 MR. SOTO: Mr. Soto. Objection to form.

12:38 4 THE WITNESS: May I answer?

12:38 5 BY MS. BERLIN:

12:38 6 Q Yes.

12:38 7 A The answer's no.

12:38 8 Q Did anyone at CBSG ever tell you that the
12:38 9 managers of these investment funds would be having
12:38 10 periodic conference calls with Joseph LaForte and
12:38 11 Joseph Cole to obtain more information about the
12:38 12 company to assist them in their solicitation of
12:38 13 potential investors?

12:38 14 MR. SOTO: Mr. Soto. Objection to form.

12:38 15 MR. FUTERFAS: Objection to form by Alan
12:38 16 Futerfas.

12:38 17 MS. SCHEIN: Objection to form.

12:38 18 THE WITNESS: No.

12:38 19 BY MS. BERLIN:

12:39 20 Q Did anyone at CBSG ever tell you that
12:39 21 Joseph Cole, Joseph LaForte, and Perry Abbonizio were
12:39 22 attending in-person presentations to potential
12:39 23 investors to assist the investment funds with the sale
12:39 24 of their promissory notes?

12:39 25 A No.

12:39 1 MR. SOTO: Object to the form.

12:39 2 MR. FUTERFAS: Object to the form.

12:39 3 BY MS. BERLIN:

12:40 4 Q Did you ever see the executed version of
12:40 5 the -- of any note purchase agreement between ABFP and
12:40 6 Par Funding?

12:40 7 A Yes.

12:40 8 Q And is that the agreement that you
12:41 9 testified about earlier where the accredited investor
12:41 10 information wasn't adequately completed on the
12:41 11 agreement?

12:41 12 A That's correct. Although, I think I only
12:41 13 saw the note purchase agreement, not the accompanying
12:41 14 note and the security agreement.

12:41 15 Q Did you see any other note purchase
12:41 16 agreements, other than that one for ABFP?

12:41 17 A The only other one I saw was from the
12:41 18 Texas State Securities Board when they provided the
12:41 19 attorneys from Haynes Boone, Fox Rothschild, and myself
12:41 20 with their evidence file, and there was a note purchase
12:41 21 agreement -- I think it's executed by Mr. Beasley or an
12:42 22 affiliate of Mr. Beasley, who was a respondent in the
12:42 23 Texas C&D order.

12:42 24 Q And the note purchase agreement draft that
12:42 25 you completed, was that -- did you prepare that draft

12:42 1 at some point in the fall of 2018?

12:42 2 A Yes.

12:43 3 Q Did you ever ask the Pennsylvania state
12:43 4 regulators for guidance on whether Complete Business
12:43 5 Solutions could continue compensating people rather
12:43 6 than being finders, they were creating their own pooled
12:43 7 investment vehicle to raise money --

12:43 8 MR. FUTERFAS: Objection to the form.
12:43 9 Alan Futerfas. Objection to the form.

12:43 10 THE WITNESS: Could you repeat the
12:43 11 question, please?

12:43 12 BY MS. BERLIN:

12:43 13 Q Sure.

12:43 14 Did you ever ask Pennsylvania state
12:43 15 regulators for any guidance on whether Complete
12:43 16 Business Solutions Group could compensate individuals
12:43 17 for raising money for Par Funding through pooled
12:43 18 investment vehicles or any other investment fund?

12:44 19 MR. FUTERFAS: Objection to the form.
12:44 20 Alan Futerfas.

12:44 21 THE WITNESS: I don't -- I don't recall
12:44 22 that I did.

12:44 23 BY MS. BERLIN:

12:44 24 Q Did you ever ask the Pennsylvania state
12:44 25 regulators whether or not the finders of Complete

12:44 1 Business Solutions Group could raise money for Par
12:44 2 Funding through their own promissory notes?

12:44 3 MR. FUTERFAS: Object to the form.

12:44 4 THE WITNESS: No.

12:44 5 BY MS. BERLIN:

12:44 6 Q Okay.

12:44 7 Did you ever discuss with anyone at the
12:44 8 Pennsylvania -- with the Pennsylvania state regulators
12:44 9 CBSG's use of pooled investment vehicles or investment
12:44 10 funds to raise money for Par Funding at all?

12:44 11 MR. FUTERFAS: Object to the form. All
12:44 12 of these questions assumes facts that are not in
12:44 13 evidence.

12:45 14 BY MS. BERLIN:

12:45 15 Q If you answered, it overlapped with
12:45 16 Mr. Futerfas's objection. I didn't hear it. I'm
12:45 17 sorry.

12:45 18 A Okay. I think what the resolution was was
12:45 19 the order itself with the Department, which -- in which
12:45 20 the Department recognized that going forward, that CBSG
12:45 21 would be selling -- offering and selling its notes in
12:45 22 Pennsylvania solely to accredited investors in reliance
12:45 23 upon Rule 506B of SEC Regulation D and Section 211B of
12:45 24 the Pennsylvania Securities Act without paying
12:45 25 compensation to finders.

12:45 1 Q I understand, but my question is a little
12:45 2 different. It's whether or not you told the
12:45 3 Pennsylvania state regulators that CBSG would be
12:45 4 raising money through the either pooled investment
12:46 5 vehicle or any other sort of investment fund that was
12:46 6 doing its own promissory note offering?

12:46 7 MR. SOTO: Objection to form. Mr. Soto.

12:46 8 THE WITNESS: Well, at that time, the
12:46 9 only one that was brought to my attention was the
12:46 10 ABFP fund. And specifically, did I tell them that
12:46 11 Par Funding may be selling their notes to pooled
12:46 12 investment vehicles? No.

12:46 13 BY MS. BERLIN:

12:46 14 Q Had you known when you -- before the
12:46 15 resolution of the Pennsylvania securities action, had
12:47 16 you known that CBSG was working with finders and other
12:47 17 people to create these investment funds in various
12:47 18 parts of the country, including Pennsylvania and was --

12:47 19 A No.

12:47 20 Q --participating in helping them to raise
12:47 21 money through the afferent sale of promissory notes and
12:47 22 compensating them for it, is that something that you
12:47 23 would have disclosed to the state regulators during
12:47 24 your discussions with them?

12:47 25 MR. SOTO: Objection to the form.

12:47 1 Mr. Soto.

12:47 2 MR. FUTERFAS: Objection to the form.

12:47 3 THE WITNESS: Okay.

12:47 4 MR. TROY: I'm sorry. I'll object to
12:47 5 the form as well only because I couldn't follow that
12:47 6 along, but go ahead if you understand it,
12:47 7 Mr. Rutledge.

12:47 8 THE WITNESS: Since we had so many
12:47 9 interruptions, could you please repeat it?

12:47 10 BY MS. BERLIN:

12:47 11 Q Sure. Of course.

12:47 12 My question is: If you had known during
12:48 13 the time that you were working on the Pennsylvania
12:48 14 regulatory action, if you had known that CBSG was, in
12:48 15 fact, compensating people for raising money for Par
12:48 16 Funding or CBSG through the offer and sale of
12:48 17 promissory notes and that CBSG was facilitating those
12:48 18 offerings, is that something -- would that have changed
12:48 19 what you disclosed to the state regulators?

12:48 20 MR. FUTERFAS: Object to the form. Alan
12:48 21 Futerfas.

12:48 22 MR. SOTO: Object to the form.

12:48 23 Mr. Soto.

12:48 24 THE WITNESS: I don't know that as an
12:48 25 advocate for the client at that time that I would

12:48 1 tell tales to the regulator, but I certainly would've
12:48 2 told them had I known not to do it.

12:48 3 BY MS. BERLIN:

12:48 4 Q And why is that? Why would you have told
12:49 5 them not to do it?

12:49 6 A For the same reason I told them in March
12:49 7 that they can't -- if they're going to make a sale to a
12:49 8 pooled investment vehicle, they can't be involved in
12:49 9 any way in facilitating, participating, promoting,
12:49 10 creating, encouraging the -- those funds, particularly
12:49 11 if the sole purpose of those funds is to invest in
12:49 12 CBSG.

12:49 13 Q Would you -- had you known that CBSG was
12:49 14 compensating individuals for raising money for CBSG
12:49 15 through the offer and sale of promissory notes issued
12:49 16 by these investment funds, would you've made the
12:50 17 representation to the state regulators that CBSG was no
12:50 18 longer compensating sales agents or finders?

12:50 19 MR. SOTO: Mr. Soto. Objection to form.

12:50 20 THE WITNESS: The representation was
12:50 21 made based upon the representation to me by Joe Cole.

12:50 22 BY MS. BERLIN:

12:50 23 Q Right. His representation to you was that
12:50 24 they were no longer compensating anyone in connection
12:50 25 with the offer and sale of the promissory notes,

12:50 1 correct?

12:50 2 A Correct.

12:50 3 Q So I guess my question is: If you had
12:50 4 known that they were compensating people at investment
12:50 5 funds or investment -- or pooled investment vehicles
12:50 6 for raising money for CBSG through the offer and sale
12:50 7 of promissory notes, would you have still told the
12:50 8 state Pennsylvania regulators that CBSG was no longer
12:51 9 providing any compensation to any finders in
12:51 10 Pennsylvania?

12:51 11 MR. FUTERFAS: Object to form. It
12:51 12 asks --

12:51 13 MS. SCHEIN: Object to form. Asked and
12:51 14 answered multiple times.

12:51 15 MR. SOTO: Object to the form.
12:51 16 Mr. Soto.

12:51 17 THE WITNESS: Okay. I think your
12:51 18 question presumes to my knowledge that that was
12:51 19 occurring, and if I had independent knowledge versus
12:51 20 what I had at that time was the representation of
12:51 21 Mr. Cole, then if I had independent knowledge that
12:51 22 that was occurring, then I would not have made that
12:51 23 representation to the Department.

12:52 24 (SEC Exhibit 58 was marked for
12:52 25 identification.)

12:52 1 MS. BERLIN: I wonder if we could please
12:52 2 show Exhibit 58.

12:52 3 And if we could scroll down, so that
12:52 4 Mr. Rutledge can see it, please.

12:53 5 THE WITNESS: Okay.

12:53 6 BY MS. BERLIN:

12:53 7 Q So I'm looking at on the first page of
12:53 8 Exhibit 58 -- oh, I'm sorry. Have you finished looking
12:53 9 at the document? I apologize.

12:53 10 A Okay.

12:53 11 Q No. Continue. I didn't realize we were
12:53 12 still scrolling through it. Go ahead.

12:53 13 A Okay. It's not as clear, so I'm squinting
12:53 14 a little bit.

12:53 15 Okay.

12:53 16 Q In looking at the first page of Exhibit
12:53 17 58, your Email, if we could scroll down just a bit to
12:54 18 the Email from you -- please scroll down a little bit
12:54 19 more. Thank you. Right there is good. Do you see
12:54 20 your Email to Joseph Cole from September 13th, 2018?

12:54 21 A Yes.

12:54 22 Q And in this Email, you were asking
12:54 23 Mr. Cole for some additional information that had been
12:54 24 requested by the Pennsylvania state regulators; is that
12:54 25 accurate?

12:54 1 A Yes.

12:54 2 Q Okay.

12:54 3 I wanted to just talk about a few of these
12:54 4 things to see if you ever received any response. So
12:54 5 I'll just go briefly through them. If we could look at
12:54 6 the paragraph that's numbered one. And so did you
12:54 7 receive -- in this paragraph, do you see that you're --
12:54 8 I think you're referencing here the letters that were
12:55 9 sent out at your recommendation early 2018 to the
12:55 10 people who had already purchased the promissory notes,
12:55 11 the questionnaire to determine if they were accredited,
12:55 12 is that right, where you reference the letters?

12:55 13 A Yes.

12:55 14 Q Okay.

12:55 15 And then you asked if there were any other
12:55 16 documents used to determine accredited investor status,
12:55 17 and I wonder if you ever received any response?

12:55 18 A I don't believe so.

12:55 19 Q Okay.

12:55 20 And then as for the second question, if we
12:55 21 could scroll down a bit more. Thank you. The second
12:55 22 question, do you see where you were asking Mr. Cole if
12:55 23 there was any documentation about how people were
12:56 24 locating the purchasers of the notes, and I wonder if
12:56 25 you ever received a response to that question?

12:56 1 A I -- no, I don't believe I did.

12:56 2 Q Okay.

12:56 3 And then also in paragraph two, you
12:56 4 inquired whether there's any documentation that was
12:56 5 used by people who were offering and selling the notes.
12:56 6 Do you see that?

12:56 7 A Yes.

12:56 8 Q And I wonder if you received a response to
12:56 9 that request?

12:56 10 A I don't believe so.

12:56 11 Q And at any time during this period, did --
12:56 12 or during your representation of CBSG, did -- did you
12:56 13 ever become -- did you ever learn or did CBSG ever tell
12:57 14 you that they -- that CBSG was providing a marketing
12:57 15 brochure for use by the people who were helping to
12:57 16 offer and sell promissory notes?

12:57 17 A No.

12:57 18 MR. SOTO: Objection to form. Mr. Soto.

12:57 19 BY MS. BERLIN:

12:57 20 Q And then as far as number -- the third
12:57 21 request where you were seeking any disclosure documents
12:57 22 that were utilized with potential investors, I wonder
12:57 23 whether you received a response to that question?

12:57 24 A No, but to clarify, the response may have
12:57 25 been from Mr. Cole is that there were none.

12:58 1 Q And in 2018, did you ever review any --
12:58 2 did you ever see any written disclosures that CBSG was
12:58 3 making to potential investors?

12:58 4 A No.

12:58 5 Q And similarly in 2019, did you see any
12:58 6 disclosures being made to investors?

12:58 7 A 2019? No, I don't believe so.

12:58 8 Q Okay.

12:58 9 A However, I did recommend, I believe at the
12:58 10 end of 2018, that CBSG should consider creation of a --
12:59 11 what we call a Private Placement Memoranda for
12:59 12 nonregistered securities.

12:59 13 Q Thank you. I'm going to ask about that in
12:59 14 just a few minutes.

12:59 15 A Oh, okay.

12:59 16 Q Going back briefly to the note purchase
12:59 17 agreement, you testified earlier about Cynthia, who was
12:59 18 an in-house counsel -- Cynthia Clark, who was an
12:59 19 in-house counsel at CBSG, and speaking with her about
12:59 20 the inadequacy of the way the note purchase agreement
01:00 21 had been completed. Did you advise her or anyone else
01:00 22 at CBSG that if this form, the note purchase agreement,
01:00 23 wasn't properly completed, then they would not be
01:00 24 making a reasonable effort to determine the accredited
01:00 25 status of a potential investor?

01:00 1 MR. SOTO: Objection to form. Mr. Soto.

01:00 2 THE WITNESS: Okay. I think I

01:00 3 emphasized to them that it was critical for them to

01:00 4 form a reasonable belief as set forth -- as that

01:00 5 requirement is set forth in the note purchase

01:00 6 agreement, that that had to be completed properly.

01:00 7 BY MS. BERLIN:

01:00 8 Q And did you provide any additional -- like

01:00 9 other than that the form needs to be completed

01:00 10 properly, did you provide any other guidance about what

01:01 11 steps CBSG should take to ensure -- you know, to

01:01 12 determine if someone is accredited?

01:01 13 A Well, they would have had in their

01:01 14 possession the investor questionnaire that I prepared

01:01 15 in early 2018 for use in making that determination.

01:01 16 Q So using the questionnaire that you

01:01 17 prepared in 2018 and then also properly having that

01:01 18 note purchase agreement properly and completely filled

01:01 19 out were two things that you emphasized CBSG needed to

01:01 20 do to make a reasonable determination about accredited

01:01 21 status; is that fair to say?

01:01 22 MR. SOTO: Objection to form. Mr. Soto.

01:01 23 THE WITNESS: Yes. And that's standard

01:02 24 practice in private placements.

25

01:02 1 BY MS. BERLIN:

01:02 2 Q And what is that?

01:02 3 A Just what you said.

01:02 4 Q Oh, I'm sorry. I thought you said, and
01:02 5 standard practice in private placement; meaning, there
01:02 6 was something additional.

01:02 7 A No. No. No. What you said is fairly
01:02 8 standard practice in this area.

01:02 9 Q At any time, did anyone at CBSG tell you
01:02 10 that the investment funds or pooled investment vehicles
01:02 11 were advertising to the general public on the radio or
01:03 12 the TV or the Internet?

01:03 13 A No.

01:03 14 Q And did anyone at CBSG advise you or tell
01:03 15 you at any time that the pooled investment vehicles are
01:03 16 investment funds for hosting events for the public to
01:03 17 come and hear about Complete Business Solutions Group
01:03 18 for purposes of soliciting them to invest in promissory
01:03 19 notes?

01:03 20 A No.

01:03 21 (SEC Exhibit 59 was marked for
01:03 22 identification.)

01:03 23 MS. BERLIN: I wonder if we could please
01:03 24 show Exhibit 59.

01:04 25 THE WITNESS: Okay.

01:04 1 BY MS. BERLIN:

01:04 2 Q And I'll note that Exhibit 59 does not --
01:04 3 you're referencing an attachment in your Email, but
01:04 4 it's not attached to this document, which also doesn't
01:04 5 have a Bates stamp. It was produced to us during
01:04 6 discovery like this, so I recognize it's not -- I want
01:05 7 to note, it's not a complete document because it's
01:05 8 lacking the referenced attachment, and it is simply a
01:05 9 two-page Email string.

01:05 10 MR. SOTO: Amie, before you ask your
01:05 11 question, I don't want to interrupt you when you do,
01:05 12 I'm just going to lodge a standing objection. A
01:05 13 number of your exhibits referenced include not only
01:05 14 Emails, documents that Mr. Rutledge has either
01:05 15 drafted or received, but they're usually accompanied
01:05 16 by an Email involving parties that do not include
01:05 17 Mr. Rutledge, so to the extent that you need to
01:05 18 introduce these exhibits through him or ask him to
01:05 19 authenticate them and you're attaching other Emails
01:05 20 or documents that don't include something that he
01:05 21 either drafted, received, or through his testimony
01:05 22 today is acknowledging that he's seen before, I'm
01:06 23 objecting to the exhibit on that basis, and there've
01:06 24 been a number during the deposition. That's it.

25

01:06 1 BY MS. BERLIN:

01:06 2 Q If you can please look at the top of the
01:06 3 page, and I wanted to ask you about this Email, that it
01:06 4 states it's from joecole@parfunding.com to Joe Mack of
01:06 5 September 24th, 2018. And Mr. Cole is identifying to
01:06 6 Mr. Mack that you have recommended some additional
01:06 7 procedures that CBSG follow to bolster their protection
01:06 8 against liability, including signing an agreement with
01:06 9 each PPM that has indemnification language, having them
01:07 10 fill out the accreditation letter and documenting a
01:07 11 FINRA check. Do you see that in the first paragraph on
01:07 12 Exhibit 59?

01:07 13 A Yes. Yes.

01:07 14 Q Okay.

01:07 15 And did you -- I mean, did you recommend
01:07 16 to CBSG that they document a FINRA check?

01:07 17 MR. SOTO: Objection to form in your
01:07 18 attempt to introduce this document through this
01:07 19 Witness, who's not copied, has not acknowledged that
01:07 20 he's ever seen this document or recognizes this
01:07 21 particular Email.

01:07 22 BY MS. BERLIN:

01:07 23 Q Did you ever -- Mr. Rutledge, did you ever
01:07 24 recommended are recommend to Par Funding or CBSG that
01:07 25 they document a FINRA check?

01:07 1 A Probably so. It's probably something I
01:07 2 would have recommended.

01:07 3 Q And does that -- by documenting it, like
01:08 4 does that mean checking to see if the individuals at
01:08 5 the pooled investment vehicles or income funds, looking
01:08 6 to see if they -- looking -- doing a BrokerCheck on
01:08 7 FINRA's website or an investment advisor check of some
01:08 8 sort? What did you -- why don't we do it this way:
01:08 9 What specifically did you tell CBSG to do in connection
01:08 10 with conducting a FINRA check?

01:08 11 A I suggested that they do, like you said,
01:08 12 go to BrokerCheck on finra.org and enter the names of
01:08 13 the individuals who were associated with that PPM to
01:08 14 see, did they have a registered status at any time, and
01:08 15 whether they had any regulatory or customer complaint
01:08 16 history that would have been captured on that
01:08 17 BrokerCheck. It's, basically, a due diligence kind of
01:09 18 check.

01:09 19 Q Okay.
01:09 20 And why would it be relevant to check the
01:09 21 registered status of these individuals using
01:09 22 BrokerCheck?

01:09 23 A Well, not necessarily -- whether they were
01:09 24 registered or not registered. If they were registered,
01:09 25 that would open them up to, perhaps, compensating them

01:09 1 because they would be permitted to get compensation if
01:09 2 they were registered. On the other hand, just running
01:09 3 names through BrokerCheck who controlled the PPM would
01:09 4 give CBSG some level of comfort or non-comfort
01:09 5 concerning the people they were dealing with.

01:10 6 Q And I'm sorry. I can't tell if you can
01:10 7 see me or just the document right now, but my cat has
01:10 8 decided to sit on the camera, so just give me a moment.
01:10 9 I'm very sorry.

01:10 10 Now, with respect to, as you testified,
01:10 11 another benefit of checking BrokerCheck is you can see
01:10 12 if there's any sort of like disciplinary history or any
01:10 13 complaint against an individual. And why is -- why is
01:10 14 that something that would be -- that you would
01:10 15 recommend that CBSG check for?

01:10 16 A Well, basically, you know, who do you want
01:10 17 to do business with, or if you are going to do business
01:11 18 with certain people, you go in with your eyes wide
01:11 19 open, and it's, basically, you know, a due diligence
01:11 20 for entering into a business transaction, which in this
01:11 21 case, happens to be the sale of notes, but it could be
01:11 22 any business transaction.

01:11 23 Q During your time working with CBSG, did
01:11 24 CBSG tell you that Perry Abbonizio was doing work in
01:11 25 connection with the offering for CBSG and had a

01:11 1 disciplinary history with FINRA?

01:11 2 A No. I didn't really know that

01:11 3 Mr. Abbonizio really existed until March of 2020 when

01:12 4 the Texas C&D order came down, and I think there is an

01:12 5 Email where I actually ask Joe, who is Perry Abbonizio?

01:12 6 Q Yes. I'm going to show that to you in a

01:12 7 little bit.

01:12 8 And did you -- so during the entire

01:12 9 time -- like before March of 2020 when you read about

01:12 10 it in the Texas case, is it the case that no one at

01:12 11 CBSG ever told you about Perry Abbonizio at all?

01:12 12 A Correct. The only comment I would make is

01:12 13 I think there is an Email attachment to an Email from

01:12 14 me to Joe Cole that I think had Perry Abbonizio's Email

01:13 15 address on it, but I didn't know who he was or what he

01:13 16 did.

01:13 17 Q Okay.

01:13 18 Looking at Exhibit 59, where in the second

01:13 19 paragraph it states, "He thinks their PPM" -- it's

01:13 20 supposed to be does -- "a severely flawed" -- or "He

01:13 21 thinks their PPM docs a severely flawed, that they need

01:13 22 to include more detail on their income and that they

01:13 23 would likely be construed as broker/dealers given the

01:13 24 volume of deals they, mostly Dean, process and should

01:13 25 be registered." Do you see that?

01:13 1 A Yes.

01:13 2 Q I did a terrible job of reading it, but do
01:14 3 you see that?

01:14 4 A Yes, I see that.

01:14 5 Q Okay.

01:14 6 So did you give any opinion to CBSG about
01:14 7 the ABFP PPM being flawed?

01:14 8 A Yes. They provided me with --

01:14 9 MR. SOTO: Mr. Rutledge, one second.

01:14 10 I'm sorry. I'm trying interject an objection.

01:14 11 You're jumping in too quickly.

01:14 12 Mr. Soto. Objection to the form. I'm,
01:14 13 again, objecting to your attempt to sort of shoehorn
01:14 14 this document into his testimony.

01:14 15 BY MS. BERLIN:

01:14 16 Q Mr. Rutledge, go ahead.

01:14 17 A Oh, okay. I believe that they had -- Joe
01:14 18 Cole had provided me with a PPM, I believe, of ABFP
01:14 19 Fund. I'm not sure which one, but probably number one.
01:14 20 And I -- he asked me to look through it. And I gave
01:14 21 him some can comments that I thought, you know, could
01:14 22 be improved, that they could improve on, but, again, I
01:15 23 wasn't counsel to them. I was just giving feedback to
01:15 24 Joe Cole.

01:15 25 I did look at the website, and that's why

01:15 1 I was seeing, and maybe at that time, there was ABF I,
01:15 2 II, and III, and that would probably be the basis for
01:15 3 my second comment, that if they are consistently doing
01:15 4 these funds, then ABFP management, you know, the
01:15 5 control person of the fund, so if that person is
01:15 6 continuing to do fund after fund after fund, that I
01:15 7 know under the state of Pennsylvania, they have a
01:15 8 multiple syndication rule that probably would make them
01:15 9 be viewed as engaging in activities of a broker/dealer.

01:16 10 Q And did you have concerns or express
01:16 11 concerns to anyone at CBSG about the need for more
01:16 12 detail on their -- on ABFP's income in the PPM?

01:16 13 A Yeah. I have really no reason to believe
01:16 14 that the second paragraph is not an accurate
01:16 15 characterization of probably a discussion I had with
01:16 16 Joe Cole.

01:16 17 Q Okay.

01:16 18 And so what was your concern about the
01:16 19 disclosure of income in that PPM?

01:16 20 A My recollection is that there was not much
01:16 21 disclosure on the income and how they expect it to pay
01:17 22 and pay promptly the notes that were being issued by
01:17 23 that particular fund.

01:17 24 Q Meaning how they would pay the investor
01:17 25 returns?

01:17 1 A Yeah. Where's the money coming from to
01:17 2 repay the investor returns timely? And my recollection
01:17 3 is some of those funds were selling debt, but I think
01:17 4 there might've been one fund that was actually selling
01:17 5 membership interest in a limited liability company.

01:17 6 Q And what is the multiple syndication rule
01:17 7 in Pennsylvania?

01:17 8 A Okay. It's it not -- it's like one of
01:17 9 those -- it's like SEC guidance in a release. And
01:18 10 there is a release in Pennsylvania where it said, for
01:18 11 guidance purposes, if you do more than, I believe, it's
01:18 12 three deals in a twenty-four month period, that you may
01:18 13 be viewed as engaging in activity as a broker/dealer.
01:18 14 It emanates from the old oil and gas days where you
01:18 15 would have a promoter, and he would do well number one,
01:18 16 well number two, well number three, well number four,
01:18 17 well number five all within a very condensed period of
01:18 18 time. So it's really a rule relating to broker/dealer
01:18 19 regulation.

01:19 20 Q But you didn't provide any legal advice to
01:19 21 Dean Vagnozzi or any of the ABFP companies, correct?

01:19 22 A Correct.

01:19 23 Q Did CBSG ask you to review any other PPM
01:19 24 for one of the investment funds, other than one of
01:19 25 these ABFP funds?

01:19 1 A No, I don't believe they did.

01:19 2 Q And just to be clear, at the time that you
01:20 3 reviewed the ABFP PPM, am I correct in my understanding
01:20 4 that CBSG was not asking you to bless that PPM that was
01:20 5 being utilized by ABFP, but was simply asking for your
01:20 6 feedback concerning it generally? Is that -- did I
01:20 7 understand this correctly?

01:20 8 MR. SOTO: Objection to form.

01:20 9 THE WITNESS: Yes, that's a correct
01:20 10 characterization.

01:20 11 BY MS. BERLIN:

01:20 12 Q Okay.

01:20 13 And is it also fair to say that CBSG did
01:21 14 not tell you, nor did you know that they were working
01:21 15 with multiple investment funds or pooled investment
01:21 16 vehicles in 2018 to raise money, but instead only
01:21 17 identified the ABFP offering to you; is that correct?

01:21 18 MR. SOTO: Objection to form.

01:21 19 THE WITNESS: Yes, I believe that is
01:21 20 correct.

01:21 21 (SEC Exhibit 60 was marked for
01:21 22 identification.)

01:21 23 MS. BERLIN: I wonder if we could please
01:21 24 look at Exhibit 60.

25

01:21 1 BY MS. BERLIN:

01:22 2 Q And if we could just scroll down, so you
01:22 3 can -- and just let us know when you're ready after
01:22 4 you've taken a look to see what it is.

01:22 5 A Okay. If you can enlarge that, that would
01:22 6 be great.

01:22 7 I believe this was the attachment that was
01:22 8 missing from a prior exhibit.

01:22 9 Q Okay.

01:22 10 THE VIDEOGRAPHER: Just let me know when
01:22 11 you need me to scroll down.

01:22 12 THE WITNESS: Yes. Please, go ahead.

01:22 13 Okay.

01:22 14 BY MS. BERLIN:

01:22 15 Q And so is Exhibit 60 your letter to the
01:22 16 Pennsylvania state regulators from September 2018?

01:23 17 A Yes.

01:23 18 Q And all of the information in this letter
01:23 19 came from Joseph Cole?

01:23 20 A Correct.

01:23 21 MR. FUTERFAS: Object to the form.

01:23 22 There's legal information in this letter and legal
01:23 23 analysis in the letter. I object to the form of the
01:23 24 question.

25

01:23 1 BY MS. BERLIN:

01:23 2 Q I think, Mr. Rutledge, let me clarify what
01:23 3 I meant. I meant, are all of the facts that are
01:23 4 presented to -- about CBSG that are in Exhibit 60, are
01:23 5 all of the facts about CBSG in your letter facts that
01:23 6 you've gathered from Mr. Cole?

01:23 7 A Yes. And Mr. Cole always reviewed drafts
01:23 8 of letters before they were sent to the Department
01:23 9 under my signature.

01:23 10 Q And Exhibit 60 states that creditor
01:24 11 agreements are the only responsive documents for one of
01:24 12 these categories, and hold on and I'll see if I can
01:24 13 help scroll down the document, so that you can see what
01:24 14 I'm referencing specifically.

01:24 15 If we could look at page two please and
01:24 16 the second paragraph. Do you see it references -- it
01:24 17 says, "Other than the CBSG credit agreements previously
01:24 18 provided to the Department, CBSG advises that it has no
01:24 19 other documents in its possession, which individuals
01:24 20 may have used in connection with the offer and sale of
01:24 21 the notes. However, CBSG advises that it is unaware
01:25 22 that any general solicitation or general advertising
01:25 23 was used by anyone in connection with the offer and
01:25 24 sale of the notes." Do you see that?

01:25 25 A Yes, I do.

01:25 1 Q Okay.

01:25 2 So the -- if CBSG had a brochure that was
01:25 3 being provided to potential investors for their
01:25 4 consideration in determining whether or not to invest
01:25 5 in the promissory notes, is that something that you
01:25 6 would have produced to the Pennsylvania state
01:25 7 regulators?

01:25 8 MR. SOTO: Objection to form.

01:25 9 THE WITNESS: If I had been informed and
01:25 10 provided a copy, yes, I would've send it to them.

01:25 11 BY MS. BERLIN:

01:25 12 Q Okay.

01:25 13 And then similarly, here we see that this
01:26 14 statement to the Pennsylvania regulators about there
01:26 15 not be any general solicitation or general advertising
01:26 16 used by anyone in connection with the offer and sale of
01:26 17 the notes. Do you see that in the last -- the second
01:26 18 to the last sentence -- second sentence of paragraph
01:26 19 two?

01:26 20 A Yes, I do.

01:26 21 Q Okay.

01:26 22 And I just wanted to confirm that in
01:26 23 September of 2018 when you sent this letter, no one at
01:26 24 CBSG had advised you that there were any sales events
01:26 25 or radio advertisements or marketing brochure or other

01:26 1 similar marketing efforts that were being done in
01:26 2 connection with raising money for CBSG through the sale
01:26 3 of securities; is that correct?

01:26 4 A Yes.

01:26 5 Q Okay.

01:27 6 Similarly -- just one moment. If we could
01:27 7 look at number six, please. It's the second to last
01:27 8 paragraph on page two.

01:27 9 A Okay.

01:27 10 Q And here, similar to the prior letter that
01:27 11 we looked at earlier today, the September 2018 letter
01:27 12 is, again, advising the Pennsylvania state regulators
01:27 13 that CBSG terminated all agreements with individuals
01:28 14 who received compensation for the sale of the notes.
01:28 15 Do you see that?

01:28 16 A Yes.

01:28 17 Q Okay.

01:28 18 And so is it fair to say that in
01:28 19 September 2018, you did not know that CBSG was
01:28 20 providing any compensation to the pooled investment
01:28 21 entities or investment fund managers for raising money
01:28 22 for CBSG through the offer and sale of promissory
01:28 23 notes?

01:28 24 MR. SOTO: Objection.

01:28 25 MR. FUTERFAS: Objection to the form of

01:28 1 the question. It assumes facts not in evidence, and
01:28 2 there's other problems with it, so we object to the
01:28 3 form.

01:28 4 THE WITNESS: I'm sorry, but could you
01:28 5 repeat the question?

01:28 6 BY MS. BERLIN:

01:28 7 Q Of course.

01:28 8 I just said, is it fair to say in
01:28 9 September 2018, you did not know -- no one at CBSG had
01:28 10 told you that CBSG was providing compensation to
01:29 11 individuals with pooled investment entities or income
01:29 12 funds for raising money for CBSG through the offer and
01:29 13 sale of promissory notes?

01:29 14 MR. SOTO: Object to the form.
01:29 15 Mr. Soto.

01:29 16 THE WITNESS: Correct.

01:29 17 MS. BERLIN: All right. It's 1:30.
01:29 18 Let's take a five-minute break, and we'll come back
01:29 19 at 1:35. And to give you all a sense of timing, I am
01:29 20 more than halfway finished.

01:30 21 THE VIDEOGRAPHER: Okay. Would you like
01:30 22 to go off the record?

01:30 23 MS. BERLIN: Yes, please.

01:30 24 THE VIDEOGRAPHER: Okay. The time is
01:30 25 now 1:29 p.m. Going off the record.

01:30 1 (Whereupon, at 1:29 p.m., a short recess
01:30 2 was taken.)

01:40 3 THE VIDEOGRAPHER: We're back on the
01:40 4 record. The time is now 1:40.

01:40 5 (SEC Exhibit 61 was marked for
01:40 6 identification.)

01:40 7 MS. BERLIN: I wonder if we could please
01:40 8 show Exhibit 61.

01:41 9 MR. TROY: Sorry. If we could enlarge
01:41 10 that.

01:41 11 BY MS. BERLIN:

01:41 12 Q So on Exhibit 61, was it -- I just wanted
01:41 13 to show you this just to sort of get down the timing of
01:41 14 whether the draft note purchase agreement was sort of
01:41 15 contemplated. Would you agree with me it was around
01:41 16 September 28th, 2018 from looking at Exhibit 61?

01:41 17 A Yes.

01:41 18 Q Okay.

01:41 19 And did you tell CBSG -- if you look at
01:42 20 the top, it has the Email from Joe Cole to Joe Mack
01:42 21 stating, "Please see the attached document Phil wants
01:42 22 us to use with all our finders. We're planning to
01:42 23 discuss and implement on Wednesday." Did you tell CBSG
01:42 24 that they should use the note purchase agreement with
01:42 25 all of the finders?

01:42 1 A No.

01:42 2 MR. SOTO: Objection to form. Mr. Soto.

01:42 3 MS. SCHEIN: Object to form.

01:42 4 THE WITNESS: No.

01:42 5 BY MS. BERLIN:

01:42 6 Q Okay.

01:42 7 In fact, if I understood you correctly

01:42 8 from your testimony earlier today, CBSG did not tell

01:42 9 you and you did not know that they were going to

01:42 10 utilize the note purchase agreement or create

01:42 11 investment funds using the finders to raise money for

01:43 12 CBSG; is that right?

01:43 13 MR. SOTO: Object to the form.

01:43 14 MR. FUTERFAS: Object to the form. Alan

01:43 15 Futerfas.

01:43 16 THE WITNESS: Correct. The purpose of

01:43 17 the note purchase agreement was to be used in

01:43 18 conjunction with the note and security agreement that

01:43 19 the purchaser of the note would sign with CBSG.

01:43 20 BY MS. BERLIN:

01:43 21 Q Did you create the note purchase agreement

01:43 22 for CBSG so that they could avoid any registration

01:43 23 requirements or broker/dealer issues with the finders

01:43 24 by simply converting them to pooled investment entity

01:44 25 or income fund managers to raise money for Par Funding?

01:44 1 MR. SOTO: Objection to form. Mr. Soto.

01:44 2 THE WITNESS: No. These were -- the
01:44 3 note purchase agreement was to provide further
01:44 4 documentation, frankly, to protect CBSG because they
01:44 5 had nothing, other than the note and the security
01:44 6 agreement, which they would execute with purchasers
01:44 7 of the notes that Par Funding was offering and
01:44 8 selling.

01:44 9 BY MS. BERLIN:

01:44 10 Q And you did not know that CBSG might use
01:44 11 the note purchase agreement to simply convert the sales
01:45 12 agents to managers of investment funds or pooled
01:45 13 investment entities so that they could continue raising
01:45 14 money nationwide without registering; is that correct?

01:45 15 MR. FUTERFAS: Object to the form.

01:45 16 MR. SOTO: Object to the form.

01:45 17 Mr. Soto.

01:45 18 MR. FUTERFAS: And Alan Futerfas. Thank
01:45 19 you.

01:45 20 THE WITNESS: Again, the note purchase
01:45 21 agreement was to be used by CBSG with the purchasers
01:45 22 of the note. So whoever the purchaser of the note
01:45 23 would be would be the person who would be executing
01:45 24 the note purchase agreement. So it -- it goes to the
01:45 25 offer and sale of the notes, not to registration as a

01:46 1 broker/dealer.

01:46 2 BY MS. BERLIN:

01:46 3 Q Okay. But did you know that the -- this
01:46 4 idea was created by CBSG in order to -- because they
01:46 5 couldn't compensate finders anymore, that they were
01:46 6 simply converting those people to purchase promissory
01:46 7 notes and then sell them -- sell their own promissory
01:46 8 notes through various funds to continue raising money
01:46 9 for Par Funding?

01:46 10 MR. FUTERFAS: Objection to the form.
01:46 11 Leading. This is so argumentative. You're giving
01:46 12 this guy -- you're telling him -- it's asked and
01:46 13 answered. And you're giving him what other people
01:46 14 are thinking without laying a foundation. I mean,
01:46 15 the question is ridiculous. I object to the form.

01:46 16 MR. SOTO: Objection to form. Mr. Soto.
01:46 17 Leading. Argumentative. Asked and answered.

01:46 18 BY MS. BERLIN:

01:46 19 Q Mr. Rutledge, you can answer.

01:47 20 A Can I have the question again after the
01:47 21 objections have been stated.

01:47 22 Q Sure. I'll ask it a different way.
01:47 23 When you drafted the note purchase
01:47 24 agreement --

01:47 25 A Uh-huh.

01:47 1 Q -- did you have any idea that CBSG was
01:47 2 going -- that it was part of an effort by CBSG to
01:47 3 continue raising money and to continue compensating
01:47 4 people for selling securities, but instead of doing it
01:47 5 directly for Par Funding, they would be doing it
01:47 6 through their own funds? Did you know that this
01:47 7 document would be used that way?

01:47 8 MR. FUTERFAS: Yeah. The same
01:47 9 objection.

01:47 10 MS. SCHEIN: Objection to the question.
01:47 11 Argumentative.

01:47 12 MR. FUTERFAS: We repeat that we state
01:47 13 our objection in full. Thank you.

01:48 14 THE WITNESS: Doing the document was
01:48 15 two-fold. One was to show the Department of
01:48 16 Securities -- Banking and Securities that CBSG was
01:48 17 upgrading, if you will, their documentation for the
01:48 18 offer and sale of notes.

01:48 19 Second, it was at that time the only
01:48 20 pooled income vehicle I was aware of I believe was,
01:48 21 you know, the ABF funds, but the document, the note
01:48 22 purchase agreement, would be what the ABF fund would
01:48 23 have executed with CBSG in terms of purchasing a note
01:48 24 from CBSG. And I think I testified previously that I
01:48 25 told CBSG they can't be involved in, you know,

01:49 1 facilitating, promoting, encouraging, you know,
01:49 2 setting up entities that, you know, would invest in
01:49 3 Par notes.

01:49 4 Q Okay. Just one moment.

01:52 5 MS. BERLIN: I wonder if we could show
01:52 6 Exhibit 62.

01:52 7 THE VIDEOGRAPHER: I believe you did not
01:52 8 forward me 62.

01:52 9 MS. BERLIN: Okay. Hold on a moment.

01:52 10 Do you have any other exhibits after 61
01:52 11 and 62 was just skipped or --

01:52 12 THE VIDEOGRAPHER: Correct.

01:52 13 MS. BERLIN: Because I didn't send them
01:52 14 to you?

01:52 15 THE VIDEOGRAPHER: I have 63 and so
01:52 16 forth, yes.

01:52 17 MS. BERLIN: Okay. But you're missing
01:52 18 62?

01:52 19 THE VIDEOGRAPHER: Correct.

01:52 20 MS. BERLIN: Okay. Not a problem. I'll
01:52 21 Email it to you.

01:53 22 Okay. And this is Exhibit 62. I'll
01:53 23 Email it to you directly. What is the Email address
01:53 24 to which I should send it?

01:53 25 THE VIDEOGRAPHER: Sorry. I was on

01:53 1 mute. Should we go off the record for that?

01:53 2 MS. BERLIN: Sure.

01:53 3 THE VIDEOGRAPHER: Okay. The time is

01:53 4 now 1:53 p.m. Going off the record.

01:53 5 (Whereupon, at 1:53 p.m., a short recess

01:53 6 was taken.)

01:55 7 THE VIDEOGRAPHER: We're back on the

01:55 8 record. The time is now 1:55.

01:55 9 (SEC Exhibit 62 was marked for

01:55 10 identification.)

01:55 11 MS. BERLIN: I wonder if we can show the

01:55 12 document of Exhibit 62.

01:56 13 MR. TROY: We're going to need that

01:56 14 enlarged a little bit.

01:56 15 THE WITNESS: If you could scroll,

01:56 16 please.

01:56 17 Okay. Further.

01:56 18 Further.

01:57 19 Okay.

01:57 20 Okay.

01:57 21 Okay.

01:57 22 Okay.

01:58 23 THE VIDEOGRAPHER: Did we lose you,

01:58 24 Ms. Berlin?

01:58 25 MS. BERLIN: Oh, no. I wasn't sure --

01:58 1 BY MS. BERLIN:

01:58 2 Q Mr. Rutledge, are you finished looking at
01:58 3 it?

01:58 4 A Yes, I am. Yes. I'm sorry. I am
01:58 5 finished.

01:58 6 Q Okay.

01:58 7 So I wanted to discuss item number two.

01:58 8 So if you look at -- is that your -- obviously, not the
01:58 9 top of the document because that's a message between
01:58 10 two other people, but looking below that, your Email,
01:58 11 is that your Email to Cynthia Clark and Joseph Cole?

01:58 12 A Yeah. You just need to scroll up a little
01:58 13 bit, so I can see.

01:58 14 Yes. Okay.

01:58 15 Q And looking at item number two, it
01:58 16 references concerns that the Pennsylvania securities
01:59 17 regulators had about potential misrepresentations and
01:59 18 omissions. Do you see that?

01:59 19 A Yes.

01:59 20 Q And I wonder if you could just describe in
01:59 21 more detail what the concerns were that the
01:59 22 Pennsylvania state regulators had and whether or not
01:59 23 you expressed it completely to CBSG.

01:59 24 MR. SOTO: Objection to the form.

01:59 25 Mr. Soto.

01:59 1 THE WITNESS: Number two pretty much,
01:59 2 from my recollection encapsulates, my discussion with
01:59 3 Stephanie Hamilton at the Department. She did not
01:59 4 give any further detailed information about what she
01:59 5 thought they may have.

01:59 6 BY MS. BERLIN:

01:59 7 Q Okay.

01:59 8 And did she explain to you what the issue
01:59 9 was with the giving of financial information about the
02:00 10 company?

02:00 11 A No, there was no further detail.

02:00 12 Q Okay.

02:00 13 And did she provide any detail about the
02:00 14 management background concern?

02:00 15 A No.

02:00 16 Q Okay.

02:00 17 And did you ever obtain anymore
02:00 18 information from the Pennsylvania securities regulators
02:00 19 about those issues, or this was the extent of it, what
02:00 20 we see in Exhibit 62?

02:00 21 A No. This was the extent of it.

02:00 22 Q Okay.

02:00 23 And in Exhibit 62, you suggested that Par
02:00 24 Funding have a PPM in the future going forward, and I
02:01 25 wanted to see if you recall that. And that would be on

02:01 1 PDF page three of Exhibit 62 at the top of the page.

02:01 2 If we could just scroll there.

02:01 3 A Yes.

02:01 4 Q Okay.

02:01 5 And is this what you were referring to in

02:01 6 your testimony earlier today when I think you

02:01 7 referenced that you had recommended --

02:01 8 A Yes.

02:01 9 Q -- that they prepare a PPM?

02:01 10 Okay.

02:01 11 A Yes.

02:01 12 Q And did CBSG ever come back to you about

02:01 13 preparing a Private Placement Memorandum?

02:01 14 A No.

02:01 15 Q Okay.

02:01 16 And do you know why they did not?

02:01 17 A I don't know.

02:02 18 Q Were there specific -- did you discuss --

02:02 19 you know, we're looking at Exhibit 62, but did you also

02:02 20 have discussions with anyone at CBSG where you provided

02:02 21 any -- like did you -- let me ask that again. I'm

02:02 22 sorry.

02:02 23 In addition to sending this Email, did you

02:02 24 ever have any discussions with anyone at CBSG about

02:02 25 preparing a PPM, or did Mr. Cole follow-up with you

02:02 1 about your message in any way?

02:02 2 MR. SOTO: Objection to form. Mr. Soto.

02:02 3 THE WITNESS: I may have in a discussion

02:02 4 with Joel verbally, basically, made the same

02:02 5 recommendation, but my recollection is Joe really

02:03 6 didn't respond to the recommendation.

02:03 7 BY MS. BERLIN:

02:03 8 Q And do you recall -- I mean, did

02:03 9 Mr. Cole -- was he just nonresponsive, or did he

02:03 10 express to you that they did not want to pursue a PPM?

02:03 11 A He was -- I would say he was

02:03 12 nonresponsive.

02:03 13 Q Okay.

02:04 14 MS. BERLIN: And we can take this

02:04 15 exhibit down off the screen.

02:04 16 One moment.

02:04 17 (SEC Exhibit 63 was marked for

02:04 18 identification.)

02:06 19 MS. BERLIN: I wonder if we can please

02:06 20 show Exhibit 63.

02:07 21 BY MS. BERLIN:

02:07 22 Q And just let me know when you finished

02:07 23 looking at. You can request to have it --

02:07 24 A We need it enlarged. Okay.

02:07 25 Okay.

02:08 1 Okay.

02:08 2 Okay.

02:08 3 Okay.

02:08 4 Okay.

02:08 5 Okay.

02:08 6 Okay.

02:09 7 Q Just let me know when you're finished.

02:09 8 A Okay. If you can -- whoops, scroll back.

02:09 9 Okay.

02:09 10 Okay.

02:09 11 Okay. More.

02:09 12 Okay. We're back to the beginning. Okay.

02:09 13 Q Okay. Great.

02:09 14 So looking at this exhibit, is it your
02:09 15 correspondence with Mr. Cole where you're, basically,
02:09 16 just following up to confirm that, among other things,
02:09 17 that CBSG has discontinued its use and compensation of
02:10 18 finders?

02:10 19 A Yes.

02:10 20 Q Among other things.

