

15-496(L)

15-499(CON)

United States Court of Appeals

FOR THE SECOND CIRCUIT

Docket Nos. 15-496(L), 15-499(CON)



UNITED STATES OF AMERICA *ex rel.* EDWARD O'DONNELL,
Plaintiff-Appellee,
—v.—

REBECCA MAIRONE, COUNTRYWIDE BANK, FSB, COUNTRY-
WIDE HOME LOANS, INC., BANK OF AMERICA, N.A.,
Defendants-Appellants,
(Caption continued on inside cover)

ON APPEAL FROM THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK

APPENDIX FOR PLAINTIFF-APPELLEE
VOLUME II OF III
(Pages GA-103 to GA-356)

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BANK OF AMERICA CORPORATION, successor to Countrywide
Financial Corporation, and FULL SPECTRUM LENDING,
COUNTRYWIDE FINANCIAL CORPORATION,

Defendants.

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UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

UNITED STATES OF AMERICA ex rel.	*
EDWARD O'DONNELL,	*
	*
Plaintiff,	*
	*
VS.	* 12 Civ. 1422 (JSR)
	* ECF Case
COUNTRYWIDE FINANCIAL	*
CORPORATION; COUNTRYWIDE	*
HOME LOANS, INC.; COUNTRYWIDE	*
BANK, FSB; BANK OF AMERICA	*
CORPORATION; BANK OF AMERICA,	*
N.A.; and REBECCA MAIRONE,	*
	*
Defendants.	*

 ORAL AND VIDEOTAPED DEPOSITION OF
 JOHN BOLAND
 MAY 21, 2013
 VOLUME 1

ORAL DEPOSITION OF JOHN BOLAND, a witness
 produced at the instance of the Plaintiff, was taken
 in the above-styled and -numbered cause on the 21st
 day of May, 2013, from 9:34 a.m. to 5:47 p.m., before
 Brooke Barr, CSR in and for the State of Texas,
 reported by machine shorthand, at the United States
 Attorney's Office, 1100 Commerce Street, 3rd Floor,
 DFW Conference Room, Dallas, Texas 75242, pursuant to
 the Federal Rules of Civil Procedure and any
 provisions stated on the record or attached hereto.

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A P P E A R A N C E S

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13 Also present:

14 John Akers, Videographer
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1 THE VIDEOGRAPHER: We're now on the
2 record at 9:34 a.m. Today's date is May 21st, 2013.
3 This is the videotaped deposition of Mr. John Boland
4 in the matter of the united States of America, et al.,
5 versus Countrywide Financial Corporation, et al.,
6 under the jurisdiction of the United States District
7 Court in the Southern District of New York.

8 This deposition is being held at the
9 United States Attorney's Office at 1100 Commerce
10 Street, 3rd floor, DSW Conference Room, Dallas, Texas
11 75242.

12 My name is John Akers, and I'm the video
13 specialist. The court reporter is Nikki Barr. We are
14 from Elite Document Technology, with offices located
15 at 1505 Federal Street, Suite 310, Dallas, Texas
16 75201.

17 Will counsel please state their name and
18 appearance for the record.

19 MS. SCHOENBERGER: Carina Schoenberger on
20 behalf of Plaintiff, the United States.

21 MR. CADY: Steve Cady from Williamson
22 Connolly on behalf of the Bank of America Defendants.

23 MR. HARRINGTON: Bill Harrington from
24 Goodwin Procter on behalf of the Countrywide
25 Defendants.

1 MR. COHEN: Seth Cohen from Bracewell and
2 Giuliani on behalf of Rebecca Mairone.

3 MR. JONES: I'm Malachi Jones and Josh
4 Podoll, also from Williams & Connolly.

5 MR. PHILP: Ryan Philp from Bracewell &
6 Giuliani also on behalf of Rebecca Mairone.

7 THE VIDEOGRAPHER: Thank you.

8 Will the court reporter please swear in
9 the witness, and we can begin.

10 (Witness sworn.)

11 JOHN BOLAND,

12 having been first duly sworn, testified as follows:

13 EXAMINATION

14 BY MS. SCHOENBERGER:

15 Q. Good morning. Can you please state your full
16 name for the record?

17 A. Sure. John Boland.

18 Q. Mr. Boland, are you appearing pursuant to a
19 subpoenaed today?

20 A. I am.

21 MS. SCHOENBERGER: Okay. I'm going to
22 ask the Court to -- court reporter to mark this as
23 Boland Exhibit 1.

24 (Plaintiff's Exhibit 1 marked.)

25 Q. (BY MS. SCHOENBERGER) Mr. Boland, is what's

1 been marked as Boland Exhibit 1 the subpoena that you
2 received to appear today?

3 A. Yes, ma'am.

4 Q. My name is Carina Schoenberger. I'm an
5 assistant United States attorney, and I represent the
6 Plaintiff in this matter, the United States.

7 Have you ever been deposed before?

8 A. I have.

9 Q. Okay. This might be familiar to you, but
10 before we get started with questions, we'll just go
11 over a few preliminary ground rules.

12 As you can see, today's deposition is
13 being transcribed by a court reporter. In order to
14 make sure that she gets everything down, can you be
15 sure that all your responses to me are verbal?

16 A. I will.

17 Q. Great.

18 And it's also difficult for her to
19 transcribe if we both speak at the same time. So
20 please allow me to finish my question before you begin
21 to speak, and I will do the same for you. Okay?

22 A. Understood.

23 Q. If you don't hear my question, will you
24 please ask me to repeat it?

25 A. I will.

1 Q. And if you don't understand a question, will
2 you please let me know --

3 A. I will.

4 Q. -- and I'll try to rephrase.

5 Are you represented by an attorney today?

6 A. I'm not.

7 Q. Okay. You may hear some of the attorneys
8 here object from time to time. But you can go ahead
9 and answer the question anyways.