02:10 21 A Yeah. The -- really the genesis of this
02:10 22 was from Cynthia Clark. They wanted language in the
02:10 23 order that blessed what they were doing, and that's why
02:10 24 I said a regulator is never going to bless anything,
02:10 25 but there was a provision in the order that said,

02:10 1 basically, we will -- we will in the future offer and
02:10 2 sell notes only to accredited investors in compliance
02:10 3 with Rule 506B of SEC Regulation D and Section 211B of
02:10 4 the 1972 Act, which is the Pennsylvania Securities Act,
02:10 5 and we are not going to pay people compensation who are
02:10 6 not registered.

02:10 7 Q Okay.

02:10 8 A Basically, what it's all about.

02:10 9 Q Understood.

02:10 10 And so when you reference, you know, in
02:10 11 your Email to Mr. Cole that they're not going to bless
02:10 12 what CBSG is doing, am I correct in understanding that
02:11 13 what you're referring to there is simply selling the
02:11 14 promissory notes to accredited investors without paying
02:11 15 compensation to anyone who's not registered as a
02:11 16 finder?

02:11 17 A The -- yes. And we actually did that get
02:11 18 language in the final order from the Department.

02:11 19 Q Okay.

02:11 20 But when you reference that the securities
02:11 21 regulators are not going to bless what CBSG is doing, I
02:11 22 just wanted to confirm, you are not referring to CBSG
02:11 23 converting sales agents --

02:11 24 A No. No. No.

02:11 25 MR. FUTERFAS: Objection to the form.

02:11 1 BY MS. BERLIN:

02:11 2 Q -- into income fund managers and having
02:11 3 them offer promissory notes so they could continue
02:11 4 raising money for Par Funding; is that right?

02:11 5 A That's correct.

02:11 6 MR. FUTERFAS: Object to the form.
02:11 7 Object to the form.

02:11 8 BY MS. BERLIN:

02:11 9 Q And in Exhibit 63, we see that Mr. Cole is
02:11 10 representing to you in November of 2018 that there were
02:12 11 no finder's fees paid in 2018. Do you see that at the
02:12 12 top of Exhibit 63?

02:12 13 A Yes.

02:12 14 Q Okay.

02:12 15 And just to clarify, were there any
02:12 16 discussions at any time after this in 2018 or 2019
02:12 17 where CBSG told you that they had been paying
02:12 18 compensation to individuals or entities to raise money
02:12 19 for CBSG?

02:12 20 MR. SOTO: Objection to the form.
02:12 21 Mr. Soto.

02:12 22 THE WITNESS: Somewhere, I believe, in
02:12 23 2019, after Pennsylvania was over, and I can't tell
02:12 24 you exactly when in 2019, Joe asked me about Par
02:13 25 paying the -- a management entity of a pooled

02:13 1 investment vehicle, which at that time, I did not
02:13 2 know was actually being used as a means to obtain
02:13 3 investors for Par, because I'd previously told him he
02:13 4 couldn't've done that, whether, you know, they could
02:13 5 do that, and I said, well, it's a very close call in
02:13 6 terms of compensation to unregistered people, the
02:13 7 same issue. You'd have to have a bona fide business
02:13 8 reason to do it. You would also -- they would also
02:13 9 have to be an accredited investor. And you can't
02:13 10 link it to any amount of Par notes that they would
02:13 11 purchase from you, but there's no assurance that, you
02:14 12 know, that particular arrangement might not be viewed
02:14 13 as, you know, compensation for the sale of a
02:14 14 security.

02:14 15 BY MS. BERLIN:

02:14 16 Q Okay.

02:14 17 And when you had that discussion with
02:14 18 Mr. Cole, did he advise you that they had been paying
02:14 19 compensation or utilizing an offering process through
02:14 20 income funds --

02:14 21 A No.

02:14 22 Q -- you know, up through the time you
02:14 23 spoke, or was he asking you if they could do it in the
02:14 24 future?

02:14 25 MR. SOTO: Objection to the form.

02:14 1 Mr. Soto.

02:14 2 THE WITNESS: My understanding was it
02:14 3 was prospectively.

02:14 4 BY MS. BERLIN:

02:14 5 Q Okay.

02:14 6 (SEC Exhibit 64 was marked for
02:14 7 identification.)

02:15 8 MS. BERLIN: I wonder if we could please
02:15 9 show Exhibit 64.

02:15 10 And we can enlarge it.

02:15 11 THE WITNESS: Yes, please.

02:15 12 BY MS. BERLIN:

02:15 13 Q And scroll down for you.

02:15 14 A If you could scroll down, please.

02:15 15 Okay. If you could scroll down, please.

02:16 16 Okay. If you could scroll down further if
02:16 17 there's additional --

02:16 18 Okay. Anything further?

02:16 19 Okay.

02:16 20 Q Okay.

02:16 21 So this is from November 2018, it says.

02:16 22 Is this your Email exchange with Sean Pikus, P-I-K-U-S,
02:16 23 of Friedman, LLC?

02:17 24 A Uh-huh. Okay.

02:17 25 MS. BERLIN: And I wonder if we could

02:17 1 just turn to the fourth page in this exhibit.

02:17 2 THE VIDEOGRAPHER: There's only three
02:17 3 pages in this exhibit.

02:17 4 MS. BERLIN: Oh, no.

02:17 5 THE VIDEOGRAPHER: It's one of three
02:17 6 here.

02:17 7 MS. BERLIN: Hold on just a moment.

02:17 8 THE VIDEOGRAPHER: Okay.

02:17 9 MS. BERLIN: Let me see if Vicki
02:17 10 might've sent the attachment separately. I was not
02:17 11 copied on it. Hold on a moment.

02:18 12 Okay. I just Emailed it to you, the
02:19 13 attachment to Exhibit 64. I think it was sent as a
02:19 14 separate document.

02:19 15 BY MS. BERLIN:

02:19 16 Q So while we're waiting on that,
02:19 17 Mr. Rutledge, what is Exhibit 64?

02:19 18 A Is that the one on the screen now?

02:19 19 Q Yes.

02:19 20 A Okay. If you could enlarge it, please.
02:19 21 But it looks like an audit request letter from their
02:19 22 external auditor -- a response to an audit letter from
02:19 23 their external auditor.

02:19 24 Q Okay.

02:20 25 THE VIDEOGRAPHER: This is attachment

02:20 1 you were speaking off, right, Ms. Berlin?

02:20 2 MS. BERLIN: Yes. Just a moment.

02:20 3 Yes. Yeah, this is -- I just Emailed

02:20 4 it. It should say in my Email that it's the

02:20 5 attachment to Exhibit 64, so this is like -- it

02:20 6 starts at page four, and I copied Vicki, so that she

02:20 7 can combine the two PDFs and send it to you.

02:20 8 THE VIDEOGRAPHER: Okay.

02:20 9 MR. FUTERFAS: Can you please enlarge

02:20 10 the document on the screen, the letter on the screen.

02:20 11 Thank you.

02:20 12 BY MS. BERLIN:

02:21 13 Q So what is it -- what is this document?

02:21 14 Is this a letter that you sent to Mr. Pikus?

02:21 15 A Yes. The standard practice is for

02:21 16 auditors doing audited financial statements that they

02:21 17 will have the client send a letter to their counsel

02:21 18 requesting that we provide certain information to the

02:21 19 auditor in connection with the preparation of the

02:21 20 audited statements for the client. This is our

02:21 21 response to such letter that, apparently, Joe Cole has,

02:21 22 dated May 7th, 2018.

02:21 23 Q Okay.

02:21 24 And in this letter to Mr. Pikus, it states

02:22 25 that -- do you see in the second paragraph it says,

02:22 1 "This firm provided no legal services to the
02:22 2 corporation for the twelve months ending December 31st,
02:22 3 2017"?

02:22 4 A Yes.

02:22 5 Q Okay.

02:22 6 And that's accurate, right?

02:22 7 A Yes.

02:22 8 Q Okay.

02:22 9 And then in the next paragraph where you
02:22 10 wrote that --

02:22 11 A Could you scroll down, please. Okay.

02:22 12 Thank you.

02:22 13 Q It says, "During the period January 1st,
02:22 14 2018 to the date hereof, this firm was engaged by the
02:22 15 corporation as special counsel to provide advice to the
02:22 16 corporation solely with respect to compliance with an
02:22 17 administrative subpoena issued to the corporation on
02:22 18 January 4th, 2018 by the Pennsylvania Department of
02:23 19 Banking and Securities, the Department, under the
02:23 20 Pennsylvania Securities Act of 1972." And then it goes
02:23 21 on to reference that you also produced documents in
02:23 22 response to that subpoena. Do you see that?

02:23 23 A Yes.

02:23 24 Q Okay.

02:23 25 And does that accurately reflect the total

02:23 1 of the advice that you were providing to CBSG from
02:23 2 January 1st, 2019 through May of 2018?

02:23 3 A Yes.

02:23 4 Q Okay.

02:23 5 And you would agree with me the
02:23 6 representation of -- or was the representation of CBSG
02:23 7 in 2018 limited in scope to only these issues that had
02:23 8 been raised by the Pennsylvania regulators and those
02:24 9 that we've discussed today?

02:24 10 A Yes. I guess maybe the only exception
02:24 11 being what Mr. Cole writes to me in March of that year
02:24 12 about dealing with PPMs, but I would view that within
02:24 13 the scope of the representation before the Department.

02:24 14 Q Okay.

02:24 15 And when you refer to the Department,
02:24 16 you're referring to the Pennsylvania Department of
02:24 17 Securities and -- I'm sorry, of Banking and Securities;
02:24 18 is that right?

02:24 19 A That is correct.

02:24 20 Q Okay.

02:24 21 I wonder if we could just scroll down to
02:24 22 PDF page two. And just to show you that at the end, do
02:25 23 you see that where you're referencing that you're not
02:25 24 providing any -- no inference should be drawn as to
02:25 25 whether your firm is concurring with the corporation's

02:25 1 determination of any asserted claims or assessment in
02:25 2 whether they should be disclosed?

02:25 3 A I'm sorry. Can you show me the paragraph?

02:25 4 Q Oh, sure. It's the last full paragraph on
02:25 5 PDF page two.

02:25 6 A Beginning with, As set forth?

02:25 7 Q Yes.

02:25 8 A Okay. The two paragraphs, the penultimate
02:25 9 paragraph and the last paragraph are standard
02:26 10 provisions in all legal audit response letters, and so
02:26 11 we say it's inconsistent with our obligations for you
02:26 12 to ask us to furnish information to you concerning
02:26 13 possible -- unasserted possible claims and assessments
02:26 14 of the corporation. So, basically, it's an
02:26 15 attorney/client thing. You know, we're not supposed to
02:26 16 disclose to a non-client something that we may know
02:26 17 about an unasserted claim to the corporation, which the
02:26 18 corporation has not identified to us.

02:26 19 Q Okay.

02:26 20 And then similarly, if we could scroll to
02:26 21 PDF page three, and the first full paragraph there
02:26 22 where it's discussing FASB ACS 450-20?

02:26 23 A Yes.

02:26 24 Q Okay.

02:26 25 And is this like similarly just a general

02:26 1 statement that you would put in this type of response
02:26 2 to an audit request?

02:27 3 A Yes.

02:27 4 Q Okay.

02:27 5 MS. BERLIN: We can take down this
02:27 6 exhibit.

02:27 7 BY MS. BERLIN:

02:27 8 Q Did you provide legal services to CBSG in
02:27 9 2019, other than the discussion that you had with
02:28 10 Mr. Cole about -- that you testified about earlier
02:28 11 today?

02:28 12 A Yes.

02:28 13 Q Okay.

02:28 14 And what legal services did you provide in
02:28 15 2019?

02:28 16 A Okay. Mr. Cole provided me with a letter
02:28 17 that was sent to CBSG from Euler Hermes, which is an
02:28 18 insurance agency -- insurance company. It was kind of
02:28 19 a cease and desist type of letter that they thought
02:28 20 that CBSG and A Better Financial Plan was
02:28 21 inappropriately using their name, and he forwarded it
02:28 22 to me. He also provided at that time, I believe, some
02:29 23 additional note purchase agreements that he had with
02:29 24 APFB -- P excuse me.

02:29 25 So I had him -- I prepared a return letter

02:29 1 to Euler Hermes saying, based on Joe Cole's
02:29 2 representations, that they had not been using that
02:29 3 name. But it also caused me to look at the website of
02:29 4 A Better Financial Plan. And also I looked at those
02:29 5 note purchase agreements, which, again, were not
02:29 6 properly filled out as to accredited investors. I
02:29 7 suggested to Mr. Cole that maybe he should exercise his
02:29 8 right to get an opinion of counsel, and he seemed
02:29 9 disinclined to do that. So I prepared a letter to
02:30 10 Mr. Vagnozzi from Mr. Cole saying, you know, you need
02:30 11 to take care of this issue, mainly because the reason I
02:30 12 wanted the purchaser to fill out the provision of Rule
02:30 13 501 that they were relying on is that I wanted them to
02:30 14 say that if they were relying upon the accredited
02:30 15 investor definition of a company with five million
02:30 16 dollars in assets, that they also complied with the
02:30 17 caveat that it could not be -- that the company was not
02:30 18 organized for the purpose of purchasing the securities
02:30 19 being offered. That was to protect CBSG.

02:30 20 Q And did you explain that to CBSG?

02:30 21 A Yeah.

02:31 22 Q To Joe Cole specifically?

02:31 23 A Well, Joe Cole is the only person I talked
02:31 24 to at CBSG, other than Cynthia Clark.

02:31 25 Q Okay.

02:31 1 A Do you want to go to the other 2019
02:31 2 representations or not?

02:31 3 Q Yes. I was just going to ask with respect
02:31 4 to what you just said about the reason why that you
02:31 5 expressed this to CBSG, did you tell both Cynthia Clark
02:31 6 and Joe Cole about that?

02:31 7 A I'm not sure that Cynthia Clark was still
02:31 8 with the company at that time because I think --
02:31 9 previously, I would always communicate with Joe Cole
02:31 10 with a cc to Cynthia Clark or vice versa, but usually
02:31 11 it was Joe Cole and Cynthia, and the -- my recollection
02:31 12 of communications with Joe Cole on this issue did not
02:31 13 include Cynthia Clark. So I know at sometime she left
02:32 14 the company, but I don't know when.

02:32 15 Q Okay. Thank you.

02:32 16 Yes, you can tell me about the other
02:32 17 things in 2019. That would be great. Thank you.

02:32 18 A Okay. And I think, basically, my
02:32 19 representations of CBSG was what I call episodic. They
02:32 20 only called me when they had a particular issue they
02:32 21 wanted me to address.

02:32 22 The other two issues that occurred in 2019
02:32 23 was CBSG received a subpoena from the Ohio Securities
02:32 24 Division concerning the sale of CBSG notes and also use
02:32 25 of finders, pretty much the same way Pennsylvania had

02:32 1 investigated CBSG. We responded to the Division's
02:32 2 subpoena. Joe provided me with the documents they
02:32 3 required, the analysis, send it back to Ohio. As far
02:33 4 as I know, we never heard anything back from Ohio.

02:33 5 And then late in 2019, there was an
02:33 6 inquiry from the Virginia Securities Division about the
02:33 7 sale of Par notes in Virginia, and the upshot of that
02:33 8 was, basically, we want you to make sure that you file
02:33 9 your Form D in Virginia. And that was pretty much it
02:33 10 for 2019, I believe.

02:33 11 Q Okay.

02:33 12 And in 2019, did -- was there any
02:33 13 disclosure made -- I'm going to just assume. And I
02:33 14 correct in understanding that because you didn't
02:33 15 know -- you had no knowledge of in 2019 that CBSG was
02:33 16 compensating people to start investment funds and to
02:34 17 raise money through the sale of promissory notes, that
02:34 18 you didn't disclose that to the Ohio or Virginia state
02:34 19 regulators; am I correct in my assumption?

02:34 20 MR. FUTERFAS: Object to the form.

02:34 21 MR. SOTO: Objection to the form.

02:34 22 Mr. Soto.

02:34 23 THE WITNESS: That's correct, but they
02:34 24 didn't ask about it, either.

25

02:34 1 BY MS. BERLIN:

02:34 2 Q Just one moment.

02:34 3 Did you ever make contact with anyone at
02:34 4 Euler Hermes on behalf of CBSG --

02:34 5 A No.

02:34 6 Q -- other than the letter -- you know,
02:34 7 sending a letter concerning Euler Hermes, but did you
02:34 8 ever have any communication with Euler Hermes itself?

02:35 9 A No. And the letter -- I prepared the
02:35 10 letter, but Joe signed it and sent it.

02:35 11 Q Okay.

02:35 12 A Joe Cole, that is.

02:35 13 Q And this was a letter from sometime in
02:35 14 mid-2019 to A Better Financial Plan and CBSG where it
02:35 15 was a cease and desist letter, basically, from Euler
02:35 16 Hermes about representation made to investors?

02:35 17 A Yes.

02:35 18 Q Okay.

02:35 19 A I think it was around July of 2019.

02:35 20 Q Yes.

02:36 21 Did you do any other legal work for CBSG
02:36 22 that related in any way to Euler Hermes, other than
02:36 23 what you've testified about today already?

02:36 24 A No.

02:36 25 Q Okay.

02:36 1 Now, in 2020, did CBSG contact you for
02:36 2 legal services?

02:36 3 A Yes.

02:36 4 Q Okay.

02:36 5 And one of those things was in connection
02:36 6 with a matter that was instituted by Texas state
02:37 7 securities regulators?

02:37 8 A Correct.

02:37 9 Q Okay.

02:37 10 And was that the first thing that you
02:37 11 worked on in 2020 for CBSG?

02:37 12 A I believe so. The Virginia inquiry was at
02:37 13 the end of the year. It's possible that it carried
02:37 14 over into early 2020, but the first representation in
02:37 15 2020 was receipt of the Texas C&D, which I believe was
02:37 16 issued in like February, but was not received by CBSG
02:37 17 until March.

02:37 18 Q Why do you believe that wasn't received by
02:37 19 CBSG until March?

02:37 20 A Because I think it was March when Joe
02:37 21 contacted me.

02:37 22 Q Okay.

02:37 23 So if CBSG received it in February -- do
02:38 24 you know for a fact that CBSG received it in March or
02:38 25 received notice of it in March, or was that an

02:38 1 assumption based on when they contacted you?

02:38 2 A That's an assumption on my part. I don't
02:38 3 know the date that CBSG actually received it.

02:38 4 Q Okay.

02:38 5 (SEC Exhibit 65 was marked for
02:38 6 identification.)

02:38 7 MS. BERLIN: I wonder if we could please
02:38 8 show Exhibit 65.

02:38 9 Can we enlarge that a bit. There we go.

02:38 10 BY MS. BERLIN:

02:38 11 Q So is Exhibit 65 Mr. Cole reaching out to
02:38 12 you in March 2nd concerning the PPM fund and the
02:39 13 Texas -- if you look underneath the two, it has an
02:39 14 attachment. It says, CBSG Texas CD letter.

02:39 15 A Right. Yeah. And because of the date on
02:39 16 it, that's how I came to March.

02:39 17 Q Yes, I understand.

02:39 18 And Mr. Cole was representing to you in
02:39 19 this Email that Par Funding, which is CBSG, has no
02:39 20 involvement with the company in Texas raising money
02:39 21 through their PPM. Do you see that?

02:39 22 A Yes, I do.

02:39 23 Q And is that consistent with the -- other
02:39 24 representations that CBSG made to you about other
02:39 25 either pooled investment entities or investment funds

02:39 1 that were raising money concerning CBSG?

02:40 2 A Well, this is the only direct
02:40 3 representation, but it's consistent -- or his
02:40 4 representation in this Email is consistent with what I
02:40 5 told him in March 2018, that they can't be involved,
02:40 6 they meaning CBSG, can't be involved in any way, shape,
02:40 7 or form promoting, finding, establishing, marketing, et
02:40 8 cetera, any pooled investment vehicle to which they may
02:40 9 sell -- sell notes.

02:40 10 Q And did you read, did you review the
02:40 11 materials that were filed in connection with -- that
02:40 12 were filed by the Texas securities regulators in
02:40 13 connection with the cease and desist of February?

02:40 14 A Do you mean did I review the C&D, or did I
02:40 15 review the information -- the evidence file as the
02:41 16 Texas State Securities Board called it?

02:41 17 Q Yes, I was referring to the evidence that
02:41 18 was filed with the order.

02:41 19 A I reviewed some of it, but not all of it
02:41 20 because there were a lot of recorded conversations, and
02:41 21 by the time we got that, I'm pretty sure that CBSG had
02:41 22 engaged Haynes Boone, attorneys in Texas, to represent
02:41 23 them before the Texas State Securities Board with
02:41 24 respect to the C&D, so they were definitely taking the
02:41 25 lead in that matter on behalf of CBSG.

02:42 1 Q So was your work in connection with the
02:42 2 Texas securities regulatory matter fairly limited in
02:42 3 scope?

02:42 4 A Yes. It was mainly just, I guess, what
02:42 5 you would call communicating, strategizing with Haynes
02:42 6 Boone counsel, but they -- Haynes Boone attorneys were
02:42 7 the ones that had contact with the Texas State
02:42 8 Securities Board, made filings with the Texas States
02:42 9 Securities Board, dealt with other counsel for
02:42 10 respondents in the same C&D order.

02:42 11 Q Okay.

02:42 12 And when you reviewed the -- or did you
02:42 13 review the order, the cease and desist findings from
02:42 14 the Texas Securities Board?

02:42 15 A Yes.

02:42 16 Q Okay.

02:42 17 And were the statements in that document
02:43 18 about the involvement of CBSG and Perry Abbonizio
02:43 19 consistent with what your understanding was based on
02:43 20 your conversations -- the conversations you had had
02:43 21 with Mr. Cole over the years?

02:43 22 MR. FUTERFAS: Objection to form.

02:43 23 MR. SOTO: Objecting to form. Mr. Soto.

02:43 24 MR. FUTERFAS: And Alan Futerfas.

02:43 25 THE WITNESS: No, but I'm sure you have

02:43 1 the Email where I said, who is Perry Abbonizio.

02:43 2 BY MS. BERLIN:

02:43 3 Q I'll show you that. It's Exhibit 66.

02:43 4 (SEC Exhibit 66 was marked for
02:43 5 identification.)

02:43 6 MS. BERLIN: Could we show that.

02:43 7 THE WITNESS: Okay.

02:43 8 MS. BERLIN: Thank you. I wonder if we
02:43 9 could just zoom in on Exhibit 66 a bit. I know on my
02:43 10 end it's very difficult to see.

02:44 11 THE WITNESS: Yeah, if we could make
02:44 12 that larger. Okay.

02:44 13 BY MS. BERLIN:

02:44 14 Q And so Exhibit 66 is an Email from Joe
02:44 15 Cole to you from March 3rd, 2020. Do you see that at
02:44 16 the top?

02:44 17 A Yes.

02:44 18 Q And if we could please scroll down. Why
02:44 19 don't we scroll slowly, so that you can see the
02:44 20 document in full and your initial Email. Just let me
02:44 21 know when you're finished.

02:44 22 A If you just keep scrolling, please.

02:45 23 Okay.

02:45 24 Okay.

02:45 25 Okay.

02:45 1 Q All right. So is Exhibit 66 your Email
02:45 2 correspondence with Mr. Cole from -- well, March of
02:45 3 2020?

02:45 4 A Yes. I'm not sure -- I guess his came
02:45 5 first, and I responded. Yeah.

02:45 6 Q Yes. Okay.

02:45 7 And did you see in this exhibit we have --

02:46 8 MS. BERLIN: Can we scroll down a bit,
02:46 9 please. Thank you. Keep scrolling. If we can stop,
02:46 10 please.

02:46 11 BY MS. BERLIN:

02:46 12 Q Do you see on the screen it says, "I've
02:46 13 never heard of Abbonizio before. Is he part of Par?"
02:46 14 Do you see that?

02:46 15 A Correct.

02:46 16 Q Is that what you were referencing just a
02:46 17 few minutes ago in your testimony?

02:46 18 A Yes, it was.

02:46 19 Q Okay.

02:46 20 And so were you asking this question
02:46 21 because I'm guessing you had read about Mr. Abbonizio's
02:46 22 involvement in the Texas securities action?

02:46 23 A Yes. Not only was he a respondent, but I
02:46 24 believe I recall that the Texas order alleged that he
02:46 25 was officer, director -- that he had some official role

02:47 1 in Par.

02:47 2 Q And do you also recall reading in there
02:47 3 about Mr. Abbonizio's role in working with the Texas
02:47 4 fund to help with the solicitation of investors?

02:47 5 A Yes.

02:47 6 Q Okay.

02:47 7 And so was that -- you know, when you read
02:47 8 that in the Texas securities action, was that
02:47 9 inconsistent with what Mr. Cole had described to you or
02:47 10 what you understood about the role of CBSG and these
02:47 11 other offerings?

02:47 12 MR. SOTO: Objection to form.

02:47 13 MR. FUTERFAS: Objection form.

02:47 14 Futerfas.

02:47 15 THE WITNESS: Correct. Inconsistent
02:47 16 with my prior advice, which I had -- which he said he
02:47 17 understood.

02:47 18 BY MS. BERLIN:

02:47 19 Q Yeah.

02:47 20 And to be clear, as of March 2020, no one
02:48 21 at CBSG had ever asked you for advice about Perry
02:48 22 Abbonizio and him helping in any of these agent funds;
02:48 23 is that correct?

02:48 24 A That's correct.

02:48 25 Q Okay.

02:48 1 MS. BERLIN: If we could scroll down
02:48 2 just a little bit more on the exhibit and stop -- if
02:48 3 we go -- yeah, stop right there.

02:48 4 BY MS. BERLIN:

02:48 5 Q Do you see the sentence that says,
02:48 6 "Although, the individuals may not be getting a direct
02:48 7 selling commission as it happened in the case of the PA
02:48 8 situation, I am sure Texas will argue that the haircut
02:48 9 they receive on the interest paid on the notes
02:48 10 constitutes a selling commission." Do you see that?

02:48 11 A Yes.

02:48 12 Q Can you just tell me, what is the haircut
02:48 13 they received? What do you mean by that? I really
02:48 14 wasn't sure. I wasn't sure what you meant by the
02:48 15 haircut on it.

02:48 16 A Okay. It was my understanding that the --
02:49 17 if we can take the Texas example. So Mr. Beasley's
02:49 18 fund would sell notes to his people at a certain
02:49 19 percentage, and then upstream them to Par, the money to
02:49 20 Par. Par, in turn, would issue a note to the fund at a
02:49 21 certain rate, but that if Mr. Beasley invested
02:49 22 individually, he might get a higher rate than what they
02:49 23 were going to pay the fund, and that's what I meant by
02:49 24 the haircut, that so if they were paying Mr. Beasley
02:49 25 seven percent, then Mr. Beasley might be paying his

02:49 1 investors six percent.

02:49 2 Q Right. And then that one percent
02:49 3 difference could be -- is that what you're referring
02:49 4 to --

02:50 5 A Is what I refer to as the haircut. And,
02:50 6 again, if you're compensating somebody, you know, it
02:50 7 has -- if there's a bona fide business reason to pay
02:50 8 him that difference, and if he's an accredited
02:50 9 investor, and it's not linked to the transaction --
02:50 10 amount of the transaction, well, you can argue maybe
02:50 11 it's not selling commission, but any state or federal
02:50 12 regulator is probably going to take issue with that,
02:50 13 and that's why it's not -- it's a grey area, and it's
02:50 14 not clear cut.

02:50 15 Q And did anyone at CBSG ever explain to you
02:50 16 any sort of business reason for providing that haircut?

02:50 17 A No, but I said, you know, to justify as
02:50 18 not being a sales commission, you would have to justify
02:50 19 that -- you know, you would have to point out there was
02:51 20 a specific business reason for doing it. There may be
02:51 21 one. I don't know.

02:51 22 Q What would a -- can you give me some
02:51 23 examples? I'm not asking for a legal opinion, but just
02:51 24 what do you have in mind as far as like some examples
02:51 25 of what a legitimate business reason could be?

02:51 1 A Well, for instance, if the entity was
02:51 2 providing services to Par Funding with respect to the
02:51 3 notes, or maybe they were doing other things like
02:51 4 sending leads to Par Funding, potential borrowers, that
02:51 5 instead of compensating them supposedly like
02:51 6 Mr. LaForte by giving them a sales commission, they may
02:51 7 compensate them by giving them a better rate on the
02:51 8 note than somebody else.

02:51 9 Q Understood.
02:51 10 Meaning if they're doing something that's
02:51 11 not like just offering and selling the fund or
02:52 12 transferring the money or something having to do with
02:52 13 the offering --

02:52 14 A Right.

02:52 15 Q -- but another aspect of the business?

02:52 16 A Yeah.

02:52 17 Q Okay.

02:52 18 And I wonder if we would also look at the
02:52 19 exhibit where you recommend an addendum to the purchase
02:52 20 agreement disclosing the regulatory history.

02:52 21 A Yeah, I think it's on the next page.

02:52 22 Q Yeah, I think so, too. Can we scroll
02:52 23 down.

02:52 24 A Consider adding -- yes.

02:52 25 Q Yes. So number four where it says,

02:52 1 "Consider adding an addendum to the note purchase
02:52 2 agreement to disclose the actions taken by
02:52 3 Pennsylvania, New Jersey, and Texas to avoid future
02:52 4 allegations of omissions of material fact in connection
02:52 5 with the purchase and sale of the note."

02:52 6 And did -- in this time period, which was
02:53 7 in early March of 2020, did CBSG ask you to make a --
02:53 8 to add an addendum to the note purchase agreement? I'm
02:53 9 not asking about the exchange offering that happens
02:53 10 down the road, but actually the note purchase
02:53 11 agreement.

02:53 12 A I think -- I'm not sure if they asked me
02:53 13 or whether I did it sua sponte, but I did draft some --
02:53 14 went through several drafts of some disclosure of those
02:53 15 orders, which would have either been added to the note
02:53 16 purchase agreement, and, as you indicated, eventually
02:53 17 ended up in the exchange offer.

02:53 18 Q Okay.

02:53 19 And at any time, did anyone ask you
02:53 20 about -- for any legal advice about the disclosure of
02:54 21 Perry Abbonizio's -- and I apologize because I believe
02:54 22 as I ask this that you were so thorough earlier today
02:54 23 that you might've already touched upon this or answered
02:54 24 it completely, but did anyone ever ask you for any
02:54 25 legal advice about Mr. Abbonizio's regulatory history

02:54 1 with FINRA and whether that needed to be disclosed?

02:54 2 A Nobody at Par Funding told me about his
02:54 3 regulatory history, but when I researched it myself,
02:54 4 they admitted to knowing it.

02:54 5 Q And when was that?

02:54 6 A Probably around the same time of the Texas
02:54 7 C&D order.

02:54 8 Q And what about Joseph LaForte's criminal
02:55 9 record, did CBSG tell you about that, or did you
02:55 10 discover that independently?

02:55 11 A No. That information was given to me by
02:55 12 attorneys at Fox Rothschild at the end of March.

02:55 13 Q March 2020?

02:55 14 A Correct.

02:55 15 Q Okay.

02:55 16 Okay. We can take -- oh, I do have one
02:55 17 more question, but we can take down Exhibit 66, but one
02:55 18 related question is something that you testified about
02:55 19 just a few minutes ago on the haircut payments to the
02:55 20 funds. At any time, did you discover or did anyone at
02:56 21 CBSG tell you that some of those haircuts were such
02:56 22 that the investment funds were offering an interest
02:56 23 rate to their investors and then using that investor's
02:56 24 money to obtain a promissory note from Par Funding for
02:56 25 double that interest rate, so that in the end, the

02:56 1 investment fund and the investor are, basically, making
02:56 2 about the same amount of money on the investor's funds?

02:56 3 MR. SOTO: Objection to form. Mr. Soto.

02:56 4 THE WITNESS: No, I have no knowledge of
02:56 5 what arrangements CBSG had with any of the funds.

02:56 6 BY MS. BERLIN:

02:57 7 Q If CBSG had told you that they were
02:57 8 compensating the funds so that they were receiving
02:57 9 essentially a one hundred percent commission on the
02:57 10 money that they were sending from investors, is that
02:57 11 something that you would have raised an issue with as
02:57 12 far as disclosing to potential investors the
02:57 13 commissions that were being made in connection with
02:57 14 their securities purchases?

02:57 15 MR. SOTO: Objection to form.

02:57 16 MR. FUTERFAS: Objection to form.

02:57 17 THE WITNESS: I think there's two issues
02:57 18 there. One is, if they're doing nothing more than
02:57 19 that, then are they actually paying compensation to
02:57 20 an unregistered person, Par, that is. But second,
02:57 21 the disclosure item that they're getting a better
02:58 22 deal than the investors is -- I view as that's on the
02:58 23 fund itself. If the fund is going out and soliciting
02:58 24 investors while at the same time getting, I think, as
02:58 25 you said, a better deal from CBSG, then they should

02:58 1 be doing this. Fund managers should be disclosing
02:58 2 that information as they solicit their investors.

02:58 3 BY MS. BERLIN:

02:58 4 Q And what if, though, CBSG is participating
02:58 5 in facilitating these offerings; in other words, if
02:58 6 because they can no longer pay the commissions to
02:58 7 unregistered people, it's created this way by CBSG, so
02:58 8 that they can continue to pay commissions to
02:58 9 unregistered individuals and CBSG is facilitating these
02:59 10 offerings and assisting with the solicitation efforts?

02:59 11 MR. SOTO: Objection to form. Mr. Soto.

02:59 12 BY MS. BERLIN:

02:59 13 Q Would you agree with me that that's a
02:59 14 different conclusion?

02:59 15 A Well, yeah. Actually, it comes to the
02:59 16 SEC's view of, you know, is this really one offering,
02:59 17 and if this is really -- if you collapse this and argue
02:59 18 that it's, you know, actually one offering by Par,
02:59 19 then, yes, you would have to address disclosure by Par
02:59 20 of those arrangements.

02:59 21 Q Right.

02:59 22 But no one at Par ever provided you with
02:59 23 information that there was -- that they were
02:59 24 participating in these offerings or that they had, you
02:59 25 know, a multitude of investment funds that were raising

03:00 1 money for them, so I'm imagining that issue never came
03:00 2 up at all with them; is that fair to say?

03:00 3 A Correct.

03:00 4 MR. SOTO: Objection to form. Mr. Soto.

03:00 5 Q Okay.

03:00 6 (SEC Exhibit 67 was marked for
03:00 7 identification.)

03:00 8 MS. BERLIN: So could we just look at
03:00 9 Exhibit 67, please.

03:00 10 Could we zoom in a bit.

03:01 11 MR. TROY: We need more than that.

03:01 12 MS. BERLIN: Could we make it bigger,
03:01 13 please.

03:01 14 MR. TROY: Yeah. Okay.

03:01 15 MS. BERLIN: Thank you.

03:01 16 BY MS. BERLIN:

03:01 17 Q And so Exhibit 67, it shows a message from
03:01 18 Joe Cole to you from March 5th, 2020. And do you see
03:01 19 at the top that Mr. Cole is telling you that Perry
03:01 20 Abbonizio works with our investors, but does not
03:01 21 directly find investors for us. Do you see that?

03:01 22 A Yes, I do.

03:01 23 Q Okay.

03:01 24 And so did Mr. -- this is again, Mr. Cole
03:01 25 is not providing to you at this time, and I'm guessing

03:01 1 at any other, that Mr. Abbonizio was actually meeting
03:01 2 with potential investors and pitching them on the
03:01 3 promissory notes that the investment funds were
03:01 4 offering, correct?

03:02 5 A Correct.

03:02 6 MR. SOTO: Objection. Mr. Soto.

03:02 7 BY MS. BERLIN:

03:02 8 Q And then it also indicates -- Mr. Cole
03:02 9 indicates to you as well in the next sentence, "We did
03:02 10 have a finder's fee paid to his prior entity, ES
03:02 11 Equity, which we did disclose another separate fee
03:02 12 agreement with." Do you see that?

03:02 13 A Yes.

03:02 14 Q Okay.

03:02 15 And so was ES Equity, do you recall if
03:02 16 that was one of the finders that was at issue in the
03:02 17 Pennsylvania state regulatory action?

03:02 18 A Yes. Because I think there might be
03:02 19 another Email saying -- you know, my concern was we
03:02 20 didn't disclose Mr. Abbonizio to Pennsylvania, and this
03:02 21 is his response saying, well, we did, but it wasn't
03:02 22 Mr. Abbonizio, it was ES Equity, which I assume is an
03:02 23 entity owned by Mr. Abbonizio.

03:02 24 Q Okay.

03:02 25 And I think that the -- if we scroll down

03:02 1 in this document, I think that Email you're referencing
03:03 2 is here where -- you know, just to show you, I think
03:03 3 that if you look in your message -- just so you know
03:03 4 what the exhibit is, and we'll send a copy of all of
03:03 5 these to you.

03:03 6 A Yeah. It's the second paragraph.

03:03 7 Q Yeah. Can we scroll back up, please.

03:03 8 And did Mr. Cole ever explain to you the
03:03 9 way in which they compensated Perry Abbonizio by paying
03:03 10 him a percentage of the amount that was funded?

03:03 11 MR. SOTO: Objection to form. Mr. Soto.

03:03 12 THE WITNESS: Okay. He sent me --
03:03 13 Mr. Cole sent me a consulting contract that CBSG had
03:03 14 with Mr. Abbonizio, and you probably have the Email
03:04 15 reply is like, you know, this is a sales commission.
03:04 16 And then Joe Cole replied back, oh, no, that's the
03:04 17 old one, here's the new one of how he's compensated.
03:04 18 And I think, again, there's probably an Email from me
03:04 19 kind of strategizing saying, well, you might be able
03:04 20 to argue that it's not a sales commission because --

03:04 21 BY MS. BERLIN:

03:04 22 Q Understood.

03:04 23 And do you have a sense of -- did Mr. --
03:04 24 was Mr. Cole clear to you that the -- just so I
03:04 25 understand, but I can pull up those Emails if we need

03:04 1 to, and we can introduce them, but I'll see if I can do
03:04 2 it without because I am at the end. I'm near the end
03:04 3 of my questioning for you.

03:04 4 Can you describe what was the issue with
03:04 5 the initial consulting agreement that made you
03:04 6 concerned that it was a sales commission?

03:05 7 A Because I think as I -- my recollection is
03:05 8 that when I read through that initial consulting
03:05 9 agreement, that it was fairly clear to me that he was
03:05 10 getting a sales commission based upon the capital that
03:05 11 he brought in, so the capital would be actually the
03:05 12 proceeds from the sale of Par notes, and to me, that
03:05 13 was problematic.

03:05 14 Q Okay.

03:05 15 And do you know when CBSG changed the way
03:05 16 it was compensating Mr. Abbonizio so that it was no
03:05 17 longer doing that, or --

03:05 18 A Well, as I said, there were two
03:05 19 agreements, which you would have. Honestly, I can't
03:05 20 remember the dates on them.

03:05 21 Q Okay.

03:05 22 A But it was the first one that I thought
03:06 23 was very problematic. The second one, you might be
03:06 24 able to make an argument that it wasn't
03:06 25 transaction-based compensation.

03:06 1 Q Okay.

03:06 2 And did you ever come to a conclusion
03:06 3 about whether -- I understand that you discussed with
03:06 4 them that there could be an argument that it wasn't,
03:06 5 but did you come to a conclusion about whether it had
03:06 6 the indicia of being a sales commission in the second
03:06 7 agreement?

03:06 8 A No. And Mr. Abbonizio, you know, obtained
03:06 9 separate counsel for the Texas order. And my
03:06 10 involvement with the Texas matter waned fairly
03:06 11 dramatically, I'm going to say, by the middle of March,
03:06 12 and most things were being held by Haynes Boone, and
03:06 13 my -- my involvement was less and less, particularly as
03:07 14 they rammed up for the exchange offer.

03:07 15 Q Okay.

03:07 16 And did you work on the Form D filings for
03:07 17 CBSG?

03:07 18 A Only for the exchange offer and the
03:07 19 updating amendment.

03:07 20 Q Okay.

03:07 21 And did you -- how did you determine who
03:07 22 to identify in the Form D filing as the related
03:07 23 persons?

03:07 24 A Okay. In 2019, another lawyer -- well,
03:07 25 let's preface that by, CBSG had never ever filed a Form

03:07 1 D even though I kept reminder Joe Cole that he needed
03:07 2 to file a Form D. They retained a different lawyer to
03:07 3 represent them in the New Jersey order. And as I
03:07 4 understand from that New Jersey lawyer is, all New
03:08 5 Jersey wanted was them to file a Form D with New
03:08 6 Jersey. So in order to file a Form D with New Jersey,
03:08 7 you have to first file it with the Securities and
03:08 8 Exchange Commission, which he did.

03:08 9 And so my approach to the Form D filing
03:08 10 for the exchange offer, which was filed first, and then
03:08 11 the updating amendment, which should've been filed in
03:08 12 February of 2020, so it was late, but it was more
03:08 13 important to file the exchange offer. So I sent to
03:08 14 Joe, okay, this is what you filed or authorized to be
03:08 15 filed, although, Cynthia Clark signed it, so I don't
03:08 16 know if Joe had -- Joe Cole had direct input or not --
03:08 17 this is what was filed in 2019 with respect to related
03:08 18 persons, please review it carefully particularly items
03:09 19 one through five, which includes the related persons.
03:09 20 Are they the same? Are there other directors,
03:09 21 officers, or promoters that should be included? His
03:09 22 response was, no.

03:09 23 Q And so you relied on the representation of
03:09 24 CBSG?

03:09 25 A Yes.

03:09 1 Q And you did not --

03:09 2 A It's their form.

03:09 3 Q Yeah.

03:09 4 You didn't know that Joseph LaForte had
03:09 5 any role or had any sort of position that could be
03:09 6 deemed a related person at the time of this filing,
03:09 7 correct?

03:09 8 MR. SOTO: Objection to form. Mr. Soto.

03:09 9 THE WITNESS: Yes. Based on Joe Cole's
03:09 10 representation to me, that the only relationship that
03:09 11 Mr. LaForte had with CBSG was that he headed his own
03:09 12 independent sales organization that fed leads to CBSG
03:09 13 a potential small business borrowers for which he
03:10 14 received a commission.

03:10 15 BY MS. BERLIN:

03:10 16 Q And when you say borrowers, you mean the
03:10 17 merchants who were getting the merchant cash advance
03:10 18 loans --

03:10 19 A Correct.

03:10 20 Q -- from CBSG, correct?

03:10 21 A Yes.

03:10 22 Q Okay.

03:10 23 And similarly, did -- with respect to the
03:10 24 amount that was received from the gross proceeds
03:10 25 by the -- the amount the related persons received from

03:10 1 the gross proceeds that appears in the Form D, where
03:10 2 did you get that information?

03:10 3 A I think that was on the original 2019
03:10 4 filing. And I also asked and sent, I believe, several
03:10 5 drafts of the form to Joe for his review and approval,
03:10 6 and he did not object to it or give me any information
03:10 7 contrary.

03:10 8 Q Okay.

03:11 9 And so, again, you relied on your clients?

03:11 10 A Correct.

03:11 11 Q Okay.

03:11 12 And at no time -- let's ask it better.

03:11 13 At any time, did anyone at CBSG tell you
03:11 14 before you filed this form that Joe Cole and Lisa
03:11 15 McElhone through her entities and through his entity
03:11 16 had received millions of dollars from CBSG co-mingled
03:11 17 funds?

03:11 18 A No.

03:11 19 MR. SOTO: Objection to the form.

03:11 20 MR. FUTERFAS: Objection to form. It's
03:11 21 a ridiculous question.

03:11 22 MS. SCHEIN: It's argumentative.

03:11 23 Assumes a fact not in evidence. Argumentative.

03:11 24 MR. FUTERFAS: Yeah. And the idea the
03:11 25 funds are co-mingled is completely false, were proven

03:11 1 to be false. Amie, please do not litter the record
03:11 2 with inaccurate factual statements particularly when
03:11 3 the Witness doesn't know them or has no ability to
03:11 4 assess them. It's simply not appropriate. Thank
03:12 5 you.

03:12 6 BY MS. BERLIN:

03:12 7 Q Mr. Rutledge, I'll ask my question. I was
03:12 8 just asking if at anytime before you filed the Form Ds,
03:12 9 if anyone at CBSG told you that Lisa McElhone and
03:12 10 Joseph Cole Barleta, through their entities and her
03:12 11 trust, had received millions of dollars, some of which
03:12 12 included investor funds?

03:12 13 MR. FUTERFAS: Objection to the form.
03:12 14 That's not true. That's not a fact. It's a
03:12 15 litigated fact. You're asking this Witness to adopt
03:12 16 questions -- or you're asserting facts that are not
03:12 17 accurate, and they're to be litigated into a
03:12 18 question. It's totally improperly.

03:12 19 BY MS. BERLIN:

03:12 20 Q Mr. Rutledge, if you understand the
03:12 21 question, which I'm asking if anyone told you that
03:12 22 before you filed, if you could please answer.

03:12 23 A No one told me that.

03:12 24 Q Okay.

03:13 25 Just a moment.

03:13 1 Just a second.

03:13 2 (SEC Exhibit 68 was marked for
03:13 3 identification.)

03:13 4 MS. BERLIN: I wonder if we could show
03:13 5 the next exhibit, please.

03:13 6 THE VIDEOGRAPHER: That would be 68?

03:13 7 MS. BERLIN: Yes, please.

03:14 8 THE VIDEOGRAPHER: It seems like it's
03:14 9 pretty hard to read, but I will scroll for you.

03:14 10 MS. BERLIN: Okay. Thank you.
03:14 11 Oh, that is very difficult to read.

03:14 12 THE WITNESS: Yeah, I really can't read
03:14 13 it. If you allow me to come to the screen, I might
03:14 14 be able to read it.

03:14 15 MS. BERLIN: Oh, of course. Yeah.

03:14 16 THE WITNESS: Oh, oh, there we go.

03:14 17 MS. BERLIN: Oh, that's better. Yeah.

03:14 18 THE WITNESS: I'm still going to have to
03:14 19 come to the screen. I'm sorry.

03:14 20 BY MS. BERLIN:

03:14 21 Q Yeah. Me, too.

03:14 22 So what's on the screen right now, Exhibit
03:14 23 68, is from Dean Vagnozzi to Joe Mack and copying Perry
03:14 24 Abbonizio. It's an Email from November 5th, 2017.

03:15 25 A '17?

03:15 1 Q Yes.

03:15 2 A I guess scroll down to I guess number two.

03:15 3 Okay.

03:15 4 Q Okay.

03:15 5 So did anyone at CBSG discuss with you

03:16 6 either of the two options that are discussed in

03:16 7 Exhibit 68?

03:16 8 A No.

03:16 9 Q And would you have any concerns -- would

03:16 10 you have raised any concerns about option one?

03:16 11 MR. SOTO: Objection to form. Mr. Soto.

03:16 12 MS. SCHEIN: Objection. Calls for

03:16 13 speculation and assumes -- object to form.

03:16 14 MS. BERLIN: Okay.

03:16 15 MR. FUTERFAS: Unless, Amie, you're

03:16 16 making him your expert. I'm not sure what you're

03:16 17 doing.

03:16 18 BY MS. BERLIN:

03:16 19 Q Mr. Rutledge, to be clear, and I hope you

03:16 20 understand, I'm not asking you to speculate. How about

03:16 21 if I ask you another way. I don't want to ask you to

03:17 22 speculate.

03:17 23 As the attorney for CBSG in 2018, would

03:17 24 you have wanted to know that CBSG, you know, had

03:17 25 contemplated the creation of these income funds with

03:17 1 Dean Vagnozzi and how to structure, would you have
03:17 2 wanted to have known about the information that you're
03:17 3 seeing in Exhibit 68?

03:17 4 MS. SCHEIN: Objection. Calls for
03:17 5 speculation.

03:17 6 MR. SOTO: Objection to form. Mr. Soto.

03:17 7 MR. FUTERFAS: Yeah, objection to form.

03:17 8 THE WITNESS: In respond -- okay. In
03:17 9 2018, I'm responding to subpoenas and questions by
03:17 10 the Department of Banking -- PA Department of Banking
03:17 11 and Securities. If this is, again -- if this is tied
03:17 12 to Par versus just Vagnozzi going on his own and
03:18 13 doing things, so I guess my answer would be, if the
03:18 14 strategy was to have these other funds set up through
03:18 15 Vagnozzi's efforts or what have you solely for the
03:18 16 purpose of upstreaming all proceeds to Par notes,
03:18 17 then, yes, but I'm not sure that is -- I'm not sure
03:18 18 you can read that from the document.

03:18 19 BY MS. BERLIN:

03:18 20 Q Okay. Understood.

03:18 21 (SEC Exhibit 69 was marked for
03:18 22 identification.)

03:18 23 MS. BERLIN: Can we please show Exhibit
03:18 24 69.

03:18 25 And I just wanted to show this to see --

03:18 1 can we scroll down, please.

03:18 2 BY MS. BERLIN:

03:18 3 Q I pulled this just to see if this is --
03:18 4 you testified earlier today about the note purchase
03:19 5 agreements.

03:19 6 A Uh-huh.

03:19 7 Q I realize you may not have seen this
03:19 8 specific one with this particular fund, but I just
03:19 9 wanted to show you at least one of them to see if this
03:19 10 is what you were referring to when you testified
03:19 11 earlier.

03:19 12 A Uh-huh.

03:19 13 Yes. Keep scrolling.

03:19 14 Yes.

03:19 15 Q And does this version have the same issue
03:19 16 that you had previously?

03:19 17 A Yes.

03:19 18 Q And where do you see that issue?

03:19 19 A I think it's under section -- I think it's
03:19 20 section five, but I'm not sure.

03:19 21 Q Can we keep scrolling.

03:19 22 A Finders, brokers, et cetera, et cetera.
03:20 23 So it's not five.

03:20 24 Do you have that that I could -- it's
03:20 25 going to be earlier in the document.

03:20 1 Q Yeah. Can we scroll up to section four.

03:20 2 A Yes, there you go.

03:20 3 Q Yes. Scroll back down.

03:20 4 A Scroll down.

03:20 5 So this is the one that -- okay. This has
03:20 6 an X on it, I believe. It looks like an X. And it was
03:20 7 one of three of the note purchase agreements, which I
03:20 8 brought to Joe Cole's attention in July of 2019. Two
03:20 9 of them being dated October of 2018, and then there was
03:20 10 another one by -- I forget off the top of my head when
03:20 11 it was dated. It might've been in 2019. But those
03:20 12 were the three that I had brought to his attention,
03:20 13 which were the subject of a letter that I prepared and
03:21 14 Joe signed and said he sent to Dean Vagnozzi saying
03:21 15 this is -- this is not right. It's not acceptable, and
03:21 16 you have to revise it appropriately.

03:21 17 Q Thank you.

03:21 18 I wonder if we could please turn to
03:21 19 Exhibit -- oh, and just to be clear, did you ever
03:21 20 see -- you never saw a revised version of this?

03:21 21 A No, I did not.

03:21 22 Q Okay.

03:21 23 (SEC Exhibit 70 was marked for
03:21 24 identification.)

03:21 25 MS. BERLIN: If we could please turn to

03:21 1 Exhibit 70. Thank you.

03:21 2 BY MS. BERLIN:

03:21 3 Q And you testified earlier about the note
03:21 4 purchase agreement with ABFP Income Fund, I think, and
03:21 5 so I wondered if this was the note purchase agreement
03:21 6 that you were testifying about? And we can scroll
03:21 7 down.

03:22 8 A Yeah, if you can scroll down to that same
03:22 9 section because there's probably a checkmark in it if
03:22 10 that's the one I was referring to. Section four --
03:22 11 okay. There we go. In four point zero five, that's
03:22 12 the checkmark, and that's the one where I Emailed
03:22 13 Cynthia Clark saying it was unacceptable.

03:22 14 Q Okay.

03:22 15 And can we scroll down just to see the
03:22 16 date or even scroll I think to the first -- can you
03:22 17 scroll to the first page, please. It was, yeah,
03:22 18 October 15th, 2018. So this is -- I just wanted to --
03:22 19 I'm sorry? Oh, I thought -- I think there was an echo.

03:22 20 Okay. So, yeah, this is the note purchase
03:23 21 agreement, dated October 15th, 2018 with ABFP Income
03:23 22 Fund.

03:23 23 (SEC Exhibit 71 was marked for
03:23 24 identification.)

03:23 25 MS. BERLIN: So let's turn now to

03:23 1 Exhibit 71, please.

03:23 2 BY MS. BERLIN:

03:23 3 Q And this an Email exchange with Joe Mack,
03:23 4 which is Joe LaForte, and Dean Vagnozzi from January of
03:23 5 2018. And in this communication, you can see the page
03:23 6 where it's at right now that at the end of
03:23 7 January 2018, Mr. Vagnozzi is telling Joe LaForte that
03:23 8 his attorney has done the PPM, that they'll crush it
03:23 9 when it's open. They have twenty-two guys lined up for
03:23 10 the next group of agents. I have a few guys ready to
03:24 11 open their own PPM for you guys as soon as mine is
03:24 12 done. Thank you for your support.

03:24 13 And if you scroll up, you'll see that
03:24 14 Mr. LaForte responds, and then there's a discussion
03:24 15 about they want to discuss the flow of money from
03:24 16 Dean's investors to Dean's fund to CBSG. Do you see
03:24 17 that at the top of the page?

03:24 18 A Okay.

03:24 19 Q Okay.

03:24 20 And so is this -- you were testifying
03:24 21 earlier about like, you know, that there would be a
03:24 22 concern if -- I mean, is this the type of -- is this
03:24 23 the type of discussion between CBSG and the funds about
03:24 24 creating their money flow and organizing PPMs for CBSG
03:25 25 that you would've wanted to know about when you were

03:25 1 the attorney for CBSG in 2018?

03:25 2 MR. SOTO: Objection to form.

03:25 3 Mr. Rutledge is not copied in this, didn't send this,

03:25 4 didn't participate in this conversation. You're

03:25 5 asking him to speculate about somebody else's

03:25 6 investigation and shoehorning this document into his

03:25 7 testimony. Same objection as before. Mr. Soto.

03:25 8 BY MS. BERLIN:

03:25 9 Q Okay.

03:25 10 Mr. Rutledge, if you could answer the

03:25 11 question. And you'll notice this is from the time

03:25 12 period when you had been retained by CBSG at this time.

03:25 13 A What's the date?

03:25 14 Q January 23rd, 2018.

03:25 15 A Oh, 23rd. Okay. I just couldn't see it.

03:25 16 Yes. And it may have been the genesis of

03:25 17 what Joe Cole Emailed to me in March of 2018 about

03:25 18 these PPMs we're working with.

03:26 19 Q But even though you were working for --

03:26 20 you were CBSG's counsel at this time in January of 2018

03:26 21 in a case that involved Dean Vagnozzi as a finder and

03:26 22 CBSG, your client, didn't tell you about the ideas for

03:26 23 using agent funds as we see it in the Exhibit 71; is

03:26 24 that fair to say?

03:26 25 MR. SOTO: Objection to form.

03:26 1 THE WITNESS: Yes.

03:26 2 MS. SCHEIN: Speculating. Objection.

03:26 3 BY MS. BERLIN:

03:26 4 Q Okay.

03:26 5 And so we've talked today about how CBSG,
03:26 6 you know, they didn't file the Form D timely despite
03:26 7 your advice, and there were some other things you
03:26 8 testified about today where you gave certain advice to
03:26 9 CBSG. I wonder if you would agree with me -- I mean,
03:27 10 that -- let me ask you, how good do you think overall
03:27 11 CBSG was at taking your advice concerning the
03:27 12 securities matters when you gave them advice?

03:27 13 MR. FUTERFAS: Objection to form,
03:27 14 including misstating the Witness's testimony about
03:27 15 when the Form D was filed and why the Form D was
03:27 16 filed, because the exchange note took priority. So I
03:27 17 object to you, Amie, mischaracterizing the Witness's
03:27 18 own testimony of twenty minutes ago. For that and
03:27 19 other reasons, I object.

03:27 20 MS. BERLIN: Okay.

03:27 21 MR. TROY: And, Ms. Berlin, I'll say, as
03:27 22 a none-party, we're sort of sitting this out, but to
03:27 23 ask a question like this as to how good a job a
03:27 24 client did on something, I'm not sure how it can be
03:27 25 answered with the information that's been provided,

03:27 1 but I'm not going to -- we have a subpoena. I'm not
03:27 2 going to stand in the way.

03:27 3 MS. BERLIN: I'm sorry. I can't tell
03:27 4 who was just speaking.

03:28 5 MR. TROY: Oh, that was Paul Troy.
03:28 6 Sorry.

03:28 7 MS. BERLIN: Oh, I'm sorry, Mr. Troy. I
03:28 8 was looking at the squares trying to figure it out.

03:28 9 Yeah. I'm just asking Mr. Rutledge as
03:28 10 there is a reliance on advice of counsel affirmative
03:28 11 defense that's been issued in this case, and that's
03:28 12 an element. So that's why I'm asking. If
03:28 13 Mr. Rutledge could testify about, you know, how --
03:28 14 whether --

03:28 15 THE WITNESS: You want an answer with
03:28 16 the benefit of hindsight and all things that have
03:28 17 come to light, or at least alleged, that I didn't
03:28 18 know about, or do you want me to respond as if I
03:28 19 didn't know anything about that?

03:28 20 BY MS. BERLIN:

03:28 21 Q No. I understand. I think your testimony
03:28 22 has been clear that you didn't have the full picture
03:28 23 from your clients I think is clear from what you've
03:28 24 testified to today. My question is --

03:29 25 MR. FUTERFAS: Objection to your

03:29 1 comments on the record.

03:29 2 BY MS. BERLIN:

03:29 3 Q -- based on what you know today, not what
03:29 4 you knew at the time you were giving the advice, but
03:29 5 based on what you know today, did CBSG, you know,
03:29 6 always take your legal advice that you --

03:29 7 MR. FUTERFAS: Amie, I'm going to object
03:29 8 to the question. I'm going to fully object to the
03:29 9 question. What he knows today is a lot of
03:29 10 allegations you've made and a few Emails that he's
03:29 11 seen about many documents, and we have seven hours of
03:29 12 defense deposition to go because we've cross-noticed,
03:29 13 so -- and half your questions have involved telling
03:29 14 the Witness facts, which the Witness doesn't know,
03:29 15 and you haven't proven. So I object entirely to the
03:29 16 form of the question.

03:29 17 THE WITNESS: I'd say, apparently, they
03:29 18 didn't.

03:29 19 BY MS. BERLIN:

03:29 20 Q Okay.

03:29 21 And I mean, could you just give a list of
03:29 22 the areas where you don't think they took your advice?

03:30 23 A Well, they didn't do the PPM I
03:30 24 recommended, and we recommended in March of 2020.
03:30 25 They -- I don't think they took seriously the

03:30 1 importance of having the appropriate accredited
03:30 2 investor provisions stated in their note purchase
03:30 3 agreement.

03:30 4 When we went to do the exchange offer, I
03:30 5 did kind of a draft, if you will, and wanted to put
03:30 6 things in that Joe Cole didn't want in, such as
03:30 7 financial information, information on management. He
03:30 8 wanted to cut back on the -- a number of risk factors.
03:30 9 Those are some examples.

03:30 10 MR. SOTO: Objection to the form of the
03:30 11 question. Objection to the narrative response
03:31 12 requested and given. This is Mr. Soto.

03:31 13 BY MS. BERLIN:

03:31 14 Q Mr. Rutledge, are all of the documents
03:31 15 that you produced in response to the SEC subpoena true
03:31 16 and correct copies of business records from your law
03:31 17 firm?

03:31 18 A Yes.

03:31 19 Q Okay.

03:31 20 And I wonder if you could tell me
03:31 21 specifically on the exchange note offering, what was it
03:31 22 that you wanted to add to the disclosures about the
03:31 23 financials and management?

03:32 24 A I had suggested that they would include
03:32 25 their latest audited financial statements, which I

03:32 1 thought were 2017, but I'm not sure they actually were
03:32 2 issued. And the management section, you know, I
03:32 3 thought should be expanded a little bit to include, you
03:32 4 know, not necessarily executive officers, but, you
03:32 5 know, we have managers, you know, we have a director
03:32 6 of, you know, this or an IT director or, you know, key
03:32 7 people, what you would normally see in such a document.

03:32 8 Q Is there anyone specific that you thought
03:32 9 needed to be included? What about like Mr. LaForte or
03:32 10 Mr. Abbonizio, for example?

03:32 11 A Well, at that time, you know,
03:32 12 Mr. Abbonizio, if he was still on the payroll, which I
03:33 13 don't know if he was, I was still under the impression,
03:33 14 and based on Joe Cole's representation, that
03:33 15 Mr. LaForte was not involved in CBSG, so I would not
03:33 16 have included him in that.

03:33 17 Q Mr. LaForte, did you have an understanding
03:33 18 at that time about what his role was in the company,
03:33 19 such that you thought that he should be included?

03:33 20 A As I said, based on what Joe Cole told me,
03:33 21 that Mr. LaForte's only relationship with CBSG was he
03:33 22 was head of an independent sales organization, which
03:33 23 fed leads of small business borrowers, merchants to
03:33 24 CBSG for a commission.

03:33 25 Q And finally, did CBSG tell you or did you

03:33 1 ever learn that CBSG has two versions of its 2017
03:34 2 audited financials?

03:34 3 MR. SOTO: Objection to the form.

03:34 4 MS. SCHEIN: Objection to the form.

03:34 5 Objection. It assumes facts that are false.

03:34 6 THE WITNESS: No, I did not know that.

03:34 7 BY MS. BERLIN:

03:34 8 Q Have you ever seen the 2017 audited
03:34 9 financials?

03:34 10 A I don't recall that I did, but I honestly
03:34 11 don't know.

03:34 12 Q Okay.

03:34 13 And so you're not aware that -- no one
03:34 14 ever advised you that there was one version from
03:34 15 Friedman, LLC that was -- that had an adverse finding,
03:34 16 was a qualified opinion, and a second version that was
03:34 17 not?

03:35 18 MR. SOTO: Objection to the form.

03:35 19 MS. SCHEIN: Object to form.

03:35 20 THE WITNESS: No. I recall something,
03:35 21 and I don't know where I recall it from, but I think
03:35 22 I recall that not that they wouldn't give an opinion,
03:35 23 but there was some sort of hold up in the audit
03:35 24 financials that the auditor was waiting, I believe,
03:35 25 for management, which is standard in this -- in

03:35 1 auditing, something from management is how they
03:35 2 determine -- and I'm going to you use a banking term
03:35 3 here, a loan loss reserve.

03:35 4 BY MS. BERLIN:

03:35 5 Q Okay.

03:35 6 But did anyone ever tell you that
03:35 7 Friedman, LLC generated its audit report, and Joseph
03:35 8 LaForte didn't like the financial figures that were
03:35 9 shown in that document, and so Friedman, LLC redid the
03:35 10 financial audit report, but gave a qualified opinion on
03:35 11 it?

03:35 12 MR. SOTO: Objection.

03:36 13 MR. FUTERFAS: Objection.

03:36 14 THE WITNESS: I think in the Emails
03:36 15 produced there's probably something from Joe toward
03:36 16 the end of 2018 when we were settling with the
03:36 17 Pennsylvania Banking and Securities Department about
03:36 18 impact on their financials of the four hundred and
03:36 19 ninety-nine thousand dollar administrative assessment
03:36 20 that was agreed to. So that's the only thing I know
03:36 21 about the financials.

03:36 22 BY MS. BERLIN:

03:36 23 Q You're not aware that there was an
03:36 24 original version of the report, and then after Joseph
03:36 25 LaForte complained, that there was a second version of

03:36 1 the report created?

03:36 2 MR. SOTO: Objection to form.

03:36 3 MR. FUTERFAS: Objection to form.

03:36 4 THE WITNESS: Correct, I did not know

03:36 5 that.

03:36 6 BY MS. BERLIN:

03:36 7 Q Okay.

03:36 8 And today when you used the word -- when
03:36 9 you referred to Joe in your answers, can we assume that
03:36 10 you were talking about Joseph Cole, unless you
03:36 11 specified you were talking about Joe LaForte or Joe
03:37 12 Mack?

03:37 13 A Correct. Joe Cole is the only person I
03:37 14 talked to at CBSG, say for Cynthia Clark.

03:37 15 MS. BERLIN: Okay. I have no further
03:37 16 questions. Thank you so much for your time.

03:37 17 MR. TROY: Can we take a break before
03:37 18 more questioning?

03:37 19 MS. SCHEIN: Absolutely.

03:37 20 MR. FUTERFAS: It's 3:40. Let's take
03:37 21 twenty minutes till 4:00. It's going to allow the
03:37 22 defense also to organize, so, hopefully, we can be
03:37 23 efficient.

03:37 24 THE VIDEOGRAPHER: Okay. The time is
03:37 25 3:37 p.m. We're going off the record.

03:38 1 (Whereupon, at 3:37 p.m., a short recess
03:38 2 was taken.)

04:01 3 THE VIDEOGRAPHER: We're back on the
04:01 4 record. The time is now 4:01 p.m.

04:01 5 MS. SCHEIN: Thank you.

04:01 6 Since we cross-noticed to depose the
04:01 7 Witness, we are -- we do not prefer to start at 4:00
04:01 8 on a Friday afternoon, so we'd like to arrange a date
04:02 9 with Counsel for the Witness to -- and also for us to
04:02 10 streamline our questions, and pick a new date because
04:02 11 we're certainly not going to complete within the hour
04:02 12 the questions.

04:02 13 MR. FUTERFAS: Yeah. Paul, it's Alan
04:02 14 Futerfas. I Emailed you. I know Bettina Schein did,
04:02 15 as well. You might've been busy, but we can
04:02 16 certainly talk off the record and pick dates that are
04:02 17 convenient to you and your client.

04:02 18 MR. TROY: Okay. I understand. And,
04:02 19 yeah, I didn't see any Emails, so --

04:02 20 MS. SCHEIN: That's okay. I know we had
04:02 21 said we didn't have much time, so --

04:02 22 MR. FUTERFAS: If you want to go off the
04:02 23 record, and we can pick a few -- you know, we're
04:02 24 happy to work with you and be flexible on terms of
04:02 25 dates that work for you and your client.

04:02 1 MR. TROY: Yeah. I think -- look, I'll
04:02 2 say this, we'll get back to you at the beginning of
04:02 3 next week. I'm sure whatever dates are involved,
04:02 4 there's -- I'm going to have questions for
04:03 5 Mr. Rutledge. I'm probably going to have questions
04:03 6 for my scheduling paralegal without whom all would be
04:03 7 chaos. So, yeah, we'll get back to you early next
04:03 8 week.

04:03 9 MS. SCHEIN: Okay. Thank you.

04:03 10 THE VIDEOGRAPHER: So are we completing
04:03 11 today's session?

04:03 12 MR. FUTERFAS: I just want the record --
04:03 13 since we're on the record, I want to put on the
04:03 14 record, I don't want to wait that long. We'd like to
04:03 15 conclude your Witness and your client, and get him
04:03 16 done. So if we can do it, for example, late next
04:03 17 week, sometime next week or later next week, that
04:03 18 will be great, but we're not interested in -- you
04:03 19 know, in having you guys hang out there for weeks and
04:03 20 weeks till the next time we meet.

04:03 21 MR. TROY: No. No. We don't want to do
04:03 22 that, either. We really wanted to get this done
04:03 23 today, but we're usually scheduled weeks in advance,
04:03 24 but -- but we'll figure it out. We want to get this
04:03 25 done and over with.

04:03 1 MS. BERLIN: Okay. And this is Amie
04:03 2 Berlin from the SEC. If the SEC can just be included
04:03 3 in any scheduling of the deposition.

04:04 4 MS. SCHEIN: Sure.

04:04 5 MS. BERLIN: So that we conclude the
04:04 6 SEC's deposition of Mr. Rutledge, is there any
04:04 7 cross-examination for Mr. Rutledge?

04:04 8 MR. FUTERFAS: We will save our cross to
04:04 9 our deposition.

04:04 10 MS. BERLIN: Okay. Which defendant
04:04 11 re-noticed the deposition?

04:04 12 MR. SOTO: Defendant LaForte.

04:04 13 MS. BERLIN: Okay.

04:04 14 So do any of the Defendants wish to
04:04 15 cross-examine Mr. Rutledge.

04:04 16 MR. FUTERFAS: Not at this time.

04:04 17 MS. BERLIN: Okay.

04:04 18 So then this deposition that the SEC
04:04 19 took is complete. And this portion is done, and the
04:04 20 Defendants will take a separate deposition on a
04:04 21 different day.

04:04 22 MS. SCHEIN: Okay. And we'll speak
04:04 23 early next week with regard to the new date. Thank
04:04 24 you very much.

04:04 25 THE VIDEOGRAPHER: It is July 16th,

04:04 1 2021. The time is now 4:04 p.m. completing today's
04:04 2 deposition of George Phillip Rutledge.

04:05 3 THE COURT REPORTER: Who needs a copy of
04:05 4 the transcript? Ms. Schein?

04:05 5 MS. SCHEIN: Yes, please. Thank you.

04:05 6 MR. FUTERFAS: Alan Futerfas. We'd like
04:05 7 a copy.

04:05 8 THE COURT REPORTER: Mr. Soto?

04:05 9 MR. SOTO: Yes, please.

04:05 10 MR. TROY: And our office would like a
04:05 11 copy, too.

04:05 12 (Whereupon, at 4:04 p.m., the proceeding
04:05 13 was concluded.)

14
15
16
17
18
19
20
21
22
23
24
25

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

CERTIFICATE OF WITNESS

I, GEORGE PHILIP RUTLEDGE, do hereby declare under penalty of perjury that I have read the entire foregoing transcript of my deposition testimony, or the same has been read to me, and certify that it is a true, correct and complete transcript of my testimony given on July 16, 2021, save and except for changes and/or corrections, if any, as indicated by me on the attached Errata Sheet, with the understanding that I offer these changes and/or corrections as if still under oath.

_____ I have made corrections to my deposition.

_____ I have NOT made any changes to my deposition.

Signed: _____
GEORGE PHILIP RUTLEDGE

Dated this _____ day of _____ of 20____.

REPORTER'S CERTIFICATE

STATE OF FLORIDA)
) ss
COUNTY OF MIAMI-DADE)

I, BRIGITTE ROTHSTEIN, a duly certified stenograph court reporter in and for the State of Florida, do hereby certify:

That I reported the taking of the VTC video deposition of the Witness, GEORGE PHILIP RUTLEDGE, at the time aforesaid;

That prior to being examined, the Witness was by me duly sworn in to testify to the truth, the whole truth, and nothing but the truth;

That I thereafter transcribed my shorthand notes into typewriting and that the typewritten transcript of said VTC video deposition is a complete, true, and accurate record of the proceedings to the best of my ability.

I further certify that (1) I am not a relative, employee, or independent contractor of counsel of any of the parties; nor a relative, employee, or independent contractor of the parties involved in said action; nor a person financially interested in the action; nor do I have any other relationship with any of the parties or with counsel of any of the parties involved in the action that may reasonably cause my impartiality to be questioned; and (2) that transcript review was requested.

IN WITNESS WHEREOF, I have hereunto set my hand in the County of Miami-Dade, State of Florida, this 21st day of July 2021.


BRIGITTE ROTHSTEIN, STENOGRAPHER

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

ERRATA SHEET

Deposition of: GEORGE PHILIP RUTLEDGE
Date taken: JULY 16, 2021
Case: SEC v. COMPLETE BUSINESS SOLUTIONS GROUP, et al.

PAGE	LINE	CHANGE :	REASON :
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

Signed _____
Dated _____

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
SOUTHERN DISTRICT OF FLORIDA

SECURITIES AND EXCHANGE)
COMMISSION,)
)
Plaintiff,)
)
v.) Case No. 20-CV-81205-RAR
)
COMPLETE BUSINESS SOLUTIONS)
GROUP, INC. d/b/a PAR)
FUNDING, et al.,)
)
Defendants.)
_____)

REMOTE VIDEOTAPED DEPOSITION OF
GEORGE PHILIP RUTLEDGE, ESQUIRE, VOLUME 2,
called by the Defendant for examination, taken by
and before Ann Medis, Registered Professional
Reporter and Notary Public in and for the
Commonwealth of Pennsylvania, via Webex
videoconference, on Thursday, August 19, 2021,
commencing at 10:35 a.m.

JOB No. 210819AME

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

A P P E A R A N C E S

(Participants appeared via Webex videoconference)

On behalf of Plaintiff:

UNITED STATES SECURITIES AND EXCHANGE
COMMISSION
BY: AMIE RIGGLE BERLIN, ESQUIRE
801 Brickell Avenue, Suite 1800
Miami, Florida 33131
305.982.6300
berlina@sec.gov

On behalf of Defendant Joseph W. LaForte:

FRIDMAN FELS & SOTO
BY: ALEJANDRO O. SOTO, ESQUIRE
CHERLY LUCIEN, ESQUIRE
2525 Ponce de Leon Boulevard, Suite 750
Coral Gables, Florida 33134
305.569.7701
asoto@ffslawfirm.com
clucien@ffslawfirm.com

KOPELOWITZ OSTROW FERGUSON WEISELBERG
GILBERT
BY: DAVID LAWRENCE FERGUSON, ESQUIRE
1 West Las Olas, Suite 500
Fort Lauderdale, Florida 33301
954.525.4100
ferguson@kolawyers.com

KOPELOWITZ OSTROW FERGUSON WEISELBERG
GILBERT
BY: Joshua R. Levine, Esquire
1 West Las Olas, Suite 500
Fort Lauderdale, Florida 33301
954.525.4100
levine@kolawyers.com

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

A P P E A R A N C E S (Continued)

On behalf of Defendant Lisa McElhone:

THE LAW OFFICES OF ALAN S. FUTERFAS
BY: RICHARD BRUECKNER, ESQUIRE
565 Fifth Avenue, 7th Floor
New York, New York 10017
212.684.8400
rbrueckner@futerfaslaw.com

On behalf of Defendant Perry S. Abbonizio:

MARCUS NEIMAN RASHBAUM & PINEIRO
BY: JEFFREY D. MARCUS, ESQUIRE
BRANDON FLOCH, ESQUIRE
One Biscayne Tower
2 South Biscayne Boulevard, Suite 2530
Miami, Florida 33131
305.434.4941
jmarcus@mnrlawfirm.com
bfloch@mnrlawfirm.com

On behalf of Defendant Dean J. Vagnozzi:

AKERMAN LLP
BY: BRIAN P. MILLER, ESQUIRE
Three Brickell City Centre
98 Southeast Seventh Street, Suite 1100
Miami, Florida 33131
305.374.5600
brian.miller@akerman.com

On behalf of Defendant Joseph Cole Barleta:

Bettina Schein
LAW OFFICES OF BETTINA SCHEIN
BY: BETTINA SCHEIN, ESQUIRE
565 Fifth Avenue, 7th Floor
New York, New York 10017
212.880.9417
bschein@bettinascheinlaw.com

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

A P P E A R A N C E S (Continued)

On behalf of the Receiver Ryan K. Stumphauzer:

PIETRAGALLO GORDON ALFANO BOSICK &
RASPANTI, LLP
BY: GAETAN J. ALFANO, ESQUIRE
1818 Market Street, Suite 3402
Philadelphia, Pennsylvania 19103
215.320.6200
gja@pietragallos.com

On behalf of the Deponent:

KANE PUGH KNOELL TROY & KRAMER
BY: PAUL C. TROY, ESQUIRE
510 Swede Street
Norristown, Pennsylvania 19401-4807
610.275.2000
ptroy@kanepugh.com

Also present

Dean Vagnozzi
Perry Abbonizio
Michael Furman
Joseph Cole

Carrie Howard, videographer

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 *

GEORGE PHILIP RUTLEDGE, ESQUIRE	PAGE
EXAMINATION BY MR. SOTO	162
RE-EXAMINATION BY MS. BERLIN	356

* INDEX OF RUTLEDGE EXHIBITS *

NO.	DESCRIPTION	PAGE
Exhibit 4	CBSG Form D Notice of Exempt Offering of Securities filing, 5/26/20 SEC-SECEMAILS-E-0001100 - 0001109	304
Exhibit 5	CBSG Form D Notice of Exempt Offering of Securities filing, of Securities, 4/24/20	307
Exhibit 124	Letter, 2/5/18, from P. Rutledge to G. Skreppen, RE: Production of Records Pursuant to Subpoena SEC-0FR-E0000404 - 0000411	175
Exhibit 126	Email chain, 3/30/18, from P. Rutledge to J. Cole, subject: RE: CBSG Follow up	242
Exhibit 127	Email chain, 9/25/18, from J. Cole to P. Rutledge, subject: Re: Draft Response Letter to PADOBS	190
Exhibit 128	Email chain, 10/1/18, from P. Rutledge to J. Cole, subject: RE: Draft Note Purchase Agreement Template	220
Exhibit 130	Letter, 9/25/18, from P. Rutledge to L. Boyogueno, RE: CBSG SEC-0FR-E0007651 - 0007653	218
Exhibit 131	C&D order from the Texas State Securities Board	336

NO.	DESCRIPTION	PAGE
1	* INDEX OF RUTLEDGE EXHIBITS (Continued) *	
2		
3	Exhibit 132 Email chain, 1/18/18, from J. Cole	168
4	P. Abbonizio, subject: FW:	
5	Subpoena Matrix for PA Department	
6	Banking and Securities	
7	CBSG-Receiver-000350632 - 000350633	
8	Exhibit 133 Email chain, 3/7/20, from P.	346
9	Rutledge to B. Berman, subject:	
10	RE: Par/Texas - Attorney/Client	
11	Privileged/Work Product/Prepared	
12	in Contemplation of Litigation	
13	CBSG-Receiver-000373370 - 000373374	
14	Exhibit 134 Email chain, 4/5/20, from S. Cohen	322
15	to P. Rutledge, subject: Re:	
16	CBSG Exchange Offer: Attorney-Client	
17	Privileged	
18	FR000000464 - 00000469	
19	Exhibit 135 November 8, 2018 letter to	238
20	Stephanie Hamilton	
21	(retained by counsel)	
22	Exhibit 136 Letter, 11/14/18, from P. Rutledge	264
23	to S. Hamilton, RE: CBSG	
24	CBSG-ReceiverNative-000124901	
25	Exhibit 141 Letter, 7/25/19, from J. Cole to	279
	D. Vagnozzi, RE: Note Purchase	
	Agreements with ABFP Income, LLC,	
	ABFP Income Fund 2, L.P., and	
	ABFP Income Fund 3, LLC	
	CBSG-ReceiverNative-000175705	
	Exhibit 142 CBSG draft letter to D. Vagnozzi,	280
	RE: Note Purchase Agreements	
	with ABFP Income, LLC, ABFP Income	
	Fund 2, L.P., and ABFP Income	
	Fund 3, LLC	
	CBSG-ReceiverNative-000175672	

1 * INDEX OF RUTLEDGE EXHIBITS (Continued) *

2 NO.	DESCRIPTION	PAGE
3 Exhibit 143	Letter, 7/25/19, from J. Cole to 4 D. Vagnozzi, RE: Note Purchase 5 Agreements with ABFP Income, LLC, 6 ABFP Income Fund 2, L.P., and 7 ABFP Income Fund 3, LLC 8 CBSG-ReceiverNative-000175705	282
9 Exhibit 144	Memo, 7/24/19, from Bybel Rutledge 10 J. Cole, subject: Note Purchase 11 Agreements with ABFP Income, LLC, 12 ABFP Income Fund 2, L.P., and 13 ABFP Income Fund 3, LLC	283
14 Exhibit 146	Email chain, 3/24/20, from B. 15 Goodman to T. Newman, subject: RE: 16 Par Funding - Security Research 17 HB-000109 - 000117	230
18 Exhibit 147	Email chain, 8/1/19, from M. Price 19 to D. Ring, subject: RE: Letter from 20 Joe Cole 21 CBSG-ReceiverNative-001166726	283
22 Exhibit 148	(Unidentified)	285
23 Exhibit 149	Email chain, 11/13/18, from C. 24 Clark to P. Rutledge, subject: RE: 25 Draft Letter to PADOBS with Option 1 CBSG-ReceiverNative-000484274	267
Exhibit 150	Email chain, 7/23/19, from J. Cole to P. Rutledge, subject: Re: Euler Hermes Letter CBSG-ReceiverNative-000520432	293

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

* INDEX OF SEC EXHIBITS *

NO.	DESCRIPTION	PAGE
Exhibit 66	Email chain, 3/3/20, from J. Cole to P. Rutledge, subject: Re: CBSG Texas C&D Order CBSG-ReceiverNative-000373227	310
Exhibit 69	CBSG Note Purchase Agreement SEC-ABFP-E-003495 - 0034502	277

- - - -

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

2 - - - -

3 THE VIDEOGRAPHER: This begins the video
4 deposition of Phil Rutledge, Volume 2, in the matter
5 of Securities and Exchange Commission, plaintiff,
6 versus Complete Business Solutions Group,
7 Incorporated, DBA Par Funding, et al., defendants.
8 This is pending in the United States District Court,
9 Southern District of Florida. This deposition is
10 being held remotely by Webex.

11 The physical recording is with myself in
12 Lexington, Kentucky. Today's date is August 19,
13 2021, and the time on the video screen is 10:35 a.m.
14 Eastern Time.

15 My name is Carrie Howard, and I'm the
16 videographer. And the court reporter today is Ann
17 Medis, and we are both with Gradillas.

18 Now, for the record will counsel please
19 introduce themselves and state whom they represent.

20 MR. SOTO: Good morning. This is Alex
21 Soto. I represent Joseph LaForte. I'll be taking
22 this deposition.

23 MR. ALFANO: Good morning. This is Gaetan
24 Alfano. I represent the receiver.

25 MR. TROY: And this is Paul Troy. I

1 represent the witness, Philip Rutledge. I would ask
2 if Mr. Alfano could just confirm that as with the
3 past deposition, attorney/client privilege is waived
4 so Mr. Rutledge can testify.

5 MR. SOTO: Paul, I couldn't hear you, who
6 that was directed to.

7 MR. TROY: I'm sorry. This is Paul Troy.
8 I represent Philip Rutledge. And I would just ask
9 if Mr. Alfano could again confirm that
10 attorney/client privilege is waived so that
11 Mr. Rutledge can testify freely on the subject
12 matters.

13 MR. ALFANO: That's correct. The receiver
14 has waived attorney/client privilege on behalf of
15 the receivership entities from inception of those
16 entities through his appointment on July 28, 2020.

17 MS. RIGGLE BERLIN: This is Amie Riggle
18 Berlin on behalf of the Securities and Exchange
19 Commission.

20 MS. LUCIEN: Cherly Lucien on behalf of
21 Joseph LaForte.

22 MR. MARCUS: Jeff Marcus and Brandon Floch
23 on behalf of Perry Abbonizio.

24 MR. LEVINE: And Josh Levine on behalf of
25 Joseph LaForte.

1 MR. SOTO: This is Richard Brueckner on
2 behalf of Lisa McElhone. I'm with the law office of
3 Peter Futerfas today.

4 MR. MILLER: Brian Miller from Akerman LLP
5 on behalf of the Dean Vagnozzi.

6 If that is all the appearances, the court
7 reporter will now please administer the oath.

8 G. PHILIP RUTLEDGE, ESQUIRE,
9 having been first duly sworn, was examined
10 and testified as follows:

11 EXAMINATION

12 BY MR. SOTO:

13 Q. Good morning, sir.

14 A. Good morning.

15 Q. Let's begin with your name. If you could
16 spell your last name for the record, we'd appreciate
17 it.

18 A. My full name is George Philip, one L,
19 Rutledge spelled R-U-T-L-E-D-G-E.

20 Q. And I'm noting now -- I'm just noticing
21 now that I'm having a little trouble hearing you. I
22 didn't have that trouble earlier. If you could
23 speak up or get closer to the microphone, I think
24 that would assist all of us.

25 A. Is that any better?

1 Q. That is a touch better, yes.

2 A. Is this better?

3 Q. That is better. Thank you.

4 MR. SOTO: Madam court reporter, can you
5 hear the witness?

6 COURT REPORTER: Yes. And when I can't
7 I'll speak up.

8 BY MR. SOTO:

9 Q. We covered some of this during the SEC's
10 deposition of you. I have cross-noticed this
11 deposition, so I'm going to be asking you questions
12 that may be outside the scope of those asked by the
13 SEC in addition to some follow-up questions.

14 So we may be covering some similar ground,
15 but I will do my best not to re-ask questions that
16 you've already answered so we can make this an
17 efficient morning and afternoon.

18 But with that, let's just cover your
19 education and experience quickly, if we can.

20 A. I have an AB from Albright College, JD
21 from the Dickinson School of Law.

22 COURT REPORTER: I'm actually having
23 difficulty hearing him.

24 BY MR. SOTO:

25 Q. Sir, I didn't hear anything you said.

1 A. I received an undergraduate degree from
2 Albright College. Can you hear that?

3 Q. Yes.

4 A. And my JD from the Dickinson School of
5 Law.

6 Q. When did you receive those degrees?

7 A. My undergraduate was 1975. My JD was
8 1978.

9 Q. Okay. After graduating from law school,
10 what did you do?

11 A. Initially I worked for the Legislative
12 Budget and Finance Committee which was a statutory
13 committee of the Pennsylvania General Assembly. And
14 then, thereafter, I worked for the Pennsylvania
15 Securities Commission.

16 Q. Okay. Was that subsequently renamed?

17 A. It was, I believe, merged in 2012 into the
18 Pennsylvania Department of Banking and Securities.

19 Q. Okay. And were you with them when they
20 merged?

21 A. I was not.

22 Q. You were not. How long were you with the
23 Pennsylvania securities agency?

24 A. From 1980 until 2004.

25 Q. Approximately, what is that, 24 years?

1 A. Approximately 24, 25 years.

2 Q. And just what positions did you hold with
3 that agency?

4 A. I started as a staff attorney, then became
5 director of corporation finance and deputy chief
6 counsel, then chief counsel.

7 Q. And what was the mission of that agency
8 when you were working for them?

9 A. The mission of the agency is to promote
10 legitimate capital formation and provide investor
11 protection.

12 Q. What did you do after you left the
13 Pennsylvania securities agency?

14 A. I entered private practice.

15 Q. Okay. Did you specialize in a particular
16 area of the law?

17 A. Securities and the corporate, and the area
18 of securities dealing with broker dealers and
19 investment advisors.

20 Q. In addition to this work experience, do
21 you teach anywhere in connection with this practice?

22 A. Yes. I have taught, yes.

23 Q. You have taught? Can you tell us about
24 that?

25 A. I taught a course on state securities

1 regulation at the Dickinson School of Law as well as
2 a course on federal securities regulation for the
3 professor who was on sabbatical from here. Then I
4 thought securities regulation at Weidner. I believe
5 it's now called Weidner Commonwealth. I taught in a
6 compliance program sponsored by FINRA, the Financial
7 Industry Regulatory Authority, at the Wharton School
8 at the University of Pennsylvania. And I've taught
9 at BPP University Law School and also University of
10 London.

11 Q. Listen, I'm struggling to understand some
12 of the things you're saying. I heard you say BPB?

13 A. B as in boy, P as in Paul, P as in Paul.
14 That's the BPP University.

15 Q. And after that -- if you could just speak
16 up just a little bit more, I think it would be
17 useful. I'm just noticing the court reporter is
18 having some trouble occasionally. The last place
19 that you taught was?

20 A. University of London.

21 Q. What did you teach there and during what
22 time period?

23 A. I teach a distance learning course in
24 internet banking and electronic finance.

25 Q. Did there come a time when you were hired

1 by a company called Complete Business Solution
2 Group?

3 A. Yes.

4 Q. Was that in or about January of 2018?

5 A. Yes.

6 Q. And tell us about how it is that you came
7 to be hired by Complete Business Solutions Group.

8 A. I received I believe it was a telephone
9 call from a Norman Valz, V-A-L-Z, who said although
10 he was in private practice, he was acting as general
11 counsel to CBSG and that we had received a subpoena
12 from the Pennsylvania Department of Banking and
13 Securities and would I be able to assist them in
14 complying with that subpoena.

15 Q. Did Mr. Valz tell you how it is that he
16 came upon your name or came to find you?

17 A. I don't recall that he did.

18 Q. What did you say to him in connection
19 with, if anything, in connection with your
20 experience as it relates to the issue that he raised
21 with you, the subpoena from the Pennsylvania agency?

22 A. Could you repeat the question, please.

23 Q. Yeah. In other words, did you talk to him
24 during this initial phone call about the experience
25 that you had at the Pennsylvania securities agency

1 when they asked you for your help in connection with
2 a subpoena from that agency?

3 A. I can't recall specifically, but I may
4 have given the fact that I was the general counsel,
5 a former general counsel at the securities
6 commission at that time and that I had dealt with
7 similar requests by other clients from the
8 department.

9 Q. And by the time that Mr. Valz reached out
10 to you, had that agency been renamed the
11 Pennsylvania Department of Banking and Securities?

12 A. Yeah.

13 Q. Let's refer to it as PADOBS if that's
14 okay.

15 MR. TROY: How about just the Department?

16 MR. SOTO: The Department would be even
17 better. Okay. All right.

18 BY MR. SOTO:

19 Q. So let's turn to Exhibit 132, if we can.
20 Do you see that, Exhibit 132?

21 A. Yes.

22 Q. This is an email from you to Joe Cole at
23 Par Funding, dated January 18, 2018 at 12:54 p.m.;
24 correct?

25 A. Yes.

1 Q. Norman Valz is also a recipient of this
2 email?

3 A. Yes.

4 Q. And you write, "Joe and Norm, as
5 requested, attached is a matrix for CBS to follow in
6 producing documentation covered by the subpoena
7 issued by PADOBS issued by the Department."

8 Do you see that?

9 A. Yeah.

10 Q. The due date is February 5, 2018. So this
11 was the due date for the response by CBSG to the
12 Department's subpoena?

13 A. Yes.

14 Q. Let me ask you first: Do you recognize
15 this email?

16 A. I recognize the email.

17 Q. I didn't hear you, sir.

18 A. I said I recognize the email.

19 Q. So the purpose of their hiring you was
20 what? Was it to respond to the subpoena and deal
21 with the investigation thereafter?

22 A. It was to assist them in the production of
23 the requested documents in the subpoena.

24 Q. And at least at the time as of the time of
25 this letter, it appears that you believed the

1 Department's focus was on the payment by CBS of
2 finders' fees in connection with the sale of notes.
3 Do you see that in paragraph 2?

4 A. Yes.

5 Q. In paragraph 3 you gave them what you
6 referred to as strong legal advice. Do you see
7 that?

8 A. Yes.

9 Q. That advice was that CBS immediately
10 desist from paying any finders' fees?

11 A. Correct.

12 Q. That language is in bold and underlined?

13 A. Correct.

14 Q. Why did you feel it necessary to include
15 that language, bold that language and underline it?

16 A. To stress the importance from -- stress
17 the importance for them to desist from paying
18 finders' fees since that is what I thought was going
19 to be the focus of any potential Department action.

20 Q. And at the very -- the last paragraph, you
21 write, "Regarding a potential action by the
22 Department, I think where this is heading is to a
23 consent order, an agreement wherein CBS without
24 admitting or denying any allegations of paying
25 compensation to unregistered persons in violation of

1 the PA Securities Act, it will agree to a finding
2 and payment of a fine. This will be a public order
3 and searchable on the internet."

4 Do you see that?

5 A. Yes.

6 Q. And so why did you include in that final
7 paragraph that this would be a public order and
8 searchable on the internet?

9 A. I wanted them to be aware that if the
10 production resulted in a Department action where
11 that would be an order, that orders of the
12 Department are made public.

13 Q. Made public and available to be viewed by
14 whom?

15 A. Anybody who has an internet connection.

16 Q. Including investors?

17 A. Anybody who has an internet connection.

18 Q. That would include investors, correct,
19 assuming they have an internet connection?

20 A. Assuming --

21 MS. BERLIN: Objection. Form.

22 BY MR. SOTO:

23 Q. Sir, I'm sorry. I didn't hear your
24 answer.

25 A. Assuming they had an internet connection

1 and know how to use a search engine, yes,
2 (indecipherable).

3 Q. And this would include prospective
4 investors as well assuming they have an internet
5 connection?

6 A. Anyone who has an internet connection and
7 knew what they were searching for on the internet
8 and how to search.

9 Q. At the very bottom -- I'm sorry -- did I
10 cut you off?

11 A. No.

12 Q. At the very bottom of this email, you
13 write, "I'm available this afternoon to discuss this
14 matter further."

15 Do you recall whether you discussed this
16 matter further with Joe Cole or Norman Valz?

17 A. I do not recall.

18 Q. You don't recall? Okay. Well, let me ask
19 you: How did CBSG -- I'm sorry -- you referred to
20 them to CBS in this letter. Can we just agree that
21 CBS is Complete Business Solutions Group or CBSG?

22 A. Yes. I think I said CBS. I think later
23 on I probably used CBSG.

24 Q. So we'll use those interchangeably to
25 refer to Complete Business Solutions Group, if

1 that's okay.

2 A. Yes.

3 Q. So how did they respond to your strong
4 legal advice that they immediately desist from
5 paying finders' fees?

6 A. That they did so. I think there's other
7 emails from Joe Cole saying that they did.

8 Q. Did you have conversations with Joe Cole
9 with respect to their immediately desisting from
10 paying finders' fees?

11 A. Likely, yes. I don't recall specifically,
12 but I'm sure there was probably a discussion.

13 Q. When you spoke to Joe Cole at least
14 initially in early 2018, did you typically speak
15 with him alone or did you speak with him and Norman
16 Valz on the line?

17 A. Sometimes both would be on the line. I
18 would say that was more the case in the initial
19 early days, but then it was pretty much just talking
20 with Joe Cole.

21 Q. And do you recall receiving any pushback
22 from either Norman Valz or Joe Cole regarding your
23 strong legal vice that they immediately desist from
24 paying finders' fees?

25 A. No. I don't recall any.

1 Q. So as best you can recall, they followed
2 your advice?

3 A. Yes.

4 Q. If you look at the very top of this email,
5 page 1, there's an email from Joe Cole at Par
6 Funding on January 18, 2018 to Perry Abbonizio. Do
7 you see that?

8 A. Yeah.

9 Q. And that email is sent the same day as the
10 advice that you -- or the email below that we were
11 just discussing that you sent to Joe Cole and Norman
12 Valz; correct?

13 A. That's what it says, yeah.

14 Q. In your email to Joe Cole, the very first
15 line is, "As requested, attached is a matrix for CBS
16 to follow in producing documentation."

17 Do you see that?

18 A. Yes.

19 Q. And the email above in the subject line
20 says, Forward: Subpoena matrix for PA Department of
21 Banking and Securities, which is the same subject of
22 your email to Mr. Cole on that day; correct?

23 A. That's what it says, yes.

24 Q. It appears that Mr. Cole forwards your
25 email of January 18, 2018 at 12:54 to Perry

1 Abbonizio that same day?

2 MS. BERLIN: Objection. Form.

3 BY MR. SOTO:

4 Q. Is that correct?

5 A. That's what it appears, yes.

6 Q. And he directs Mr. Abbonizio to see the
7 attached, in other words, to see the email that you
8 sent to Joe Cole and Norman Valz.

9 MS. BERLIN: Objection. Form.

10 THE WITNESS: That email was in response
11 to a request that they made to me to basically
12 produce the matrix to give them some
13 (indecipherable) as to organizing the production.

14 BY MR. SOTO:

15 Q. And that email includes your
16 recommendation that they desist from paying finders'
17 fees, the email forwarded to Mr. Abbonizio; correct?