10 A. Thank you.

11 Q. If you need a break at anytime, just let us
12 know. It's not an endurance contest, and we can break
13 at anytime as long as there's not a question pending.
14 If there is a question pending, you answer it, and
15 then we can break at that time.

16 A. Okay.

17 Q. And we'll likely take periodic breaks at any
18 rate.

19 MS. SCHOENBERGER: At this point, I am
20 going to request, pursuant to the Federal Rules, that
21 the witness be permitted to review his transcript and
22 have 30 days to make corrections.

23 Q. (BY MS. SCHOENBERGER) Mr. Boland, is there
24 any reason today that you think you would not be able
25 to answer truthfully to the questions I'm about to ask

GA-111

1 you?

2 A. No.

3 Q. Great. Where are you currently employed?

4 A. Fannie Mae.

5 Q. And how long have you been at Fannie Mae?

6 A. Since November 19th, 2012.

7 Q. And what's your title there?

8 A. Manager.

9 Q. And what do your responsibilities entail?

10 A. I manage a team of underwriters who answer
11 questions from lenders.

12 Q. Prior to Fannie Mae, where did you work?

13 A. Bank of America.

14 Q. And how long had you been at Bank of America?

15 A. 14 years.

16 Q. Okay. And was it ever known -- or was it
17 always Bank of America during those 14 years?

18 A. No, it wasn't.

19 Q. What was it previously?

20 A. Countrywide Home Loans.

21 Q. Okay. And when did you leave Bank of
22 America?

23 A. October 1st.

24 Q. Of what year?

25 A. Of 2012.

GA-112

1 Q. And why did you leave?

5 2 A. Bank of America chose to separate my
3 employment.

4 Q. Okay. And what was your understanding of why
5 that was?

6 A. I managed a team of 400 associates, and
7 somebody on the frontline shared passwords with
8 another associate. And so several in the management
9 chain were deemed to -- responsible for that being
10 done while on their watch.

11 Q. Okay. And was Fannie Mae aware of this when
12 you took your job there?

13 A. I assume so.

6 14 Q. In the summer of 2007, were you employed at
15 Countrywide?

16 A. Yes.

17 Q. What was your title at that time?

18 A. First vice president.

19 Q. And what were your responsibilities as first
20 vice president?

21 A. I managed 140 underwriters who were
22 underwriting mortgage loans.

23 Q. And where were you located?

24 A. Richardson, Texas.

25 Q. And who did you report to as first vice

1 president?

2 A. Robert Price.

3 Q. Okay. And again, this is for the summer of
4 2007 period?

5 A. Correct.

6 Q. And who did Mr. Price report to?

7 A. Ed O'Donnell.

8 MS. SCHOENBERGER: I ask the court
9 reporter to mark this as Boland Exhibit 2.

10 (Plaintiff's Exhibit 2 marked.)

11 Q. (BY MS. SCHOENBERGER) The document marked as
12 Boland Exhibit 2 has Bates Stamp Number
13 BANA-SDNY-E 001108510.

14 Is this an organizational chart for
15 Countrywide's Full Spectrum Lending division?

16 A. Yes, ma'am.

17 Q. And is this an accurate depiction of your
18 place within the organizational structure of Full
19 Spectrum Lending?

20 A. It is.

21 Q. And can you tell me what Full Spectrum
22 Lending is?

23 A. A subsidiary -- or at one point, it was a
24 subsidiary -- the legal definition I'm not exactly
25 clear of, but it was a -- it was a division of

1 Countrywide.

2 Q. Okay. And what was the Full Spectrum Lending
3 division responsible for?

4 A. Initially, it was responsible for subprime
5 loans. And then that changed over time.

6 Q. Okay. Can you tell me a little bit more
7 about how that changed over time?

8 A. Yes. Full Spectrum was designed originally,
9 as the name implies, to offer the full spectrum of
10 products; whereas Countrywide offered a limited, you
11 know, section of just prime loans.

12 Over time, that changed to offer no
13 subprime loans and only prime loans.

14 Q. Okay. And about what time -- what time
15 period did that change occur?

16 A. Between 2007 and 2008, roughly.

17 Q. Okay. And after that transitional period,
18 did Full Spectrum Lending handle any subprime loans?

19 A. Not after 2008. But there was a transition
20 period where the volume did switch. So subprime loans
21 declined; prime loans increased.

22 Q. Okay. And how long did that transitional
23 period last?

24 A. Probably two years.

25 Q. Okay. And which two years were those?

1 A. Between '07 and '08.

2 Q. Okay. Are you familiar with the term "new
3 customer acquisition"?

4 A. I am.

5 Q. And was that known at Countrywide as NCA?

6 A. It was.

7 Q. And what was NCA?

8 A. Countrywide had a large portfolio of loans
9 that was very much like an annuity that would be
10 refinanced from time to time as adjustable rate loans
11 were ready for renewal. And Countrywide, as a
12 strategy, wanted to attract new customers as opposed
13 to just refinancing the -- one of the largest
14 portfolios in the nation.

15 So they created a group called new
16 customer acquisition, which had the sole purpose of
17 going out and getting borrowers to be customers of
18 Countrywide who weren't currently on the Countrywide
19 portfolio.

20 Q. Okay. And was the NCA a group that was in a
21 particular location?

22 A. Yes. It was in Plano -- it was -- it was in
23 Richardson, Texas.

24 Q. Okay. And were you a part of the NCA group?

25 A. No, I was not.

1 Q. Are you familiar with the term "Centralized
2 Fulfillment"?

3 A. I am.

4 Q. And is that abbreviated as CF?

5 A. Yes.

6 Q. And -- and what was CF?

7 A. Centralized Fulfillment was a group designed
8 to support processing and origination in a centralized
9 way for an underwriting and funding procedure.

10 It was a check and balance on the
11 distributed network that was in the field and large
12 call centers who were tasked with the duty of
13 originating loans.

14 Q. Okay. And -- and was CF a group that was in
15 a particular location?

16 A. CF was spread out mainly in three locations:
17 Rolling Meadows, Illinois, which is a suburb of
18 Chicago; Richardson, Texas; and Chandler, Arizona.

19 Q. And --

20 A. It was --

21 Q. Go ahead.

22 A. -- those three locations supported the
23 country for Full Spectrum Lending.

24 So large call centers would be located in
25 Chandler, Richardson, and Rolling Meadows. And

1 Centralized Fulfillment would obviously support those
2 processors and originators. And then there was also a
3 distributed branch network. And we would support that
4 as well.

5 Q. And in what ways did you support those
6 groups?

7 MR. HARRINGTON: Objection; form.

8 A. So there's inherent risk on having
9 originators who are paid on commission originate
10 loans. And they're incentivized to have loans closed.
11 So it was appropriate for the company to have somebody
12 who was not paid in the same fashion as a check on --
13 on that natural -- on that natural push to close
14 loans.

15 Q. (BY MS. SCHOENBERGER) Okay. And just to
16 clarify my last question, I meant to say that how --
17 in which ways did Centralized Fulfillment support
18 those groups?

19 A. Oh, I'm sorry.

20 From -- from an underwriting perspective
21 and a funding perspective.

22 So on an underwriting perspective, the
23 underwriting team would validate the income calculated
24 by the processor, validate the quality and data
25 integrity of the information provided to our automated

1 underwriting system, CLUES.

2 And the funding team would support in
3 much the same way the data integrity supplied to CLUES
4 later in the process, and would validate documentation
5 and accuracy of information contained within our
6 virtual loan file.

7 Q. And did the branches within the network
8 perform any of these functions themselves?

9 A. There were shared responsibilities at
10 different points in time. But centralized
11 underwriting -- CF and underwriting and funding always
12 had the final word. So they always issued what was
13 called a clear to close or a clear to fund, CTC or
14 CTF.

15 So while there could be overlap in some
16 areas, the ultimate responsibility was with the
17 underwriter or the funder.

18 Q. Okay.

19 A. And it was their responsibility primarily to
20 ensure that if a loan did close and fund, that it was
21 of high quality and did not have defects.

22 Q. And did Centralized Fulfillment exist for a
23 certain amount of time?

24 THE DEFENDANTS: Object to the form of
25 the question.

1 A. It -- it existed for as long as I -- as long
2 as I was employed with the company. The acronym would
3 change. Obviously, acronyms changed at companies.
4 But the -- the role was consistent from the time I was
5 hired until -- until the time I left.

6 Q. (BY MS. SCHOENBERGER) Okay. Was there any
7 relationship between NCA and CF?

8 A. Yes.

9 Q. What was that relationship?

10 A. So NCA would -- would be considered the
11 production arm. They were the producers. They would
12 attract the new customers and negotiate an agreed-upon
13 rate, loan amount, payment; terms of the loan would be
14 agreed upon in the sales side of NCA.

15 And then the processors, who were
16 collocated with those salespeople, they sat next to
17 each other too, so they were literally -- you know,
18 you could describe them as separate positions, but
19 they were -- they were joined. And they shared, you
20 know, a common interest in producing loans.

21 And CF supported that team for NCA by
22 making sure that the loans that were produced were of
23 high quality.

24 Q. And was NCA in existence for the whole time
25 that you were employed at Countrywide and Bank of

1 America?

2 A. No.

3 Q. When -- when did NCA exist?

4 A. To my understanding, NCA began in January of
5 2006. It may have been a little bit earlier or a
6 little bit later. But that was the time that I
7 relocated from Chicago to Richardson, Texas; and one
8 of the reasons for my relocation was to support a
9 growing new group at Full Spectrum.

10 Q. And what was that group?

11 A. NCA.

12 Q. I thought you had said earlier that you
13 weren't a part of the NCA group.

14 A. I wasn't part of it.

15 Q. Okay.

16 A. I was very much separate. And our goals and
17 objectives were separate. But we offered -- we were
18 in a support role.

19 Q. Okay.

20 A. So the same way that, you know, QC is in a
21 support role of underwriting, underwriting was in a
22 support role for processing and originations.

23 Q. And were you a part of Centralized
24 Fulfillment?

25 A. Yes.

1 Q. And did NCA end at some point?

2 A. It did. And -- it did end. Assuming your
3 next question is when did it end, I'm not certain
4 there was ever an announcement or a bulletin on -- on
5 the -- you know, large companies don't send out a
6 bulletin when something ends very often. And so it
7 just dissipated.

8 Q. And can you -- about what time did it
9 dissipate?

10 A. Roughly at the time of the merger with Bank
11 of America.

12 Q. In 2008?

13 A. Yes, ma'am.

14 Q. And did you have a sense of why it ended?

15 A. No, I didn't.

16 Q. Was it considered a success?

17 THE DEFENDANTS: Object to the form.

18 A. There -- no, it was not considered a success.

19 Q. (BY MS. SCHOENBERGER) Why is that?

20 MR. CADY: Objection to form.

21 A. It was not considered a success because the
22 quality that was produced by the group was less than
23 industry standard, or the standards of Countrywide as
24 it had previously defined them.

25 Q. (BY MS. SCHOENBERGER) How did you know that?

1 A. How did I know it? It was -- it was widely
2 understood -- it was so widely understood just inside
3 of the company. And I -- there wasn't a bulletin
4 announcing it. There wasn't an e-mail communication.
5 It was a slow drip of information and -- opinions and
6 information over a long period of time.

7 Q. And what specifically was of low quality?

8 A. The loans -- the loans produced by the NCA
9 were of low quality. What specifically? The way --
10 the way stated doc income was checked was of low
11 quality. The way appraisals were validated for
12 quality was of low quality. The way title reports
13 were evaluated was of low quality. The way data was
14 input and validated to our automated underwriting
15 system was of low quality.