18 A. I don't know. All I see is, "Please see
19 attached." So if this -- if the a top email
20 attachment included the bottom, then, yes, that
21 would be the case.

22 Q. Let's look at Exhibit 124. So this is a
23 letter. Do you recognize this letter? It's dated
24 February 5, 2018 to Glenn Skreppen, Bureau Director
25 of the Department?

1 A. Yes.

2 Q. And in this letter at page 3, do you see
3 the subsection there that says, "Is the note a
4 security"?

5 A. Yes.

6 Q. And just to be clear, you're writing this
7 letter in connection with CBSG's hiring of you to
8 deal with the Department's subpoena; correct?

9 A. Yes.

10 Q. And in this section of the letter on page
11 3, you're discussing whether the note is a security.
12 Do you see that?

13 A. Yes.

14 Q. In fourth paragraph down, under "Is the
15 note a security," you appear to take the position
16 that the notes issued by CBSG fall within one of the
17 exceptions noted in a Supreme Court case called
18 Reves. Do you see that?

19 A. Yes.

20 Q. And you take the position that the notes
21 appear to meet what you described as the fifth type
22 of arrangement, identified by the court as not
23 constituting a security; right?

24 A. I'm making an argument that it may not be
25 a security.

1 Q. So the question I'd like to ask you is:
2 Did you discuss your belief that are the notes
3 issued by CBSG are not securities with either Joe
4 Cole or Norman Valz before you wrote this letter.

5 MR. TROY: Objection. You can answer.

6 THE WITNESS: I can't recall whether I
7 discussed it with Norman or not, but in all
8 correspondence with the Department, Joe reviewed
9 every piece of correspondence and commented on it
10 beforehand. And in my discussions with Joe, I think
11 they're securities, but I think there is a valid
12 argument to make to the Department that they're not
13 securities and it's something that we may want to
14 include.

15 I think the letter also says -- in another
16 paragraph says even if they are securities, that
17 there's been no violation of the securities
18 registration provisions because they were sold to
19 accredited investors, and, therefore, they could
20 rely upon Rule 506 of Regulation D.

21 BY MR. SOTO:

22 Q. Right. And we'll get to that in a moment.
23 But I imagined if you included this statement that
24 the notes appear to meet a particular exclusion set
25 forth by the Supreme Court case, that you did so in

1 good faith, meaning you believed that it was a good
2 faith argument?

3 MS. BERLIN: I'm sorry. Wait just a
4 moment, Mr. Rutledge. If you could just pause.
5 Sometimes I think you're talking over my objections.

6 I'm objecting as to form.

7 BY MR. SOTO:

8 Q. You can answer, sir.

9 A. I'm sorry. Could you repeat the question?

10 Q. The question was: I imagine if you
11 included this statement in your letter, that you
12 made the statement in good faith, in other words,
13 that you believed that there was a good faith
14 argument?

15 A. I thought it was a legitimate argument to
16 make.

17 Q. Do you recall when you spoke to Joe Cole
18 about whether the notes were securities, whether he
19 had spoken to any lawyers before hiring you about
20 whether the notes were securities?

21 A. Yes.

22 Q. And what did Mr. Cole tell you?

23 A. Mr. Cole stated that he had, quote, a no
24 securities opinion letter, unquote, from Lisa Jacobs
25 at DLA Piper. I asked him on several occasions to

1 produce the opinion. It was never produced.

2 Q. What would the effect be if the note were
3 not a security on the issue raised by the
4 Pennsylvania -- we agreed to call it the
5 Department -- on the issue raised by the Department?

6 MS. BERLIN: Objection as to form.

7 THE WITNESS: Well, it goes to the
8 jurisdiction. So if that were not deemed to be
9 nonsecurities, then the Department would not have
10 any jurisdiction over the issues that they raised in
11 the subpoena.

12 MR. TROY: If they were not deemed to be
13 nonsecurities.

14 THE WITNESS: If they were not deemed to
15 be securities, then the Department wouldn't have
16 jurisdiction.

17 BY MR. SOTO:

18 Q. Right. So if they were deemed to be not
19 securities, then the Department's concern over the
20 payment of finders' fees, it would not have
21 jurisdiction to resolve its concerns over the
22 payment of finders' fees; correct?

23 MS. BERLIN: Objection. Form.

24 THE WITNESS: Yes. It would have no
25 jurisdiction over what they believed was perhaps an

1 alleged violation of the Pennsylvania Securities
2 Act.

3 BY MR. SOTO:

4 Q. Did you speak to Lisa Jacobs of DLA at any
5 point after being hired by CBSG in connection with
6 CBSG?

7 A. No.

8 Q. I'd like to direct your attention -- I
9 think we're on the right page. We can scroll down.
10 Where it says, "The notes appear to meet the fifth
11 type of arrangement," do you see that paragraph?

12 A. Yes.

13 Q. And the very line of that sentence says,
14 "This security interest may be perfected by the
15 noteholder under the PA UCC."

16 Can you help us understand what that
17 means?

18 A. I believe that was taken from some
19 information that Norman Valz had provided me with.

20 Q. And what did you mean by PA UCC?

21 A. The Pennsylvania Uniform Commercial Code.

22 Q. Why was that relevant to this paragraph
23 within the subsection about the note being a
24 security or not being a security?

25 A. Well, it really went to the security

1 interest. Although the security interest is
2 granted, you can perfect a security interest, which
3 under the UCC sets forth priorities in case you need
4 to collect on that security interest. So a security
5 interest is perfectible under the UCC to preserve
6 priority.

7 Q. And is the fact that the noteholder can
8 perfect this security interest under the
9 Pennsylvania UCC a factor a court would consider in
10 determining whether the notes are securities?

11 A. No. I think that's something separate.

12 Q. So why did you include it in this section?

13 A. I think I included it to show that there
14 was the ability -- not only did they have a security
15 interest, which goes to the Reves issue, but they
16 also had a security interest that could be perfected
17 under the UCC.

18 Q. Before writing this letter, did you talk
19 to Joe Cole about -- did you ask him questions about
20 the company's practice of using finders?

21 A. I think that the email predated this where
22 I told him to stop paying finders, which he said he
23 did. And I recall receiving an email from him, and
24 it may have been with respect to this letter, just
25 confirming that they had stopped paying, and I think

1 the reply email said something like, yes, we
2 stopped -- terminated all our finders' fee contracts
3 as of a certain date.

4 Q. But my question was: Did you speak to him
5 about the actual practice? Did you ask him who the
6 finders were, whether they were receiving
7 compensation in connection with the sale of notes,
8 things of that nature, before writing this letter?

9 A. All of that should have been in the
10 production. My recollection is that was in the
11 production, were the finders, how much did they
12 receive, how much did they sell.

13 Q. And who provided those documents for
14 production?

15 A. Joe Cole.

16 Q. And did you produce those documents to the
17 Department?

18 A. Yes. I believe the first paragraph of
19 that letter references the production of documents
20 on a USB.

21 Q. It does at the top of page 2.

22 A. Page 1.

23 Q. I'm sorry. The top of page one, it says,
24 "Enclosed is a USC flash drive containing the
25 information identified by the Department in its

1 subpoena."

2 Is that what you're referring to?

3 A. Yes, it is.

4 Q. Let's go to page 4. And there's a
5 subsection there that says Availability of Rule
6 506(b) Exemption. Do you see that?

7 A. Yes.

8 Q. And in this subsection, essentially you
9 are making the argument that even if the notes were
10 not securities, the exemption provided under the
11 Rule 506(b) of SEC Regulation D would be available
12 to the company; correct?

13 A. If the notes were securities.

14 Q. Even if the notes were securities. I may
15 have misspoken.

16 A. And Joe actually sent -- in order to make
17 that representation, in January Joe sent a letter to
18 all the noteholders where he said in order to comply
19 with state and federal securities laws, we want to
20 ask you are you an accredited investor. And I had
21 previously sent him a template.

22 He kind of recreated his own from what I
23 sent to him and got them back. And I believe these
24 were also part of the production. Because the
25 argument I wanted to make to the Department was that

1 of all these noteholders were accredited investors
2 because my concern was the Department -- they also
3 tried to allege that CBSG violated the securities
4 registration provisions of the 1972 Act, which is
5 the Pennsylvania Securities act. This was the
6 argument that if the notes were securities, there
7 was no securities registration violation.

8 Q. The notes were exempt under Rule 506(b)?

9 A. Because they would be exempt under Rule
10 506(b) and operates under Rule 506(b), state law is
11 preempted from requiring registration of Rule 506(b)
12 offerings. They're eligible to receive a copy of
13 the Form D that was filed by the Rule 506(b) issuer,
14 but they cannot condition that offering or require
15 any things that the federal government does not
16 require.

17 Q. And if they were exempt under Rule 506,
18 they would be free from registration requirements;
19 correct?

20 A. Yeah, but it's an exemption from
21 registration. So they would have to comply with the
22 conditions set form in Rule 506(B) for the exemption
23 to be available, which means they would not have
24 to -- they're exempt from registering or filing a
25 registration statement under Section 5 of the

1 federal securities act.

2 Q. Right. Did you have a discussion with
3 Mr. Cole about this exemption?

4 A. Yes, because that's why I thought it very
5 important for him to reach out to the noteholders so
6 that we could represent to the Department that they
7 were all accredited investors and provide that
8 information to the Department.

9 Q. And so you explained to him that if the
10 company -- if the notes were exempt under Rule
11 506(b), then there would not be a requirement that
12 CBSG register the notes?

13 MS. BERLIN: Objection to form.

14 THE WITNESS: It's important to understand
15 the structure of the securities laws. In this
16 regard, every offer and sale of securities must be
17 registered. Let's use the federal example. You
18 want offer and sell a security. It must be
19 registered with the SEC unless an exemption is
20 available.

21 So there is always a registration
22 requirement unless an exemption is filed. So in
23 this case, there is a registration requirement.
24 However, CBSG doesn't have to register with the SEC
25 by filing a registration statement under Section 5

1 because we rely upon an exemption of Rule 506(b).

2 BY MR. SOTO:

3 Q. Right. That was your position in this
4 letter?

5 A. Correct.

6 Q. And you had a conversation with Mr. Cole
7 about exactly that?

8 A. Yes.

9 Q. And did you have a conversation with
10 Mr. Valz about that as well?

11 A. I can't recall whether he was in on those
12 conversations or not. He was not in on every
13 conversation.

14 Q. But you did ask Mr. Cole, I believe you
15 said, to write a letter to their noteholders with
16 respect to their accreditation status?

17 A. I prepared a letter which he turned into
18 his own letter. And, yes, he wrote to the existing
19 noteholders seeking information from them whereby we
20 could represent to the Department that he had a
21 reasonable belief that these people, that the
22 current noteholders were accredited investors.

23 Q. You made it a point to say that he turned
24 it into his own letter. Did you see that letter
25 before it went out?

1 A. No.

2 Q. Was there something about the letter that
3 did not include the representation you wanted made
4 in there, or did you have a specific concern about
5 the letter in the form that he wrote it?

6 A. I don't recall. I think it was a letter
7 where he recognized that the securities laws applied
8 and he was seeking information from the noteholders
9 so that he could comply with the securities laws. I
10 think the letter is in the productions that I made.

11 Q. I apologize, Mr. Rutledge and madam court
12 reporter. I think it's because of the video,
13 sometimes it's hard to tell when you stop speaking.

14 So I guess my question is: Did the letter
15 as you sit here today -- is the letter that
16 Mr. Cole -- that Mr. Cole sent in connection with
17 this exemption, did it convey the information that
18 you felt needed to be conveyed with respect to the
19 accreditation status of those investors?

20 A. It really wasn't so much the letter. It
21 was the information requested in the attachment that
22 would provide the basis for a reasonable belief of
23 accreditation. The letter was more of explanatory
24 letters, why am I sending you this.

25 Q. And did you draft the attachment?

1 A. Again, I sent an attachment which is I
2 think called Investor Questionnaire. He changed it.
3 I think he shortened it. But I didn't see it before
4 it went out.

5 Q. So it was the attachment that he changed
6 and shortened. And did you express to him a concern
7 --

8 MR. TROY: I think for both of you, it
9 might be easier to wait until you hear somebody stop
10 talking rather than trust your eyes on the camera.
11 I think you're talking over each other.

12 MR. SOTO: It's hard for me tell. It
13 doesn't sound as though I'm talking over
14 Mr. Rutledge, but I'll try to wait a beat.

15 BY MR. SOTO:

16 Q. So it was the attachment to that letter
17 that he shortened?

18 A. Both the letter and the attachment.

19 Q. Okay. Did you express to Mr. Cole a
20 concern with respect to the shortened or abbreviated
21 attachment after you saw the letter?

22 A. I didn't see his version until it was --
23 it went out, was completed and returned to me for
24 production to the Department. At that point, I
25 don't think I discussed it because we got the

1 information that was requested so we could make the
2 argument to the Department.

3 Q. So, in other words, he sent the request to
4 the noteholders including an abbreviated attachment
5 that you had provided to him and received in
6 response the information you wanted from those
7 noteholders?

8 MS. BERLIN: Objection as to form.

9 THE WITNESS: Yes.

10 BY MR. SOTO:

11 Q. The very -- the penultimate paragraph here
12 on page 4 of Exhibit 124 states, "As previously
13 indicated, CBSG has expressed a desire to comply
14 with all applicable requirements to operate its
15 business model and stands ready to cooperate with
16 the Department."

17 Do you see that?

18 A. Yes.

19 Q. So at least as of the date of this letter,
20 which would have been contemporaneous with or after
21 the production, you believed that CBSG was
22 cooperating with the Department?

23 A. That was actually put in at Joe Cole's
24 request, because he wanted to say that that was his
25 desire and he wanted the Department to be aware of

1 it.

2 Q. And you put it in at his request because
3 you believed it to be a truthful statement; correct?

4 MS. BERLIN: Objection. Just a moment,
5 Mr. Rutledge. If you can pause so I can make an
6 objection. I'm not sure how many of my observations
7 are going to make it on to this record.

8 Objection as to form.

9 BY MR. SOTO:

10 Q. Did you hear the question, sir?

11 A. I'm sorry. Can you repeat the question?

12 Q. And you included Mr. Cole's request
13 because you believed it to be a truthful statement;
14 correct?

15 MS. BERLIN: Objection. Please.
16 Objection as to form. Just take a pause after you
17 hear the question.

18 THE WITNESS: I had no reason to believe
19 it was not accurate.

20 BY MR. SOTO:

21 Q. Okay. Thank you.

22 MR. SOTO: Let's look at Exhibit 127.
23 This is an email from -- I'm sorry -- let's start at
24 the bottom and give Mr. Rutledge an opportunity to
25 read the first email.

1 MS. BERLIN: What exhibit number is this?

2 MR. SOTO: I'm sorry. I couldn't hear
3 you, Amie. Did you say something?

4 MS. BERLIN: Do you know what
5 exhibit number this is?

6 MR. SOTO: This is Exhibit 127.

7 MS. BERLIN: Thank you.

8 BY MR. SOTO:

9 Q. Let's go to the bottom. There's an email
10 from you to Joe Cole on September 20, 2018 where you
11 write, "Joe, just checking in with you about this
12 request and whether you'all be able to collate the
13 information by the requested due date or do I need
14 to ask for an extension?"

15 And above that email, Mr. Cole responds on
16 Friday, September 21, 2018 at 11:33, "Good morning,
17 Philip. I believe we'll be able to gather what we
18 need for this request. And I'd like to round back
19 with you early next week, if that works. Monday or
20 Tuesday afternoon would be ideal for me."

21 Do you recall the request that you were
22 raising and he was responding to?

23 A. Can I actually approach the screen?

24 Q. Please do, yeah.

25 A. It's not clear. Thank you. The type is a

1 little thin.

2 Q. So the question is: Do you recall the
3 request that you were referencing and that he was
4 responding to?

5 A. Yes.

6 Q. And what was that request?

7 A. My recollection is it was a request for
8 additional information from the Department received
9 I believe in -- it was in September. I can't recall
10 the exact date. But it was a supplementary request
11 for information after we submitted the subpoena
12 production.

13 Q. Do you recall what that request was for?

14 A. I don't recall. It would have been in the
15 letter that we received from the Department.

16 Q. So let's look at the second paragraph of
17 Mr. Cole's email to you, dated September 21, 2018 at
18 11:33 wherein he says, "I'm waiting on the PPM funds
19 we work with to produce documentation and will
20 organize this in a background check of sorts for our
21 policies and procedures."

22 My question you to is: What did you
23 understand him to mean when he said the PPM funds?

24 MS. BERLIN: Objection. Form.

25 THE WITNESS: I believe that it was, as we

1 discussed way back in March, that it might be
2 selling notes to what I called in my prior
3 depositions a pooled investment vehicle.

4 BY MR. SOTO:

5 Q. So what do you mean by a pooled investment
6 vehicle?

7 A. A pooled investment vehicle can go by many
8 names, hedge, investment funds, private equity
9 funds, but it basically is a pool of capital
10 contributed by individuals or it could be pension
11 funds or life insurance companies. But it's a pool
12 of capital that is used usually to invest in
13 illiquid securities. And they're usually managed by
14 a manager, and they make investments in all sorts of
15 things.

16 They could be limited, say they're only
17 going to invest in one thing or just give me your
18 money and I'll invest it however I feel it's
19 appropriate.

20 And when we talked back in March, said you
21 can sell to those pooled investment vehicles, but
22 you can't be involved in setting them up, promoting
23 them, marketing them, sending investors to them or
24 in any way participating in them.

25 Q. So you understood as of September 21, 2018

1 that --

2 MS. BERLIN: I'm sorry. Was the witness
3 finished with his answer?

4 MR. SOTO: Yes.

5 MS. BERLIN: Okay. Thank you.

6 BY MR. SOTO:

7 Q. So you understood as of September 21, 2018
8 that CBSG had been selling notes to pooled
9 investment vehicles; correct?

10 MS. BERLIN: Objection. Form.

11 THE WITNESS: No.

12 BY MR. SOTO:

13 Q. So in this paragraph, he writes, "I'm
14 waiting on the PPM funds we work with to produce
15 documentation."

16 Do you see that?

17 A. Yes.

18 Q. What did you understand him to mean by to
19 produce documentation?

20 A. I don't know what the documentation was
21 referred to. Perhaps it would make sense in context
22 of what the Department was asking for in their
23 supplemental request, but I don't -- I don't recall
24 what the Department was asking for.

25 Q. But safe to say that Mr. Cole was telling

1 you that he's waiting on these pooled investment
2 vehicles to produce documentation that is relevant
3 to the Department's request for information?

4 MS. BERLIN: Objection the last form.

5 BY MR. SOTO:

6 Q. Mr. Rutledge?

7 A. Yes.

8 Q. And the only reason that CBSG CBS --

9 A. That was a "Yes" in response you to saying
10 Mr. Rutledge. Could you repeat the question?

11 Q. Is it safe to say that Mr. Cole, when
12 saying I'm waiting on the PBM funds we work with to
13 produce documentation, that your understanding was
14 that he was asking these PPM funds to produce
15 documentation in response to the Department's
16 request for information?

17 MS. BERLIN: Objection as to form.

18 THE WITNESS: Without knowing what the
19 Department was requesting, I really couldn't say.

20 BY MR. SOTO:

21 Q. I think we're confusing two things. I'm
22 not asking what specific documentation he's
23 referring to. Let me just make that clear.

24 In the first paragraph, he writes, "Good
25 morning, Philip. I believe we'll be able to gather

1 what we need for this request."

2 Now, earlier you testified that this
3 statement by Mr. Cole and your earlier statement
4 related to a request for information by the
5 Department; right?

6 A. Correct.

7 Q. And so in the second paragraph, when he
8 says, "I'm waiting on the PPM funds we work with to
9 produce documentation," that would be documentation
10 in response to the request by the Department;
11 correct?

12 MS. BERLIN: Objection as to form. And I
13 also believe that it might have misstated his
14 testimony.

15 MR. SOTO: Amie, I'm going to ask you to
16 limit your objections to the form and leave it
17 there. You are going beyond what is required.
18 We've had conversations about this. There's nothing
19 more necessary. So I'm just going to ask that you
20 do that.

21 BY MR. SOTO:

22 Q. Mr. Rutledge, did you hear my question?
23 Did you need me to repeat it?

24 A. I heard it. I believe that's a reasonable
25 assumption.

1 Q. And so he was waiting on the PPM funds to
2 produce documents in response to this request by the
3 Department that you were helping him with?

4 A. I believe --

5 MS. BERLIN: Objection to form. I'm
6 sorry, Mr. Rutledge. Please pause before you
7 answer. Objection as to form.

8 THE WITNESS: I believe so.

9 BY MR. SOTO:

10 Q. And I'm going to use pooled investment
11 vehicle synonymously with PPM funds. Is that fair,
12 at least with respect to this email?

13 A. I think that is how Joe Cole referred to
14 them, as PPM funds, so yeah.

15 Q. So when you read PPM funds in an email
16 from Joe Cole, you understand that to be a pooled
17 investment vehicle?

18 A. A pooled investment vehicle that is not
19 associated or affiliated with CBSG.

20 Q. But a pooled investment vehicle that CBSG
21 is asking for documents from in connection with this
22 request by the Department; correct?

23 A. Apparently so.

24 MS. BERLIN: I'm sorry, Mr. Rutledge.

25 THE WITNESS: I'm sorry.

1 MS. BERLIN: That's okay. Objection as to
2 form. I'm just concerned that many of my objections
3 are not going to show up on the transcript or aren't
4 being captured.

5 BY MR. SOTO:

6 Q. And so if he's requesting documents from
7 these PIVs, that would indicate given the context of
8 the request by Pennsylvania, by the Department, that
9 these are PIVs to whom CBSG has sold notes; correct?

10 MS. BERLIN: Objection. Objection. Calls
11 for speculation.

12 THE WITNESS: Yes.

13 BY MR. SOTO:

14 Q. So you go on -- sorry. He goes on to say,
15 "I believe the other point to convey," after he asks
16 for documents from the PIV funds or the PPMs, he
17 goes on to say, "And will organize this in a
18 background check of sorts for policies and
19 procedures."

20 What did you understand him to mean when
21 he said, "We'll organize this in a background check
22 of sorts for our policies and procedures"?

23 A. I don't know what he meant.

24 Q. You don't know what he meant when he said,
25 we'll work to try to obtain documents we'll organize

1 in a background check of sorts?

2 MS. BERLIN: Objection. Asked and
3 answered.

4 THE WITNESS: I don't know what he meant
5 precisely by background check.

6 BY MR. SOTO:

7 Q. Well, my question was and what I tried to
8 ask is not what he meant, but what you understood
9 him to mean in connection with this email that he
10 sent you where he said, "We're going to try to
11 organize the documents produced by the PIV funds in
12 a background check of sorts."

13 What did you understand him to mean?

14 A. Well, based on the wording of the email,
15 it appeared that he was trying to organize policies
16 and procedures with respect to the sale of notes to
17 PIVs.

18 Q. Okay. In response to this email, dated
19 September 21, 2018 at 11:33, you responded, what,
20 three minutes later, at the very top there?

21 A. I can't see the bottom one. I'll take
22 your word for it.

23 Q. I don't want you to take my word for it.

24 MR. SOTO: Can we blow it up so that
25 Mr. Rutledge can see the date and timestamp on this

1 email?

2 MS. BERLIN: Objection to form.

3 THE WITNESS: I can see the date and
4 timestamp. What I can't tell is whether it's three
5 minutes later, which you indicated.

6 BY MR. SOTO:

7 Q. I'm sorry. Let's go down. Do you see
8 that Mr. Cole's email is September 21, 2018 at
9 11:33?

10 A. Yes.

11 Q. Let's go up. Do you see yours is
12 September 21, 2018 at 11:36 a.m.?

13 A. Right.

14 Q. So you responded three minutes later?

15 MS. BERLIN: Objection as to form.

16 THE WITNESS: Apparently so.

17 BY MR. SOTO:

18 Q. And you said, "That's fine. My calendar
19 is pretty open Monday through Wednesday of next
20 week." Correct?

21 A. Correct.

22 Q. And so you didn't ask him to -- I
23 apologize. You didn't ask him to clarify any word
24 or phrase in his earlier email, did you?

25 A. Not in that email, no.

1 Q. And when you said, "My calendar is open
2 Monday through Wednesday of next week," you were
3 inviting him to talk further with respect to these
4 issues?

5 MS. BERLIN: Mr. Soto, I'm just going to
6 make a standing objection to all the leading
7 questions -- it's mostly been leading -- so I don't
8 have to continue objecting. Is that acceptable to
9 you to serve you on notice that I have a leading
10 objection, or would you like me to object?

11 MR. SOTO: No. I'll accept your standing
12 objection.

13 BY MR. SOTO:

14 Q. Mr. Rutledge, did you understand my
15 question?

16 A. Will you please repeat it?

17 Q. Sure. What did you mean when you said,
18 "My calendar is pretty open Monday through Wednesday
19 of next week" in response Mr. Cole's email?

20 A. Usually something like that would have
21 been triggered by him asking me for something. I
22 honestly don't know exactly what that meant.

23 Q. So if we move up a bit, there is an email
24 after your email of September 21, dated
25 September 24, 2018 at 4:00 p.m. from you to

1 Mr. Cole. Do you see that?

2 A. Yes.

3 Q. And you write, "Joe, attached for your
4 review and comment is a proposed response letter to
5 PADOBS."

6 Do you see that?

7 A. Yes.

8 Q. "Please read the first sentence of item 6
9 carefully to see if you can make that
10 representation."

11 Do you recall this email to Mr. Cole?

12 A. Yes. My habit was to send all drafts of
13 any communication with the Department to Joe for his
14 review and comment.

15 Q. And the item that you asked him to
16 confirm, item 6, appears on page 2 of the draft
17 letter, and it reads, "CBSG advised that it was
18 aware that the individuals who received compensation
19 held licenses issued by the Commonwealth of
20 Pennsylvania. Upon receipt of the Department's
21 subpoena, CBSG took immediate steps to obtain the
22 assistance of experienced securities counsel and on
23 advise of counsel moved to terminate all agreements
24 with individuals who had received compensation for
25 the notes -- for the sale of the notes. As it may

1 be more likely than not, then under U.S. Supreme
2 Court ruling in Reves, the notes are not securities.
3 The individuals who received compensation in
4 connection with the sale of the notes may not have
5 been required to be registered under the securities
6 laws."

7 Do you see that paragraph?

8 A. Yes.

9 Q. And so what you were asking him to confirm
10 as part of that paragraph was what?

11 A. Was that CBSG took immediate steps to
12 obtain -- sorry. They took immediate steps to
13 terminate all agreements of individuals who received
14 compensation for the sale of the securities.

15 Q. And you testified earlier that they had
16 taken such steps.

17 A. Joe told me in an email that they had
18 terminated the finders' contracts. As of a date
19 certain I can't recall, but it was in January.

20 Q. So they followed your advice with respect
21 to that?

22 A. Yes.

23 MS. BERLIN: Just a moment, please.

24 Objection as to form.

25

1 BY MR. SOTO:

2 Q. And at the very end there, in this draft
3 letter you again state that it is more likely than
4 not that under Reves, the notes are not securities;
5 correct?

6 A. I wanted to -- because this request came
7 from a different person, not Mr. Skreppen, I wanted
8 to preserve the argument that I made to Mr. Skreppen
9 that the notes may not be securities.

10 Q. So you believed as of September of 2018
11 that was still a good faith argument to make to the
12 Department?

13 A. Yes. I think it was a legitimate argument
14 to make to the Department.

15 Q. In paragraph 1 of this draft, you write
16 that "CBSG advises that it does not possess any
17 further documents within the scope of the request
18 other than those already submitted to the
19 Department."

20 Do you see that?

21 A. Yes.

22 Q. So as of September 2018, CBSG had produced
23 all of the documents that you believe it had to
24 produce in response to the subpoena?

25 MS. BERLIN: Objection as to form.

1 THE WITNESS: The document -- excuse me --
2 the request for additional documents from
3 Ms. Boyogueno had a list of things, and I think the
4 one, two, three, four probably follows the request.
5 So in this -- whatever request number one was, CBSG
6 told me it doesn't have any further documents other
7 than that produced in February.

8 BY MR. SOTO:

9 Q. I see. So your number one corresponds to
10 the Department's request number one?

11 A. I believe so. It says, I will request --
12 I will address each request ad seriatim.

13 Q. Yes, you do. All right. And underneath
14 that, you note that "As you stated in the Skreppen
15 letter, the promissory notes issued by CBSG were not
16 securities."

17 Do you see that under Reves?

18 A. Yes, that it's arguable that under Reves,
19 the notes are not securities.

20 Q. And this is a draft of a letter that you
21 sent to Mr. Cole; correct?

22 A. Yes.

23 Q. And in this paragraph you note that "The
24 production represented a nonnegotiable,
25 nontransferable debt instrument whose term does not

1 exceed 18 months."

2 Why did you represent in this paragraph
3 the term did not exceed 18 months?

4 A. I believe I did a research of the notes
5 that he had (indecipherable), and none of them by
6 recollection exceeded 18 months.

7 Q. And was that a factor relevant to your
8 opinion here that the notes were not securities?

9 MS. BERLIN: Objection as to form.

10 BY MR. SOTO:

11 Q. I didn't hear you, sir.

12 A. It wasn't opinion. It was an argument.

13 Q. Was the fact that the notes did not exceed
14 18 months relevant to your argument that the notes
15 are not securities?

16 A. Yes.

17 Q. Was the fact that the notes represented in
18 nonnegotiable, nontransferable debt instrument
19 relative to that statement?

20 A. To some degree.

21 Q. You go on to say that "The payment of the
22 principal and interest on the note is secured by
23 execution of a security agreement in favor of the
24 purchaser of the note with respect to all tangible
25 and intangible personal property of CBSG, which

1 consists of merchant receipts pledged to CBSG by
2 merchants under a future receipts sales agreement."

3 Do you see that?

4 A. Yes.

5 Q. Was that statement relevant to your
6 analysis in support of your argument that the notes
7 were not securities?

8 A. Yes.

9 Q. And how is it that you came to know that
10 the principal and interest in connection with these
11 notes was secured by execution of a security
12 agreement in favor of the purchaser?

13 A. Mr. Cole provided me with the documents.

14 Q. Did you discuss with Mr. Cole that the
15 fact that the note was a nonnegotiable,
16 nontransferable debt instrument whose term cannot
17 exceed 18 months and whose payment was secured by
18 execution of a security agreement in favor of the
19 purchaser of the note as factors supporting your
20 argument that the notes were not securities?

21 A. Yes.

22 Q. In paragraph 3 of this draft, you write,
23 "Other than the CBSG credit agreements previously
24 provided to the Department, CBSG advises that it has
25 no other documents described in the request. It

1 should be noted however that Rule 502(b) of SEC
2 Regulation D states that an issuer is not required
3 to provide specific disclosures to any accredited
4 investor and CBSG advises it has reason to believe
5 that all persons purchasing the notes were
6 accredited investors."

7 Do you see that?

8 A. Yes.

9 Q. Do you recall writing that as part of this
10 draft?

11 A. Yes.

12 Q. And when you write that an issuer is not
13 required to provide specific disclosures to any
14 accredited investor, assuming Rule 502(b) of SEC
15 Regulation D is applicable, do you mean in this
16 context that CBSG would not be required to provide
17 specific disclosures to any accredited investor that
18 it has reason to believe is accredited in connection
19 with the purchase of the notes?

20 A. Yes. Under Rule 502, which applies to SEC
21 Regulation D, there are certain disclosure
22 requirements. However, 502(b) says that if you're
23 offering and selling to an accredited investor, no
24 specific disclosures are required under the
25 availability or the regulatory scheme of

1 Regulation D.

2 Q. Do you recall having any conversation with
3 Mr. Cole about the fact that Rule 502(b) would
4 exempt CBSG from making specific disclosures to
5 accredited noteholders?

6 A. As a condition of availability of
7 Regulation D.

8 Q. Does that mean you did? I'm sorry. I
9 interrupted you.

10 A. Yes.

11 Q. So your answer to my question is yes?

12 A. Can you repeat the question? I believe
13 so, but could you repeat the question just to make
14 sure?

15 MR. SOTO: Madam court reporter, would you
16 please read it back.

17 (The record was read back.)

18 THE WITNESS: Yes, as a condition of the
19 availability of the Reg. D exemption.

20 BY MR. SOTO:

21 Q. All right. So let's go to top of
22 Exhibit 127. I'll scroll to the left a little bit
23 here so you can see it. So this is an email from
24 Mr. Cole to you, dated September 25, 2018 at
25 12:32 p.m. Do you see that?

1 A. Yes.

2 Q. And I'll give you a moment to review it,
3 but this is Mr. Cole's response to you after having
4 received this draft letter we've been discussing for
5 the last few minute; is that right?

6 A. Yes.

7 Q. So in this email Mr. Cole writes, "Good
8 afternoon, Philip. We reviewed the attached
9 response letter and concur with the language used."

10 What did you understand him to mean there?

11 A. That he concurred with the prose in the
12 draft letter to the Department.

13 Q. Did you understand him to mean that you
14 could use the language in this draft in your next
15 letter to the Department?

16 A. Yes.

17 Q. It says, "A response under item 6 does
18 accurately describe the course of action taken after
19 the request by the State was made."

20 Do you see that?

21 A. Yes.

22 Q. "We can substantiate this via copies of
23 communications on our end to confirm that it was
24 completed as described."

25 Did you take that to mean that he had

1 complied with your request that they terminate all
2 the agreements with the finders?

3 A. I took it as a response to my prior email,
4 please look at item 6 to make sure the
5 representation is correct. And I viewed this as him
6 saying that that representation is correct.

7 Q. And the representation in paragraph 6 was
8 that on the advice of counsel, CBSG moved to
9 terminate all agreements with individuals who had
10 received compensation for the sale of notes;
11 correct?

12 A. Correct.

13 Q. In the next paragraph, he writes, "I also
14 conveyed the concerns you had with the PPM documents
15 to our investor relations director. She is
16 discussing the offering documents issues with the
17 various fund managers today which they will
18 hopefully amend in subsequent offerings. He is also
19 discussing the need for an agreement with us to
20 confirm that they are accredited and to indemnify
21 CBSG."

22 Do you see that?

23 A. Yes.

24 Q. Do you recall receiving this letter, this
25 email, sorry, from Mr. Cole?

1 A. Yes.

2 Q. So when he says, "I conveyed the concerns
3 you had with the PPM documents to our investors
4 relations director," what did you understand him to
5 mean?

6 A. I believe this relates to the private
7 placement memorandum that Joe had sent to me for
8 ABFP Fund. I'm not sure which one it was. I think
9 it was number 1. And asked me to review it and give
10 my comments, which I did.

11 Q. And what were your concerns?

12 A. I think my principal concern -- there were
13 several concerns in terms of language used, some
14 formatting, some legend issues that I didn't think
15 were correct, but also that it didn't appear in the
16 PPM which was, I believe, selling notes -- the fund
17 was selling notes -- as to how the noteholders were
18 going to be paid.

19 Q. What was your concern about how the
20 noteholders were going to be paid?

21 A. Well, usually if you're selling notes --
22 now, again, this wasn't my document. I was only
23 asked to review it. Usually if you're selling
24 notes, you should disclose to the noteholders how
25 you expect to pay the interest and principal when

1 due, from what sources.

2 Q. And based on your understanding of the
3 PPMs or the PIVs, the pooled investment -- let me
4 restate this.

5 Based on your understanding in September
6 of 2018 of the PPMs and the fund managers referenced
7 in this email, was it CBSG who had an obligation to
8 make these disclosures to the noteholders who
9 purchased notes from the PPM managers, or was it the
10 PPM managers who had that responsibility?

11 MS. BERLIN: Objection to form.

12 THE WITNESS: I had no knowledge, except
13 for the ABFP Fund, of any PIV that Joe was dealing.

14 BY MR. SOTO:

15 Q. Okay. So let me restated the question
16 then.

17 With respect to ABFP, was it your position
18 in September of 2018 that it was ABFP's obligation
19 to make the disclosures that you had concerns about
20 to its noteholders, or was it CBSG's obligation to
21 make those disclosures to ABFP's noteholders?

22 MS. BERLIN: Objection to form.

23 THE WITNESS: In this case the issuer was
24 ABFP. ABFP was selling its notes. And it would be
25 my view that it would be the obligation of ABFP as

1 the issuer of its notes to make the proper
2 disclosures.

3 BY MR. SOTO:

4 Q. And to whom would CBSG have an obligation
5 to make disclosures vis-a-vis this relationship of
6 the sale of notes to ABFP by CBSG?

7 A. Well, you mean --

8 Q. In other words, wouldn't CBSG's obligation
9 in terms of a disclosure in connection with the sale
10 of notes to ABFP that it make disclosures to ABFP?

11 A. If ABFP was the purchaser of CBSG's notes,
12 yes. Any disclosure obligations would run to ABFP
13 from CBSG.

14 Q. Thank you. In the last paragraph here, he
15 says, "Also, please confirm remittance instructions
16 to increase our routine or reserve with you."

17 What did you understand him to mean?

18 A. I think that was him asking for our IOLTA
19 bank routing number and account number.

20 Q. In order to increase their routine or
21 reserve with you meaning what?

22 A. For payment of our fees.

23 Q. And he says, "I believe we already
24 exhausted it with all this follow-up work and we'd
25 like to cover the upcoming response and documents or

1 agreements with the funds with work with."

2 Do you see that?

3 A. Yes.

4 Q. So he's asking you to send instructions so
5 that they can increase the amount of money that they
6 pay you as a retainer reserve in order to cover some
7 additional work that they're asking you to do for
8 them; correct?

9 A. Yes, because we were still dealing with
10 the Department. And also they had requested that I
11 prepare a note purchase agreement for them that
12 could be used for any purchaser of the notes because
13 heretofore, all they had was a note and a security
14 agreement, and that was it.

15 Q. Right. And they wanted to increase that
16 retainer reserve with you to cover what you just
17 described and also made clear here that the
18 agreements were to be in connection with the funds
19 that they work with. Do you see that last part of
20 that sentence?

21 A. Yes.

22 MS. BERLIN: Objection as to form.

23 BY MR. SOTO:

24 Q. And so when Mr. Cole says he is asking
25 that you increase the retainer reserve in connection

1 with this work related to the funds, is it fair to
2 say that he was conveying to you that ABFP was one
3 of at least a number of funds that they were selling
4 notes to?

5 MS. BERLIN: Objection to form.

6 THE WITNESS: I didn't know what number of
7 funds they were working with or I should say selling
8 notes to.

9 BY MR. SOTO:

10 Q. Is it fair to say that when he wrote to
11 you in September of 2018, that he was asking you to
12 increase their retainer reserve to have you assist
13 them with respect to documents or agreements with
14 the funds we work with, that you understood that
15 that were selling notes to at least one other PIV in
16 addition to ABFP?

17 A. (Indecipherable.)

18 Q. Mr. Rutledge, we did not hear that answer.

19 A. I heard something. I thought it was
20 Ms. Berlin.

21 MS. BERLIN: Yes. I tried to object to
22 form.

23 THE WITNESS: Okay. It was you.

24 BY MR. SOTO:

25 Q. You can answer.

1 A. You have her objection?

2 Q. Yes.

3 A. Since he used the plural, yes.

4 Q. And you mentioned in your earlier response
5 that you were going to prepare a note purchase
6 agreement for CBSG.

7 A. Correct.

8 Q. And so when he says we'd like that
9 retainer reserve to cover the upcoming response and
10 documents for agreements, did you understand him to
11 mean the note purchase agreements?

12 A. The note purchase agreement.

13 Q. Note purchase agreement, right. That's
14 what you understood him to mean?

15 A. Yes.

16 Q. Okay. And did you understand him to mean
17 that you would be preparing a note purchase
18 agreement for the funds that they sell notes to, as
19 part of that last sentence?

20 A. No. He just wanted one template, if you
21 will, of a note purchase agreement, a form of note
22 purchase agreement.

23 Q. Right. But did you understand that he
24 would be using that template for the note purchase
25 agreement in connection with the sale of notes by

1 CBSG to at least two funds?

2 A. Well, it would be to any purchaser,
3 whether it be a fund or an individual.

4 Q. Right. But as of September 25, 2018, you
5 understood that Mr. Cole was going to use this
6 template that he was asking you to draft in
7 connection with the sale by CBSG of its notes to at
8 least two funds?

9 MS. BERLIN: Objection to form.

10 BY MR. SOTO:

11 Q. You can answer, sir.

12 A. Yes.

13 Q. Let's look at Exhibit 130. And before we
14 begin reviewing that, it's 12:06. I think we
15 started at 10:30. I'm happy to continue,
16 Mr. Rutledge, but I just want to let you know that
17 if you need a break, a bathroom break, at any time,
18 just let me know. I tend to focus on what I'm doing
19 and kind of forget about the time. So please just
20 interrupt and let me know you need a break.

21 A. Okay.

22 MR. SOTO: Let's go to Exhibit 130. I
23 don't see it on the screen. So let's scroll down to
24 the bottom so Mr. Rutledge can see the last page.
25 It's only three pages.

1 BY MR. SOTO:

2 Q. You see your signature at the bottom?

3 A. Yes.

4 MR. SOTO: Scroll back up.

5 BY MR. SOTO:

6 Q. So this is the September 25, 2018 letter
7 you sent to the Department, you actually sent to the
8 Department after sending Mr. Cole a draft of this
9 letter; is that fair?

10 A. Yes.

11 Q. And as in the draft, you did take the
12 position in this letter that the notes were not --
13 the notes issued by CBSG were not securities?

14 A. I made the argument.

15 Q. And you made the argument based on the
16 same factors we discussed earlier; right?

17 A. Yes.

18 Q. And at the very end of paragraph 6, you
19 repeat this argument, correct, in the paragraph, "As
20 it may be more likely...?"

21 A. Yes.

22 Q. In other words, in this letter, you argue
23 twice that the notes are not securities?

24 A. Yes.

25 Q. And that as a consequence of the fact that

1 the notes are not securities, that the Department
2 would not have jurisdiction over the concern it had
3 involving CBSG?

4 A. If it were determined they were not
5 securities, yes.

6 Q. But you made that argument twice; correct?

7 A. Yes.

8 Q. And you believed in good faith when you
9 wrote this letter and argued that the notes were not
10 securities twice that that was a good faith
11 argument?

12 A. It was a good faith argument to make to
13 the Department, yes.

14 MR. SOTO: Let's look at Exhibit 128. I
15 don't see it on the screen. Cherly, you might have
16 to resubmit it. There we go. Let's go to page 4.

17 BY MR. SOTO:

18 Q. And at page 4, do you see an email from
19 you, dated September 28, 2018 at 3:47 to Joe?

20 A. Yes.

21 Q. Is that an email to Joe Cole?

22 A. Yes.

23 Q. And in it you write, "Per your request,
24 attached for your review and comment is a draft note
25 purchase agreement which could be used as a template

1 for future issuance of notes by CBSG, Inc."

2 Right?

3 A. Correct.

4 MR. SOTO: And let's scroll down a couple
5 of pages. Stop.

6 BY MR. SOTO:

7 Q. And this is the note purchase agreement
8 that you attached in your email to Mr. Cole;
9 correct?

10 A. Yes.

11 Q. Do you recall drafting this agreement and
12 sending it to Mr. Cole?

13 A. Yes.

14 Q. Your draft is dated October 2018? I
15 didn't hear you, sir.

16 A. I didn't know it required a response.
17 Yes.

18 MR. SOTO: Let's scroll up. We'll review
19 the agreement in a second. Let's scroll up from
20 Mr. Rutledge's email. Just give him an opportunity
21 to see the thread as it developed after September 28
22 at 3:47. Scroll up to the next one.

23 BY MR. SOTO:

24 Q. That's Mr. Cole responding to you at 5:15.
25 Do you see that?

1 A. Yes.

2 Q. "Thanks, Phil. We'll review over the
3 weekend and give you some feedback."

4 Then he asks you for some time on
5 Wednesday to talk; correct?

6 A. Correct.

7 Q. You then tell him you're going to be in
8 D.C., but will try to make time to speak to him.
9 And then over the next few emails -- let's just
10 slowly scroll -- you two try to schedule some time
11 to talk. Is that fair?

12 A. Yes.

13 Q. And on October 1, 2018 you write, "Joe,
14 attached is a revised template containing the
15 following changes."

16 So safe to say you had sent him another
17 template with some changes that you made after a
18 discussion with him?

19 A. Well, the note purchase agreement referred
20 to therein may well be the one, the draft of
21 October 1 that you previously --

22 Q. Oh, I'm sorry. I think you're right. It
23 does say October 1, 2018. So is it your
24 understanding then that this email dated October 1,
25 2018 is attaching the note purchase agreement dated

1 October 1?

2 A. Correct, because I believe there were at
3 least one or two prior drafts.

4 Q. All right. And so you make the point in
5 paragraph 1 of this email, dated October 1, 2018,
6 that you've amended Section 405 to include the
7 representation that no one associated with the
8 purchaser is subject to a disqualification to Rule
9 506(d) which would negate the availability of the
10 Rule 506 exemption for the sale.

11 So let's look at amended section 405,
12 which is at page 4 of the agreement. And is
13 Section 405 that says "Accredited Investor Status:
14 No disqualification" that you were referring to in
15 your email?

16 A. Yes.

17 Q. And why does this section matter with
18 respect to the agreement? Why were you referencing
19 the changes thereto?

20 A. The first one, and I don't know if it was
21 a change, but the first one was the purchaser
22 representing that they were an accredited investor
23 pursuant to a specific provision of Rule 501 and the
24 purchaser knowing its affiliates is subject to the
25 bad actor disqualification provisions of the Rule

1 506(b). See whether any of the purchasers were --
2 had disciplinary -- had bad actor history.

3 Q. Why was it important for there to be a
4 provision in this template that you created that the
5 purchaser represent that they were accredited as the
6 term is defined in Rule 501 of SEC Regulation D?

7 A. Well, because they wanted to rely upon
8 Rule 506(b). And you can have an unlimited number
9 of accredited investors under Rule 506(b).
10 Therefore, it was important that all of the
11 purchasers and Joe said I only want to sell to
12 accredited investors. So it was important for the
13 person to represent that they were accredited
14 investor under a specific rule of 501.

15 Q. And why was it your recommendation that
16 this Section 405 be included in this agreement in
17 connection with CBSG's desire to qualify for this
18 exemption?

19 A. I thought it was important that the
20 purchaser represent to CBSG and the specific -- the
21 specific subsection of 501. And I think that may be
22 a later iteration where I put 501 paren A paren
23 blank paren. But suffice to say to protect CBSG, he
24 wanted the purchaser to make a specific
25 representation that they were an accredited investor

1 under and met a particular qualification in that
2 role as an accredited investor.

3 Q. Was this so that CBSG could then have a
4 reasonable expectation that its noteholders were
5 accredited?

6 A. Yes.

7 Q. And the effect of not having a
8 purchaser -- let me ask it differently. What would
9 the effect be if the noteholders did not
10 specifically fill out this provision of the
11 agreement?

12 MS. BERLIN: Objection as to form.

13 BY MR. SOTO:

14 Q. On CBSG's ability to qualify for the
15 506(b) exemption?

16 MS. BERLIN: Objection as to form.

17 THE WITNESS: Then CBSG -- there would be
18 a question as to whether CBSG had a reasonable
19 belief to form a reasonable belief that the person
20 was an accredited investor.

21 BY MR. SOTO:

22 Q. Is it necessary for CBSG's noteholders to
23 state in writing that they were accredited in order
24 for CBSG to hold a reasonable belief that its notes
25 are exempt under Rule 506(b)?

1 MS. BERLIN: Objection as to form.
2 Mr. Rutledge is not here as an expert witness. I'm
3 not sure if the question has to do with what he told
4 CBSG. And that's the basis of my objection as to
5 form for these questions.

6 MR. SOTO: Again, Amie, I would ask that
7 you limit your objection to the form and not engage
8 in speaking objections. This is the second time.