16 Your follow-up question is likely, how
17 did you know that? And I would respond with, we
18 interfaced with the NCA on a daily basis. So as their
19 loans would come into the underwriting department,
20 there were typically 14 conditions on every loan file.
21 When we would review a loan and it would have one
22 condition remaining; for example, the title, and if it
23 was me clearing it, I would then look at other
24 documents inside the loan file to look for red flags
25 and to make sure that things matched.

1 I want to make sure the title matches the
2 appraisal and that the addresses are the same and the
3 owners are the same; that the title matches the
4 income, and the addresses on the pay stub are matching
5 the title report. And to make sure that the credit
6 report, a/k/a information, address and information
7 is -- is all in sync. And if there are any anomalies
8 or red flags, what we have been trained to look for,
9 then I would have issue with the title report.

10 The reason I know that there was low
11 quality is because, when I would look at those
12 documents, they were already approved by someone else
13 outside of the underwriting department. I would
14 become aware and concerned that loans were heading
15 down a path having been approved that I would not
16 agree with the decision on.

17 Q. Are you familiar with the term "High Speed
18 Swim Lane"?

19 A. I am.

20 Q. What is the High Speed Swim Lane?

21 A. The High Speed Swim Lane was the -- was the
22 Hustle. It was kicked off in roughly the summer of
23 2007. And with a lot of fanfare. And it was a
24 campaign designed to speed up the loan process.

25 Q. You referred to it as the Hustle. Was it

1 known as the Hustle at Countrywide?

2 A. It was. The name -- the name Hustle -- so I
3 recall a kickoff meeting in the cafeteria at
4 Countrywide with Rebecca Mairone and -- and other
5 senior leaders from the NCA. And we played the Hustle
6 music. There were, you know, printed materials passed
7 out. There was a lot of excitement. There was a lot
8 of fanfare. It was fun. And -- and management team
9 did the best job they could to really get associates
10 to buy in to what was coming.

11 Q. What type of printed materials were shared at
12 that meeting?

13 A. There were dance steps so that someone could
14 dance the Hustle while we listened to the Hustle. And
15 ideally we could all perform the Hustle in precision.

16 Q. Did you participate in that?

17 A. I did not.

18 Q. And who was a part of the management team you
19 referred to?

20 A. I recall Cheri Shine being there. And
21 Rebecca Mairone. And the -- the NCA, at that time,
22 was probably at least 200 people. So forgive me if I
23 can't recall specific names. But the entire -- the
24 entire 200 team was there in attendance, if not absent
25 or somewhere else. But the -- the expectation was

11 1 that everyone in the site would attend this meeting.

2 Q. And did the Hustle come out of the NCA?

3 A. Yes.

4 If you mean come out of the S -- NCA --
5 if it was -- if the process was designed by the NCA,
6 the process was designed by people associated with the
7 NCA. The management team of NCA were involved with
8 the process design.

9 Q. And who from NCA management designed the
10 Hustle process?

11 THE DEFENDANTS: Object to the form of
12 the question.

13 A. I can see his face in my head. And I -- and
14 his name escapes me. But I was -- I was aware of a --
15 of a gentleman who was the main actor in developing
16 the -- the flow. He created the Vizio workflow, held
17 and hosted the meetings associated with the
18 development of the -- of the Hustle workflow.

19 It was -- it was a different workflow
20 than what we had ever had before. So it was -- it was
21 a bifurcated flow that would have normal loans going
22 down one path and these designated Hustle loans going
23 down another path.

24 The gentleman's name I'm -- I was hoping
25 it would come back to me, and it's just been so long I

1 don't remember his name. But he -- he wasn't a loan
2 actor. There were multiple people involved. And it
3 was a collaboration. And there was a lot of input
4 gathered and feedback sought to -- to develop the best
5 process possible.

6 Q. (BY MS. SCHOENBERGER) Anyone else besides
7 the one man whose name escapes you that was involved
8 in designing the Hustle?

9 THE DEFENDANTS: Object to the form of
10 the question.

11 A. No. There -- there were so -- there were so
12 many. I'm trying to -- I'm trying to recall names.
13 And if I was -- if I was provided a list, I could
14 confirm who was on -- you know, who -- who was a part
15 of it. But just my recall from five years ago or six
16 years ago, however long it's been, is just -- I just
17 can't recall their names after this much time.

12 18 Q. (BY MS. SCHOENBERGER) What was your
13 19 understanding in the summer of 2007 of how the Hustle
20 would work?

21 A. So the Hustle was a great -- it was a -- it
22 was a great design. I mean, the idea was well -- was
23 well thought out. And our opinion was this -- this
24 could work. This should, you know, lead to some
25 efficiencies. And there was a lot of, you know,

1 optimism that it -- that it would actually produce
2 what it was built to do.

3 The way I understood the Hustle's intent
4 was to have a separate swim lane for loans with
5 reduced documentation and, therefore, those loans
6 would not be hung up behind other loans that required
7 heavier documentation.

8 An example of that would be a typical
9 loan processor would carry a pipeline of 30 loans.
10 They can only get through so much of their pipeline in
11 any given day. The idea of a High Speed Swim Lane is
12 that, if I've got a very difficult loan with a lot of
13 documentation, I might take a majority of my day
14 working on that one, while a loan with less
15 requirements sits still and doesn't get a chance to
16 move ahead.

17 The theory would be if we put all of the
18 easy loans into one lane -- or not easy, but all of
19 the less-complicated loans in one lane, they would
20 then flow. And the others would -- would, you know,
21 be in the normal process.

22 So in theory, that flow had merit.

23 Q. How did it work in practice?

24 A. In practice there were breakdowns in the way
25 it was executed.

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1 Q. What types of breakdowns?

2 A. Loans stopped -- stopped coming into -- into
3 underwriting for review of the documentation. So an
4 example of that would be the -- the reduced
5 documentation suggests that Countrywide was not going
6 to validate the income using the traditional means of
7 pay stubs, W-2s, tax returns; and they were going to
8 rely on a -- on a stated amount supposedly derived
9 from the borrower.

10 When underwriters performed that
11 analysis, it was a very skillful decision process.
12 And there were oftentimes layers of management that
13 would be involved to second sign stated doc income.

14 I can recall specifically appointing
15 Derek Treadwell and Chuck Caprio to review stated doc
16 loans at one point. Those were people who worked for
17 me. Because even in underwriting, reviewing stated
18 reasonability was a complex task that even
19 underwriters needed considerable training and
20 understanding to judge.

21 For example, a fireman might -- assume a
22 salary of -- of \$4,000. If it came in stated at
23 \$20,000 a month, that -- that would appear to not meet
24 a reasonability test.

25 And then the underwriter would then go

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1 through some analysis to evaluate whether or not that
2 20,000 was reasonable based on tenure, based on scope
3 of responsibility, based on complexity; a number of
4 variety of factors that were difficult to train and
5 required years of experience to evaluate.

6 Q. How would that be trained?

7 A. It would require a -- a broad perspective
8 after seeing many, many examples. And using -- how
9 exactly it'd be trained, it would be trained over time
10 in classroom and through experience, and getting
11 feedback from QC and from myself and other management
12 on what was deemed reasonable.

13 There were also post-closing reviews
14 where actual documentation was obtained after the
15 fact, and that feedback would be given to the
16 underwriters to validate or unvalidate the
17 documentation that they had deemed acceptable. So the
18 underwriters had considerable background in evaluating
19 that stated doc income and whether or not it was
20 reasonable.

21 This was a pretty major topic at the
22 company, because Countrywide was very concerned about
23 not making loans that were unreasonable. And there
24 was a reasonability test that was required in order to
25 proceed on a stated doc income loan.

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1 So your initial question was, how did the
2 process go wrong in the beginning? And before I
3 started talking just now, I talked about stated doc
4 income. And that was one of the things that would
5 have been signed off by an underwriter who had this
6 skill and experience and background and expertise.
7 And it was transitioned to somebody without that skill
8 set and, therefore, that was an unanticipated
9 breakdown.

10 Q. Who was it transitioned to?

11 A. Processors.

12 Q. What are processors?

13 A. Processors go by many names. It could be a
14 loan specialist. It could be a home service
15 specialist. You know, the general, you know, industry
16 term is a loan processor.

17 And so that variety of -- I mean, there
18 are several job titles. I don't want to -- I don't
19 want to box it in on one. I'm trying to use a generic
20 term "loan processor."

21 But there were people outside of the
22 underwriting department. And so it's important to
23 understand the alignment of interest.

24 So there's a -- there's a sales team and
25 then there's a processors team that is collocated.

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1 And their interests were production. That was the
2 sole point of their employment was to produce loans.
3 And then there was an underwriting and a
4 funding group outside of the NCA. And their sole
5 function was to protect the company and the investors
6 and safeguard the quality. And they had a different
7 alignment of interests. And that -- that difference
8 is critical, because when you have somebody --
9 somebody on the underwriting side checking that stated
10 reasonability, it -- it seemed to produce better
11 results than when you had somebody on the processing
12 side.

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13 Q. You mentioned that at the outset, you thought
14 that the Hustle was a good design. At that point, did
15 you know that -- that some of the underwriting
16 functions you described would be transitioned to a
17 processors team?

18 A. No, no. We didn't know that that was part of
19 the deal.

20 Q. At what point did you learn that?

21 A. There was -- there was a testing phase of
22 the -- you know, of the -- of the pilot. When did I
23 learn? I -- I would be guessing. Early -- early to
24 middle rollout.

25 Q. Would that have been summer 2007?

1 A. Yeah. Oh, yes, yes, yes. It was in 2007.
2 Exactly when is where I'm struggling now to answer.

3 Q. And who made the decision to transition
4 underwriting functions to processors teams?

5 A. I don't know.

6 Q. Okay. If you don't know specifically, who do
7 you know from what group that decision came?

8 A. I believe that that came from the production
9 side of the management structure. So everything --
10 everything rolled up to our president Greg Lumsden.

11 So Greg Lumsden was the president and
12 then he had different managers that reported to him.
13 And so, obviously, Greg was responsible for both
14 production and quality.

15 But underneath Greg, you know, I'm not
16 sure exactly where in the tree structure it -- it
17 branched off into you're responsible for quality, and
18 you're responsible for production. But certainly at
19 my level, the difference was clear.

20 Q. You said you reported to Robert Price,
21 correct?

22 A. Correct.

23 Q. And did he have an equivalent counterpart on
24 the production side?

25 A. There were -- so as loans flow through, you

1 know, many fall out. And so there's many more
2 production -- there's many more people on the
3 production side than there are on the -- on the
4 Centralized Fulfillment side.

5 So I don't think that he had a one-to-one
6 relationship with -- with someone, no.

7 Q. Okay.

8 A. Not that I'm aware of.

9 Q. Do you know who was below Greg Lumsden on the
10 production side of management?

11 A. That was Rebecca Mairone. And then reporting
12 to Rebecca would have been Cheri Shine. And then
13 beneath Cheri Shine there were -- there were so many
14 managers below Cheri Shine, I wouldn't be able to go
15 down the org chart that far.

16 And it was clear that Cheri was on the
17 production side. And with Rebecca, the role is
18 unclear to me whether that was production or quality.

19 MS. SCHOENBERGER: Please mark this as
20 Boland Exhibit 3.

21 (Plaintiff's Exhibit 3 marked.)