9 MS. BERLIN: Yes. I won't engage with
10 you, Mr. Soto. I'm just stating my objections.

11 BY MR. SOTO:

12 Q. Mr. Rutledge, did you understand my
13 question?

14 MR. TROY: I objected as well, but I will
15 let him answer the question.

16 THE WITNESS: Can you please repeat the
17 question?

18 BY MR. SOTO:

19 Q. My question was: Would it have been
20 necessary for CBSG's noteholders to indicate to CBSG
21 in writing confirmation that they are accredited in
22 order for CBSG's notes to be exempt under Rule
23 506(b)?

24 MS. BERLIN: Objection as to form for the
25 reasons stated.

1 THE WITNESS: It probably would not be the
2 exclusive way, but it certainly is best practice,
3 and it certainly protects CBSG in the sale of the
4 notes to determine by a representation in writing by
5 the purchaser that that purchaser qualifies as an
6 accredited investor.

7 BY MR. SOTO:

8 Q. And did you tell CBSG that it was
9 necessary for its investors, its noteholders to make
10 this representation in writing in order for the
11 exemption to apply?

12 A. My advice to them was to protect you, you
13 want the accredited investor to tell you how they
14 qualify as an accredited investor, and if they
15 won't, don't sell to them.

16 Q. Did you discuss with them the fact that
17 this representation by the noteholder did not have
18 to be in writing?

19 A. No.

20 MR. SOTO: In paragraph 2 -- let's go back
21 up to Mr. Rutledge's email in Exhibit 128, the
22 second paragraph there.

23 BY MR. SOTO:

24 Q. You write, "Although I do not believe the
25 purchase agreement itself is a security, in the

1 spirit of 'belts and suspenders,' I included the
2 notice language that appears on your notes at the
3 bottom of the last page."

4 Do you recall writing that?

5 A. Yes.

6 Q. Let's go to that last page. Is the
7 paragraph that begins, "Neither this agreement nor
8 any note issued by the seller..." the notice
9 language you were referring to in paragraph 2 of
10 your email?

11 A. Yes.

12 Q. So here you write, "Neither this agreement
13 nor any note issued by the seller pursuant to this
14 agreement has been registered under the 33 Act or
15 any other state securities law. Neither this
16 agreement nor any note issued by the seller pursuant
17 to this agreement may be offered, sold, transferred,
18 pledged, hypothecated or otherwise disposed of in
19 the absence of an effective registration statement
20 under such laws or if such registration is not
21 required to effect such sale or offer."

22 And was the purpose of this notice
23 language to convey to the purchaser of the note who
24 signs this note purchase agreement that the note was
25 not a security?

1 A. No.

2 Q. Was it the purpose of this notice language
3 to convey to the purchaser of the note signing the
4 note purchase agreement that this note purchase
5 agreement was not a security?

6 A. The purpose was to -- because CBSG had a
7 note purchase agreement, they had a note with the
8 appropriate legend on that Lisa Jacobs told them to
9 put on, which led me to believe that she believed it
10 was a security, and the security interest. I don't
11 know what -- this was designed that if the note
12 purchase agreement got separated from the note and
13 they only signed the note purchase agreement, that
14 although the note purchase agreement itself I do not
15 believe it is a security, and I think that is the
16 prevailing view of securities lawyers. It is the
17 note that is the security and that the note has the
18 legend on it. And this was, as I indicated, belts
19 and suspenders.

20 So if these documents were not all
21 delivered at the same time or different times, that
22 they knew that the note in particular was not
23 registered and that it could not be resold without a
24 registration or an exemption, which is a legend
25 requirement for the availability of the 506(b)

1 exemption.

2 MS. BERLIN: This is Amie Berlin. I
3 dropped off right after my last objection. I lost
4 the connection, and I've just rejoined. So I wasn't
5 present between my last objection and now.

6 BY MR. SOTO:

7 Q. Let's turn to Exhibit 146. Do you have
8 Exhibit 146?

9 This is an email from Ben Goodman to
10 Timothy Newman, dated March 24, 2020. Do you see
11 that?

12 A. Yes.

13 Q. And it indicates that Mr. Goodman works at
14 Haynes Boone as an associate. Do you see that? I
15 didn't hear you, sir.

16 A. Yes.

17 Q. Do you recall in your representation of
18 CBSG working with Haynes Boone?

19 A. Yes.

20 Q. And why was Haynes Boone hired by the
21 company?

22 MR. TROY: Objection.

23 You may answer.

24 BY MR. SOTO:

25 Q. I didn't hear you, sir.

1 A. The genesis was a Cease-and-Desist Order
2 issued by the Texas State Securities Board, of which
3 I was given notice of by Joe Cole early March of
4 2020. And the Goodman -- excuse me -- the Haynes
5 Boone firm was, as I understand, hired by CBSG to
6 represent CBSG who was named in the C&D order before
7 the Texas State Securities Board.

8 Q. Do you recall working with Ben Goodman and
9 Tim Newman in connection with that task?

10 A. Yes.

11 Q. And in this email from Ben Goodman to Tim
12 Newman, he prepares a memo discussing whether the
13 notes are securities. Do you see that?

14 A. Yes.

15 Q. Have you seen this email before?

16 A. I don't know if I've seen this specific
17 email, but I recall that it's referenced.

18 Q. Let's take a look at page 4, which is the
19 Haynes Boone memorandum. Do you recall seeing this
20 memorandum drafted by Mr. Goodman regarding research
21 on whether the notes are securities under the TSA?

22 A. Yes.

23 Q. Did you have conversations with
24 Mr. Goodman or Mr. Newman about this memo?

25 A. I don't believe. There were many

1 conference calls during this time. I don't recall.
2 I do recall sending them some of my thoughts,
3 research on the matter.

4 Again, I was not representing CBSG on
5 this. I was only brought in to kind of give my
6 views, particularly as I had represented them before
7 the Department. And I'm going to say within a
8 period of two to three weeks, I was somewhat
9 marginalized on dealing with them because they were
10 ramping up the exchange offer at that time.

11 Q. Okay. But in addition to Lisa Jacobs
12 representing to CBSG that the notes were not
13 securities and your various letters to the
14 Department making the argument that they were not
15 securities, we also had Haynes Boone who was hired
16 in connection with the Texas State Securities Board
17 matter making the argument that they were not
18 securities; correct?

19 A. It was Joe Cole who told me what he said
20 Lisa Jacobs said. I only have his word for it.

21 Q. So in addition to what you understood
22 through Joe Cole was Lisa Jacobs' representation
23 that the notes weren't securities, you made numerous
24 arguments to the Department that the notes weren't
25 securities, and Haynes Boone, who was separately

1 hired to deal with a separate matter, made its own
2 arguments suggesting that the notes were not
3 securities; correct?

4 A. Yes. I believe it's the sentence saying,
5 "Par nevertheless has legitimate, good faith
6 arguments that these notes are not securities."

7 Q. I just want to make sure that we have the
8 date. Can we scroll back up. March 24, 2020, do
9 you see that?

10 A. Yes.

11 Q. That's the date of the memo?

12 A. Yes.

13 Q. So from the inception of your involvement
14 with CBSG through almost the end of your involvement
15 with CBSG, several lawyers had made the
16 representation to CBSG that there was a good faith
17 argument that its notes were not securities?

18 MS. BERLIN: Objection. Form.

19 THE WITNESS: The arguments were made by
20 both myself and apparently Haynes Boone. That does
21 not mean that we prevailed in the argument. And at
22 the get-go, as I referenced earlier, when Joe was
23 soliciting information on the current noteholders,
24 he said it was for purposes of complying with the
25 securities laws.

1 And Joe also asked for a memo from me in
2 November when we were settling with the Securities
3 Department here in Pennsylvania, and I told him that
4 it was not fruitful to continue arguing that it's
5 not a security. We'd lose before the Department.
6 We would most likely lose before the Commonwealth
7 Court, if it was appealed. And I think I also cited
8 the Balborough case.

9 Also, prior to this letter in July of '19,
10 Joe sent a letter to Mr. Vagnozzi acknowledging that
11 he was selling debt securities of CBSG. So although
12 we made good faith arguments to the regulators as
13 part of an administrative proceeding initiated by
14 those regulators, that's what they were. They were
15 arguments.

16 BY MR. SOTO:

17 Q. And at any time, did you tell Haynes Boone
18 that it should not make this very argument to the
19 Texas State Securities Board?

20 A. I told them I made the same argument
21 before Pennsylvania, and they did not accept it.

22 Q. My question was different. Did you ever
23 tell them that they should not make this argument to
24 the Texas State Securities Board?

25 A. No.

1 Q. So you understood that Haynes Boone was
2 making the argument to a state regulator that CBSG's
3 notes were not securities and you did not direct
4 them to not make that argument?

5 MS. BERLIN: Objection. Form.
6 Argumentative.

7 THE WITNESS: It was their argument to
8 make.

9 BY MR. SOTO:

10 Q. Didn't you say earlier, sir, that you
11 contributed to the research with respect to that
12 argument?

13 A. I contributed -- no. I did not contribute
14 research to this memo. I gave -- I shared with
15 Haynes Boone and Joe Cole information concerning the
16 possible responses to the Texas State Securities
17 Board, but I did not participate in the development
18 of this memorandum.

19 Q. But you were aware that Haynes Boone was
20 making this representation, this argument to the
21 Texas State Securities Board?

22 A. When I received the memorandum.

23 Q. Right. And at the time, you were
24 representing CBSG; correct?

25 A. Not in the context of the state

1 securities -- not in context of representing them
2 before the State Securities Board in Texas.

3 Q. But you were representing CBSG in some
4 capacity?

5 A. Yes.

6 Q. And you were aware that its lawyers were
7 making representations to the Texas State Securities
8 Board that its notes are not securities?

9 MS. BERLIN: Objection as to form.

10 THE WITNESS: I was aware through this
11 argument that they were going -- and through a
12 subsequent PowerPoint presentation that Haynes Boone
13 prepared that they were going to make that argument.

14 BY MR. SOTO:

15 Q. And you did not advise CBSG that it should
16 not make that argument?

17 A. No.

18 Q. You spoke to the lawyers at Haynes Boone
19 while you were representing CBSG; correct?

20 A. With the authorization from CBSG and at
21 its direction.

22 Q. You wouldn't have made these
23 representations to the Department if you didn't
24 believe that there was a good faith reason to make
25 them; correct?

1 MS. BERLIN: Objection as to form.

2 THE WITNESS: I didn't make any argument
3 to Texas.

4 BY MR. SOTO:

5 Q. I'm sorry. I said the Department. And we
6 agreed that the Department means Pennsylvania.

7 A. Sorry. Could you repeat the question,
8 please?

9 Q. You wouldn't have made the representation,
10 the argument to the Department that these notes are
11 not securities unless you believed that it was a
12 good faith argument to make?

13 A. That it was a good faith argument to make.

14 Q. You wouldn't have repeated it numerous
15 times if you didn't believe it was a good faith
16 argument to make to the Department?

17 MS. BERLIN: Objection as to form. Asked
18 and answered and argumentative.

19 THE WITNESS: That's correct.

20 BY MR. SOTO:

21 Q. And I imagine you would have advised
22 Haynes Boone and/or the client that they shouldn't
23 be making that argument to the Texas State
24 Securities Board if you believed it was not being
25 made in good faith?

1 A. I had no reason to believe it was not
2 being made in good faith.

3 Q. Okay. Thank you.

4 Let's look at Exhibit 135.

5 MS. LUCIEN: Before we go to the next
6 exhibit, can we take a quick five-minute break?

7 MR. SOTO: Sure.

8 THE VIDEOGRAPHER: The time is 12:42 p.m.,
9 and we are off the record.

10 (Recess from 12:42 p.m. to 1:33 p.m.)

11 THE VIDEOGRAPHER: The time is 1:33 p.m.,
12 and we are back on the record.

13 MR. SOTO: Let's go to the next exhibit.
14 This is, for the record, Exhibit 135.

15 BY MR. SOTO:

16 Q. Mr. Rutledge, do you see it and can you
17 identify it?

18 A. Yes. It's a November 8, 2018 letter to
19 Stephanie Hamilton at the Department.

20 MR. SOTO: Let's scroll to the end so that
21 Mr. Rutledge can see whether he signed it or whether
22 it's a draft. Too far. There are attachments.

23 BY MR. SOTO:

24 Q. Do you see that this is your signed letter
25 dated November 8, 2018 to the Department?

1 A. Yes.

2 Q. Let's move back up. So this letter you
3 addressed to Stephanie Hamilton, Deputy Chief
4 Counsel; correct?

5 A. Correct.

6 Q. And this is your settlement offer on
7 behalf of CBSG, correct, to the Department?

8 A. It was --

9 MS. BERLIN: Excuse me. Objection as to
10 form.

11 THE WITNESS: It was a settlement offer.

12 BY MR. SOTO:

13 Q. A settlement offer that you were
14 describing in this letter in connection with your
15 representation of CBSG?

16 A. Correct.

17 Q. At page 2 -- I'm sorry. Let's just go
18 back to page 1. There's a section here that says
19 Business of CBSG?

20 A. Yes.

21 Q. Let's go ahead and take a look at that,
22 scan that. It begins, "The business plan of CBSG is
23 to provide working capital to merchants."

24 Do you see that?

25 A. Yes.

1 Q. Do you recall having an understanding of
2 CBSG's business, its operations?

3 A. That particular information was vetted by
4 Joe Cole.

5 Q. Right. Okay. And you understood at least
6 as of November 8, 2018 based on information you
7 received from CBSG that it was involved in the
8 merchant cash advance business; is that fair?

9 A. Yes.

10 Q. And at page 2 at the very top, it says
11 that the source of funding that CBSG used at least
12 in part in order to advance funds to merchants was
13 the offer and sale of notes accompanied by the grant
14 of a security interest to a note purchaser?

15 A. Yes.

16 Q. So in paragraph 2, you represent to the
17 Department that CBSG sold the notes exclusively to
18 accredited investors as that term is defined in Rule
19 501(a) of SEC Reg D. Do you see that?

20 A. Yes.

21 Q. And you say that they sold those notes to
22 accredited investors in reliance on that rule in
23 good faith reliance on the applicability of Rule
24 506(b); right?

25 A. Correct.

1 Q. And this is after -- let me just direct
2 your attention to the last sentence of this same
3 paragraph. It says, "CBSG already has provided
4 documentary evidence to the Department that CBSG has
5 a reasonable basis to believe that all the
6 purchasers of the notes were accredited investors."

7 Do you see that?

8 A. Yes.

9 Q. So this is November 8, 2018. I just want
10 to take a quick step back. We looked at three
11 letters to this point, haven't we, one dated
12 February, one dated September and another dated
13 November, this one, all written in 2018; right?

14 A. Yes.

15 Q. And so in the last sentence here, you say,
16 "CBSG has already provided documentary evidence to
17 the Department that it has a reasonable basis to
18 believe that its noteholders are accredited."

19 This is after you asked CBSG to provide --
20 to make a request of its noteholders for that
21 evidence, correct, that they're accredited?

22 A. Correct.

23 Q. And you did that because the Department
24 was asking for that information or you believed it
25 was relevant to a request made by the Department in

1 2018?

2 A. I believed it was relevant to show the
3 Department that the purchasers of the notes were
4 accredited investors in order to claim an exemption
5 from the securities registration requirements of the
6 Pennsylvania Securities Act.

7 Q. Let's look at Exhibit 126 quickly. Let's
8 go to the last page once we get there.

9 So earlier, Mr. Rutledge, you testified
10 about a supplemental request for information made by
11 the Department and your supplemental production of
12 documents to them in response to that request. Do
13 you recall?

14 A. Yes.

15 Q. So it appears, if you take a look at
16 Exhibit 126 at the bottom there, you send an email
17 Joe Cole and you copy Norman Valz on March 30, 2018
18 at 9:33 a.m. I'm going to give you an opportunity
19 to read that. Just tell me if you recognize that
20 email.

21 Do you recognize the email, sir?

22 A. Yes.

23 Q. So this is obviously between the first
24 February 2018 letter you wrote and the second one in
25 September; right?

1 A. Yes.

2 Q. The Department asks for additional
3 information. And you write to Mr. Cole, "Joe, thank
4 you. I filed this supplemental production with the
5 Department today via email. Are there any more
6 confirmations outstanding?"

7 Do you see that?

8 A. Yes.

9 Q. So the supplemental production was
10 additional documents that CBSG with your guidance
11 provided to the Department in connection with this
12 question of the accreditation of its noteholders;
13 right?

14 A. Yes. What it was is that when we filed
15 with the Department in February, we filed the
16 responses received to date. And this indicates a
17 supplemental response of investor responses that
18 came in after the February 5 letter.

19 Q. Do you recall earlier when I was asking
20 you about an email where Joe Cole was asking his PPM
21 fund managers for additional documents in order to
22 respond to a response by the Department?

23 A. Yes.

24 Q. And so you mentioned that among the
25 documents produced were documents that you asked Par

1 Funding or CBSG to get confirming that its
2 noteholders were accredited; right?

3 A. Yes. That was part of the original
4 production.

5 Q. So in this email you then say -- you made
6 the supplemental production to the Department. Was
7 this supplemental production those documents that we
8 were just referring to, the confirmation by CBSG's
9 noteholders of their accreditation status?

10 A. It was the return of attachment to the
11 letter that Joe sent out in January asking the
12 current noteholders to basically confirm that they
13 were accredited.

14 Q. Right. And he did this at your request?

15 A. Yes.

16 Q. And you state in this email after advising
17 Joe that you filed the supplemental production
18 including these confirmations of the accreditation
19 of its noteholders that you've heard nothing further
20 from the Department as a result of the production on
21 February 5, 2018.

22 Do you see that?

23 A. Yes.

24 Q. And then you ask, "Has CBSG sold any notes
25 after the date of production sans finders' fees?"

1 Right?

2 A. Yes.

3 Q. And when you say "sold any notes after the
4 date of production sans finders' fees," you mean
5 without paying finders' fees?

6 A. Correct.

7 Q. And after the date of production would be
8 after February 5, 2018?

9 A. Yes.

10 Q. So you want to confirm in your
11 conversation with the client that they haven't sold
12 any notes after that production where they made
13 payments to finders? You want to confirm that for
14 yourself; right?

15 A. Well, I think the intent was, are you
16 selling notes, because you already told me you're
17 not paying finders' fees. So the question was: Are
18 you still selling notes?

19 Q. Okay. I think that's fair. And the
20 response by Joe Cole, he responds to you, it looks
21 like, a couple of hours after your 9:33 email on
22 March 30, 2018. He responds March 30, 2018 at
23 11:35; right?

24 A. Yes, yes, 11:35.

25 Q. And he copies Norman Valz who was their

1 outside counsel; right?

2 A. Yes.

3 Q. And he says -- he writes, Hi, Phil. There
4 are no other confirmations we're waiting on from our
5 creditors."

6 So did you understand that to mean that
7 there were no other confirmations of accreditation
8 that they were waiting for?

9 A. Yes.

10 Q. "We did a few notes this quarter, but only
11 from PPM funds, not direct individuals," what did
12 you understand that to mean?

13 A. Well, I think I replied by asking Joe, we
14 need to talk about what those mean.

15 Q. What did you understand that to mean in
16 this email?

17 A. In this email I didn't know what he meant.

18 Q. Well, did you understand that based on
19 prior emails that he had -- that they were selling
20 notes to -- you called them pooled investment
21 vehicles?

22 A. Um-hum.

23 Q. So you understood that they were -- when
24 he said this, that they did add a few notes this
25 quarter meaning they did sell a few notes this

1 quarter? Did you understand that?

2 A. Yeah. I'm assuming he meant sold.

3 MS. BERLIN: Objection as to form.

4 BY MR. SOTO:

5 Q. And when he said, "We did sell a few notes
6 this quarter, but only from PPM funds, not direct
7 individuals," did you understand him to mean that he
8 had sold a few notes, but only to these pooled
9 investment vehicles that you described earlier?

10 MS. BERLIN: Objection as to form.

11 THE WITNESS: Well, according to the
12 email, he sold to PPM funds and not direct
13 individuals, which I take means that he sold notes
14 to nonnatural persons.

15 BY MR. SOTO:

16 Q. You described those earlier as pooled
17 investment funds; right?

18 A. That's generally what I viewed them to be
19 but, you know, you have to look at the timeline,
20 March 30 of '18, and I think -- I should say my
21 recollection is this is one of the first times I
22 heard Joe refer to PPM funds.

23 Q. Okay. What is a PPM?

24 A. Well, a PPM is a private replacement
25 memorandum. I think the way Joe used it was to

1 indicate a pooled investment vehicle, in other words
2 a...

3 Q. Right. Thank you for that. He used PPM
4 and then he said PPM funds; right?

5 A. Um-hum.

6 Q. So he then says, "We are not longer taking
7 any" -- I think he meant, "We are no longer taking
8 any new individual notes and directing individual
9 investors to PPMs as their notes mature."

10 Do you see that?

11 A. Yes.

12 Q. So did you understand him to mean that
13 they were going to be selling their notes at that
14 point in the future exclusively to PPM funds or
15 PIVs?

16 MS. BERLIN: Objection as to form.

17 THE WITNESS: Yes. It appeared that he
18 did not want -- that they were going to be selling
19 to entities versus individuals.

20 BY MR. SOTO:

21 Q. Okay. He says, "Once this is all settled,
22 we would love to have you review our note security
23 agreement language for the PPMs and potentially
24 institutional capital later this year."

25 Right?

1 A. That's what it says, yes.

2 Q. And so he's inviting you to assist them to
3 provide legal counsel to them with respect to the
4 notes and the security agreements that they're going
5 to use in connection with their sale of notes to
6 these pooled investment funds; right?

7 MS. BERLIN: Objection to form.

8 THE WITNESS: Well, he said he wanted me
9 to review them.

10 BY MR. SOTO:

11 Q. He said, "We'd love to have you review
12 them..." Right?

13 A. Yes.

14 Q. He's inviting you to assist them in
15 connection with the notes and security agreements
16 that they need in connection with their intention to
17 sell their notes exclusively to pooled investment
18 funds?

19 MS. BERLIN: Objection to form.

20 BY MR. SOTO:

21 Q. Is that fair?

22 MS. BERLIN: Now, that you finished
23 Mr. Soto, object to form.

24 THE WITNESS: He is expressing a desire.
25 He did not direct me to do it.

1 BY MR. SOTO:

2 Q. And when he says "...and potentially
3 institutional capital later this year...", that's a
4 separate issue, isn't it? Isn't that a question he
5 asked you about their desire to get involved with
6 the purchase of a bank?

7 MS. BERLIN: Objection to form.

8 THE WITNESS: No. It had nothing --

9 BY MR. SOTO:

10 Q. What did you understand that to mean?

11 A. I really didn't know what it meant. The
12 discussion of the bank was much, much later,
13 probably in 2019. I didn't know what Joe meant or
14 what was in his mind when he said potential
15 institutional capital.

16 Q. But at least as of the date of this
17 letter, March 30, 2018, you understand that CBSG is
18 going to be selling its notes to PPM funds as
19 opposed to individuals?

20 A. It was --

21 MS. BERLIN: Objection to form.

22 BY MR. SOTO:

23 Q. You can answer, sir.

24 A. That that was their pivot. I don't know
25 that it was exclusive, that they would never sell to

1 an individual. But the impression I got from Joe is
2 they wanted to pivot away from individuals.

3 Q. Right. Isn't it fair to say we are no
4 longer taking any new individual notes and directing
5 individual investors to PPM funds as their notes
6 mature? Isn't it fair to say that that's --

7 A. Well, that's as of March 30, 2018. I
8 don't know. It could have changed.

9 Q. My question just as of that date.

10 A. As of that date, yes, that's what it says.

11 Q. Then on Friday, March 30, 2018, just a few
12 minutes later, you asked Joe to give you a call on
13 Monday to discuss the structure of the PPMs to whom
14 CBSG is directing individuals; right?

15 A. Um-hum.

16 MS. BERLIN: Objection to form.

17 BY MR. SOTO:

18 Q. And so what was the purpose of your
19 directing Joe to give you a call on Monday?

20 A. My concern was that Joe -- I should say my
21 concern was that CBSG was not involved in setting up
22 PPMs, that it was they were independent. They
23 didn't set them up. They didn't market them. They
24 didn't promote them. They didn't send people to
25 them.

1 And my concern also in that sentence was
2 that they might be acting as an unregistered
3 broker/dealer under the securities laws if they did
4 that. And that was my message to Joe.

5 Q. I tried to write down the concerns that
6 you had as you described them just now. So let's go
7 through some of these, and you can correct me if I
8 miss something.

9 You were concerned that they might be
10 involved with the sale of notes to these pooled
11 investment funds and that they might, you said, own
12 them, owned the pooled investment funds. Was that
13 one concern?

14 A. I don't believe I said that. My concern
15 was that they would be somehow involved in
16 promoting, marketing, forming, participating in
17 setup of funds, PPM funds to use Joe's jargon, which
18 my concern was that that would put them in jeopardy
19 of being deemed to be an unregistered broker/dealer,
20 and that would be, you know -- we're still dealing
21 with the State of Pennsylvania with respect to their
22 concerns. I did not want to add an additional
23 concern and wanted to point that out to Joe.

24 Q. So I scratched out owning. You said
25 forming, setting them up, marketing. Let's talk

1 about each of those.

2 Did you speak with Joe after this email
3 with respect to the structure of these PPMs?

4 A. I spoke to him in terms of when you're
5 looking at selling a note to a PPM, that you can't
6 be involved in, as I said at the risk of repeating
7 myself, marketing, forming, participating, promoting
8 these PPMs.

9 Q. So you did speak to him about those
10 concerns?

11 A. Yes.

12 Q. And did you tell him what the parameters
13 were? When you say forming them, what do you mean?

14 A. Well, that he couldn't be involved in the
15 formation or promoting the formation of the entity.

16 Q. What do you mean by formation? Do you
17 mean funding it? Do you mean logistics? What do
18 you mean?

19 A. Creating it.

20 Q. Do you mean anything different by setting
21 them up different than creating them?

22 A. I think you could say creating them and
23 setting them up could be similar, but it also -- I
24 think the promotion of the creation would maybe come
25 into that. But creating them and setting them up

1 are probably viewed as the same in the vernacular.

2 Q. And so what do you mean by marketing them?

3 Do you mean radio, television ads?

4 A. Any sort of marketing, you know, whether
5 they be that way, whether they be individual
6 contacts, whether it be, you know, again, the
7 promotion of the PIV.

8 Q. Do you mean individual contacts between
9 CBSG and investors or prospective investors with
10 respect to the PIVs?

11 A. Well, it would be more contact people in
12 terms of creating the PIV.

13 Q. So creating, setting them up or marketing
14 the creating or setting up of the pooled investment
15 vehicles were your concern?

16 A. Yeah, and promoting, marketing, yes.

17 Q. Let's look at -- let's go back to 135. So
18 paragraph 2 begins, "CBSG sold the notes exclusively
19 to accredited investors, as that term is defined in
20 Rule 501 of SEC Reg D and good faith reliance on
21 Rule 506(b)." Right?

22 A. Second paragraph; is that correct?

23 Q. Yes, second paragraph.

24 A. Yes.

25 Q. So this is your statement to the

1 Department after having asked CBSG to ask its
2 noteholders for confirmation of accreditation and
3 after having reviewed what CBSG produced?

4 A. Correct, pursuant to the subpoena.

5 Q. Right. And you finish that sentence after
6 having reviewed those documents submitted pursuant
7 to the subpoena with the statement, "CBSG already
8 has provided documentary evidence to the Department
9 that it has a reasonable basis to believe that the
10 purchasers of its notes were accredited." Right?

11 A. Correct.

12 Q. So this was your belief based on the
13 documents you reviewed and produced to the
14 Department?

15 A. Yeah. Documents provided by CBSG, I
16 reviewed them and provided them to the Department
17 pursuant to the subpoena.

18 Q. And you felt that based on your review of
19 the documents which, your confirmations of
20 accreditation by noteholders that CBSG had a
21 reasonable basis to believe that those noteholders
22 were accredited as you state in this letter?

23 A. Yes. The noteholders, which were the
24 subject of the subpoena for which Joe had sent a
25 letter and the attachment and produced the

1 completed --

2 MS. BERLIN: Objection.

3 BY MR. SOTO:

4 Q. Right. Which he did at your
5 recommendation?

6 A. Yes.

7 Q. So in March of 2018, as we just saw, you
8 receive an email from Mr. Cole with respect to
9 CBSG's intention to sell notes from that point
10 forward, at least as of that date, exclusively to
11 pooled investment funds as opposed to individuals?

12 A. Yes.

13 Q. Right?

14 A. Yes.

15 Q. And you have a conversation with Mr. Cole
16 with respect to your concerns about its decision to
17 do exactly that; right?

18 A. Yes.

19 Q. Mr. Cole, in fact, invites you to have
20 that conversation; right? He says, "We'd love to
21 have you prepare notes in connection with our future
22 sale of those notes."

23 Let me restate that question. He invites
24 you to prepare an exemplar or a draft note purchase
25 agreement in connection with CBSG's plan to sell its

1 notes to those funds?

2 A. I think my recollection is the email said
3 note security agreement, which I did not do the
4 note. I did not do the security agreement. I did
5 do the note purchase agreement, which we discussed
6 earlier, which carried a date of roughly October 1.

7 Q. Right.

8 A. He never subsequently instructed me,
9 although he expressed what he expressed in that
10 email, but he never directed me to look at the note,
11 revise the note, look at the security agreement,
12 revise the security agreement.

13 Q. So you're saying he writes you an email in
14 March of 2018 saying, "We'd love to have you review
15 our note and security agreement language for the
16 PPMs," but you never reviewed the note or security
17 agreement?

18 A. He never directed me to do that. All that
19 he directed me to do was the note purchase
20 agreement.

21 Q. But did you draft a note purchase
22 agreements knowing that CBSG was going to be selling
23 notes exclusively to PPM funds?

24 A. I drafted the note purchase agreement to
25 be used any purchaser whether it was an individual

1 purchaser or a nonnatural purchaser.

2 Q. Right. That wasn't my question. I'm not
3 asking you whether the note purchase agreement was
4 designed for an individual versus an entity. That's
5 not my question.

6 My question is: By the time that you are
7 involved in drafting the note purchase agreement,
8 which is in or about October 1, 2018 -- can we agree
9 on that?

10 A. Yes.

11 Q. By the time you're drafting this note
12 purchase agreement in or about October of 2018, this
13 is several months after you learn that CBSG is
14 selling notes going forward after March of 2018 to
15 PPM funds or PIVs as you put it?

16 A. Yes.

17 Q. So you must understand that the note
18 purchase agreement that they're asking you to draft
19 is going to be used in connection with the sale of
20 notes to pooled investment funds?

21 A. Yes. That's a fair statement.

22 Q. Okay.

23 MS. BERLIN: Object as to form.

24 MR. SOTO: Amie, I heard object as to
25 form.

1 MS. BERLIN: Can you hear me?

2 MR. SOTO: I can hear your voice. I heard
3 you say objection to form.

4 MS. BERLIN: Thank you. Thank you.

5 BY MR. SOTO:

6 Q. So after you've drafted this exemplar of a
7 note purchase agreement knowing that it's going to
8 be used by CBSG in order to sell notes to pooled
9 investment funds, you send this settlement offer to
10 the Department in November of 2018; right? That's
11 Exhibit 135.

12 A. Yes.

13 Q. And you write in paragraph 2 -- I'm
14 sorry -- I meant to say page 2 under the subheading
15 CBSG's Cooperation with the Department's
16 Investigation, "CBSG engaged experienced securities
17 counsel, and upon his advice immediately terminated
18 its finders' agreements. Furthermore, CBSG with the
19 advice of special counsel totally revised its note
20 purchase agreements, which it has implemented
21 including a representation and warranty by the
22 purchaser and the seller no finders or brokers are
23 being used or compensated in connection with the
24 purchase or sale of the notes."

25 Is my timeline correct there, that you

1 wrote this letter in November of 2018 representing
2 to the Department that CBSG on the advice of counsel
3 revised its note purchase agreement after you were
4 aware that it was selling to pooled investment funds
5 and had prepared a note purchase agreement for its
6 use on CBSG's part to serve in connection with its
7 sale of notes to a pooled investment fund?

8 A. Yes.

9 MS. BERLIN: Object to form.

10 BY MR. SOTO:

11 Q. Did you say "yes," sir?

12 A. Yes. The note purchase agreement could be
13 used for the sale of the notes to a PIV.

14 Q. So when you wrote on November 8, 2018 that
15 "CBSG totally revised its note purchase agreement,
16 which it has implemented, including a representation
17 and warranty by the purchaser and the seller that no
18 finders or brokers are being used or compensated in
19 connection with the purchase or sale of the notes,
20 you knew that CBSG was selling notes to pooled
21 investment funds"; correct?

22 A. That they would sell a note to a pooled
23 investment fund, yes, investment vehicle.

24 Q. Well, let's go back. I'm sorry. I just
25 want to make sure that we are on the same page.

1 Let's go back to Exhibit 126. Let's just go to top
2 of first page 2.

3 This is after you ask, "Has CBSG sold any
4 notes after the date of production sans finders'
5 fees?"

6 Mr. Cole writes, "We did add a few notes
7 this quarter, but only for PPM funds." Right?

8 A. Yes.

9 Q. So you knew as of March of 2018 that they
10 had, in fact, sold new notes that quarter, the first
11 quarter, of 2018 to PPM funds?

12 A. That they had sold it to entities that he
13 styled as a PPM fund.

14 Q. Which you agreed were pooled investment
15 vehicles; right.

16 A. Yeah. I would agree that that was his
17 jargon for pooled investment vehicle.

18 Q. And I point to that only to make the point
19 that you understand in November of 2018 when he
20 wrote this letter, not that their intention was to
21 sell notes to pulled investment vehicles, but that
22 they had, in fact, already begun selling their notes
23 to pooled investment vehicles?

24 A. During that quarter which I presume is
25 January 1 through March 30 of 2018.

1 Q. Right, which is prior to the date of the
2 letter that you drafted?

3 A. Correct.

4 Q. And you also understood, as you testified
5 earlier, that they intended --

6 A. Also prior to the date of my engagement.

7 Q. Right. But, nevertheless, you understood
8 as of November 8, 2018 that they had already begun
9 selling their notes to pooled investment vehicles
10 and, as you testified, intended to continue selling
11 those notes to pooled investment vehicles?

12 A. Yes.

13 Q. And as of October 1, 2018 when you that
14 note purchase agreement, you understood that at
15 least one of those pooled investment vehicles was
16 ABFP?

17 A. I honestly can't recollect when I became
18 aware of ABFP in terms of a timeline. So I'm not
19 sure of that.

20 Q. I want to ask you a question about on page
21 5 of the settlement offer under the subheading
22 Finders, you write, "The Department alleges that
23 there are 15 finders to which it seeks to impose a
24 \$25,000 administrative assessment against CBSG for
25 each finder. The first analysis is a legal one to

1 determine which finders were engaged to represent
2 CBSG in Pennsylvania."

3 Do you see that?

4 A. Yes.

5 Q. And you go on. You go on to identify some
6 finders who were located outside of Pennsylvania and
7 identify only those finders who were located in
8 Pennsylvania. I'll give you a second to review if
9 you don't remember.

10 Is that a fair assessment of this section
11 of your letter?

12 A. Yes.

13 Q. Page 6, second paragraph, "From our
14 analysis, only three finders appear to have engaged
15 in significant activity with respect to the sale of
16 notes that could be viewed as agents representing
17 CBSG in Pennsylvania."

18 Right?

19 A. Yes.

20 Q. So you're making the point, are you not,
21 that with respect to an assessment of a fine, the
22 Department should only consider those finders who
23 engaged in significant activity with respect to the
24 sale of notes could be viewed as agents representing
25 CBSG in Pennsylvania?

1 A. Correct.

2 Q. And any of those finders who were engaged
3 in such activity outside of Pennsylvania should not
4 be considered by the Department for purposes of
5 assessing a fine in that case?

6 A. Correct.

7 MR. SOTO: Let's go to Exhibit 136.

8 BY MR. SOTO:

9 Q. This was a letter dated November 14, 2018,
10 roughly six days after your last settlement letter.
11 Do you see that?

12 A. Yes.

13 MR. SOTO: And scroll down to the bottom
14 so Mr. Rutledge can see that he signed it.

15 BY MR. SOTO:

16 Q. You agree that this is the letter you
17 actually signed and submitted on CBSG's behalf to
18 the Department on November 14?

19 A. Yes.

20 Q. I'd like to direct you to -- I'm sorry --
21 page 4 at the very -- I'm sorry -- the second
22 paragraph there, you write, "My client has requested
23 that I emphasize to the Department that as a result
24 of its investigation and the cooperation provided by
25 CBSG, it has substantially revised its business

1 procedures with respect to issuing notes, and unless
2 and otherwise advised by the Department that such
3 procedures are not compliant with the 1972 Act plan
4 to continue to follow such procedures in the
5 future."

6 Right? Is that what you wrote?

7 A. Yes.

8 Q. You then say specifically CBSG intends to
9 issue notes only to persons who it has a reasonable
10 belief are accredited investors under Section 501
11 and good faith reliance in Rule 506(b). I'm
12 summarizing, but is a fair representation of what
13 you wrote?

14 A. Yes. Those two paragraphs were put in at
15 the express request of Joe and Cynthia Clark because
16 they wanted something in -- which eventually did get
17 in the order, but they wanted something from the
18 Department. At first they wanted a no action
19 letter. And I said that's probably not going to
20 happen.

21 But what they were focused on was saying
22 if we do this, i.e., sell to accredited investors,
23 reliance on 506 without paying any sales
24 commissions, then we're okay under the securities
25 laws. So those two paragraphs were put in at very

1 much the request of the client.

2 Q. They were put at the request of the
3 client, but you added them because you believed that
4 they were accurate?

5 A. Yeah. I had no reason to believe that
6 they were not accurate and that that was the
7 intention of the client.

8 Q. And you write just after that, "In this
9 regard, CBSG has adopted and has been using a new
10 note purchase agreement wherein purchasers and
11 sellers must represent that no fees or commissions
12 were paid to any agent, broker, finder or any other
13 person in connection with the purchase or sale of
14 the notes." Right? It goes on after that. But do
15 you recall writing that?

16 A. Yes.

17 Q. When you write "CBSG has adopted and has
18 been using a new note purchase agreement," this is
19 the note purchase agreement that you drafted for
20 them?

21 A. Correct.

22 Q. And where you write, "CBSG has adopted and
23 has been using a new note purchase agreement wherein
24 purchasers and sellers must represent that no fees
25 or commissions were paid," you understood at the

1 time that the purchasers in that sentence were
2 pooled investment vehicles who were purchasing notes
3 from CBSG?

4 A. The purchasers were the pooled investment
5 vehicles, yes.

6 MR. SOTO: Let's go to Exhibit 149. Let's
7 go to the last page.

8 BY MR. SOTO:

9 Q. Let's quickly review the last part of it.
10 November 12, 2018 you write to Joe Cole, "Attached
11 for your review is a revised draft letter of PADOBS
12 that includes Option 1." Right? Do you recall
13 that?

14 A. Yes. That's what it says.

15 Q. So this is November 12, 2018. This is a
16 draft of the letter that you later write or send to
17 the Department on November 14; right?

18 A. Yes.

19 Q. Mr. Cole then responds a few minutes later
20 to you and copies Cynthia Clark. "Okay. Thanks,
21 Phil. I'll discuss with Cindy first before signing
22 off on it anyways. Thanks for providing. Will
23 follow up."

24 Right?

25 A. Yes.

1 Q. Who is Cynthia Clark?

2 A. Cynthia Clark was the in-house general
3 counsel at CBSG. Norman Valz -- it's my
4 understanding -- well, Joe Cole said that Norman
5 Valz left, although it's my understanding he was
6 never in-house counsel. He was outside counsel that
7 kind of acted as a general counsel for CBSG. I
8 can't tell you -- I can't recall exactly when he
9 left, but when we were starting to deal with the
10 Department in terms of offers of settlement, Cynthia
11 was introduced to me as the general counsel for Par
12 or CBSG and that I should include her on all the
13 emails and documents with respect to the settlement
14 with the Department.

15 Q. Okay. Let's scroll up. There's an email
16 from Cynthia Clark to you dated November 13, 2018
17 copying Joe Cole at 2:30 p.m. Do you see that?

18 A. Yes.

19 Q. And in this letter she writes, or email
20 she writes, "Phil, I have a question about the
21 nonfinancial terms that would be included in a
22 consent order."

23 What did you understand her to mean by
24 consent order?

25 A. That's what we were in the process of

1 negotiating with the Department. That's what the
2 offers of settlement related to, that there would be
3 a consent order between CBSG and the Department to
4 settle the matter.

5 Q. Okay. And she had a question about the
6 nonfinancial terms that would be included in that
7 consent order. Is that what you understood?

8 A. Yes.

9 Q. She says, "Per your November 8 letter, the
10 order would conclude the Department's investigation
11 and any other action it could commence under
12 applicable Pennsylvania law as it relates to the
13 offer and sale of notes as defined in the
14 correspondence through the date of the consent
15 order.

16 She then writes, "Does that language
17 encompass or can it be broadened to encompass the
18 manner in which CBSG currently offers and sells
19 notes (i.e., a statement or acknowledgement that the
20 current manner in which CBSG offers or sells notes
21 is not in violation of Pennsylvania law)? Our
22 concern is that CBSG has modified the manner in
23 which notes now being offered/sold (beyond the notes
24 that are specifically the subject of the current
25 investigation) and that the Department could

1 initiate a new investigation after the date of the
2 consent order with respect to those sales being made
3 under the new procedures after the date of the
4 order. Please advise. Thanks, Cindy."

5 Right? So this is an email that she sends
6 you November 13, 2018, a day before the November 14
7 letter that we just discussed; right?

8 MS. BERLIN: Objection to form.

9 THE WITNESS: Correct.

10 BY MR. SOTO:

11 Q. And in this letter, Cynthia Clark, general
12 counsel for CBSG, is asking whether the language in
13 that letter to the Department can be broadened to
14 encompass the way in which CBSG at that time is
15 selling its notes; right?

16 MS. BERLIN: Object to form. Objection to
17 form. I'll just restate my standing objection to
18 the leading questions today.

19 BY MR. SOTO:

20 Q. Isn't that right, sir? She's asking you
21 whether the language that you intend to use in your
22 communication to the Department can be broadened to
23 encompass the specific manner in which CBSG is then
24 selling its notes?

25 MS. BERLIN: Objection to form. Calls for

1 speculation.

2 THE WITNESS: Yes.

3 BY MR. SOTO:

4 Q. Okay. And at that time, in November of
5 2018, you know that CBSG is selling its notes using
6 a note purchase agreement that you drafted for them
7 to pooled investment vehicles; right?

8 A. To certify that they are accredited
9 investors, yes.

10 Q. That's not my question. My question is:
11 At the time you know that CBSG's new procedure, its
12 current manner of selling notes is selling notes to
13 pooled investment vehicles?

14 MR. TROY: Answer again.

15 THE WITNESS: Using the note purchase
16 agreement, those pooled investment vehicles would
17 have to certify that they are an accredited investor
18 if they are using the form that I prepared for CBSG.

19 BY MR. SOTO:

20 Q. But you're answering a slightly different
21 question. My question is: As of the moment of this
22 letter, November 13, 2018, you know when Ms. Clark
23 says the current manner which CBSG offers and sells
24 notes, that the current manner which it sells notes
25 is selling notes exclusively to PPM funds using the

1 note purchase agreement that you drafted for them?

2 MS. BERLIN: Object to form.

3 THE WITNESS: Which includes the
4 accredited investor certification.

5 BY MR. SOTO:

6 Q. Is that a "yes," sir? Is that a "yes,"
7 Mr. Rutledge?

8 MS. BERLIN: Object to form.

9 MR. TROY: You can answer it a fourth
10 time. Clarify your answer.

11 THE WITNESS: Again, because the manner
12 subsumes use of the note purchase agreement, then
13 the PIV to whom they sold, of which I was aware,
14 would have to be an accredited investor.

15 BY MR. SOTO:

16 Q. So you were aware that when you wrote this
17 or when you received this email from Ms. Clark that
18 she was asking you to broaden your letter to the
19 Department to include the fact that CBSG was selling
20 its notes to pooled investment vehicles using your
21 note?

22 A. No. I think what she wanted was and quite
23 properly what you want is the Department to say that
24 if you sell only to accredited investors, whether
25 they're PIVs or whether they're individuals, that

1 selling to accredited investors gives you an
2 exemption under 506(b) and 211(b) of the
3 Pennsylvania Securities Act from securities
4 registration requirements of the Pennsylvania
5 Securities Act. And I believe this is in the order
6 itself, which is exactly what they wanted, "they"
7 meaning CBSG, without the payment of commissions.

8 Q. So let's look at your response. You
9 write, Tuesday, November 13, 2018 at 2:52, "Cindy,
10 you are requesting is similar to what we call in the
11 trade a staff no action letter."

12 Do you see that?

13 A. Yes.

14 Q. A staff no action letter is essentially a
15 request made by a private citizen to the staff of
16 the Department in the context of your email asking
17 the Department to bless a particular procedure or to
18 say that the staff agrees that the Department would
19 take no action against the private entity in
20 connection with that procedure. Isn't that fair?

21 A. A little refinement on that. It can't be
22 an individual. At least the rules at that time I
23 believe required that to be submitted by an attorney
24 with a legal opinion before the Department would
25 consider issuing a no action letter.

1 There is no requirement, as in the last
2 paragraph, that the Department grant the request to
3 give the no action letter. And I think because this
4 was in an enforcement context anyway, that the
5 likelihood of that happening would be small.

6 Q. I wasn't asking about the likelihood of
7 that happening. I simply asked for you to agree
8 with me with respect to the definition of a staff no
9 action letter.

10 So I'll ask you using your refinement: Is
11 it fair to say that a staff no action letter is
12 essentially a request made through a lawyer for the
13 Department in this case to agree that it will not
14 take action against the entity in connection with a
15 particular procedure involving the offer or sale of
16 notes as described by the attorney in that letter?

17 A. If I may, a further refinement. It has to
18 be prospective. The Commission or the Department
19 won't bless something that's already been done. So
20 it would be: We propose to do this. Here is my
21 legal opinion. Would you confirm?

22 And a staff no action letter is just that.
23 The staff no action letter, if they would reply, the
24 reply would we will not recommend enforcement action
25 if you comply with what you submitted. So it's not

1 binding on the Department. It's an expression of
2 the staff.

3 Q. So accepting that it's not binding and
4 that it involves prospective activity and has to be
5 drafted by an attorney --

6 A. With a legal opinion.

7 Q. -- with a legal opinion, you agree?

8 A. Yes, I believe so, with those caveats.

9 Q. Okay. That's fine. I appreciate that.

10 Isn't it the case here that Ms. Clark was
11 asking you to prepare language to describe the
12 manner in which CBSG was then selling its notes in
13 order to have the Department assess whether it would
14 take action against that current manner of selling
15 notes in order to assure itself it wasn't going to
16 have a problem in connection with the current manner
17 in which it was selling notes?

18 A. She wanted some assurance by the
19 Department that going forward, they were not going
20 to run afoul of the Pennsylvania Department.

21 Q. Right. And so when she says -- would you
22 agree with me when she says, does that language
23 encompass or can it be broadened to encompass, she's
24 asking can we provide more information describing
25 what we're doing in November of 2018 in order to

1 have the Department assess whether what we're doing
2 currently in November of 2018 is okay?