22 Q. (BY MS. SCHOENBERGER) Boland Exhibit 3 is
23 Bates marked BANA-SDNY-E 001450720.

24 Mr. Boland, is this an e-mail exchange
25 between you and Robert Price from August 9th, 2007?

1 A. Yes, ma'am.

2 Q. Do you recall this e-mail exchange?

3 A. Exactly this exchange, I -- I -- I
4 remember -- I remember multiple exchanges like this.
5 So yes, I remember this. I remember -- I remember
6 exchanging information of this nature.

7 Q. Okay. And in the second e-mail in this
8 string, is this an e-mail from you to Robert Price
9 from August 9th, 2007?

10 A. Yes, absolutely.

11 Q. And when you say, I had a meeting yesterday
12 and can tell they may have a different vision than we
13 do, what -- what are you referring to? Who is "they"?

14 A. So they was NCA.

15 Q. Okay.

16 A. And -- and, you know, the divide was -- the
17 divide was obvious.

18 And the roles were distinct. There was a
19 quality team who was intent on, you know, making sure
20 we -- we funded quality loans. The data was -- you
21 know, had integrity. And then there was a production
22 team. And that production team's goal and their
23 alignment, their interests were to move loans forward
24 as quickly as they could.

25 And we were involved in multiple

1 meetings. We were partners. We worked together. I
2 mean, we supported the NCA. So in that support, we
3 would -- we would be in -- involved with meetings, and
4 I would learn about opinions and direction that the
5 NCA employees at my level had been given. So I got a
6 sense of what was coming down the waterfall on their
7 side of the organization.

8 And this e-mail is an indication that I'm
9 trying to send to my manager saying, We're on -- we're
10 on -- we're on different pages. They have a different
11 vision, meaning NCA has a different vision than
12 underwriting and funding and Central -- Central
13 Fulfillment.

14 Q. And what was the vision they were conveying
15 to you? By "they," I mean NCA.

16 A. It was production. They wanted to fund as
17 many loans as fast as possible. And the tenor and
18 concern that was normally present was changing. And
19 that was concerning.

20 So in the past, when we would be involved
21 with meetings, underwriting would confirm that we were
22 both concerned with quality. We both were concerned
23 with production to some extent, but underwriting was
24 clearly in charge -- you know, concerned with quality.

25 And we always wanted to take care of

1 customers. But that was changing at this time. And
2 we wanted to -- we wanted to make sure that people in
3 management knew. And we wanted to escalate this issue
4 and make sure that this didn't go unnoticed; that one
5 side of the house is no longer acting the way they
6 used to act, and we need to respond.

7 Q. Do you know who was in the meeting that you
8 referred to in this e-mail?

9 A. I do not remember names, no.

10 Q. And the first e-mail of this string, is this
11 an e-mail from Robert Price to you also from August
12 9th, 2007?

13 A. Yes, it is.

14 Q. And Mr. Price says to you, Aaron is in our
15 meetings this morning.

16 Who is Aaron?

17 A. So on the org chart, you've got Aaron
18 Kalosis --

19 Q. And you're looking now at Boland Exhibit 2?

20 A. Yeah. So on Boland Exhibit 2, you've got
21 John Boland and Aaron Kalosis reporting to
22 Robert Price. So Aaron is in our meeting. And we
23 would alternate, you know, attending meetings with Ed
24 and Robert and others, and -- so my peer on the
25 funding side is in the meeting.

1 So my responsibilities were underwriting;
2 Aaron's responsibilities were funding.

3 Q. And would it have been surprising that he was
4 in your meetings?

5 A. That Aaron was?

6 Q. Yes.

7 A. Certainly Aaron had something to share if he
8 was in the meeting. I can't -- I can't -- I can't
9 guess as to what they -- they spoke about.

10 Q. And did you ever hear anything further about
11 the meeting that Aaron was in on August 9th?

12 A. Not specifically about this meeting, no. I
13 know that Aaron generally shared the same concern that
14 we did in underwriting because the funding group would
15 very often confirm the same attitude change on the
16 processing side that we were seeing.

17 So very often -- the loan would come to
18 underwriting first and then flow to processing later.
19 We performed our check and gave the clear to close,
20 the CTC. The loan documents would be drawn by Aaron's
21 group, and then the compliance specialists would do
22 the final check on their end. Almost like an
23 underwrite, but they were just confirming that nothing
24 had changed prior to the loan funding.

25 So if Aaron's team saw anomalies or data

1 discrepancies or issues with the loan, it would be
2 commonplace for him to say to me, I talked to the
3 processing team and they don't -- they don't seem very
4 worried or very concerned or -- there's a change in
5 attitude with their -- their level of engagement on
6 these issues. Are you seeing the same thing?

7 And so Aaron and I would have those kind
8 of conversations. And if Aaron was involved in a
9 meeting with Robert Price, who we both reported to,
10 and it was around this time of the year, we -- we
11 would be guessing, but it could be that he was
12 discussing those issues that we both had confirmed
13 with each other.

14 Q. And what group was the compliance specialists
15 part of?

16 A. Funding. So Aaron -- Aaron's team had -- I
17 don't know if we have another org chart, but Aaron's
18 team would have closers and compliance specialists,
19 the same way underwriting had, you know, junior
20 underwriters and underwriters.

21 Q. And were compliance specialists a part of the
22 Hustle process?

23 A. I -- I believe they were. I think they were
24 initially.

25 You know, I think -- I don't recall that

1 we made any organizational structure changes at the
2 outset. I believe that the -- the compliance
3 specialists eventually went away, and that was -- and
4 that was a problem -- that was a problem in general.
5 That was just a problem that the compliance
6 specialists went away. That was one of our checks at
7 the end of the process.

8 But I can't recall whether that was at
9 the beginning of the Hustle or at the end of the
10 Hustle or when exactly that was.

11 Q. Was it sometime when the Hustle was in place?

12 A. It was in 2007 or early 2008, yes.

13 Q. And why was that a problem?

14 A. Well, our primary job -- so in order to feel
15 good about the work you're doing, you need to have the
16 tools to do your job.

17 And one of the tools was that resource.
18 So the way the flow was designed is that the closer
19 could perform their role and then an objective party
20 would check the work.

21 And so as the closer is moving through
22 documents quickly, a closing package on average is
23 going to have 125 pages in it, correct? So for a
24 closer to go through ten files a day, they're looking
25 at a lot of paper. And it's good to have a set of --

1 another set of eyes checking the closing documents,
2 the data integrity, and the -- in the system to make
3 sure that the -- the paperwork that's printed is
4 matching what's in the computer and matching the
5 approval.

6 Most importantly, is -- is we spent a lot
7 of time to manufacture a high quality loan right up
8 until the time the clear to close is generated. So if
9 something changes right after the underwriter has done
10 their check, well, you've just wasted all that time in
11 getting the loan right. So that end of the -- end of
12 the line check is crucial because it matches the final
13 terms of the loan with the underwriting approval.

14 That was another -- you know, a time
15 where underwriters and funders would interact. And
16 that's why we were both part of Centralized
17 Fulfillment and separate from the NCA, is because that
18 way we would push back and we could perform the
19 healthy role of sending loans backwards in the process
20 and not allowing them to proceed to fund or to close.
21 And that was just a natural, healthy, you know, ebb
22 and flow of the relationship.

19 23 Q. Did you have the ability to send loans
24 backwards in the High Speed Swim Lane?

25 A. No. There was -- there was considerable

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1 campaigning information when the Hustle was rolled out
2 that loans only moved forward; they never moved back.
3 And that mantra was on posters; it was in e-mails; it
4 was on tag lines. It -- it was coming at you in every
5 direction. So whether it was spoken, whether it was
6 written, whether it was painted around you, loans
7 moved forward; they never moved back.
8 And it was designed to change the former
9 status quo, which was focused on quality, and do the
10 right thing.
11 So the posters in our office literally
12 said, Do the right thing. And the mentality changed
13 to always move forward; never move back.

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14 Q. Who did loan specialists report to?

15 A. So a loan specialist -- if you had an org
16 chart like this, the loan specialist would report up
17 to a team leader. There were typically -- well,
18 during the -- during the Hustle time, they reported to
19 a processing team leader.

20 Prior to the Hustle, there was a time
21 when the loan specialists reported to the sales
22 manager. And the sales manager was collocated, you
23 know, with the processors. And there would be
24 processing people -- processors and loan officers
25 reporting into the same sales manager.

1 At the time of the Hustle, that was in
2 flux and changing. And I think it had already
3 changed. And there were -- there were clear
4 processing team leaders. And the processors, say ten
5 or so, it'd be about at that ratio, about seven to ten
6 to one manager; and then there were multiple teams of
7 processors.

8 And the dates on when that changed, I
9 am -- I know that during the Hustle period, they had
10 processing team leaders. But when exactly that
11 changed, I'd need to look at some org charts or some
12 documentation.

13 Q. And what group were processing team leaders a
14 part of?

15 A. NCA. They were a part of the production
16 environment. And the way I -- the way -- in my mind,
17 there was a production group, which had loan officers
18 and processors; and it was a quality group, which was
19 Centralized Fulfillment, which was underwriting and
20 funding.

21 Q. Were the processing team leaders
22 underwriters?

23 A. No. They weren't trained as underwriters;
24 they weren't intended to be underwriters; they
25 weren't -- their incentive wasn't underwriting of

1 nature. No, they were definitely not underwriters.

2 Q. And who did the processing team leaders
3 report to?

4 A. Processing team leaders reported to VPs.
5 What is the job title? I -- I -- I'm unclear on what
6 the title would have been at that time. But there
7 would have been another leader above the processing
8 team leaders that -- that managed, you know, a bunch
9 of processing teams.

10 That whole group reported up to
11 Cheri Shine. But I -- I -- the interim, you know, who
12 was in the middle between Cheri Shine and the team
13 leaders was -- was changing often and frequently. And
14 I don't recall names of that position.

15 Q. And what functions did -- did the loan
16 specialists perform as part of the Hustle?

17 A. So, you know, initially it was designed to
18 flow the same way. And where the loan -- the loan
19 specialist would gather documentation from the -- from
20 the borrower -- you asked me about the loan
21 specialist, but I can't begin there without telling
22 you that the -- the loan originator, the loan officer,
23 would collect the information from the borrower. They
24 would collect names, social security number, address,
25 all kinds of information. They would collect the

1 stated doc income reasonability -- or the stated doc
2 income initially so that that would -- that would be
3 input into our EDGE system.

4 And then it would float over to a
5 processor. And then the processor would begin
6 ordering vendor services. And their role would
7 involve ordering title, ordering appraisal,
8 ordering -- or repulling the credit report into the
9 system so that it was -- you know, so that it would be
10 read properly by CLUES. Very often the loan officers
11 didn't -- weren't able to get that just right.

12 So they would do all these things that
13 made the loan flow through the system. They did all
14 of these -- these validation steps initially to make
15 sure that the loan would -- would be initialized and
16 set up correctly.

17 Their next role was to send out the --
18 the rest of the disclosures to the borrower in three
19 days. And then -- and then wait. And then,
20 basically, wait for the documentation required to have
21 the loan move ahead come back in.

22 So title reports would typically take,
23 you know, four to five days. Appraisals would take
24 seven or eight days. Income documents from the
25 borrower might take, you know, anywhere from, you

1 know, the same day to, you know, weeks to -- to come
2 in.

3 And if it was a more complex file, if we
4 needed bankruptcy papers, divorce decrees,
5 documentation to validate other information or clear
6 up red flags that were on the file, it wasn't uncommon
7 for loans to take 60 days to close.

8 So processing times were -- you know,
9 were longer; and the processor had a -- had a heavy
10 burden. You asked me about what their role was.
11 Their -- their role was to collect and work through
12 all of those documents that were required.