3 MS. BERLIN: Object to form.

4 THE WITNESS: Yes, which we eventually did
5 get in the order.

6 BY MR. SOTO:

7 Q. You on November 13, 2018 in response to
8 Cynthia Clark copying Joe Cole, write, "Cindy" --

9 MR. SOTO: It's above that. Scroll up a
10 little bit.

11 BY MR. SOTO:

12 Q. "Cindy, Corp. Fin. may not want to grant
13 the request because it just restates current
14 statutory law or it may not want to grant the
15 request because CBSG is or was the subject of an
16 enforcement action. I don't think CBSG would be the
17 subject of any greater scrutiny by asking but I
18 still think the initial step is to get something
19 including in the finding of fact and in the sent
20 order."

21 Right? That's your response to her?

22 A. Yes.

23 Q. Then she writes probably 30 minutes later,
24 "Thanks, Phil. We should get the language in the
25 consent order to be as broad and cover as much as

1 possible."

2 Right?

3 A. Yes.

4 Q. So she wants the language in the consent
5 order to cover as much about the current manner
6 which they are selling notes as is possible?

7 A. Yes.

8 Q. Let's look at Exhibit 69. We're making
9 some progress here.

10 (There was a pause in the proceedings.)

11 BY MR. SOTO:

12 Q. We're at Exhibit 69. This is a note
13 purchase agreement, dated as of October 15, 2018.

14 Do you see that, Mr. Rutledge?

15 A. Yes.

16 MR. SOTO: And let's go to Section 405,
17 which is page 4.

18 BY MR. SOTO:

19 Q. We talked about this provision earlier.
20 This is the provision that you said would give CBSG
21 the comfort that its noteholders were accredited;
22 right?

23 A. Yes, although I've not seen this document
24 before.

25 Q. Okay. I apologize. But I'll ask you: Do

1 you recall testifying when you were being questioned
2 by the SEC in this case that you had directed
3 Mr. Cole to have CBSG's noteholders fill out that
4 blank after Rule 501(a) as opposed to just marking
5 it the way that is indicated here?

6 MS. BERLIN: Object to form.

7 THE WITNESS: Yes. I told him that was in
8 my view unacceptable.

9 BY MR. SOTO:

10 Q. Right. I believe that's the word that you
11 used. And do you recall testifying that you didn't
12 think CBSG took your advice address this issue?

13 MS. BERLIN: Object to form.

14 THE WITNESS: My recollection is I did
15 point this out to Joe Cole. It wasn't this
16 document. It was the note purchase agreements for
17 the ABFP fund, if that's correct. And there was one
18 note purchase agreement I saw, and then subsequently
19 I saw the other two. And in July of 2019, I said --
20 the unacceptable email came first. Then when I saw
21 in 2019 that it apparently had not been corrected
22 and there were two more that also did not look like
23 they had been completed properly, I suggested to Joe
24 and he agreed to send a letter to at that point it
25 was Mr. Vagnozzi saying you can't do this. We would

1 like you to change it and fill it out properly and
2 return it.

3 BY MR. SOTO:

4 Q. Okay.

5 A. Whether he did so -- whether Mr. Vagnozzi
6 did so, I don't know.

7 Q. Let's look at Exhibit 141. I'm at
8 Cherly's computer. My computer has locked up two
9 times in the last 15 minutes. So I think it's
10 probably time for us to take a five-minute break so
11 that I can reboot. And hopefully we'll move more
12 quickly after that. So why don't we take a
13 five-minute break. It's 2:44. Let's resume at
14 2:50.

15 THE VIDEOGRAPHER: The time is 2:44 p.m.,
16 and we are off the record.

17 (Recess from 2:44 p.m. to 2:50 p.m.)

18 THE VIDEOGRAPHER: It's time is 2:50 p.m.
19 and we are back on the record.

20 BY MR. SOTO:

21 Q. Mr. Rutledge, I'd like to direct your
22 attention to Exhibit 141. On the bottom of it, you
23 write on July 25, 2019 to Joe Cole, "As we
24 discussed, attached for your review and comment is a
25 draft letter to Dean Vagnozzi from CBSG."

1 And if we can turn to Exhibit 142, that is
2 the draft letter you were referring in the earlier
3 email; correct?

4 A. Correct.

5 Q. Okay. And this is a draft letter that you
6 drafted for Mr. Cole to send out to Mr. Vagnozzi;
7 right?

8 A. Correct, with respect to the fund listed
9 in the re line.

10 Q. With respect to the funds listed in the
11 what? I didn't hear the last part.

12 A. Re line.

13 Q. Oh, re line. Okay. So you drafted this
14 in connection with the ABFP income fund, ABFP income
15 fund 2 L.P. and ABFP Income Fund 3, LLC; correct?

16 A. Yes. Joe and I had a discussion before
17 this, and in the note purchase agreement, CBSG has
18 the ability to require an opinion of counsel that
19 the person is an accredited investor. And I was
20 kind of leaning toward that, but Joe didn't want to
21 do that.

22 So we came up or he said, well, we'll just
23 go back and ask them -- you know, based on our
24 periodic internal review, we will ask -- this came
25 up. And we will ask them to insert -- to basically

1 correct what they sent in and return it to CBSG so
2 they would have a record.

3 Q. I'm sorry. I thought I heard you testify
4 when the SEC was questioning you that you believed
5 that the note purchase agreement that Dean Vagnozzi
6 had filled out was unacceptable because this
7 Section 501(a) provision, the Rule 501(a) provision
8 under SEC Reg D did not have the specific subsection
9 written in by Mr. Vagnozzi or ABFP.

10 A. This was -- actually, this came, I
11 believe, initially from Cynthia Clark, and there was
12 a mark, and she thought it was a C or it could be a
13 check mark. And I think I went back and said, well
14 (c) is not a correct subsection. It would be
15 501(a)(1), (2), (3), et cetera. So it couldn't be a
16 (c).

17 Q. I don't know about the c, but I recall
18 that you testified that that specific subsection,
19 the numerical part of it, needed to be filled in and
20 that was your recommendation to CBSG.

21 MS. BERLIN: I object to the form of that
22 question if it is a question.

23 BY MR. SOTO:

24 Q. Mr. Rutledge, wasn't that your concern?

25 A. My concern that it wasn't filled in

1 properly that CBSG could point to and say, oh, yes,
2 that's definitely a means by which the person could
3 qualify as an accredited investor.

4 Q. And as a result of your concern, you
5 drafted this letter for CBSG to send to
6 Mr. Vagnozzi; right?

7 A. Yes.

8 Q. And you address your concern in the second
9 paragraph of this letter, this draft letter?

10 A. Yes.

11 Q. And if you look at Exhibit 143, would you
12 agree with me that this is -- let's scroll down,
13 please -- this is precisely the same draft letter
14 using having the same language that you asked
15 Mr. Cole to send out?

16 MS. BERLIN: Objection as to form.

17 THE WITNESS: I believe he used it word
18 for word. But without a comparison, I can't be
19 sure, but I believe he did.

20 BY MR. SOTO:

21 Q. So he complied with your request; right?

22 A. He did.

23 MS. BERLIN: Excuse me. Object to form.

24 THE WITNESS: I'm sorry.

25 MS. BERLIN: That's okay. Object to form.

1 BY MR. SOTO:

2 Q. Take a look at Exhibit 147. At the very
3 bottom of that exhibit, you'll see an email from Dan
4 Ring to Dean Vagnozzi, dated July 25, 2019; right?
5 Do you see that?

6 A. From Dan Ring to Dean Vagnozzi, yes.

7 Q. The subject line is Letter from Cole?

8 A. Yes.

9 Q. I'm not sure if you remember, but July 25,
10 2019 is the date of the letter that we just saw in
11 Exhibit 144.

12 A. Okay.

13 Q. That was the letter where you agreed it
14 was at least near word for word of the draft that
15 you provided; right?

16 A. Yes.

17 Q. And in this email at Exhibit 147, Mr. Ring
18 says, "Dean: Please see the attached letter from
19 Joe Cole. If you have any questions, please contact
20 either one of us. Thank you. Dan."

21 Right?

22 A. Yes, although this is the first time I've
23 seen Daniel Ring titled as general counsel. I never
24 dealt with him.

25 Q. And above that there's a response from

1 Michelle Price@abetterfinancialplan.com; right?

2 A. To Dan, yes.

3 Q. To Dan Ring at Par Funding and also Dean
4 Vagnozzi; right?

5 A. Yes.

6 Q. Same subject, Letter from Joe Cole?

7 A. Yes.

8 Q. Okay. And in this email Michelle writes,
9 "I'm attaching the amended note purchase agreements
10 for ABFP Income Fund, ABFP Income Fund 2 and ABFP
11 Income Fund 3."

12 Those were the funds in the re that you
13 mentioned earlier in that letter you drafted for
14 Mr. Cole; right?

15 A. I believe, yes.

16 Q. And it says or Michelle goes on to say,
17 "The paragraph number of Rule 501(a) was added on
18 the page 4 of each and Dean initialed them as
19 requested in the letter from Joe Cole."

20 Do you see that?

21 A. Yes.

22 Q. And then there's an attachment above that
23 indicating Note Purchase-Amended for ABFP Income
24 Fund and then ABFP Income Fund 2 and ABFP Income
25 Fund 3; right? Is that correct?

1 A. Yes, yes.

2 Q. So let's take a look at Exhibit 148.

3 Let's go to page 4. Do you see at Section 405 that
4 the subsection, the numerical subsection for Rule
5 501(a) has been filled out?

6 A. Yes, but I think the top said 4, not 1, 2
7 or 3.

8 MS. BERLIN: Can you scroll down to show
9 what Bates number this is?

10 THE WITNESS: I think this is ABFP 4.
11 Yeah. But the letter was for ABFP 1, 2 and 3.

12 BY MR. SOTO:

13 Q. Okay. Well, let me ask you this: Is the
14 number 8 next to 501(a)(8) what you were looking for
15 in terms of completing this section so that it would
16 be acceptable?

17 A. I'm going to make the assumption that that
18 is an 8 from here it's a little hard to see whether
19 it's an 8 or a G. But assuming it's an 8, yes,
20 that's what I was looking for.

21 Q. And so it appears that Mr. Cole drafted
22 the letter that you asked him to draft in order to
23 cure the problem with respect to Rule 501(a) of SEC
24 Reg D just as you asked him to do?

25 MS. BERLIN: Objection to the extent

1 you're asking the witness to weigh evidence he's
2 never seen.

3 MR. SOTO: Amie, you are still engaging in
4 speaking objections. All you need to do is object
5 to the form.

6 MS. BERLIN: Mr. Soto, please stop
7 addressing --

8 MR. SOTO: Amie, I'm not done.

9 MS. BERLIN: Mr. Soto, please stop
10 addressing me during the deposition. If you have an
11 issue, you can bring it up later. And please do not
12 address me by my first name. Thank you.

13 MR. SOTO: Ms. Berlin, I can and I will
14 address when you are engaging in speaking
15 objections. And I'm going to ask you now for the
16 fourth time for the record in the event we do have
17 to bring it up with the judge that you not engage in
18 speaking objections. You're not only obstructing
19 the deposition. You are coaching the witness. I'm
20 going to ask you then that you not do that.

21 MS. BERLIN: Again, Mr. Soto, we will not
22 engage with you. We will not engage with you on the
23 record.

24 MR. SOTO: I'm not asking you to engage
25 with me. I'm asking you to follow the rules.

1 MS. BERLIN: Please continue with your
2 deposition, Mr. Soto. I'm happy to discuss this off
3 the record with you and also to go through your
4 conduct and objections at depositions, but this is
5 not the time. Please proceed with your deposition.
6 Thank you so much.

7 MR. SOTO: Ms. Berlin, I'm not going to
8 engage with you anymore, but I'm not going to take
9 direction from you. I am going to tell you when you
10 are violating the rules, as is my requirement to do
11 that so that you stop doing it, putting you on
12 notice that you're doing it, and will advise the
13 judge whenever that time is appropriate.

14 MS. BERLIN: Mr. Soto, again, I'll ask you
15 to stop. You can simply remark a speaking objection
16 has been made and move on. But I will not engage
17 with you otherwise. So please govern yourself
18 accordingly. Thank you.

19 MR. TROY: So we have an agreement not to
20 engage. Let's get back to Mr. Rutledge.

21 MR. SOTO: Can we read that last question
22 back. I don't remember what it was.

23 (The record was read back.)

24 THE WITNESS: It appears, but Joe never
25 got back to me saying that -- he never got back to

1 me with what Mr. Vagnozzi's response was to that
2 letter.

3 BY MR. SOTO:

4 Q. Is your answer yes, but he never got back
5 to you?

6 A. Yeah. Yes. He never got back to me with
7 the response that he received from Mr. Vagnozzi to
8 the letter.

9 Q. Let's look at Exhibit 144. This is a memo
10 that you prepared July of 2019 for Joe Cole at CBSG;
11 correct?

12 A. Yes.

13 Q. Okay. And you write, "The purpose of the
14 memo is to highlight issues and make recommendations
15 to CBSG concerning the sale of debt securities by
16 CBSG to ABFP Income Fund, LLC, ABFP Income Fund 2,
17 L.P. and ABFP Income Fund 3 pursuant to a note
18 purchase agreement and the current activities of
19 Dean Vagnozzi who is believed to be a control person
20 and an affiliate of those funds."

21 Correct?

22 A. Yes.

23 Q. And you make recommendations to CBSG in
24 connection with CBSG's sale of notes to those funds;
25 correct?

1 A. Yes.

2 Q. And in the first paragraph under
3 Recommendations, you acknowledge that many of the
4 issues identified in your memo relate to the
5 activities of ABFP 1, 2 and 3 and not the activities
6 of CBSG. Do you see that?

7 A. Yes.

8 Q. Okay. But, nevertheless, you have
9 concerns that some of those activities may impact
10 CBSG and you want to address those through your
11 recommendations. Is that fair?

12 A. Yes. I think that's a fair statement.

13 Q. And you write, "Of singular importance,"
14 the first recommendation you have "is the effect
15 that the activities of these funds and Mr. Vagnozzi
16 may have on the federal banking regulators that
17 would be reviewing and determining whether to
18 approve a proposed acquisition of a national bank in
19 Texas by CBSG."

20 Right?

21 A. Or affiliates of CBSG.

22 Q. Or its affiliates. So your first
23 recommendation relates to your concern that ABFP's
24 activities will somehow affect CBSG's interest in a
25 proposed acquisition of a bank?

1 A. At this point in time, Joe said that he
2 was involved with a proposed -- it wasn't a
3 formation of the bank. I think they were taking
4 over an existing bank.

5 MS. BERLIN: Mr. Rutledge, I can't hear
6 you.

7 BY MR. SOTO:

8 Q. Mr. Rutledge, I didn't hear the last part
9 of your answer.

10 A. That's because Ms. Berlin was trying to
11 say something I thought.

12 Q. I didn't hear her.

13 A. At this point in time --

14 Q. Hold on one second.

15 MR. SOTO: Ms. Berlin, did you have an
16 objection?

17 MS. BERLIN: (Inaudible.)

18 MR. TROY: We can't hear her.

19 MR. SOTO: Ms. Berlin, it sounds as though
20 you want to make a comment, but we can't hear you.

21 MR. TROY: Ms. Berlin, are you talking to
22 someone else? We're having difficulty hearing your
23 voice a little.

24 MS. BERLIN: (Inaudible) on my screen as
25 they're speaking.

1 MR. TROY: It's very difficult when you're
2 what's going on?

3 MS. BERLIN: If you can hear me, I'm going
4 to disconnect and rejoin.

5 THE VIDEOGRAPHER: Would we like to stay
6 on or go off the record in the meantime?

7 MS. BERLIN: I can hear you now.

8 MR. SOTO: Okay. Good.

9 BY MR. SOTO:

10 Q. So the first issue you raise,
11 Mr. Rutledge, is in connection with your belief that
12 the activities of the ABFP funds are going to have
13 some sort of impact on CBSG's interest in acquiring
14 a national bank?

15 A. I was concerned because the federal
16 banking regulators have wide discretion when
17 approving the acquisition of a bank, and they look
18 at all sorts of things. And I basically wanted --
19 at this point in time Joe was telling me that he was
20 involved with a proposed acquisition of a bank in
21 Texas. At that point, I wasn't sure whether it was
22 by CBSG or if he was doing it individually with
23 others, but I just wanted to put him on notice that,
24 you know, the banking regulators could look at this,
25 and he should be on notice that it could have an

1 effect on whether they would approve the acquisition
2 or not.

3 Q. But that does not implicate any concern on
4 your behalf at least with respect to number one with
5 respect to the securities laws?

6 A. No. This went to the banking regulators.

7 Q. Let's look at number 2. You say, "It is
8 important that CBSG have a Form D with the SEC and
9 the Department" --

10 MS. BERLIN: I can't hear anything.
11 There's something on my screen that says Cherly
12 Lucien's application, and the audio is gone. Can
13 you please stop the deposition because I cannot hear
14 so that the audio issues can be resolved.

15 THE VIDEOGRAPHER: Would we like to go off
16 record how?

17 MR. SOTO: Yes.

18 THE VIDEOGRAPHER: The time is 3:12 p.m.,
19 and we are off the record.

20 (Recess from 3:12 p.m. to 3:14 p.m.)

21 THE VIDEOGRAPHER: The time is 3:14 p.m.,
22 and we are back on the record.

23 BY MR. SOTO:

24 Q. So paragraph 2, Mr. Rutledge, your concern
25 is that CBSG file a Form D with the SEC reflecting

1 the sale of its debt securities to the ABFP funds;
2 correct?

3 A. They had to have a Form D filed, yes.

4 Q. Paragraph 3 addresses your concern with
5 respect to the confirmation of accreditation under
6 Rule 501(a); right?

7 A. Yes.

8 Q. Which I imagine at this point you would
9 agree CBSG complied with in connection with the
10 letter that you asked it send out?

11 A. Yes, they did.

12 Q. Paragraph 4 addresses a June 21, 2019
13 letter from Euler Hermes that CBSG provided on
14 July 22, 2019; right?

15 A. Yes.

16 Q. So in that paragraph, paragraph 4, you're
17 suggesting that CBSG provided this letter to you;
18 right?

19 A. Yes. I believe that letter was addressed
20 to both Mr. Vagnozzi and CBSG.

21 Q. So let's look at Exhibit 150 quickly, the
22 last page of it. So this is an email from Joe Cole,
23 dated Monday, July 22 to you; correct?

24 A. Yes.

25 Q. The subject is Euler Hermes. And he says,

1 "Good afternoon, Phil. I wanted to run this letter
2 by you that our accounts receivable insurance
3 company sent to the PPM manager, Dean Vagnozzi,
4 about using their company logo on marketing
5 materials for the PPM."

6 He says, "I do not have a copy of the
7 marketing materials, but worry about what he's
8 soliciting."

9 Do you recall this email from Mr. Cole?

10 A. Yes.

11 Q. "We discussed that some of our AR is
12 covered by a default policy that Euler Hermes
13 underwrites, and it looks like he ran with this and
14 maybe telling these guys that our company has the
15 entire portfolio insured. We're still working with
16 them via the PPMs they set up, but expressed
17 concern about anything being conveyed since we
18 were copied on the letter from our insurance company
19 subsequently."

20 Fair to say that Mr. Cole is expressing
21 some concern about statements that Dean Vagnozzi is
22 making in connection with Euler Hermes?

23 A. Yes.

24 Q. And that Mr. Cole is suggesting that these
25 are statements that were made without Mr. Cole's

1 knowledge and without Mr. Cole's approval?

2 A. Yeah. I believe that was his concern,
3 yes.

4 Q. And he says, "To my understanding, the PPM
5 would bear any liability from any misrepresentations
6 made from their PPM correct?"

7 So he's asking you whether he is right in
8 believing that any misrepresentations made in the
9 letter of concern would create liability on the part
10 of ABFP and not CBSG; right?

11 A. Yes, yes.

12 Q. He says, "We want to make sure we have a
13 good response in case we have any issues."

14 So fair to say he's bringing this to your
15 attention to ask you to provide some advice with
16 respect to how to handle it?

17 A. My recollection is that he wanted me to
18 draft a response to Euler Hermes.

19 Q. Okay. Again, this is July of 2019. Joe
20 Cole -- I'm sorry. You respond July 23, 2019, "Joe,
21 do you have the name of or could you send me a copy
22 of a PPM organized by Vagnozzi to which Complete
23 Business Solutions sold note? My query is whether
24 Form D was filed with the SEC and, if so, if he
25 claimed the exemption whereby he could use general

1 solicitation."

2 Do you recall that email to Mr. Cole?

3 A. Yes.

4 Q. So as of July of 2019, you at least have
5 some knowledge that Complete Business Solutions
6 Group is selling notes to a PPM fund organized by
7 Dean Vagnozzi; right?

8 A. Yes.

9 Q. And your concern is that this letter
10 referencing marketing materials might bring into
11 question whether Vagnozzi's fund is engaging in a
12 general solicitation? I can re-ask that question.

13 A. Yes. I think the concern was he didn't
14 know what the fund was doing, and I was really just
15 raising something for him to think about, that if
16 the fund was claiming an exemption federally that
17 prohibited general solicitation, that this could be
18 viewed as general solicitation. Basically we didn't
19 know.

20 Q. Right. But if ABFP was engaged in general
21 solicitation, that would create a risk that ABFP's
22 attempt to rely on 506(b) under Reg D might be
23 jeopardized, correct, not his reliance?

24 A. It was a concern, yes.

25 Q. Okay. And Joe Cole responds July 23,

1 2019. "He has a few funds, but the biggest ones we
2 work with are listed as ABFP Income Fund, LLC," and
3 then he references Funds 2 and 3. Do you see that?

4 A. Yes, yes.

5 Q. Okay. So at this point, Joe Cole is
6 telling you quite clearly and you were aware that
7 CBSG is selling notes to at least three ABFP funds;
8 right?

9 A. Yes.

10 Q. So let's take a look at Exhibit 142. This
11 is that draft letter that you prepared for Joe Cole
12 to send to Dean Vagnozzi; right?

13 A. Correct.

14 Q. Okay. And the re section addresses the
15 ABFP funds that we've been talking about, right,
16 ABFP Income Fund 1, 2 and 3; right?

17 A. Yes.

18 Q. And in the last paragraph you say, "It has
19 also come to my attention that you indicated in one
20 of the videos, which is available at this website,
21 that two of the four investments opportunities you
22 offer were backed by large international companies
23 and that the investment opportunities you offered
24 were safe and secure. Since there are risks
25 inherent in any investment and there is no large

1 international company which backs the debt
2 securities of CBSG purchased by each fund, would you
3 please confirm in writing to the undersigned that
4 you will not make such representations with respect
5 to any debt securities issued by CBSG and have been
6 or will be purchased by any of the above-referenced
7 funds."

8 Right?

9 A. Yes.

10 Q. This is what you drafted for Joe Cole to
11 accepted to Dean Vagnozzi to cure the issue that he
12 raised in his email to you two days before on
13 July 22?

14 A. Yes.

15 Q. And you previously agreed that he sent the
16 letter out as you directed?

17 A. He said he sent it out and he provided me
18 a copy of what he sent.

19 Q. Okay. So he brought to your attention a
20 concern he had about the ABFP funds making certain
21 representations and you drafted a letter for him to
22 cure that specific concern and he sent it out?

23 A. Yes. He said he sent it out, and I had no
24 reason to believe he did not.

25 Q. I thought we agreed -- let's look at

1 Exhibit 143 -- that he sent it out. He just didn't
2 tell you that he sent it out is what I think you
3 testified to.

4 A. No. I think he subsequently sent an email
5 to me that said that he had sent it out.

6 Q. Okay.

7 A. I believe so, but I'm not totally sure.

8 Q. But the bottom line is that he sent out
9 the email you directed him to send out in order to
10 cure this concern with respect to Dean Vagnozzi and
11 ABFP?

12 A. Yeah. He sent the letter, yes.

13 Q. Let's go back to Exhibit 144. So in
14 paragraph 4, it says, "In light of the June 21, 2019
15 letter from Euler Hermes that you provided, I am
16 concerned that Mr. Vagnozzi's allusion in a video to
17 two of four investments being backed by large
18 international companies may be a veiled reference to
19 Euler Hermes, which is a constituent company of
20 Allianz."

21 Right?

22 A. Yes.

23 Q. And I'll also point you to -- let's go to
24 page 5, subsection 3. You reference a concern.
25 They're both here. "In a video available to the

1 public and on the website, Mr. Vagnozzi states that
2 the investments he offers are safe and secure. The
3 video available to the public on the website
4 Mr. Vagnozzi states that two of the four investments
5 are backed by international companies."

6 Right? You're raising those two?

7 A. Yes, (a) and (b), yes.

8 Q. And Mr. Cole addresses those issues in the
9 letter that he sends out on July 25, 2019 at your
10 direction?

11 A. Yes.

12 Q. So back on page 2 at paragraph 6, just
13 scroll up a little bit, it says, "Persons who may
14 have standing under federal or Pennsylvania
15 securities laws to sue Mr. Vagnozzi or his funds and
16 any other entity affiliated with Mr. Vagnozzi may
17 include CBSG in such suits."

18 By this you meant civil suits by private
19 individuals?

20 A. Yes.

21 Q. "Therefore, it is recommended that CBSG
22 review its insurance coverage." And it goes on
23 after that; correct?

24 A. Correct.

25 Q. So just to recap, if we go back to page 1

1 of this, Recommendations, first recommendation does
2 not relate to the federal securities laws; correct?

3 A. Correct.

4 Q. And in paragraphs 2 through 6 --

5 MR. SOTO: And Cherly, go slowly.

6 BY MR. SOTO:

7 Q. -- you make what appear to be four
8 recommendations, at paragraph 2, that CBSG filed a
9 Form D?

10 A. Yes.

11 Q. At paragraph 3, that CBSG address your
12 concern that its noteholders confirm their
13 accreditation status in Section 405 more
14 specifically, and -- I'm sorry. Is that another
15 recommendation that you make? I can repeat the
16 question.

17 A. That was the recommendation to go back and
18 get 4.05 completed properly.

19 Q. Right. And paragraph 4, your third
20 recommendation is that CBSG send a letter to
21 Vagnozzi addressing the two issues related to the
22 Euler Hermes marketing materials that ABFP is
23 apparently put out; right?

24 A. Yes.

25 Q. And so you agree that CBSG followed your

1 advice and sent the letter dated July 25, 2019 to
2 ABFP and cured your concern in paragraphs 3 and 4?

3 A. It addressed my concerns in 3 and 4, yes.

4 Q. The other concern you have in paragraphs 6
5 is that it review its insurance coverage; right?

6 A. Yes, as a matter of course.

7 Q. But that doesn't relate to an enforcement
8 action by a state regulatory body or the SEC; right?
9 That's a concern over potential private suits?

10 A. Although it's styled for private suits, it
11 could also have applied to an enforcement
12 proceeding, but I think that that -- I think that
13 particular provision was directed at civil suits,
14 yes.

15 Q. And so the only recommendation here that
16 to this point we haven't discussed or agreed has
17 been addressed is paragraph 2. "It is important
18 that CBSG file -- have a Form D filed with the SEC
19 in connection with its sale of debt securities to
20 ABFP."

21 Right?

22 A. Yes.

23 Q. So of the four recommendations, the only
24 one we haven't addressed that we agree they've cured
25 based on your advice is the one in paragraph 2?

1 A. Yeah. And the genesis for paragraph 2 is
2 there was a filing made not by me, but by another
3 attorney, because CBSG had never filed a Form D
4 since they've been in business selling notes. In
5 February of '19, a filing was made on behalf of CBSG
6 by other counsel. The reason for number two is I
7 didn't know whether the amount of -- the principal
8 amount of the notes, which that attorney put on the
9 Form D, was sufficient to include the sales of the
10 debt securities to these funds.

11 Maybe it was; maybe it wasn't. But that
12 was an issue -- that was the reason I put that in
13 there, to make sure that the amount that was on the
14 Form D on file at that time was sufficient to
15 include the sales to those three funds.

16 Q. And I think you touch on that subject on
17 page 3 under SEC Form D filings under the subheading
18 of CBSG?

19 A. Yes.

20 Q. You indicate that the SEC's records
21 indicate that CBSG, as you just testified, had filed
22 a Form D on February 12, 2019; right?

23 A. Um-hum. Right.

24 Q. And in that Form D filing, CBSG disclosed
25 that it had paid \$3.6 million in finders' fees to

1 the persons indicated in that form?

2 A. Correct.

3 Q. This was done before -- you were not
4 involved in consulting with them in connection with
5 that particular filing on February 12, 2019?

6 A. That is correct.

7 Q. You're suggesting that they need an
8 additional filing, which you address in the next
9 paragraph. "CBSG would need to file another Form D
10 with the SEC and the Department to cover the offer
11 and sale of debt securities subject to the
12 agreements and any future sales of any debt
13 securities." By that you mean -- go ahead.

14 A. Another Form D and probably more
15 appropriately a Form D updating amendment. It's
16 another Form D, but it would be in the style of an
17 amendment to the original Form D.

18 Q. So you would agree at least with respect
19 to your concerns as they relate to CBSG's conduct or
20 recommendations relating to CBSG, the only thing
21 outstanding really is that they file this amended
22 Form D that you described?

23 A. Yes.

24 Q. Let's take a look at the SEC's Form D
25 filings. First one is at Exhibit 4.

1 So this Exhibit 4 would you agree is a
2 notice of exempt offering of securities under Form
3 D?

4 A. Yes.

5 Q. And this one identifies the issuer as
6 Complete Business Solutions Group?

7 A. Yes.

8 Q. At Section 6 it identifies Rule 506(b) as
9 a federal exemption that CBSG is claiming?

10 A. Yes.

11 Q. And identifies the type of filing as a new
12 notice with a date of first sale as August 1, 2012;
13 correct?

14 A. Correct.

15 Q. What does new notice mean here?

16 A. It means -- again, I did not file this.
17 But it means that there's been no previous Form D
18 filed for this issuer.

19 Q. If we go to Section 15, Section 15
20 discloses that neither sales commissions or finders'
21 fees have been paid in the amount of -- I'm sorry.
22 Let me restate that question.

23 Section 15 of this form in Exhibit 4
24 identifies or discloses that finders' fees in the
25 amount of \$3.6 million approximately have been paid;

1 correct?

2 A. That's what the form says, yes.

3 Q. And in Section 12, it identifies the
4 recipients of compensation, sales compensation as A
5 Better Financial Plan, Lindey Blake, Alvin Holdings
6 and others; correct?

7 A. Yes. That's what's on the form.

8 Q. And this form is filed by, the very last
9 part, filed by Cynthia Clark who is CBSG's general
10 counsel?

11 A. Yes. That's what the form says, yes.

12 Q. On February 12, 2019?

13 A. Yes.

14 Q. So you were aware of this filing? You
15 weren't involved with it, but you were aware of it?

16 MS. BERLIN: Excuse me. I don't know if
17 anyone can hear my objection because there was no
18 pause. I objected as to form after the last
19 question.

20 MR. SOTO: Okay. We can hear you now,
21 Ms. Berlin.

22 BY MR. SOTO:

23 Q. So in July of 2019 in that memo when
24 you're suggesting that an amended Form D filing need
25 to be filed by CBSG because the only one you see on

1 record is the one you weren't involved with, you're
2 referring to Exhibit 4 as the one that you saw on
3 record?

4 A. Yes, as to whether a Form D amendment
5 would be required. That was the question.

6 Q. So as of July of 2019, you're aware
7 that -- strike that.

8 Let's look at Exhibit 5. Exhibit 5 is
9 another Form D filing issued by Complete Business
10 Solutions Group; correct?

11 A. Yes.

12 Q. And this one is dated April 24, 2020?

13 A. Yes.

14 Q. And this one you did help CBSG prepare;
15 correct?

16 A. Yes.

17 Q. So when CBSG filed this Form D with your
18 assistance, they cured that final recommendation
19 that you were making in your July 24, 2019 memo?

20 A. What I'm not sure of because I filed two
21 Form Ds. I was engaged about two Form Ds, one of
22 which was for the exchange offer and one of which
23 was the updating amendment. So if you could scroll
24 up to see whether this was --

25 Q. Go to 7.

1 A. Is this the updating amendment? Yes. It
2 is the updating amendment. Thank you.

3 Q. So this is the one you were involved in in
4 assisting CBSG prepare the filing?

5 A. If I need to amend a prior answer when I
6 said about the new notice being that they never
7 filed before. Although that is correct, but if you
8 do a new offering, you also have to file a new
9 notice with a date of first sale.

10 Q. Okay. Thank you. So this Exhibit 5 is
11 the Form D filing that you assisted CBSG in
12 preparing and submitting to the SEC?

13 A. What I refer to as the updating amendment
14 because the updating amendment is due annually,
15 generally speaking. There are some exceptions. And
16 I believe I sent -- I did a memo in October of 2019
17 saying, hey, you're going to have to file an updated
18 amendment in February of 2020. This is what you
19 have to do. These are the states where the other
20 attorney filed in, et cetera.

21 So this amendment, and I think there's
22 emails that were produced saying, okay, it's late.
23 That's okay. But you really should do an updating
24 amendment. And that's what this is. The exchange
25 Form D filing was made previous to this. So this is

1 for the updating amendment.

2 Q. I just want to make sure, Mr. Rutledge.
3 Then we can move on, and I'm nearing the end here.
4 Hopefully we'll get done quickly.

5 Let's go back to Exhibit 144, which is
6 your July 24, 2019 memo, second page, paragraph 2.

7 A. Yes.

8 Q. The recommendation that you make here that
9 CBSG file the Form D with the SEC and the Department
10 for the sale of its debt securities to the ABFP
11 funds and covering any further sales of debt
12 securities of CBSG under SEC Regulation D, that's
13 the amended offering or Form D that you're talking
14 about; right?

15 A. Kind of. First of all, the first question
16 that number 2 goes to is do we need to amend the
17 existing Form D to increase the principal amount of
18 notes based on what you sold to ABFP 1, 2 and 3, and
19 any further sales that you would be making? The
20 amendment was really to comply with the SEC rule
21 that you have to file an updating amendment. So
22 there was no -- there was no action taken between
23 that -- the date of that memo. Subsequently, as I
24 said, I did the October memo saying we have to do
25 this. And it just didn't get done until we did the

1 updating amendment in April of 2020.

2 Q. But you would agree that the updating
3 amended Form D filing in April of 2020 addressed
4 your concern in paragraph 2?

5 A. Yeah. It would have encompassed, albeit
6 perhaps on a post facto basis, but it would
7 hopefully encompass that concern.

8 Q. Let's look at SEC Exhibit 66. Let's
9 scroll to the last page of this. So the last page
10 of this exhibit includes an email from Joe Cole to
11 you, dated March 2, 2020, with the subject line CBSG
12 Texas C&D Order; right?

13 A. Yes.

14 Q. And Joe Cole writes, "Phil, please see the
15 attached letter received by us and a PPM fund we're
16 working with. Per our updated policy, Par has a
17 note directly with their fund and they raise capital
18 directly into their PPM without our involvement."

19 Do you see that?

20 A. Yes.

21 Q. He says, "I found several erroneous
22 statements on this response, but let me know when
23 you have some time to review. We're holding off on
24 doing any additional notes in Texas for the time
25 being. We greatly appreciate your guidance on this

1 sensitive matter. Thanks."

2 So was this Joe Cole's notice to you that
3 Texas had issued -- the Texas state regulatory
4 securities agency had issued a C&D order to CBSG?

5 A. Yes. That's how I became aware of it.

6 Q. And you write --

7 MS. BERLIN: I lost audio again. I don't
8 know if anyone is speaking.

9 MR. SOTO: Ms. Berlin, I'm speaking now.
10 Can you hear me?

11 MS. BERLIN: Yes. It just reconnected.
12 Thank you.

13 BY MR. SOTO:

14 Q. So at the top of page 2, on March 3, 2020
15 at 5:14 a.m., you write, "Joe, as you can see by my
16 out of office notice, I'm in the UK teaching until
17 the end of the month. Cease and Desist Order means
18 stop what you're doing."

19 Do you see that?

20 A. Yes.

21 Q. So you're advising Mr. Cole and CBSG with
22 respect to this Texas C&D order; right?

23 A. Sorry. Can you repeat the question?

24 Q. You are providing advice and guidance to
25 CBSG with respect to this Texas C&D order?

1 A. Yes.

2 Q. And you tell them -- you indicated you
3 will stop selling notes in Texas which is a correct
4 response. So you seem to be indicating to them
5 you're doing the right thing by having stopped
6 selling notes; right?

7 A. Um-hum.

8 Q. Is that correct?

9 A. Yes.

10 Q. I need a "yes" or "no." Okay.
11 You say, "However, it may go beyond that."
12 So you have concerns beyond CBSG just
13 ceasing in connection with the sale of its notes;
14 fair.

15 A. Yes.

16 Q. "If Par is selling notes to Vagnozzi and
17 there are other persons out there raising funds in
18 other jurisdictions to invest in ABFP which in turn
19 purchases notes from Par, you will run into the same
20 issue in those jurisdictions as the Texas C&D.

21 "Now that Pennsylvania, New Jersey and
22 Texas have taken public actions, other states are
23 going to be on high alert as to whether similar
24 activities are occurring in their states. This is
25 the risk of continuing to do business with Vagnozzi

1 because you can't control what he or others say or
2 do and, as a result, Par gets dragged into any of
3 the problems that they create."

4 So I just want to address that part of
5 your email. So is it safe to say that what you're
6 suggesting to Mr. Cole is that the risk that is
7 being created here is being created by the conduct
8 of Mr. Vagnozzi and ABFP and not the conduct of
9 CBSG?

10 MS. BERLIN: Object to form.

11 THE WITNESS: At that time, yes. At that
12 time my concern was any adverse effects on Par or
13 CBSG because of the activities of Mr. Vagnozzi as
14 they were known to me at that point.

15 BY MR. SOTO:

16 Q. Okay. And so you go on to say, "Although
17 the individuals may not be getting a direct selling
18 commission as in the case of the PA situation, I am
19 sure Texas will argue that the haircut they receive
20 on the interest paid on the notes constitutes a
21 selling commission."

22 Now, when you write, "Although the
23 individuals may not be getting a direct selling
24 commission as in the case of the PA situation, did
25 you mean to say that this situation is different

1 than the Pennsylvania situation where Par was paying
2 finders directly?

3 A. Yes. I think the distinction I was making
4 that in PA, they had finders' agreements whereby
5 they would pay I believe a percentage of the notes
6 sold as a finders' fees, if you will. And I don't
7 think that was -- again, given the parameters of the
8 Texas order, I don't think that Texas was arguing
9 the same thing.

10 Q. So your concern was that Texas might, as
11 you put it here, argue that the difference between
12 what CBSG was receiving from the funds and what the
13 funds were in turn receiving from their noteholders
14 might be an argument that they would make that this
15 haircut constitutes a commission?

16 A. Yes, on two levels. One would be what
17 the -- well, actually on one level. I believe this
18 is what you're saying. But what the fund would
19 receive from Par and what the investors in the PPM
20 would receive from the PPM.

21 Q. Right.

22 A. Okay.

23 Q. And so at this time, did you have any
24 indication that CBSG had any control over what the
25 funds were receiving in connection with their sale

1 of notes?

2 A. At this time, I didn't know what the
3 details were or the arrangements were between CBSG
4 and any of the PIVs.

5 Q. And you go on on page 3 to make immediate
6 recommendations. You make or you suggest immediate
7 recommended steps; correct?

8 A. Yes.

9 Q. Alert your insurance carrier in case there
10 is coverage. By that you meant coverage that would
11 indemnify CBSG in connection with violations by
12 third parties including ABFP or other fund managers?

13 A. Actually, I believe what I meant was do
14 you have insurance coverage to defend yourself in
15 the C&D.

16 Q. File a request for a hearing with Texas.
17 You were just advising them there to file it so they
18 have a placeholder; correct?

19 A. Correct, because sometimes requests for
20 filing -- excuse me -- requests for a hearing on a
21 C&D have a very short time limitation.

22 Q. Okay. In paragraph 3 you are suggesting
23 to them that they notify these funds who are note
24 purchasers with respect to the indemnification
25 provision of the note that are they signed; correct?

1 A. Correct.

2 Q. And you then discuss -- you then
3 recommended as part of No. 4 considering add an
4 addendum to the note purchase agreement disclosing
5 the actions taken by the three state regulatory
6 bodies that you're aware of to that point,
7 Pennsylvania, New Jersey and Texas; correct?

8 A. Correct.

9 Q. So the first question I have is, you don't
10 recommend in this email, do you, that CBSG stop
11 selling its notes to any of the funds, do you?

12 A. In Texas.

13 Q. Outside of Texas.

14 A. Correct.

15 Q. You don't -- and prior to this, you had
16 not recommended to CBSG that it disclosed the
17 actions taken by Pennsylvania, had you?

18 A. In my November memo to -- prior to
19 settlement, I did raise the issue that settlement of
20 the Pennsylvania matter by an order could give rise
21 to a disclosure requirement.

22 Q. Right. You said that it could give rise
23 to a disclosure requirement. Did you direct them to
24 disclose the Pennsylvania order?

25 A. The Pennsylvania order came down after the

1 note purchase agreement. If it had come down before
2 the note purchase agreement, I probably would have
3 put it in the note purchase agreement. I did on a
4 couple of occasions, I think perhaps even at the
5 same time, I recommended that they prepare a private
6 placement memorandum for the offer sale of the
7 notes. And if they had agreed to follow that advice
8 or recommendation, I would have put that disclosure
9 in the private replacement memorandum, but they
10 never went forward with that.

11 Q. You never told them that the failure on
12 their part to prepare the private placement
13 memorandum would subject them to or would be a
14 violation of the securities laws; correct? You
15 never by failing to prepare a private placement
16 memorandum, you are in violation of the securities
17 law?

18 A. No. The securities law does not
19 require -- in an exempt offering, it generally does
20 not require the preparation of a private placement
21 memorandum, but that is fairly standard practice.

22 Q. So prior to this, you did not -- when I
23 say this, let me repeat that. Prior to your email
24 on March 3, 2020 at 5:14 a.m., you did not direct
25 CBSG to disclose the actions taken by the

1 Pennsylvania state regulatory agency?

2 A. I told them that there was the potency of
3 disclosure of that event under the securities laws,
4 and that comes down a question of materiality.

5 Q. And even in note 4 here in March of 2020,
6 you don't say -- you don't direct them to make a
7 disclosure. You suggest that they consider adding
8 an addendum making a disclosure; right?

9 A. That's correct. That's what it says,
10 consider adding an addendum.

11 Q. Right. So when you think that CBSG is
12 doing something that violates the securities laws,
13 you're pretty clear, aren't you, in your direction?

14 For instance, when Pennsylvania was
15 investigating and you believed it was necessary for
16 CBSG to stop paying finders' fees, you were clear.
17 You directed them to stop immediately, in bold and
18 underlined language; correct?

19 A. Yes.

20 Q. And so when you understand -- when you
21 think that they need to stop doing something or
22 they're going to be violating the securities laws,
23 you direct them specifically to do that, right, to
24 stop engaging in that action?

25 A. Yes.

1 Q. Right? Here you're not doing that.
2 You're not telling them you have to disclose
3 immediately; right? You're not saying that?

4 A. This was my initial reaction, and it
5 actually came to fruition because all that
6 disclosure was made in the exchange offer which was
7 done that month.

8 Q. Right. So notwithstanding the fact that
9 you were not directing them to do this, they still
10 disclosed the Pennsylvania, New Jersey and Texas
11 investigations and orders and the exchange notes;
12 correct?

13 A. Yes, because I told them to.

14 Q. Well, you told them to consider doing
15 that; right?

16 A. I told them to consider the addendum at
17 that time when I first became aware. Immediate
18 steps, consider adding an addendum. Final steps or
19 more further down the road steps was, yes, you
20 you're doing an exchange offer. You disclose this
21 in the exchange offer.

22 Q. And they followed your advice?

23 A. The original advice was to put it in the
24 exchange offer wrapper, if you will. They wanted to
25 put it in the note purchase agreement.

1 Q. Ultimately, they followed your advice?

2 A. Ultimately they followed my advice that
3 disclosure was made.

4 Q. Okay. Did you at some point thereafter
5 discuss with CBSG whether they had any control over
6 the amount of interest paid by the pooled investment
7 vehicles?

8 A. I don't recall.

9 Q. In connection with your concern that the
10 haircut, as you put it in March, might have been an
11 issue, did you ask them whether they had any
12 involvement in the interest that the pooled
13 investment vehicles were charging?

14 A. No.

15 Q. So at this point, March 3, 2020, you
16 understand that Par is selling notes to pooled
17 investment vehicles including pooled investment
18 vehicles owned by Dean Vagnozzi and that those
19 pooled investment vehicles are in turn selling notes
20 to others; correct?

21 A. No. I don't know what they're selling.

22 Q. Well --

23 A. They may be selling notes. I think one of
24 Dean's funds was actually selling membership
25 interest.

1 Q. You write in SEC Exhibit 66, "However, it
2 may go beyond that. If Par is selling notes to
3 Vagnozzi and there are other persons out there
4 raising funds in other jurisdictions to invest in A
5 Better Financial Plan, which in turn purchases notes
6 from Par, you'll run into issues, the same issues as
7 in the Texas C&D."

8 So here it appears that you understand
9 that CBSG is selling notes to A Better Financial
10 Plan which in turn is selling notes to its own
11 investors. And your concern is that ABFP charging a
12 lower interest on the notes it is selling could
13 constitute the haircut that you referenced earlier;
14 right?

15 A. Yes.

16 Q. So it's clear that you understand that
17 CBSG is selling notes to ABFP, and ABFP in turn is
18 selling notes to its own investors that will result
19 in those noteholders -- those funds going to CBSG?

20 A. That's possible, yes.

21 Q. So did you ever send a memorandum, an
22 email, a letter to CBSG after this setting forth the
23 parameters that it should follow in selling notes to
24 a fund that the fund would in turn sell to other --
25 to its own investors?

1 A. Well, that would be in the note purchase
2 agreement because the fund would have to represent
3 that it was an accredited investor.

4 Q. Let's take a look at Exhibit 134. At the
5 very bottom of this exhibit, 134, you write on
6 April 4, 2020 at 5:05 p.m. to Brett Berman and Steve
7 Cohen, the subject heading CBSG Exchange Offer,
8 "Brett and Steve, I would like to get your thoughts
9 on some issues with discussion with Joe."

10 That's Joe Cole; correct?

11 A. That is correct.

12 Q. And the first subheading is Organizational
13 Matters. "I think we are agreed that not only does
14 the exchange offer represent an opportunity for
15 restructuring of CBSG debt, it may also provide an
16 opportunity to address concerns raised in the Texas
17 order."

18 What do you mean by concerns raised in the
19 Texas order?

20 A. The disclosure issues relating to Texas,
21 New Jersey and Pennsylvania.

22 Q. Okay. So your advice here was that CBSG
23 take the opportunity through the exchange offer to
24 disclose the Pennsylvania, New Jersey and Texas
25 investigations and orders to the extent there were

1 any; right?

2 A. Correct.

3 Q. And they followed that advice?

4 A. Yes. It was an exchange offer.

5 Q. And you go on to say, "From an
6 organizational viewpoint, my suggestion is to have
7 an exchange offer document, a draft of which is
8 attached."

9 So you prepared a draft of the exchange
10 offer for CBSG?

11 A. There was a division of labor here, and I
12 was to prepare the exchange offer, and the attorneys
13 at Fox Rothschild were preparing an amended restated
14 note purchase agreement, amended and restated
15 note -- excuse me -- a note purchase agreement, an
16 amended and restated note and an amended and
17 restated security agreement.

18 Q. So your part of this was to prepare the
19 exchange offer document?

20 A. Yes, which would include and incorporate
21 those other documents.

22 Q. Under Legal Issue, you write, "Originally
23 the plan was to rely on the exemption in Section
24 3(a)(9).

25 Do you see that? What is that exemption?

1 A. That's basically an exchange offer
2 exemption. So if an issuer exchanges security A for
3 security B and there's no additional consideration,
4 there's a special exemption for that under the
5 federal law. And it also gets pre-emption under
6 state law, but then we had the Trust Indenture Act
7 issue.

8 Q. Next page at the top, you write, "If CBSG
9 has to rely on 506(b), then CBSG should file a new
10 Form D for the exchange offer and make filings in
11 all the states where the exchange offerees reside."

12 As far as you know, did they file this
13 Form D?

14 A. Well, actually, that was kind of the
15 subject of another email exchange. I was engaged to
16 do the exchange offer in conjunction with
17 collaborating with the attorneys at Fox Rothschild.
18 And then I thought Fox Rothschild was going to do
19 the Form D filings, and Brett Berman emailed me. He
20 says, no, I want to keep a division and will you do
21 the Form D filings for the exchange offer and the
22 updated amendment. And I said, yes, but I might
23 need a little bit of help because I don't have the
24 credentials to do that. I'd have to obtain them
25 from the SEC.

1 So he kindly offered their paralegal to
2 give me a tuition on making the filing. So I made
3 the filing or assisted CBSG in making the filing,
4 the Form D filing through the exchange offer.

5 Q. My question was simply when you write
6 here, "If CBSG has to rely on 506(b), then CBSG
7 should file a new Form D for the exchange offer,
8 they filed that Form D as you suggested; correct?

9 A. Yes. They did file the Form D. It
10 actually states were the exchange offerees resided.

11 MR. SOTO: In the following email, let's
12 go up, keep going up to the next email from
13 Mr. Rutledge there.

14 BY MR. SOTO:

15 Q. On April 5, 2020 you wrote, "All, is there
16 going to be a minimum acceptance requirement and, if
17 so, what is the minimum?"

18 When you say all, who did you mean?

19 A. Probably whoever was on the prior email I
20 was responding to.

21 Q. If the prior email included Steve Cohen,
22 Brett Berman, Lauren Taylor, would that be --

23 A. Yes. That would be the people I was
24 addressing because that's who I was working with.

25 Q. "Is there going to be a minimum acceptance

1 requirement and, if so, what is the minimum?"

2 What did you mean by minimum acceptance
3 requirement?

4 A. In an exchange offer, it's not unusual for
5 an issuer to say we will only do this exchange if a
6 minimum, either number of security holders or a
7 dollar value of securities, agree to exchange.

8 Q. Did you discuss this minimum acceptance
9 requirement with Mr. Cole or anybody at CBSG?

10 A. I believe subsequent to going back and
11 discussing it with Fox Rothschild lawyers, we
12 brought in Joe and got his take on everything.

13 Q. Subsequent to your writing this email?

14 A. Yes, because I first went to them before I
15 raised the issue with Joe because a lot of these
16 things are more legal issues, and I wanted to get
17 their thoughts.

18 Q. And in the last paragraph of your email
19 you write, "Whether or not a Form D filing may be
20 required for the exchange offer, I suggest that CBSG
21 file an amendment to its existing Form D which
22 should have been done in February 2020 to delete the
23 finder fee information which appeared on the
24 February 12, 2019 the Form D filing which is the
25 only filing that is publicly available."

1 Do you recall writing that?

2 A. Yes.

3 Q. And I want to be clear because we've
4 talked about a couple Form D filings after the
5 February 12, 2019 Form D filing. One relates to
6 amended Form D filing, and the other relates to the
7 exchange offer; right?

8 A. Yes. The exchange offer and Form D
9 updating amendment, yes.

10 Q. So let's look at Exhibit 5 at No. 7,
11 Section 7. This is the updated amended filing that
12 you were referring to in that email; correct?

13 A. Yes. That's the updating amendment.

14 Q. And there you write, just to repeat here,
15 "I suggest that CBSG file an amendment to its
16 existing Form D to delete the finder fee information
17 which appeared on the February 12, 2019 Form D
18 filing."

19 Why do you suggest that?

20 A. Because you have the Form D filing made in
21 February. The genesis, as I understand, of that
22 Form D filing was the New Jersey C&D order. And
23 when the attorney who represented them before New
24 Jersey indicated that all New Jersey wanted was a
25 Form D filing to be made in the State of New Jersey.

1 But in order to make a state filing, you have to
2 make the federal filing. He made the federal filing
3 and he disclosed the finders' fees that were paid
4 which were the subject of the submission to
5 Pennsylvania, and I don't know, but I assume perhaps
6 New Jersey. And that was the only filing that was
7 available. And my concern to CBSG because they said
8 they stopped paying -- excuse me -- they stopped
9 paying finders' fees, that the updating amendment
10 should show that they're no longer paying finders'
11 fees because if you didn't do that, other people
12 looking at the only filing that was on file with the
13 SEC may think they're still paying finders' fees
14 when that's not the case.

15 The updating amendment does not erase the
16 February 2019 Form D. So there is disclosure that
17 finders' fees were paid, and this is the updating
18 amendment which says okay, it's a material -- what
19 material changes have been made? We're no longer
20 paying finders' fees.

21 BY MR. SOTO:

22 Q. And you write this email suggesting to
23 CBSG's other attorneys that CBSG filed this amended
24 filing and delete the finder fee on April 5, 2020;
25 correct?

1 A. On the updating amendment.

2 Q. On the updating amendment which is
3 Exhibit 5.

4 A. Yes.

5 Q. We can go back to it. And if we go to
6 Exhibit 5, at Section 16, I want to make sure we're
7 talking about the same thing. Where it says, "Use
8 of proceeds provide the amount of the gross proceeds
9 of the offering that has been used or is proposed to
10 be used for payments. I'm sorry. That's not it.

11 A. That's not the correct one.

12 Q. I'm looking for it's 15.

13 A. It's probably on page 3.

14 Q. It's 15. Correct me if I'm wrong, but it
15 is at Section 15 where it says, "Provide separately
16 the amounts of sales commissions and finders' fees
17 expenses, if any. If the amount of an expenditure
18 is not known, provide an estimate."

19 A. So 15 is where you put in the dollar
20 amount.

21 Q. Right.

22 A. And then further up is where you identify
23 who received the finders' fees.

24 Q. So before you scroll up, stay at 15 for
25 one second. So at 15, you identify, as you said,

1 the amount of the finders' fees, your sales
2 commissions that you would pay; correct?

3 A. Yes. We saw in the 2019 filing there was
4 a number there.

5 Q. Right. There was a number there. It was
6 \$3.6 million?

7 A. Um-hum.

8 Q. Here in Exhibit 5, the number is zero.

9 A. Um-hum.

10 Q. So would you agree that the number here is
11 zero based on the advice that you provided to them
12 in your email to Brett Berman and Lauren Taylor that
13 in that subsequent amended filing, they delete the
14 finders' fees?

15 A. Well, they said that they were no longer
16 paying finders' fees. Therefore, if they're no
17 longer paying finders' fees, there's no reason to
18 put any finders in there and finders' fees would be
19 zero. I don't know whether you can actually
20 complete that form without putting something in it,
21 a value in there. I don't recall.

22 Q. My only question is isn't Section 15 here,
23 which says no finders' fees were paid, a reflection
24 of the advice that you provided to Brett Berman and
25 Lauren Taylor, CBSG's attorneys, that CBSG in its

1 amended filing delete the finders' fees?

2 A. Because CBSG told me they weren't paying
3 finders.

4 Q. Correct. The answer is yes, this is based
5 on your advice?

6 A. Which is based on what CBSG told me.

7 Q. I accept that it's based on what CBSG told
8 you if you'll accept that Section 15 is based on the
9 advice that you gave them; correct?

10 A. I didn't know this was a negotiation.

11 Q. Is that fair?

12 A. I think that's fair.

13 Q. So I just want to make sure that we also
14 agree on the timeline, which is that -- we're still
15 at Exhibit 5. Let's look at the filing date. It's
16 April 24 of 2020; correct?

17 A. Yes.

18 Q. And you would agree, would you not, that
19 this is after -- let's go to SEC Exhibit 66 -- this
20 is after you are clearly aware that Par is selling
21 notes to ABFP and other funds which in turn are
22 selling notes to their own noteholders whose funds
23 are going back to CBSG which you described as a
24 potential haircut?

25 A. Only if there was a difference in interest

1 which I didn't know whether there was or wasn't.

2 Q. Right. Let's go to the top of SEC
3 Exhibit 66. This is an email from Joe Cole, dated
4 March 3, 2020, to you regarding the CBSG Texas C&D
5 order; right?

6 A. Yes.

7 Q. And this is in response to the email that
8 we've been talking about where you reference the
9 haircut; right?

10 MR. SOTO: Do you want to scroll down so
11 Mr. Rutledge can see this is in response to his
12 earlier email.

13 THE WITNESS: Okay.

14 BY MR. SOTO:

15 Q. So Mr. Cole writes, "Hi, Phil. Thanks for
16 the quick response. In paragraph 2 he says, "The
17 structure with PPM funds is how we set it up
18 before."

19 Do you see that?

20 A. Yes.

21 Q. What did you understand him to mean there
22 is how he set it up as before.

23 A. I'm not sure I understood what he was
24 saying.

25 Q. Okay. Hadn't they disclosed to you way

1 back when you were dealing with the Pennsylvania
2 Department -- let me rephrase that.

3 Hadn't they disclosed to you way back when
4 when you were helping them with the Department's
5 investigation that they had changed their structure
6 and were selling to PPM funds?

7 A. Yes, but I didn't know whether that's what
8 he meant by that or not.

9 Q. Okay. So he goes on to say in that
10 paragraph, "The relationship they have with
11 individuals and how their funds are solicited is a
12 liability on their end, though it seems that some
13 may be taking an aggressive approach and potentially
14 misrepresenting themselves as agents of Par or
15 marketing using our information."

16 What did you understand him to mean there
17 with respect to it appears they may be potentially
18 misrepresenting themselves as agents of Par?

19 A. I think that went to allegations in the
20 Texas C&D, particularly I believe with respect to
21 Mr. Abbonizio and what he is alleged to have
22 represented himself as.

23 Q. Okay. So Mr. Cole is expressing concern
24 to you that Mr. Abbonizio -- I'm sorry. Strike
25 that.

1 Mr. Cole is expressing a concern you to
2 with respect to representations made by some of the
3 PPM funds?

4 A. Yeah, basically what he was doing, what he
5 was representing.

6 Q. I'm sorry. Were you finished?

7 A. Yes.

8 Q. And Mr. Cole is expressing to you his
9 concern that some of these individuals are making
10 statements that he isn't aware of and he isn't -- he
11 hasn't given them authority to make; right?

12 A. Yes. I think there's an email from him
13 where he disputes Mr. Abbonizio's characterization
14 of who he is with respect to Par.

15 Q. It's this very email. We'll get to it in
16 a second. He says, "The PPM fund documents we
17 reviewed do not specify which companies their funds
18 are investing into and they have the ability to
19 direct funds outside of our company if they choose."

20 What did you understand that to mean?

21 A. To me that kind of harkens back to the
22 ABFP fund which says we're going to invest in
23 various things, that the funds can invest their
24 investor -- the PIVs can invest their investor funds
25 in things other than Par notes.

1 Q. So he's letting you know that those PIVs
2 are investing in Par Funding notes, but other
3 investments outside of their company; correct?

4 A. Well, I think early on I suggested to Joe
5 Cole that if you're going to sell notes to a PIV,
6 you should look at their documents if they're
7 soliciting investors and it looks like he was
8 looking at those fund documents and was just
9 remarking that based upon his review that these PIVs
10 have the ability to direct funds outside of Par
11 notes.

12 Q. And then he goes on to ask you for some
13 assistance in providing guidelines and controls to
14 the PPM managers; right?

15 A. Yes.

16 Q. So what is he asking you to do here? What
17 do you understand him to be asking you to do?

18 A. I'm not sure what he's asking me to do.

19 Q. He's saying would you recommend providing
20 guidelines and controls to PPM managers how they're
21 able to solicit their funds? What did you
22 understand that to mean?

23 A. I really didn't have an understanding of
24 what he was saying.

25 Q. Okay. You didn't understand that to mean

1 that he wanted you to help provide guidance to the
2 PPM managers with respect to what they were saying
3 to investors so that --

4 A. I didn't know what he meant by PPM
5 managers.

6 Q. Then he says, "Fortunately this time it's
7 not Vagnozzi though the relationships we built with
8 these funds and their investors have been lucrative
9 to all parties involved."

10 Do you recall the funds at issue in the
11 Texas State Securities Board investigation?

12 A. I think it was just one fund.

13 Q. Let's take a look at Exhibit 131. Let's
14 go to page 2. Can you describe what this is?

15 A. This is the C&D order from the Texas state
16 Securities Board.

17 Q. And it is issued to Senior Asset
18 Protection, Inc. DBA Encore Financial Solutions,
19 another entity called Merchant Growth and Income
20 Fund and to A Better Financial Plan and Complete
21 Business Solutions Group and Gary Neil Beasley DBA
22 Encore Financial Solutions and Merchant Growth and
23 Income Fund and finally Perry Abbonizio; correct?

24 A. Yes.

25 Q. So Gary Neil Beasley apparently has some

1 relationship with Encore Financial and Merchant
2 Growth; right?

3 A. Apparently.

4 Q. Let's look at page 3 under Background.
5 Describes Beasley in paragraph 7 and 8 as a
6 self-employed investment advisor and a security
7 advisor to respondent Merchant Growth; right?

8 Do you see that in paragraph 7 and 8?

9 A. Yes.

10 Q. So back to SEC Exhibit 66 at the top.
11 Paragraph 3, Mr. Cole goes on to say, "You were
12 right about the haircut benefit for the funds,
13 though I'm not sure how that would be treated. It
14 sounds like something we could explain during the
15 hearing."

16 What do you think he meant by I'm not sure
17 how that would be treated?

18 A. I think based upon my concern I think
19 expressed earlier about the Texas viewing that as a
20 sales commission. But if there was -- A, if there
21 was a haircut, which I don't know, B, there may be a
22 bona fide business reason for that haircut.

23 Q. Go ahead. I'm sorry. I interrupted you.

24 A. And that may be what he was getting to in
25 terms of explaining during a hearing.

1 Q. Well, what did you understand him to mean
2 when he said "I'm not sure how that would be
3 treated"?

4 A. I think he wasn't sure how that would be
5 treated by the Texas State Securities Board.

6 Q. He goes on to say, "Perry is a consultant
7 for the company that travels and meets with these
8 funds to discuss the company and how our notes
9 function within their PPM. He's not an equity owner
10 and does not take a commission for any capital
11 raised, though we're paying him a regular consulting
12 fee."

13 I think, as you testified earlier at
14 No. 27, he corrects the representation perhaps in
15 that C&D order that Perry is not a principal owner
16 of Par Funding; right?

17 A. That's what he says.

18 Q. So it appears based on this email by Joe
19 Cole to you that Mr. Cole is explaining to you that
20 they need some guidance with respect to the
21 guidelines and controls relating to the PPM funds
22 that they're selling notes to; right?

23 A. Well, he says, you know, would I recommend
24 guidelines and controls managers, but at that point
25 in time I didn't know what he meant by PPM managers,

1 what they're scope was, what their duties were. I
2 didn't know what Mr. Perry Abbonizio was doing. And
3 that paragraph where he talks about what he does, I
4 think -- I said earlier I wasn't sure who
5 Mr. Abbonizio was and what he did with the company.

6 So before I could even provide or consider
7 making a recommendation, I'd have to know more about
8 that.

9 Q. I wasn't asking about Mr. Abbonizio. I
10 was asking about the PPMs. So did you ask Mr. Cole
11 questions about the PPM managers or the PPM funds
12 after this email?

13 A. I can't recall because we went rather
14 rapidly to Haynes & Boone handling all of the Texas
15 matters and for me concentrating on doing the
16 exchange offer.

17 Q. So you can't recall if you provided the
18 recommendations that he was asking you for here?

19 A. I didn't provide the recommendations
20 because I didn't know what the PPM managers were and
21 what they were doing. As I said, that quickly
22 turned into me having CBSG refocus me on the
23 exchange offer, and they basically said we want you
24 to focus on that, and let Haynes & Boone take care
25 of Texas matter.

1 Q. But you didn't ask Mr. Cole about the PPM
2 funds after?

3 A. I didn't engage in any more discussion
4 because I was told by CBSG to focus on the exchange
5 offer.

6 Q. Let's go down a little further. Under
7 No. 50, there there's a paragraph that begins, "I'm
8 not sure about the disclosure requirements." Do you
9 see that.

10 What did you understand him to mean there?

11 A. I think he was referring to disclosure
12 requirements by the Beasley.

13 Q. Is that the Merchant Growth Fund?

14 A. I think that's the Merchant Growth Fund.
15 With respect to the allegation in the order
16 concerning prior state -- excuse me -- orders
17 relating to CBSG. The pending litigation was
18 litigation against CBSG in the Northern District of
19 Texas, which had nothing to do with the sale of
20 notes. It had to do with their business. Or the
21 identity of principals at CBSG, which again was
22 another allegation in the order.

23 And I think Joe was saying but that is the
24 responsibility of Merchant Growth.

25 Q. Did you speak to him about that, whether

1 it was the responsibility of Merchant Growth?

2 A. I don't recall whether I did or not.

3 Q. In the last paragraph that begins, "Let me
4 know," he writes, final sentence, "I don't think it
5 would hurt to add the disclosure for prior issues."

6 What did you understand him to mean by
7 that?

8 A. I think that was -- I believe he was
9 getting at disclosure of the PA, New Jersey and
10 Texas orders.

11 Q. He says, "I don't think it would hurt to
12 add the disclosure for prior issues although we're
13 very up front about these when we start working with
14 any fund manager."

15 Right?

16 A. Yes.

17 Q. So what did you understand him to mean
18 when he says, "We're very up front about these when
19 we start working with any fund "manager"?"

20 A. Again, I'm not sure exactly what he meant,
21 but it could be interpreted that he made those
22 disclosures when a fund made an investment in CBSG
23 notes or CBSG sold notes to the fund.

24 Q. Right. Here's why I'm asking this. In
25 the paragraph above this one, where he says, "I'm

1 not sure about the disclosure requirements, which
2 you took to mean disclosures requirements about the
3 Pennsylvania, New Jersey and Texas matters; correct?

4 A. Um-hum.

5 Q. I'm not sure about the disclosure
6 requirements, but he goes on to say, "but it would
7 fall under the responsibility of the PPM manager and
8 the counsel he used set up their funds to begin
9 with."

10 And then he says in the next paragraph, "I
11 don't think it would hurt to add the disclosure for
12 prior issues although we're very up front about
13 these when we start working with any fund manager."

14 My question is: Don't you think it's
15 clear here that Mr. Cole was saying with respect to
16 disclosures that we are obligated to make, that is
17 to those who purchase notes from us the, funds, we
18 make them. We're very up front. With respect to
19 disclosures that need to be made to the purchasers
20 of notes from those funds, such as Merchant Growth,
21 we believe that those disclosures should be made by
22 the funds? Isn't that a fair characterization what
23 he's saying here?

24 MS. BERLIN: Objection to form.

25 THE WITNESS: Yeah. I think that what Joe

1 was thinking, I think that was his view of the
2 disclosures, yes.

3 BY MR. SOTO:

4 Q. Did you ever talk to him about whether
5 this was a correct impression or an incorrect
6 impression?

7 A. I don't recall at this time, but I do
8 recall other conversations where -- and I think this
9 had to do with, you know, saying, okay, if you're
10 going to deal with the PIV, you probably should get
11 a copy of their private placement memorandum because
12 the fund has disclosure obligations to the people
13 they're soliciting as investors.

14 Q. And he indicates at least in this email
15 that he, in fact, took that advice and reviewed
16 those PPMs; correct?

17 A. Yes. I believe there's something in there
18 that referenced that.

19 Q. But that wasn't really my question. You
20 mentioned that he should review the PPM funds to see
21 what disclosures those funds are making to their own
22 investors; right?

23 A. Yes.

24 Q. So are you agreeing with Mr. Cole's
25 impression that any disclosures that needed to be

1 made to those funds' investors needed to be made
2 either in those PPMs or otherwise by those funds and
3 not by CBSG?

4 MS. BERLIN: Object to form. Excuse me.
5 Object to form.

6 THE WITNESS: Yeah. CBSG would have its
7 obligations to the Fund who was the purchaser of the
8 notes.

9 BY MR. SOTO:

10 Q. Right. And so when Mr. Cole says, "I
11 don't think it would hurt to add the disclosure for
12 prior issues, although we're very up front about
13 these when we start working with any fund manager"
14 -- go ahead. You were about to say what you
15 understood him to mean. Go ahead.

16 A. I think he means the PIV, person who acts
17 on behalf of the PIV.

18 Q. Right. But he's disclosing that CBSG is
19 disclosing or discharging its disclosure obligations
20 to the party purchasing notes from CBSG, that being
21 the PIV fund manager?

22 A. That's what he's saying, yes.

23 Q. Did you ever tell him that's not enough,
24 you need to do more? Beyond reading the PPM
25 fund -- I'm sorry -- beyond reading the PPMs.

1 A. Yes. I believe from my prior testimony, I
2 believe I told him he should do a broker check on
3 the people involved in the funds, in the Fund I
4 should say as a due diligence.

5 Q. And that would be for what purpose?

6 A. Just to see who -- use a colloquial
7 term -- who's he getting in bed with. These are
8 going to be noteholders in the company. Do they
9 have any background disclosable on FINRA that would
10 cause him issues that -- maybe it's a business
11 decision. Maybe he doesn't want to sell funds to
12 people who may have certain kinds of histories.

13 Q. But you didn't correct his impression
14 here, did you, that he owed some sort of disclosure
15 obligations to the noteholders who purchased notes
16 from the fund managers? A broker check is a
17 different thing.

18 A. You said did I suggest that he do anything
19 with respect to the funds other than look at their
20 documents.

21 Q. Let me ask you a more specific question.
22 Did you suggest to him that he needed to be making
23 disclosures to the investors or the noteholders who
24 purchased notes from the PIVs?

25 A. Did CBSG make disclosures directly to the

1 investors in the PIV, is that the question?

2 Q. Yes.

3 A. No.

4 Q. Because they didn't owe any disclosure
5 obligations to those noteholders. They owed them
6 instead to the PIVs who purchased the notes directly
7 from them; correct?

8 MS. BERLIN: Object to the form. I object
9 to form.

10 BY MR. SOTO:

11 Q. You can answer that question, sir.

12 A. Yes. They would owe disclosure
13 obligations to the PIV. Again, I recommended that
14 they do their own private placement memorandum, but
15 that did not occur.

16 Q. You did not direct or tell CBSG that a
17 failure to do the private placement memorandum would
18 be a violation of any securities laws; right? We've
19 agreed on that?

20 A. I think we agreed previously on that.

21 Q. Let's look at Exhibit 133. This is an
22 email -- go to the top -- from you, dated March 7,
23 2020, to Brett Berman, Joe Coleman and Kit Addleman;
24 correct?

25 A. Yes.

1 Q. The subject is Par/Texas Attorney/Client
2 Privilege/Prepared in Contemplation of Litigation.

3 A. Which if I say all, it is probably a
4 response to an earlier email from those individuals.

5 Q. Midway down here, you write, "If I may
6 take the liberty..." Do you see that? A little
7 further, under "Kit, if I may take the liberty of
8 outlining what I see are the substantive issues by
9 the C&D order which should be addressed in a request
10 for a hearing:"

11 You were addressing the Texas State
12 Securities Board C&D order; correct?

13 A. Yes.

14 Q. And you say -- so there's the first issue
15 that Texas alleges that Par violated Section 5 by
16 selling notes in Texas that didn't comply with
17 accreditation requirements. Do you see that?
18 That's number one.

19 A. Oh, I'm sorry. Yes.

20 Q. You write, "Unfortunately the party to the
21 Merchant Growth note purchase agreement did not set
22 forth a specific section of Rule 501 upon which it
23 has based its assertion that the purchaser was an
24 accredited investor."

25 Do you see that?

1 A. Yes.

2 Q. Now, you saw that in connection with your
3 advice to CBSG, CBSG wrote a letter to at the very
4 at least the ABFP Funds directing that they make
5 changes to their note purchase agreement to comply
6 with Rule 501; right?

7 A. Yes.

8 Q. And when we were discussing that issue,
9 you agreed that written confirmation wasn't
10 necessary but in your view was the better course of
11 action; right?

12 A. The better course of action and was
13 written into the note purchase agreement.

14 Q. Right. At the very next paragraph, at the
15 bottom you write, "If it could be verified that each
16 purchaser in MG was indeed an accredited investor,
17 then Par could assert the definition of Rule
18 501(a)(8); right?

19 A. Yes.

20 Q. And by that you mean that Par could still
21 ask Merchant -- I'm sorry. And let me just ask you
22 a question. Can we agree that MG is merchant
23 growth?

24 A. Yes.

25 Q. By that that statement you're saying that

1 if Par -- if CBSG can verify through confirmations
2 with Merchant Growth its purchasers are accredited,
3 CBSG could still assert the definition in Rule
4 501(a)(8) even if that were not in the note purchase
5 agreement?

6 A. If it could be verified that, yes, each
7 purchaser, kind of going back to what we did in
8 Pennsylvania, if you could confirm that every
9 purchaser was an accredited investor, then that --
10 then the Fund to whom Par sold notes could be an
11 accredited investor.

12 Q. Okay. Then you go on to say in the next
13 paragraph, "There was only one investor in the Par
14 notes, which was MG, which was controlled by a
15 sophisticated person in the guise of a financial
16 professional who had been licensed as an investment
17 advisor by the State of Texas." Right?

18 A. Um-hum.

19 Q. In this paragraph aren't you making clear
20 that from the perspective of Par, the question of
21 whether the noteholder is accredited is answered by
22 whether in this case Merchant Growth is accredited
23 or not, not whether Merchant Growth's own investors
24 are accredited; right?

25 A. Yeah. Again, these were arguments

1 basically for Haynes & Boone to think about.

2 Q. But am I correct in my assessment here
3 that from Par's perspective, in order for it to be
4 able to take advantage of the Rule 506(b) exemption,
5 the question really is whether Merchant Growth is
6 accredited, not whether Merchant Growth's
7 noteholders are accredited; right?

8 A. Yes. It's Merchant Growth is accredited
9 which if Merchant Growth investors were all
10 accredited, that would make Merchant Growth
11 accredited.

12 Q. That would be one way to make Merchant
13 Growth accredited?

14 A. One way to make Merchant Growth
15 accredited.

16 Q. Right. But you then say that really the
17 analysis is whether Merchant Growth, separate from
18 that, is accredited because from the perspective of
19 Par, again, from the perspective of CBSG, the
20 question is whether --

21 A. Merchant Growth is accredited.

22 Q. Yes. Fair?

23 A. Yes.

24 Q. So then paragraph 2, you say Par -- and
25 we're using Par and CBSG interchangeably?

1 A. Yes.

2 Q. It says the second allegation by the Texas
3 State Securities Board is that Par violated the
4 antifraud provisions of the Texas Securities Act by
5 omitting a material fact, which was the PA order,
6 New Jersey order and the Texas civil litigation;
7 right?

8 A. Yes.

9 Q. So then you say, "The first issue is in
10 the context of sale of Par notes to MG was this a
11 material fact. Applying this analysis in TSCB
12 Northway and Levinson, an viewed it as not because
13 in the context of the mix of information which MG
14 had about Par, it would not have changed MG's
15 investment decision and such orders contain no
16 allegations of fraud or deceit and went solely to
17 the technical issues of agent registration.

18 So in other words, you're saying here with
19 respect to the allegation by the Texas State
20 Securities Board that are -- omitted a material
21 fact, the real question is whether MG was aware of
22 the Pennsylvania, New Jersey and Texas civil
23 litigation investigations and orders, not whether
24 MG's own noteholders were aware of that?

25 A. Yeah. I think the Texas order was

1 alleging failure of disclosures of Par. And again
2 these are all arguments to be made, to be considered
3 in responding to the Texas order and, again, would
4 the purchaser, MG, view this as material. So in the
5 PA order, finders' fees were paid to unregistered
6 persons. The New Jersey order -- and, of course,
7 there was a fine imposed.

8 The New Jersey order alleged the same
9 thing. There was is no fine imposed. So you always
10 argue in terms of whether there's a material
11 omission or a material misstatement. You always
12 argue materiality.

13 Q. Right. I understand that. But in this
14 subsection here, you argue even if such disclosure
15 was deemed to be material and if Par disclosed them
16 orally to MG or had reason to believe that MG was
17 aware of the Pennsylvania and New Jersey orders at
18 the time of the purchase, Par (indecipherable) its
19 duty of disclosure to MG as the purchaser of the
20 notes. If the SMP believes that disclosure of PA
21 and New Jersey orders was material and that the
22 disclosure should have been made to the purchasers
23 of MG securities, that is the responsibility of
24 Merchant Growth as issuer, not Par.

25 In other words, even if these disclosures

1 are seemed to be material by Texas, if Texas
2 believes that that disclosure needed to be made to
3 the purchasers of Merchant Growth securities, your
4 position was that that would be Merchant Growth's
5 responsibility, not CBSG's responsibility?

6 A. Yes.

7 Q. So the third section here is, "Par
8 violated Section 12 of the Texas Securities Act by
9 not being registered as a dealer. You write,
10 "Consistent with the argument that Par has a good
11 Rule 506(b) exemption, Par would assert that the
12 provision of Texas Rule 109.13 that the Par notes
13 were offered through Par or its directors, officers,
14 agents and employees who make themselves available
15 to answer questions from all three of these, which
16 in this case was Merchant Growth and, therefore, are
17 not required to register as a dealer under Section
18 12 of the Texas Act."

19 Now, the question I have is when you're
20 suggesting here that Par has a good Rule 506
21 exemption here -- strike that.

22 When you're arguing here that Par by
23 making themselves available to answer questions from
24 offerees, you mean offerees of what? Of the Par
25 notes?

1 A. No. This says from offerees which in this
2 case was MG.

3 Q. Okay. So when you say if Par or its
4 directors or officers, employees make themselves
5 available to answer questions from Merchant Growth,
6 that's what you're referring to?

7 A. Yes. I'm sorry. It's all part of that
8 who make themselves available to answer questions
9 from offerees, that is part of that rule referred to
10 there, because in Texas, an issuer can be a dealer
11 and would have to register as a dealer, and this was
12 to make an argument of why CBSG, even in its sale of
13 notes to MG should not be required to register as a
14 dealer.

15 Q. And your argument is that the fact that
16 they made themselves available to answer questions
17 asked by Merchant Growth would not be sufficient
18 to --

19 A. In a good Rule 506 exemption, yes.

20 Q. And is that because making themselves
21 available to answer questions is not akin to
22 engaging in selling?

23 A. No. Actually, that's also part of that
24 oral regime under Regulation D that one of the
25 conditions is that the issuer, which in this case is

1 Par, makes itself available to answer questions from
2 prospective purchasers.

3 Q. Prospective purchasers being?

4 A. In this case, MG.

5 Q. But more generally, prospective purchasers
6 meaning prospective investors?

7 A. Prospective purchasers of the securities
8 of the issuer in question.

9 Q. Right. So not only does making yourself
10 available to answer questions to prospective
11 purchasers is not akin to selling, but, in fact, it
12 is something that is required?

13 A. Yes. It's to -- if a prospective
14 purchaser has a question of, I don't know, what did
15 you have for dinner last night.

16 Q. Or what does your business do?

17 A. Hopefully, they know that before they ask
18 the questions, any question I should say.

19 Q. Any question including how is your
20 business performing?

21 A. Yeah, if it's not already known to them or
22 if it's known to them, they may say, oh, this is how
23 your business is performing. Was last a good year,
24 a bad year or a normal year?

25 Q. Okay.

1 MR. SOTO: It's 5:12. If you give me a
2 few minutes to review some notes, five minutes, I'll
3 be done pretty quickly here. Let's take a quick
4 break.

5 MS. BERLIN: I have like 45 minutes to an
6 hour of cross.

7 MR. SOTO: I should be done pretty soon.
8 Just give me a few minutes.

9 THE VIDEOGRAPHER: The time is 5:13 p.m.,
10 and we are off the record.

11 (Recess from 5:13 p.m. to 5:22 p.m.)

12 THE VIDEOGRAPHER: The time is 5:22 p.m.,
13 and we are back on the record.

14 MR. SOTO: Ms. Berlin, if you're speaking,
15 we can't hear you.

16 MS. BERLIN: I'm not. I'm waiting for you
17 to resume.

18 MR. SOTO: We have resumed.

19 MS. BERLIN: Are you finished, Mr. Soto,
20 with your direct examination?

21 MR. SOTO: I'm sorry. I didn't mention on
22 the record. I should have. I am done with my
23 direct examination.

24 MS. BERLIN: Oh, okay. That's why I was
25 sitting here quietly. I didn't know.

1 MR. SOTO: I said it off to the record to
2 everybody while you were away.

3 MS. BERLIN: Okay. Great.

4 MR. SOTO: Go ahead. Go ahead.

5 BY MS. BERLIN:

6 Q. Hello, Mr. Rutledge. I have in questions
7 on cross-examination. And if you need a break at
8 any time or you don't understand something I'm
9 asking, just let me know, and I'll rephrase it and
10 we'll take a break if you need to. Okay?

11 A. Okay. Can you hear me?

12 Q. I sure can. Can you hear me?

13 A. Yes, I can.

14 Q. Oh, okay. Super. Have you been asked to
15 appear in this case as an expert witness?

16 A. No.

17 Q. Today during your direct testimony, you
18 were asked to provide several legal opinions about
19 documents and evidence and sometimes even email
20 messages that you were shown. Do you recall that?

21 MR. SOTO: Objection. Form.

22 THE WITNESS: I believe the question
23 sometimes included opinions, and I think I responded
24 that they were arguments, not opinions.

25

1 BY MS. BERLIN:

2 Q. And that would be for -- with respect to
3 your letters to the clients or your emails to
4 clients or your emails to -- some of your written
5 correspondence to --

6 MR. SOTO: Objection to form.

7 THE WITNESS: Yes, in my arguments that I
8 made in the written correspondence to the
9 Department.

10 BY MS. BERLIN:

11 Q. Okay. But do you also recall Mr. Soto
12 asking you questions about what various provisions
13 of the securities laws meant and how they applied
14 that were not those recommendations that we see in
15 your letters?

16 MR. SOTO: Objection to form.

17 THE WITNESS: Yes.

18 BY MS. BERLIN:

19 Q. Okay. I just wanted to ask you because
20 I'm only going to ask you about certain things that
21 you actually gave the legal advice to Mr. Cole or
22 CBSG.

23 For every one of those legal opinions or
24 legal conclusions or interpretations of the
25 securities laws that Mr. Soto has asked you about

1 today, did you share every single one of those
2 opinions and every single one of those conclusions
3 on facts Mr. Soto gave you? Did you share every
4 single one of those with Mr. Cole or CBSG?

5 MR. SOTO: Objection to form.

6 MR. TROY: Objection.

7 You may answer.

8 BY MS. BERLIN:

9 Q. Mr. Troy is shaking his head sort of in
10 disbelieve. So I guess my question must not be very
11 well worded. Mr. Rutledge, if you don't understand
12 something I'm asking, just let me know. And I
13 apologize. I'm trying to glue things together so I
14 don't have to go through every single legal opinion
15 that you were asked for today because, like I said,
16 it would take a very long time.

17 MR. SOTO: Object to form.

18 BY MS. BERLIN:

19 Q. So I'm going to try to do it in a more
20 simplified form. And just let me know if you don't
21 understand the question and I'll rephrase it I'll
22 keep an eye on Mr. Troy. If he's shaking his head,
23 I'll get the hint to rephrase. Okay?

24 A. Okay.

25 Q. Okay. Great. So for all of the various

1 legal opinions and interpretations of securities
2 laws that you were asked for and that you provided
3 today in your testimony, did you convey every single
4 one of those to Mr. Cole or CBSG?

5 MR. SOTO: Objection to form.

6 MR. TROY: Object as well.

7 MS. BERLIN: I'm sorry. Mr. Troy, what's
8 your objection?

9 MR. TROY: My objection is -- I said I'm
10 objecting to the form of the question because you're
11 asking this gentleman who was already deposed for
12 seven hours whether every opinion he gave during his
13 testimony was conveyed (indecipherable). And I'm
14 quite confident Mr. Soto asked him that question as
15 he got to each fund. But I don't know how a witness
16 can be asked to recall whether every single opinion
17 in seven hours of testimony was conveyed to his
18 client.

19 But if he's able to I'm going to allow
20 him.

21 MS. BERLIN: I think the transcript will
22 reflect each time when he was actually asked if he
23 shared it with his client.

24 BY MS. BERLIN:

25 Q. I'm asking, Mr. Rutledge, about all of the

1 testimony you gave today about your interpretation
2 of the securities laws and the legal opinions that
3 you gave in response to the questions today.

4 Did you share every single one of those
5 things that you testified about today with CBSG or
6 Mr. Cole?

7 MR. SOTO: Objection to form.

8 MR. TROY: Same objection.

9 You may answer.

10 THE WITNESS: Certainly with any written
11 correspondence to the Department, production
12 pursuant to the subpoena, production pursuant to
13 further requests, letters that went to, you know,
14 Mr. Vagnozzi, to Hubert Hermese, there are other
15 various memos that I -- that were directed directly
16 to Mr. Cole. But let me go back. So all of those
17 written correspondence were re-reviewed and
18 commented upon by Mr. Cole and in certain cases by
19 Cynthia Clark.

20 I would say the vast majority of the views
21 expressed, a lot of them were expressed in emails to
22 Mr. Cole, were discussed with Mr. Cole and/or
23 Mr. Cole and Cynthia Clark.

24 BY MS. BERLIN:

25 Q. Okay. So Mr. Soto's questions to you that

1 were not based on what you had written -- where he
2 was not asking you what you had written in a
3 particular email or in a particular letter, but was
4 simply asking you for your various interpretations
5 of the securities laws and did not ask you if you
6 shared it with your client -- what I'm trying to get
7 at is, Mr. Rutledge, you testified for seven plus
8 hours. You gave a lot of legal opinions and a lot
9 of legal interpretations.

10 And I'm just curious if every single legal
11 opinion and interpretation Mr. Soto asked you about
12 today, if every single one of those was conveyed to
13 your client or if only some of them were.

14 MR. SOTO: Objection to form.

15 MR. FUTERFAS: Same objection. I think
16 it's also the question he just answered.

17 THE WITNESS: I think most likely and a
18 lot of the information or advice given was based on
19 information that I was aware of. And most of my
20 conversations and imparting of advice, you know, was
21 to Joe Cole.

22 BY MS. BERLIN:

23 Q. So my question is a little bit different.
24 I mean, we might have to continue once we get the
25 transcript. Because today when you gave different

1 legal interpretations and opinions, if it wasn't
2 clear -- if you didn't testify that you had shared
3 it Mr. Cole or CBSG, like should we all assume that
4 you did, or would you need to look at those
5 particular legal interpretations and opinions in
6 order to testify whether or not you gave the advice
7 that was asked of you from Mr. Soto?

8 MS. SCHEIN: Object to the form.

9 MR. FUTERFAS: Objection to form.

10 MR. TROY: Objection as well.

11 You can certainly answer.

12 BY MS. BERLIN:

13 Q. Do you understand the question,
14 Mr. Rutledge?

15 Here's an example. You got into the ins
16 and outs and details and interpretations of various
17 federal securities laws today. And so my question
18 is -- and those are not things in emails or letters.
19 So my question is -- and I'm trying to avoid it, but
20 it might be necessary that we just have to cross you
21 once we get the transcript and we can ask you about
22 every single legal hypothetical you were given today
23 by Mr. Soto.

24 But if you did you know generally, like
25 was every single thing you testified about today

1 that Mr. Soto asked you to opine on, was every
2 single one of those things something that you were
3 also asked to opine on by your clients and that you
4 did opine on?

5 MR. SOTO: Objection to form. Asked and
6 answered probably now three or four times.

7 MR. TROY: I object as well.

8 BY MS. BERLIN:

9 Q. Mr. Rutledge, if you can't remember, we
10 can just do it as part of your cross-examination
11 another day and we can do it with the transcript.

12 MR. TROY: We're not agreeing to another
13 day.

14 MR. SOTO: All right, Mr. Troy. Then
15 we'll do it today, but we're going to be here for a
16 very long time.

17 MR. FUTERFAS: We're already well beyond
18 the time limits for deposing this witness.

19 MS. BERLIN: Let's go off the record for a
20 moment.

21 THE VIDEOGRAPHER: The time is 5:33 p.m.,
22 and we are off the record.

23 (Recess from 5:33 p.m. to 5:36 p.m.)

24 THE VIDEOGRAPHER: The time is 5:36, and
25 we're back on the record.

1 MR. SOTO: While we were off the record,
2 Ms. Schein was attempting to lodge an objection and
3 was unable to complete her statement because
4 Ms. Berlin. Who is apparently agitated that she is
5 not getting the responses that she wants from the
6 witness, spoke over Mr. Schein, did not let
7 Mr. Schein complete her statement and her objection,
8 and, second of all, has apparently started
9 threatening the witness that if he doesn't answer
10 the question the way that she wants it answered,
11 she's going to keep him here for several hours or
12 will call him back in order to have him answer the
13 questions after she's reviewed the transcript, to
14 which Mr. Troy had lodged an objection. And if he
15 wants to complete that objection or make it on the
16 record, he has that opportunity now.

17 I'd ask Ms. Berlin that she not speak over
18 people when they're trying to make their objections.

19 MS. BERLIN: Mr. Soto, I disagree your
20 characterization. Ms. Schein repeated her objection
21 numerous times, and her objection was that I'm not
22 entitled to a full cross-examination because I did a
23 direct examination.

24 And with respect to Mr. Rutledge and
25 Mr. Troy, I hope it's never interpreted as any sort

1 of threat. I simply stated that I do need to
2 cross-examine him and because they do not want to
3 stay, and I agree that we do not need to stay here
4 for a long time, that another way to do it, because
5 I need to ask the specific testimony he gave about
6 legal opinions and advice was shared with his
7 clients, that another way to do it as a courtesy
8 would be to simply send the transcript. And then we
9 could avoid having to go through all of that today
10 and we could finish much faster.

11 It's an option presented to Mr. Troy and
12 Mr. Rutledge. And they can take it or leave it.
13 But simply stating that I need to do a
14 cross-examination is not a threat.

15 And also, Mr. Soto, your personal
16 animosity gets alarming. And no one is frustrated.
17 It's just really unprofessional for you to continue
18 to say those things on the record, which is why I
19 asked to go back on the record when you began.

20 (Cross talk.)

21 MS. BERLIN: Mr. Soto, you know you do.
22 You know and I think everyone knows of your history
23 with me.

24 So, Mr. Troy and Mr. Rutledge, I was
25 simply offering an accommodation so we don't have to

1 go through all of those today. But if you would
2 prefer to do it now, we can do it now. It was
3 simply trying to get you out of here faster by
4 sending you the transcript so you could look at it.
5 As a courtesy I just wanted to offer that to you
6 because it's a way to just make things much shorter.
7 I don't need to go through those questions on cross.
8 Mr. Rutledge can look at it in his own time and he
9 can respond whenever he would like.

10 If that sounds agreeable, then I would
11 just move on and ask the remaining questions I have
12 which I don't think are too long. It's up to you.

13 MR. TROY: The only thing that I had
14 stated was that I wasn't agreeing necessarily to
15 bring this witness back for a third full day of
16 deposition. So I would just ask for you to ask your
17 questions and let's keep going with the questions.
18 But the question you asked him is did he convey
19 every opinion --

20 MS. BERLIN: Mr. Troy, you're breaking up.
21 And I just want to tell you, because I can see the
22 court reporter's face as well, I don't think it's
23 just my audio and we want to make sure that your
24 objection is noted for the record.

25 Madam court reporter, are you also having

1 difficulty hearing every word? She's shaking her
2 head yes. So I just wanted to make sure you knew
3 because it won't be on the transcript, if you want
4 to start again.

5 MR. TROY: Sure. I have not objected to
6 anything yet other than the questions that were
7 asked previously. All I had stated was that I
8 wasn't going to commit to make Mr. Rutledge do
9 another day of depositions. I would like to
10 conclude the questioning today.

11 The question that has been asked three or
12 four times is whether all of the opinions or answers
13 he gave which one might interpret as opinions,
14 whether he gave those same opinions to his client.
15 There were objections including my own. He has
16 answered those questions. I would like to conclude
17 this deposition today. So I'd like to get going
18 again with the questions.

19 MS. BERLIN: Okay. That's great.

20 BY MS. BERLIN:

21 Q. So, Mr. Rutledge, we'll move back to the
22 questions. Let me make sure I understood your
23 testimony on that issue.

24 Am I correct in understanding that your
25 testimony was that the documents and emails and

1 letters reflect the legal opinions and
2 recommendations that you provided unless you
3 testified today that there was something additional
4 that you communicated to your clients as far as
5 legal advice or legal opinions. Is that fair to
6 say?

7 MR. TROY: Objection.

8 You may answer.

9 MR. SOTO: Objection to form.

10 THE WITNESS: As to -- as I said, as to
11 the correspondence with the Department,
12 correspondence with Euler Hermes correspondence with
13 Dean Vagnozzi, yes, those were shared and discussed
14 and I think it was, you know, reviewed before they
15 went out. Other --

16 BY MS. BERLIN:

17 Q. I don't think you were finished. I heard
18 you say "other." Go ahead. I know it's been a long
19 day. Go ahead.

20 A. Yes, it has. Obviously, the emails to Joe
21 Cole speak for themselves in terms of information
22 that I provided to him on various matters. We did
23 have discussions from time to time, telephonic
24 discussions, that were not captured by any
25 particular email necessarily. But as to every

1 specific thing that Mr. Soto asked, because he asked
2 a lot of questions, I can't be 100 percent sure
3 without, again, going through every single one of
4 them.

5 Q. Okay. And so today if you were not asked
6 by Mr. Soto if you -- when you testified about a
7 legal opinion or conclusion, if it wasn't in
8 connection with a written document stating it that
9 you were shown and if Mr. Soto did not ask you and
10 you did not testify that you shared it with your
11 client, is it fair to say that you have not
12 testified -- that we should not interpret your
13 testimony to mean that you shared it with your
14 client?

15 MR. SOTO: Objection to form.

16 MR. TROY: Also object.

17 You may answer.

18 THE WITNESS: I'm trying to parse out the
19 question. Are you trying to say that -- are you
20 trying to find out whether I had discussions with
21 the client about things that Mr. Soto didn't ask me
22 about?

23 BY MS. BERLIN:

24 Q. Yes. I'll give you some examples. So
25 today there would be follow-up -- Mr. Soto was

1 asking you for like your interpretation of what a
2 PPM is and what it means? Did you share that with
3 your clients?

4 MR. SOTO: Objection to form.

5 MR. TROY: Objection.

6 BY MS. BERLIN:

7 Q. I'm just trying to parse out what of your
8 testimony today was actually legal advice you gave
9 your client obviously other than the written
10 documents versus this testifying today to Mr. Soto's
11 questions.

12 MS. SCHEIN: Object to form.

13 MR. SOTO: Object to the commentary.

14 MS. SCHEIN: And the record speaks for
15 itself.

16 BY MS. BERLIN:

17 Q. Mr. Rutledge, I guess I'll have to go
18 through every one of them. There are just a lot.
19 So you were asked for your interpretation, your
20 legal interpretation of, for example, Section 501(a)
21 today, and you testified about when an investor is
22 accredited and when they fall into an enumerated
23 category.

24 Did you go into that same level of detail
25 that you provided to Mr. Soto? Did you provide

1 that -- when you were testifying to Mr. Soto's
2 questions, were you testifying as to the legal
3 advice you gave your clients about that, or were you
4 just answering his questions as they were posed?

5 MR. SOTO: Objection to form.

6 MR. TROY: Also object.

7 You may answer.

8 THE WITNESS: In that particular example,
9 it was that, yes, he wanted to sell only to
10 accredited investors.

11 BY MR. SOTO:

12 Q. No, no, no. I'm not asking about that,
13 Mr. Rutledge. I'm asking about the specific legal
14 advice. So Mr. Soto asked you for your legal
15 interpretations of various sections of the
16 securities laws today. Do you recall that?