13 Q. Okay. And is this -- the time period you're
14 talking about now, is this during the Hustle?

15 THE DEFENDANTS: Object to the form of
16 the question.

17 A. So -- so initially -- and so there was a
18 bifurcated process. There were Hustle loans and there
19 were non-Hustle loans.

20 So yes, it was in effect during the
21 Hustle. So that process happened on some loans. So
22 loans that flowed through the system were not all
23 Hustle eligible.

24 You understand?

25 So -- so some loans would go in that

1 abbreviated swim lane, and then some loans would
2 follow the path I just described.

3 Q. (BY MS. SCHOENBERGER) Okay. For loans that
4 were in the -- the High Speed Swim Lane, what was
5 the loan specialist's function?

6 A. It was the -- the similar role, with the
7 assumption made that the -- the loans in the Hustle
8 had been filtered for complexity.

9 So they had been filtered for income
10 documents not being required. You know, some of --
11 some of the criteria that would make a loan more
12 complex had filtered those loans to the Hustle lane so
13 that they were -- they were supposed to require less
14 documentation.

15 I can elaborate if more is needed.

16 Q. Well, when you say supposed to require
17 more -- less documentation, what do you mean?

18 A. Well, you know, very often you don't know.
19 You can -- you can make the -- you know, as designed,
20 the theory is sound. The theory is sound that this
21 loan has no appraisal required. And it can initially
22 appear as though you don't require an appraisal.

23 When the -- when the address is corrected
24 or the data is validated in the system, an appraisal
25 could then be required if the information is

1 inaccurate that had been input into the system.

2 So initially, things can appear rosy.

3 Later, you can find out that when the data is

4 validated, more documents are required.

5 Does that make sense?

6 Okay. I guess it's your chance to ask me

7 a question.

8 So the design -- the design -- the theory

9 and the direction was, the loans that required less

10 documentation, based on what we knew in the initial

11 snapshot, would follow the Hustle. And the loans that

12 we -- in that initial snapshot, the company knew were

13 going to require more documentation, would go down

14 another path.

15 The processor was supposed to do the

16 same -- perform the same role either way. But because

17 there should be fewer documents required in the Hustle

18 lane, they wouldn't -- they wouldn't have to perform

19 as many, you know, red-flag analysis. Bankruptcy

20 papers, divorce decrees, appraisal review, all of

21 these other things could happen on a full doc loan.

22 Q. If a doc -- if a loan is -- requires a loan

23 number of documents, does that mean it's a less

24 complex loan?

25 A. Not necessarily. It all depends on what

1 the -- the accurate set of criteria are. You can --
2 you can get into a situation and think it's simple,
3 but when you actually get into the -- the details of
4 the loan and you start correcting things, it can
5 actually become more complex.

6 And it just requires skill and experience
7 to understand what is risky and what is not, and what
8 is data integrity and going to affect the quality of
9 the loan.

10 So an example would be a name variation.
11 We could have a loan made to the wrong person. And
12 initially, we could input the -- the borrower's name
13 and get no fraud alerts, and it could appear as though
14 everything is fine.

15 But when we actually correct the
16 spelling, or we input the proper social security or
17 validate the information, there could be a host of
18 things that need to be reviewed and explained and
19 documented in the file. It could still be a good
20 loan, but it will be improperly documented if those --
21 those red flags aren't addressed.

22 And if they can't be addressed, the loan
23 could have serious risk of being fraudulent.

24 Q. During the Hustle, could a loan specialist
25 clear conditions on a loan in the High Speed Swim

1 Lane?

2 THE DEFENDANTS: Object to the form of
3 the question.

4 THE WITNESS: Could I have a glass of
5 water? Is that water in the middle of the table?

6 MR. HARRINGTON: Sure. Yeah.

7 MR. CADY: Oh, it that empty?

8 MS. SCHOENBERGER: We can take a break
9 after this question.

10 THE WITNESS: Okay. After this question.
11 I don't need long; I just -- my throat's dry.

12 So could you repeat the question?

13 MS. SCHOENBERGER: Could you read it
14 back?

15 (Requested portion read by Reporter.)

16 A. Yes.

17 MS. SCHOENBERGER: Okay. Let's take
18 five-minute break.

19 THE VIDEOGRAPHER: We're now off the
20 record at 10:31 a.m.; end of DVD 1.

21 (Recess taken 10: 31 a.m. to 10:43 a.m.)

22 THE VIDEOGRAPHER: We're now back on the
23 record at 10:43 a.m.; start of DVD 2.

24 MS. SCHOENBERGER: Would you mind reading
25 back the last question and response?

1 (Requested portion read by Reporter.)

2 Q. (BY MS. SCHOENBERGER) What does it mean to
3 clear conditions?

4 A. So you're taking responsibility in that you
5 have evaluated the -- the -- the accuracy, the truth
6 of whatever it is that you're clearing.

7 So when you clear a condition, if you
8 were to clear a condition for, say, a pay stub, you
9 would be affirming that -- you would be affirming many
10 things.

11 You would say that the income calculation
12 that's input to close at the moment is accurate.
13 There's no pay stub loans. There's no red flags on
14 the pay stub; that the pay stub is from the employer
15 stated in the EDGE system and on the TAML3 (phonetic).
16 That the borrower's social security number is
17 accurately reflected, their name; that there are no
18 red flags related to federal withholding so the
19 appropriate percentages are deducted from the amount
20 of the income.

21 There's a considerable amount that goes
22 into clearing each and every condition. And clearing
23 conditions is something that Countrywide for a long
24 time never took lightly. And it was well understood
25 that when you cleared a condition, you were putting

1 yourself in jeopardy and putting your reputation
2 and -- and quality rating at risk when you clear a
3 condition.

4 Q. And what types of conditions were loan --
5 loan specialists able to clear on a Hustle loan?

6 A. In order to talk about Hustle, I have to talk
7 about before Hustle.

8 So before