17 MR. SOTO: Objection to form.

18 THE WITNESS: Yes.

19 BY MS. BERLIN:

20 Q. And every time you gave him an explanation
21 of what the securities laws meant or how you read
22 them, should we be reading into testimony that you
23 also told your clients that?

24 MR. SOTO: Objection to form.

25 THE WITNESS: In terms of explaining, you

1 know, some of the structure of the securities laws,
2 I probably didn't go into that depth with the client
3 because --

4 BY MS. BERLIN:

5 Q. Okay. That's great. That's all I need to
6 know. I'm just trying to find out because there
7 were not questions asked after you gave your legal
8 interpretations of the laws whether or not you were
9 just answering the questions posed or explicit in
10 your answers we should all be reading into it in an
11 unspoken and I shared that with my client.

12 A. Thank you. I understand it now. And,
13 yes, there were times that again it was just an
14 explanation.

15 Q. That you were providing to Mr. Soto?

16 A. In response to his questions and to kind
17 of put things in perspective.

18 Q. Okay. So unless it was, you know --
19 unless it's clear on the record that you shared it
20 with your client, we should not be reading into it
21 some unspoken statement following every answer you
22 gave today that you also shared the answer to
23 Mr. Soto's question with your clients. Is that
24 fair?

25 MS. SCHEIN: Objection to form.

1 Argumentative.

2 BY MS. BERLIN:

3 Q. Mr. Rutledge, do you understand what I'm
4 trying to get at?

5 A. Yes. I think that's a fair statement in
6 terms of every single thing that lawyers do
7 doesn't -- and the discussion here was to some
8 degree background, that was not necessarily shared
9 with the client.

10 Q. Okay. Thank you. There were also some
11 instances today -- do you recall being asked to
12 testify and you did testify about what certain
13 individuals were thinking or what they intended?

14 A. I'm sorry. I didn't get the first part of
15 that.

16 Q. Yes. Do you recall during your direct
17 testimony today that you testified about what
18 certain people were thinking or what they intended
19 when they wrote to you?

20 MR. SOTO: Objection to form.

21 THE WITNESS: Yes.

22 BY MS. BERLIN:

23 Q. And when you testified about what people
24 were thinking or what was in their head or what they
25 were trying to communicate, was that just based on

1 your understanding, or do you have some personal
2 knowledge of what those people were thinking at the
3 time?

4 MR. SOTO: Objection to form.

5 THE WITNESS: I would say based on overall
6 knowledge. For instance, the issuance of the C&D by
7 Texas inferring that in context to that C&D that
8 what was said related to a specific allegation in
9 the C&D.

10 BY MS. BERLIN:

11 Q. Right. But there were times today --
12 we'll go through them. I apologize. I was just
13 trying to short circuit it a bit. We can go through
14 them.

15 Did CBSG retain you as general counsel at
16 the company?

17 A. No.

18 Q. And did CBSG or Mr. Cole ever ask you to
19 monitor their conduct on an ongoing basis and to be
20 on the watch for any potential issues and bring them
21 to their attention if you saw them?

22 MR. SOTO: Objection to form.

23 THE WITNESS: No. My engagement with them
24 is what I would call episodic and that they only
25 reached out to me when there was a specific issue.

1 BY MS. BERLIN:

2 Q. So is it fair to say that you would give
3 legal advice that you were asked to give by your
4 clients?

5 A. Yeah. When there was a specific direction
6 and to some degree, as you saw that the emails,
7 there was some what I'm going to say wishing, you
8 know, maybe we should do this, maybe we should do
9 that, that never turned into a directive.

10 Q. So did you ever give Mr. Cole or CBSG the
11 impression that during the times they weren't
12 reaching out to you for episodic matters that you
13 were sort of on the sidelines watching over them to
14 flag any issues for them that might arise in their
15 securities offerings?

16 MS. SCHEIN: Object to form.

17 MR. SOTO: Objection to form.

18 THE WITNESS: Can you repeat that, please?

19 BY MS. BERLIN:

20 Q. Sure, of course. Did you ever tell
21 Mr. Cole or CBSG that during the periods where they
22 weren't reaching out to you with episodic problems,
23 that you were, nonetheless, there as their lawyer
24 watching over them from a distance and that you
25 would flag any issues that came up, whether they

1 reached out to you or not, that you were sort of
2 their guardian angel, so to speak?

3 MR. SOTO: Objection to form.

4 THE WITNESS: No. The only potential
5 exception was in October of '19, and I can't
6 remember whether he -- I think he contacted me about
7 the Form D stuff and I did a memo. I can't recall.
8 I think he contacted me.

9 BY MS. BERLIN:

10 Q. Okay. But between 2018 and then when they
11 resurfaced in March of 2020, and we saw the episodes
12 today, would you agree with me that your retention
13 as legal counsel for CBSG or Mr. Cole was on an
14 as-needed basis when they needed you only?

15 A. Yes, ad hoc, if you will.

16 Q. Okay. And so would you agree with me that
17 with respect to various issues you were asked about
18 today, about whether you flagged an issue or raised
19 an issue for the defendants, would you agree with me
20 that you were not asked to do that and that instead,
21 the defendants would reach out to you when they had
22 a problem and needed legal advice?

23 MR. SOTO: Objection to form.

24 THE WITNESS: Yes, although you might
25 construe when they reached out to me on the Euler

1 Hermes letter -- can you still hear me?

2 BY MS. BERLIN:

3 Q. Yes.

4 A. When they reached out to me to deal with
5 the Euler Hermes inquiry which resulted in the memo
6 to Mr. Cole of July 25 I think, that was probably a
7 little bit more on me saying, oh, here we got this.
8 This is Mr. Vagnozzi. I researched, you know, his
9 website, what he was saying, and produced that for
10 Mr. Cole. But it was as a result of a specific
11 request from him.

12 Q. Okay. So did you ever give the defendants
13 any expectation that during those time periods,
14 those stretches of time when they were not reaching
15 out to you for legal advice, that you were in the
16 wings watching and that if anything went wrong, you
17 were going to raise it? Like would there be any
18 expectation that you were serving in that sort of
19 role for the company?

20 MR. SOTO: Objection to form.

21 THE WITNESS: No.

22 BY MS. BERLIN:

23 Q. At the time of the Pennsylvania state
24 regulatory matter, did Mr. Cole or CBSG ask you for
25 your legal advice about states other than

1 Pennsylvania?

2 A. I don't believe so.

3 Q. And you testified about the post-sale
4 accreditation questionnaire that was sent to
5 investors. Do you recall that?

6 A. Yes.

7 Q. Was that limited to investors in
8 Pennsylvania?

9 A. I believe it was.

10 Q. Did CBSG or Mr. Cole ask you for your
11 legal advice as to whether they should make the same
12 accredited investor inquiry at that time to
13 investors located in states other than Pennsylvania?

14 A. No.

15 Q. Did Mr. Cole or CBSG ever ask you to serve
16 as an outside compliance attorney to monitor all of
17 their work?

18 A. An outside what attorney?

19 Q. To monitor their work as compliance
20 counsel for CBSG.

21 A. I didn't hear the word compliance. No.

22 Q. During your direct examination, you were
23 shown an Exhibit 66. It was a March 3, 2020 email
24 where Mr. Cole was expressing his concern about
25 agents representing themselves as agents of CBSG.

1 Do you recall that or would you like us to
2 ask defense counsel if they could put it on the
3 screen?

4 A. I believe I recall that, yes.

5 Q. Okay. And is it true that Mr. Cole and
6 CBSG only expressed those concerns after the Texas
7 state securities regulators had filed their order
8 against CBSG?

9 MR. SOTO: Objection to form.

10 THE WITNESS: To me, yes.

11 BY MS. BERLIN:

12 Q. And I only asked you legal advice
13 concerning those issues after the Texas order was
14 entered in about March of 2020?

15 A. Yes.

16 Q. And the agent funds or PIVs acting as
17 agents of CBSG was a feature in the Texas order.
18 Would you agree with me?

19 MR. SOTO: Objection to form.

20 THE WITNESS: I think the terminology or
21 jargon is being used. I think you mean that an
22 agent fund is the same as a PIV; is that correct?

23 BY MS. BERLIN:

24 Q. Sure. I guess without getting into the
25 vernacular of whether it's an agent fund or a PIV, I

1 meant the issue of whether or not there were funds
2 of any kind that were raising money through the
3 offer and sale of promissory notes while acting on
4 behalf or as an agent of CBSG, would you agree with
5 me that that was a feature of the Texas case?

6 A. That was an allegation I believe, yes.

7 Q. And so once a state securities regulator
8 alleged that as a federal securities law violation,
9 only then did CBSG come to you for advice about it;
10 is that right?

11 MR. SOTO: Objection to form.

12 THE WITNESS: Yes.

13 BY MS. BERLIN:

14 Q. Would you agree with me that all of the
15 legal advice you gave to Mr. Cole and CBSG was based
16 on what Mr. Cole and CBSG told you as far as the
17 facts of their offerings?

18 MR. SOTO: Objection to form.

19 THE WITNESS: Yes. I only spoke with --
20 actually, I only spoke with Mr. Cole except in the
21 early days I spoke with Ms. Clark and with Mr. Valz.
22 But Joe Cole was the person at CBSG who provided me
23 with information.

24 BY MS. BERLIN:

25 Q. And would you agree with me that you were

1 not personally involved in those offerings or in the
2 day-to-day operations at CBSG and you instead relied
3 on what Mr. Cole or others at CBSG told you about
4 their offerings; is that accurate?

5 A. That is accurate.

6 Q. You testified that about the Form D filing
7 for CBSG and about the disclosure of commissions or
8 compensation. Do you remember that?

9 A. Yes.

10 Q. And I believe your testimony was that it
11 was zero because it was only at issue if there was a
12 difference in the interest being offered for the PIV
13 fund and CBSG's notes. Do you remember that?

14 MR. SOTO: Objection to form.

15 THE WITNESS: Yes.

16 BY MS. BERLIN:

17 Q. And did Mr. Cole and CBSG tell you before
18 those Form D filings were filed that there was a
19 difference in interest and what it was?

20 A. No.

21 MS. SCHEIN: Object to form.

22 BY MS. BERLIN:

23 Q. I believe you testified with respect to
24 Exhibit 66, which was the March 3 email from
25 Mr. Cole, the March 3, 2020 email, that based on his

1 email message, you understood that he was
2 communicating that he thought he had done enough as
3 far as what was required of the company under the
4 securities laws. Am I stating that correctly?

5 A. I think what you might be referring to was
6 that he thought or he was asserting that he hadn't
7 made the PIVs aware from the PA and New Jersey
8 orders.

9 Q. But do you know, Mr. Rutledge, whether or
10 not CBSG or Mr. Cole or anyone at CBSG had, in fact,
11 disclosed those prior regulatory matters to all of
12 the PIVs?

13 A. No, I do not.

14 Q. Did you just understand or take it at face
15 value that what your client was telling you was true
16 and based your legal work on what your client shared
17 with you?

18 A. Yes.

19 Q. And so would you agree with me that if the
20 facts were not accurately shared with you, then that
21 would impact the legal advice that you might be
22 providing?

23 MR. SOTO: Objection to form.

24 THE WITNESS: Yes.

25

1 BY MS. BERLIN:

2 Q. In connection with the Form D filings that
3 you testified about today, did anyone at CBSG,
4 whether Mr. Cole or anyone else, ask you who they
5 needed to list on that form, for example, Ms. Jamie
6 McElhone, Lisa McElhone and Joseph Cole Barleta are
7 identified as control persons of the company. Did
8 anyone at CBSG ask you who to list on the form?

9 A. What I did and I think what the emails
10 will show is that I took who was listed on the Form
11 D that was filed in February of 2019 by another
12 attorney, and I sent it to Joe. And I said, please
13 look carefully at the Related Persons provision.
14 Are there any additional officers, directors or
15 promoters that should be added, and he responded and
16 said no.

17 Q. And you took him at his word as your
18 client I'm assuming; is that right?

19 A. Yes, yes, as my client who was directed to
20 review it, who apparently reviewed it and gave me an
21 answer.

22 Q. And did anyone at CBSG including Mr. Cole
23 ask you whether or not they needed to disclose
24 Joseph LaForte on the Form D filings?

25 A. No.

1 Q. Did anyone at CBSG including Mr. Cole ask
2 you for legal advice about whether they needed to
3 disclose on the Form D the funds that Lisa McElhone
4 and Joseph Cole Barleta had received from CBSG's
5 accounts?

6 A. No.

7 Q. Did Joseph Cole Barleta or anyone else at
8 CBSG ever tell you that CBSG had transferred to Lisa
9 McElhone and Joseph Cole Barleta postings of the
10 securities offerings?

11 MS. SCHEIN: Object to form.

12 MR. SOTO: Objection to form. Outside the
13 scope of direct.

14 THE WITNESS: No.

15 BY MS. BERLIN:

16 Q. Did Mr. Cole or anyone else at CBSG ever
17 tell you that CBSG was using investor funds to pay
18 purported investment returns to prior investors?

19 MR. SOTO: Objection to form. Outside the
20 scope.

21 THE WITNESS: No.

22 BY MS. BERLIN:

23 Q. Would you agree with me under Rule 501(a),
24 an investor is accredited if the investor falls into
25 an enumerated categories at the time of the sale of

1 the securities to that person?

2 MR. SOTO: Objection to form.

3 THE WITNESS: Yes.

4 BY MS. BERLIN:

5 Q. And did you explain that to CBSG or
6 Mr. Cole, that the accredited investor inquiry was
7 something that needed to be determined prior to or
8 at the time of the sale of the security?

9 A. Which is why I put it into the note
10 purchase agreement. So at the time that he would be
11 selling a note, that the representation would be
12 made.

13 Q. Was the answer yes, you did?

14 MR. SOTO: Objection.

15 THE WITNESS: Yes.

16 BY MS. BERLIN:

17 Q. I'm sorry. The beginning of your answer
18 might have been cut off on the audio. I think you
19 gave an answer like -- I can see your frustration.

20 A. Sorry.

21 (Cross talk.)

22 BY MR. SOTO:

23 Q. I apologize, Mr. Rutledge.

24 A. No need. No need. I think my answer was
25 yes, and that's why I put that provision in the note

1 purchase agreement as to the representation under
2 whatever section of 501(a) so it would be done
3 hopefully at the time of the sale of the security,
4 they view the note purchase agreement. They'd have
5 the note, and they'd have the security agreement.

6 Q. And did you indicate to CBSG or Mr. Cole
7 that they should be doing that for all of the
8 investors in their securities offerings, or was it
9 limited to any particular state?

10 A. No. It would be to any purchaser of the
11 notes. They should use the note purchase agreement
12 for any purchaser of the notes, which would include
13 the accredited investor representation.

14 Q. Did anyone at CBSG including Mr. Cole ask
15 you for legal advice about representations made to
16 potential investors about the financial success of
17 CBSG?

18 A. No.

19 Q. I wanted to talk about your legal opinion
20 that you testified about. And, by the way, if I
21 misstate any of your testimony on that direct,
22 please just correct me. And do not be shy, because
23 I'm looking at my notes. So if I misstate or
24 something or I jotted it incorrectly please let me
25 know that. It's purely an accident, Mr. Rutledge.

1 A. Okay.

2 Q. I believe you testified about your legal
3 opinion as shown in Exhibit 66, which was the March
4 3, 2020 email, that the agent fund and not CBSG must
5 make the disclosures. Do you recall that?

6 A. Yes.

7 Q. And you gave that advice for the first
8 time in March 2020?

9 A. I think specifically perhaps earlier than
10 that, but I can't really recall. But obviously,
11 yes, in March of 2020.

12 Q. Did you know about the agent funds prior
13 to reading the Texas State Securities
14 Cease-and-Desist Order?

15 A. I was aware of the ABFP funds. And in
16 connection with Joe asking me something about Form D
17 filings, he did append -- this was probably
18 somewhere in the middle of 2019, I think he did
19 append other PIVs that he had sold notes to.

20 Q. Okay. And so your advice that we see in
21 Exhibit 66 about the agents and not CBSG needing to
22 disclose facts to investors, I wonder if you could
23 please just identify what facts you based that legal
24 advice on. What was your understanding of the
25 situation? What facts were the basis of your

1 understanding that you were opining on?

2 A. Early on in 2018, when he brought up these
3 PPMs which I had not heard of before, I went through
4 and said, okay, as I testified earlier, you can't be
5 involved in these, you know. You can't market them.
6 You can't form them. You can't promote them. You
7 can't send investors to them. And they have to be
8 independent.

9 If there's an independent fund and the
10 fund qualifies as an accredited investor, okay. So
11 I had no reason not to believe that all of these
12 PIVs were formed independently of any association
13 with Par.

14 Q. So did Mr. Cole -- I want to clarify.
15 Whenever you reference Joe today, you're talking
16 about Joseph Cole Barleta; is that right?

17 A. That is correct.

18 Q. Okay. Unless we specifically said Joe
19 LaForte; right?

20 A. Correct.

21 Q. Okay. Thank you. To this day has
22 Mr. Cole or anyone at CBSG ever told you that CBSG
23 was involved in the formation of the PIVs?

24 MR. SOTO: Objection to form.

25 MS. SCHEIN: Object to form.

1 THE WITNESS: No. Different from other
2 filings, but no.

3 BY MS. BERLIN:

4 Q. And would that have made the difference in
5 your legal opinion?

6 MR. SOTO: Objection to form.

7 MS. SCHEIN: Object to form.

8 THE WITNESS: Yes.

9 BY MS. BERLIN:

10 Q. To this day, has Mr. Cole or anyone at
11 CBSG ever told you that CBSG or individuals
12 associated with CBSG, like Perry Abbonizio, actually
13 paid for portions of the legal fees to get these
14 PIVs up and running to raise money?

15 MR. SOTO: Objection to form.

16 THE WITNESS: No.

17 BY MS. BERLIN:

18 Q. If you had been told Mr. Abbonizio or CBSG
19 was paying the PIVs' legal fees so that PPMs could
20 be prepped for them to raise money for CBSG, is that
21 something you would have wanted to know before
22 giving advice about whether CBSG had to make
23 disclosures?

24 MR. SOTO: Objection to form.

25 MS. SCHEIN: Objection to form. Assumes

1 facts that don't exist.

2 THE WITNESS: Yes. I would want to have
3 known that.

4 BY MS. BERLIN:

5 Q. To this day, has Mr. Cole or anyone at
6 CBSG told you that CBSG was compensating the
7 managers of the PIVs for raising money from
8 investors for CBSG?

9 MR. SOTO: Objection to form.

10 THE WITNESS: No.

11 BY MS. BERLIN:

12 Q. Is that something that you would have
13 wanted to know before giving legal advices to CBSG
14 about their offering and disclosure obligations?

15 MR. SOTO: Objection to form.

16 THE WITNESS: Yes.

17 BY MS. BERLIN:

18 Q. To this day, has Mr. Cole or anyone at
19 CBSG told you that the person running the day-to-day
20 operations at CBSG and the person who had more than
21 a 20 percent beneficial ownership in CBSG was a
22 convicted felon?

23 MR. SOTO: Objection to form.

24 MS. SCHEIN: Object to form.

25 THE WITNESS: Joe Cole told me -- I

1 believe you're referring to Mr. LaForte; is that
2 correct?

3 BY MS. BERLIN:

4 Q. That could be one of the people, yes.

5 A. Let me just put in a little timeline for
6 you. At the end of March I was contacted by Fox
7 Rothschild attorneys who said that Mr. LaForte had a
8 criminal conviction in New York. I think it was
9 like 2011. And they said that he was involved with
10 CBSG, but they said that Joe Cole did the day-to-day
11 operations and that Mr. LaForte was the -- excuse
12 me -- the husband of the wife whose family had the
13 trust that owned CBSG.

14 So I called Mr. Cole, and I said what's
15 Mr. LaForte's involvement with CBSG? Joe Cole said,
16 oh, he's not involved. He runs an independent sales
17 organization that feeds leads from small business
18 borrowers to CBSG, and we pay him a commission on
19 that.

20 Q. Was the person that you spoke with at Fox
21 Rothschild, was that Brett Berman?

22 A. Yeah. There were three people on the
23 call, Brett Berman, Steve Cohen and Lauren Taylor.

24 Q. Did Brett Berman share with you at any
25 time that whenever he -- when he was working for

1 CBSG, his contact to inquire about what he could do
2 on behalf of the company was actually Joseph
3 LaForte?

4 MR. SOTO: Objection to form.

5 THE WITNESS: No.

6 BY MS. BERLIN:

7 Q. Had you known that CBSG's day-to-day
8 operations were run by a convicted felon who was
9 operating as a manager of the company and making
10 decisions on behalf of the company, including, but
11 not limited to, the litigation Mr. Berman was
12 litigating, would that have been something you would
13 have wanted to know?

14 MR. SOTO: Objection to form. Outside the
15 scope.

16 THE WITNESS: Yes. And I would have
17 included it in the exchange offer. And from the
18 benefit of hindsight, my initial draft of the
19 exchange offer did have a management section in it,
20 and Mr. Cole was not interested in keeping that
21 section.

22 BY MS. BERLIN:

23 Q. Did Mr. Cole or anyone else at CBSG tell
24 you that CBSG and Perry Abbonizio trained the PIV
25 managers for their offer and sale of securities that

1 were to raise money for CBSG?

2 MR. SOTO: Objection to form.

3 THE WITNESS: No.

4 BY MS. BERLIN:

5 Q. Is that something you would have wanted to
6 know?

7 A. Yes.

8 MR. SOTO: Objection.

9 BY MS. BERLIN:

10 Q. Would that have been something you would
11 have considered in giving your legal advice to CBSG?

12 MR. SOTO: Same objection.

13 BY MS. BERLIN:

14 Q. About disclosures.

15 A. Yes.

16 Q. Did Joe Cole or anyone at CBSG ever tell
17 you that officers of CBSG and -- that officers of
18 CBSG including Mr. Cole and Joseph LaForte attended
19 an investor presentation to solicit investors to
20 invest in Mr. Vagnozzi's fund?

21 MR. SOTO: Objection to form.

22 MS. SCHEIN: Object to form. Beyond the
23 scope of direct, prolonging this way beyond the
24 scope of direct.

25 THE WITNESS: No.

1 BY MS. BERLIN:

2 Q. Is that something that you would have
3 considered as a relevant fact when trying to
4 determine whether CBSG had disclosure obligations to
5 investors of the PIVs?

6 MR. SOTO: Objection to form.

7 THE WITNESS: Yes.

8 BY MS. BERLIN:

9 Q. Did Joseph Cole or anyone else at CBSG
10 ever ask you for your legal advice as to whether
11 CBSG could compensate the PIV managers for raising
12 money for CBSG?

13 MR. SOTO: Objection to form.

14 THE WITNESS: Yes.

15 BY MS. BERLIN:

16 Q. And when was that approximately, of
17 course?

18 A. I think it was after the Pennsylvania
19 order, so that would probably be end of '18 or '19.

20 Q. And what did you tell them?

21 A. And I said, well, you can't compensate
22 them for the sale of securities.

23 Q. Now, speaking of the PCAOB matter --

24 A. PCAOB?

25 Q. Sorry. PCAOB matter, when you CGAOB --

1 A. You mean the Department?

2 Q. Oh, I'm sorry. That's right. You all
3 agreed to use the Department.

4 A. I know what PCAOB means, but I'm not sure
5 everybody else does.

6 Q. Sorry. The Department. The Department,
7 the Pennsylvania securities regulators, in their
8 letters to the Department and in your
9 representations to the Department, were the facts
10 that you conveyed to the Department those that had
11 been relayed to you by Mr. Cole?

12 A. That is correct.

13 Q. And you testified earlier that you showed
14 Mr. Cole the draft letter to the Department that
15 stated CBSG should cease paying any compensation in
16 connection with the offer and sale of securities.
17 Do you remember that?

18 A. Yes.

19 Q. Did Mr. Cole make any effort to correct
20 that statement in the draft letter before it was
21 finalized?

22 MR. SOTO: Objection to form.

23 THE WITNESS: No.

24 BY MS. BERLIN:

25 Q. Did Mr. Cole or anyone at CBSG tell you

1 that potential investors of the PIVs were routinely
2 referred to go visit CBSG's offices to meet with
3 CBSG about the securities offerings that the PIVs
4 were making?

5 MR. SOTO: Objection to form.

6 THE WITNESS: No.

7 BY MS. BERLIN:

8 Q. Is that something that you would have
9 considered in your legal advice about CBSG not
10 having to make any disclosure to potential investors?

11 MR. SOTO: Same objection.

12 THE WITNESS: Yes. And may I add that
13 you've couched your questions in terms of
14 disclosures, but I think it's more than that. It's
15 the integration of -- potential integration of the
16 offerings.

17 BY MS. BERLIN:

18 Q. Yes. That it's sort of operating as one
19 collective enterprise.

20 A. And I'm sure you're familiar with the SEC
21 rules on integration.

22 Q. Yes, I am.

23 MR. SOTO: Objection.

24 BY MR. SOTO:

25 Q. Had you known that CBSG was -- I gave you

1 several facts just now about, you know, if you had
2 known that CBSG had participated in the formation of
3 the PIVs, that CBSG and Mr. Abbonizio were paying
4 for legal fees to create those PPMs, that CBSG and
5 Mr. Abbonizio were training the PIVs to raise money
6 for CBSG, that CBSG would regularly get potential
7 investors in their offices and we can pitch them to
8 invest money in the PIVs and that CBSG was
9 compensating the PIVs for raising money, would you
10 have raised the issue of integration with the
11 defendants?

12 A. Yes.

13 MR. SOTO: Objection to form.

14 MS. SCHEIN: Object to form. Beyond the
15 scope of direct.

16 THE WITNESS: You raised three issues,
17 integration, sales to unregistered persons/CBSG
18 acting as an unregistered broker/dealer, something
19 that I already had flagged for Joe Cole in early
20 2018, and also use of general solicitation which is
21 prohibited under Rule 506(b) in terms of how
22 exactly, you know, did they get the people in to,
23 you know, the offices, how big was the meeting, that
24 sort of thing.

25

1 BY MS. BERLIN:

2 Q. So had those facts been disclosed to you,
3 you would have given the defendants different legal
4 advice than you did; is that fair to say?

5 MR. SOTO: Objection to form.

6 THE WITNESS: Yes.

7 BY MS. BERLIN:

8 Q. As far as the letters that you were shown
9 today in your direct examination and the emails
10 where you're discussing, you know, various arguments
11 that are being made that the promissory notes are
12 not securities, was I correct in understanding those
13 were simply your thoughts or where you were
14 conveying potential arguments that could be made?

15 MR. SOTO: Objection to form.

16 THE WITNESS: Yes. From the very
17 beginning, I told Joe that these in my view were
18 going to be deemed to be securities, but there was a
19 good faith argument to be made that they weren't,
20 which would be worth making because it goes to the
21 issue of jurisdiction. I made those arguments.

22 I think there's an email that was produced
23 from, as I characterized, the view of the Department
24 deputy chief counsel. They did not agree with that.
25 That was not necessarily a surprise. And Joe from

1 there on even, you know, used the term debt
2 securities in letters and the letters that went to
3 the Ohio Division of Securities that Joe saw and I
4 said, you know, we're selling securities.

5 BY MS. BERLIN:

6 Q. And so not only did you tell Mr. Cole that
7 you thought these were securities, but am I correct
8 in understanding that you also passed along to him
9 the Pennsylvania -- I'm sorry -- the Department's
10 opinion that these were, in fact, securities as
11 well?

12 A. Yes. I passed along their views that they
13 were not going to accept that argument, and I told
14 him it's not worth -- I said you can pursue it with
15 the Department. You can appeal it to the
16 Commonwealth Court. But when we discussed it, I
17 said it's my view you're going to lose. And,
18 therefore, they settled.

19 Q. Sorry. I didn't mean to interrupt you.
20 I'm sorry.

21 A. That's all right. I'm just saying shortly
22 thereafter, they settled with the Department, they
23 meaning CBSG.

24 Q. So CBSG ever did go and seek that opinion
25 or conduct any appeal of that issue; is that right?

1 MR. SOTO: Objection to form.

2 THE WITNESS: That is correct.

3 BY MS. BERLIN:

4 Q. And based on the conduct of Mr. Cole and
5 CBSG with their other filings and their self
6 identification of the notes as securities, they
7 appeared to understand that these were securities;
8 is that correct?

9 MR. SOTO: Objection to form.

10 THE WITNESS: Yes.

11 BY MS. BERLIN:

12 Q. I believe you testified earlier today, but
13 correct me if I'm wrong because there was a lot of
14 testimony -- I believe I heard you testify based on
15 the documents you were shown today involving several
16 of the ABFP income fund PIVs, that it was your
17 understanding that CBSG had taken your advice
18 regarding accreditation. Did I understand you
19 correctly?

20 A. Yes. Well, they said and they represented
21 to the Department, and it's in the Department's
22 order, that they were only going to sell to
23 accredited investors. Therefore, I viewed it as
24 important and also as part of the commission, the
25 Department's order that they only sell to accredited

1 investors because that's what they told the
2 Department.

3 Q. And today you were shown a message that
4 indicated that the accreditation form, the
5 purchase -- the note purchase document was done for
6 a few of the ABFP funds indicating the specific
7 exemption at issue or the specific basis for
8 accreditation. Do you recall that?

9 A. Yeah. I believe what I was shown was a
10 note purchase agreement for an individual.

11 Q. Okay. Were you shown those forms
12 correctly filled out for every one of the PIV
13 managers or investors?

14 A. No. And the forms that were subsequently
15 returned to Mr. Cole pursuant to his letter to
16 Mr. Vagnozzi concerning the ABFP funds, I did not
17 see those as amended.

18 Q. I understand. So you saw those for the
19 first time today; correct?

20 A. Correct.

21 Q. And you're not aware sitting here of any
22 others that had actually been corrected; is that
23 fair to say? Did you see any other corrected
24 documents?

25 A. No.

1 Q. Okay. So do you actually know if CBSG
2 took your advice about having those purchase
3 agreements correctly and completely filled out other
4 than for the ones that you were shown today?

5 A. Yes, because when I received the
6 investigative file from the Texas State Securities
7 Board, included was the note purchase agreement I
8 believe for the MG fund, and in that particular
9 section, it had an X.

10 Q. Would that indicate that CBSG has not
11 actually taken your advices to have those forms
12 completely filled out? The X I imagine you're
13 conveying is not sufficient?

14 MR. SOTO: Objection to form.

15 THE WITNESS: Yes, it's insufficient.
16 It's similar to what we experienced with the ABFP
17 funds, their initial completion of the note purchase
18 agreements. So the same thing happened with the MG
19 fund, and I have no knowledge that it was corrected.
20 BY MS. BERLIN:

21 Q. Did you in your representations to the
22 Department, meaning the Pennsylvania state
23 regulators, when you represented that there was no
24 additional -- I want to just go back to the
25 representation in your letter to them that CBSG was

1 no longer providing compensation in connection with
2 the offer or sale of securities. Do you recall that
3 letter?

4 A. Yes.

5 Q. Had you known at that time that CBSG was
6 utilizing the PIVs to raise money for CBSG and was
7 compensating the PIV managers for doing so, would
8 you have made a different representation to the
9 Department?

10 MR. SOTO: Objection to form.

11 THE WITNESS: Yes, because that would go
12 to the issue of integration and really was it a CBSG
13 offering.

14 BY MS. BERLIN:

15 Q. And also would it make the statement in
16 that letter that CBSG was not providing any
17 compensation to anyone in connection with the offer
18 or sale of securities, it would make that sentence
19 untrue if, in fact, at that time CBSG had created
20 these PIVs to raise money for them and was
21 compensating those PIV managers for doing so based
22 on an interest percentage. Would you agree with me
23 on that?

24 MR. SOTO: Objection to form.

25 THE WITNESS: It would make the

1 representation by Joe Cole to me which formed the
2 basis of that part of the letter inaccurate.

3 BY MS. BERLIN:

4 Q. And, therefore, it would make the letter
5 which was based on what Mr. Cole told you, it would
6 make that portion of the letter to the Department
7 inaccurate.

8 MS. SCHEIN: Object to form.

9 MR. SOTO: Objection to form.

10 BY MS. BERLIN:

11 Q. Would you agree with me? I'll ask it
12 another way, Mr. Rutledge.

13 MS. SCHEIN: So-called facts --
14 Ms. Berlin, putting these things in the record just
15 to prolong your cross-examination, things that were
16 not covered in direct and things that are not true
17 is not helpful for the witness or for any reason.

18 BY MR. SOTO:

19 Q. Mr. Rutledge, I can re-ask my question a
20 little bit differently.

21 A. Okay.

22 Q. If Mr. Cole had instead told you that CBSG
23 had created these PIVs or agent funds and that CBSG
24 was compensating people at those PIVs to raise money
25 for CBSG through the PIVs' securities offerings,

1 would that have changed your representation to the
2 Department that no compensation was being provided
3 by CBSG for the offer and sale of securities?

4 MR. SOTO: Objection to form.

5 THE WITNESS: I would say most likely
6 because I don't know exactly what the alleged
7 compensation was, but I would say most likely.

8 BY MS. BERLIN:

9 Q. So what if the compensation was that CBSG
10 had a prearrangement with the PIV fund managers,
11 many of whom had been the sales agents at issue in
12 the PACOB case and that CBSG provided them with a
13 set interest rate on the funds that those PIV
14 managers passed on to CBSG from the sale of the
15 PIVs' offerings so that, in other words, there was a
16 spread or I believe you called it a haircut --

17 A. Um-hum.

18 Q. -- and it was for -- it was to compensate
19 those PIV managers for raising money for CBSG, would
20 that have changed -- would you have disclosed that
21 to the Department or would it have changed your
22 letter had you been told that by Mr. Cole or anyone
23 at CBSG?

24 MR. SOTO: Objection to form.

25 MR. TROY: Object as well.

1 You may answer.

2 THE WITNESS: If, in fact, that was
3 happening, which I did not know whether it was, but
4 yes, I think that should have been disclosed to the
5 Department. And in terms of the haircut, as I think
6 I discussed at the last deposition, if there was a
7 rational bona fide business reason to provide such
8 compensation and it wasn't transaction-based
9 compensation, in other words, it wasn't based on how
10 much you brought in, then, first of all, I would
11 have disclosed it to the Department and then I
12 might -- depending on what the facts were, I may
13 have argued that, well, it wasn't a sales commission
14 if the facts supported such an argument.

15 BY MS. BERLIN:

16 Q. What if it was a percentage of the money
17 that the PIV manager sent to CBSG and the only thing
18 the PIV manager did was solicit investors and offer
19 and sell them securities?

20 MR. SOTO: Objection to form.

21 BY MS. BERLIN:

22 Q. Excuse me?

23 A. That's pretty much your classic
24 transaction-based compensation.

25 Q. Yes. And you would have disclosed that to

1 the Department?

2 MR. SOTO: Objection.

3 THE WITNESS: Yes.

4 BY MS. BERLIN:

5 Q. And I imagine that you would not have
6 permitted the letter to go out to the Department
7 representing on behalf of CBSG and what they told
8 you, of course, that CBSG was not paying
9 compensation in connection with the offer and sale
10 of securities. Is that also a fair statement?

11 MR. SOTO: Objection to form.

12 THE WITNESS: Yes. We would have had a
13 discussion on what we would actually have sent to
14 the commission or to the Department.

15 BY MS. BERLIN:

16 Q. My question is a little different. If you
17 known the facts I just presented, would you have
18 still have included that sentence telling the
19 Department --

20 A. Oh, no.

21 Q. -- there was no compensation?

22 A. No.

23 MR. SOTO: Objection to form.

24 THE WITNESS: No. I'm sorry. I didn't
25 understand your question.

1 BY MS. BERLIN:

2 Q. Do you want me to rephrase it?

3 A. No. The answer would be no, I would have
4 not have included it.

5 MR. SOTO: Same objection.

6 BY MS. BERLIN:

7 Q. Did you at any time tell the Department --
8 let me ask it this way: Did Mr. Cole or anyone else
9 at CBSG tell you during the Department's
10 investigation that CBSG had converted Dean Vagnozzi
11 and other sales agents from finders of CBSG to PIV
12 managers so they could continue to raise money for
13 CBSG?

14 MR. SOTO: Objection to form.

15 MS. SCHEIN: Object to form.

16 THE WITNESS: No.

17 BY MS. BERLIN:

18 Q. Had Mr. Cole or CBSG told you that, is
19 that something that you would have disclosed to the
20 Department?

21 MR. SOTO: Same objection.

22 THE WITNESS: Yes, I probably would have.

23 BY MS. BERLIN:

24 Q. Did Joe Cole or anyone at CBSG tell you
25 that Perry Abbonizio was overseeing the agent funds

1 and helping to create them?

2 MR. SOTO: Objection to form.

3 THE WITNESS: No.

4 BY MS. BERLIN:

5 Q. Did Mr. Cole or anyone at CBSG tell you
6 that CBSG was providing the marketing materials to
7 the PIVs for them to distribute to potential
8 investors?

9 MR. SOTO: Objection to form.

10 THE WITNESS: No.

11 BY MS. BERLIN:

12 Q. With respect to the exhibit that was 144,
13 there was --

14 MS. BERLIN: Is it possible to have it put
15 on the screen?

16 MS. LUCIEN: Did you say 144?

17 MS. BERLIN: Yes. Oh, thank you, Shirley.

18 MS. LUCIEN: It's Cherly.

19 MS. BERLIN: It's Cherly. Thank you for
20 helping to show the exhibit. Cherly, do you mind
21 going down to paragraph 3. Thank you.

22 BY MS. BERLIN:

23 Q. So looking at paragraph 3, I believe and
24 correct me if I misunderstood your testimony or
25 wrote it down incorrectly, Mr. Rutledge, I believe

1 you testified that you believed CBSG had complied
2 with paragraph 3 based on a letter Mr. Soto showed
3 you today concerning seeking this information from
4 Mr. Vagnozzi's funds. Do you recall that?

5 A. Yes, I believe so.

6 Q. And do you know whether or not that letter
7 was sent to Mr. Vagnozzi or whether he correctly
8 completed it as of the time of the sale of
9 securities to him?

10 A. I don't know. Again, if I can explain,
11 the reason for that was the Form D was filed in
12 February of 2019, and I didn't know whether that
13 filing included a sufficient dollar amount to
14 include the sales that had been made to those funds
15 and for future sales. So I was kind of saying, you
16 might have to amend it to increase the, quote,
17 offering amount, unquote.

18 Q. Understood. But as far as -- my question
19 is: Do you have all of the facts concerning the
20 letter you were shown today with Mr. Vagnozzi to
21 know whether or not he completely complied with your
22 advice in paragraph 3?

23 MR. SOTO: Objection to form.

24 THE WITNESS: Well, this wouldn't be a
25 Vagnozzi issue. This would be an issue for Joe

1 Cole. So it's like, okay, you filed this Form D in
2 February of 2019. You said that you've made sales
3 to ABFP 1, and ABFP 2 and ABFP 3, and you're
4 continuing to sell these securities. Do you have
5 enough securities, quote, exempted on your Form D,
6 or do you have to amend your Form D to increase the
7 amount of securities that the Form D would cover.
8 And nothing really happened until we got to the
9 updating amendment.

10 BY MS. BERLIN:

11 Q. When was that updating amendment?

12 A. That was in April, I believe. It was
13 April 24.

14 Q. Of what year?

15 A. '20, 2020.

16 Q. Thank you. In the same paragraph do you
17 see under -- it's numbered 3, but there's a second
18 paragraph. It states -- I'll let you read it to
19 yourself. I don't need to read it on the record.
20 If you can't read it and it's too small, let me
21 know. I can read it for you. But my question is --

22 A. Yes. It's the second paragraph under
23 number 3?

24 Q. Yes.

25 A. Got it.

1 Q. Were you giving the advice that CBSG may
2 want to exercise its right under Section 2.05 of the
3 agreement and request from ABFP 1, ABFP 2 and ABFP 3
4 and opinion of counsel that each qualify as as an
5 accredited investor? Do you see that advice in this
6 document?

7 A. Yes.

8 Q. Do you know whether CBSG or Mr. Cole
9 exercised that right and obtained opinions of
10 counsel that these three entities qualified as an
11 accredited investor?

12 A. No. He just wanted to go back and have
13 them fix it.

14 Q. And did Mr. Cole tell you or did anyone at
15 CBSG express to you that they were not going to seek
16 an opinion of counsel that the ABFP 1, 2 and 3
17 qualified as an accredited investor?

18 A. Yes. Joe said he didn't want to do that.

19 Q. At this time, at the time of Exhibit 144,
20 were you only aware of these three PIVs, ABFP 1,
21 ABFP 2 and ABFP 3?

22 A. That was July. I believe so. As I said,
23 earlier there was a subsequent email that had
24 appended some other PIVs, but it may have been
25 after -- I don't know if it was before or after.

1 I'm thinking it might have been after.

2 Q. Okay. And did you impress upon Mr. Cole
3 and CBSG that your advice in Exhibit 144 did not
4 only apply to ABFP 1, 2 and 3, but would apply to
5 any other PIV similarly situated?

6 A. Yes. It was in the note purchase
7 agreement that the CBSG always had the option of
8 requiring opinion of counsel. So, for instance, if
9 for listen they didn't think the person was
10 necessarily or the PIV was necessarily accredited,
11 they could always ask for an opinion of counsel.

12 Q. Did you ever give legal advice to Mr. Cole
13 or CBSG that they did not need to inquire about
14 accredited investor status prior to the offer or
15 sale of the security?

16 A. No. As I indicated, they said and they
17 represented to the Department they were only going
18 to sell to accredited investors. So you had to
19 form, using the SEC's words, form a reasonable
20 belief that they were accredited.

21 Q. Did you ever give any legal advice to
22 Mr. Cole or CBSG that they could form that
23 reasonable belief simply based on their subjective
24 view of an investor without inquiring as to the
25 specific factors that make an investor accredited?

1 A. No. And I had provided them early on with
2 an investor questionnaire.

3 Q. Approximately when did you provide that?

4 A. Well, that was in connection with the
5 obtaining the confirmation of the persons to whom
6 they sold the notes were accredited investors in
7 connection with the Pennsylvania inquiry.

8 Q. With respect to the Pennsylvania inquiry
9 or the Department's investigation, was your
10 representation to the Department that CBSG had
11 worked to learn whether each of the investors was
12 accredited? Was that based on what Mr. Cole and
13 CBSG told you?

14 A. With respect to the Pennsylvania matter?

15 Q. Yes.

16 A. Well, no. They actually gave me completed
17 documents of the questionnaire that they sent out to
18 the existing noteholders and I provided that
19 information to the Department.

20 Q. I guess what I meant is did you ever --
21 did you rely on them that that was the universe of
22 investors in Pennsylvania? In other words, did they
23 ask you to go and look at all of their promissory
24 notes and to confirm that there was a form for each
25 person they had sold a note to in Pennsylvania, or

1 did you rely on Mr. Cole's and CBSG's representation
2 that the forms and lists they gave you were, in
3 fact, each of the Pennsylvania investors?

4 MR. SOTO: Objection to form.

5 THE WITNESS: I think I performed an
6 internal -- because there weren't a lot of
7 investors. I mean, we weren't dealing -- my
8 recollection is we weren't dealing with thousands.
9 And I think I cross-referenced the list of investors
10 or note purchasers with their -- with the investor
11 questionnaire saying they were accredited investors.
12 So I had a basis to make a representation to the
13 Department that they were accredited investors.

14 Now, the accuracy or truthfulness of the
15 note purchasers, you accept it as stated.

16 BY MS. BERLIN:

17 Q. That was what I was getting at. You
18 accepted what your clients told you?

19 A. Yes, and the documents they provided.

20 Q. Thank you. And is there anything else
21 that you -- I'm finished. But I wonder, is there
22 anything that arose from your direct examination
23 today that made you want to clarify or change any
24 aspect of your testimony in the SEC's deposition?

25 MR. SOTO: Objection to form.

1 THE WITNESS: I don't think so. Of
2 course, it's been a month ago.

3 BY MS. BERLIN:

4 Q. Okay. I have no further questions. Thank
5 you so much, Mr. Rutledge.

6 MR. TROY: Before we adjourn, was there
7 something you wanted to clarify about the Form D.

8 THE WITNESS: No. I think, Ms. Berlin, I
9 think you had asked me during your direct deposition
10 about different ad hoc assignments that I received
11 from CBSG during different periods during 2019 which
12 I neglected to mention at that time because I didn't
13 remember it, was, which I mentioned today, the
14 October -- I think it's 19, but I'm not sure, the
15 October 2019 memo to Joe Cole about Form D filings.
16 Because he asked, you know, what's required, what do
17 I have to do, the states where the 2019 --
18 February 2019 Form D had been filed. So that was
19 another assignment that I just wanted to make you
20 aware of.

21 MS. BERLIN: Thank you.

22 MR. TROY: Before we adjourn, I just
23 wanted -- I forget. It's been so long now. The
24 court reporter, thank you for your service today.
25 And the witness will read and sign and the

1 transcript can be sent to me for that. Thank you.

2 THE VIDEOGRAPHER: Everybody can go off
3 record for the day?

4 MR. SOTO: Yes. My thanks to Mr. Rutledge
5 and Mr. Troy for their appearance today and putting
6 up with another day of testimony. Thanks again.

7 THE VIDEOGRAPHER: The time is 6:59 p.m.
8 and we are off the record. Thank you, everyone.

9 (Whereupon, at 6:59 p.m., the taking of
10 the instant deposition ceased.)

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

1 COMMONWEALTH OF PENNSYLVANIA)
2 COUNTY OF ALLEGHENY) SS:

3 C E R T I F I C A T E

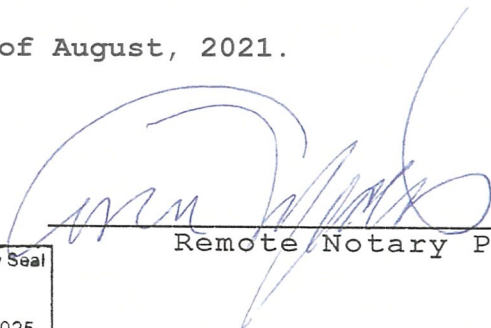
4 I, Ann Medis, Registered Professional
5 Reporter, Certified Livenote Reporter and Remote
6 Notary Public within and for the Commonwealth of
7 Pennsylvania, do hereby certify:

8 That G. PHILIP RUTLEDGE, ESQUIRE, the
9 witness whose deposition is hereinbefore set forth,
10 was duly sworn by me and that such deposition is a
11 true record of the testimony given by such witness.

12 I further certify the inspection, reading
13 and signing of said deposition were not waived by
14 counsel for the respective parties and by the
15 witness.

16 I further certify that I am not related to
17 any of the parties to this action by blood or
18 marriage and that I am in no way interested in the
19 outcome of this matter.

20 IN WITNESS WHEREOF, I have hereunto set my
21 hand this 26th day of August, 2021.



Remote Notary Public

22
23
24
25
Commonwealth of Pennsylvania - Notary Seal
Ann Medis, Notary Public
Allegheny County
My commission expires January 7, 2025
Commission number 1109616
Member, Pennsylvania Association of Notaries

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

CERTIFICATE OF WITNESS

I, GEORGE PHILIP RUTLEDGE, do hereby declare under penalty of perjury that I have read the entire foregoing transcript of my deposition testimony, or the same has been read to me, and certify that it is a true, correct and complete transcript of my testimony given on August 19, 2021, save and except for changes and/or corrections, if any, as indicated by me on the attached Errata Sheet, with the understanding that I offer these changes and/or corrections as if still under oath.

_____ I have made corrections to my deposition.

_____ I have NOT made any changes to my deposition.

Signed: _____
GEORGE PHILIP RUTLEDGE
VOLUME 2

Dated this _____ day of _____ of 20____.

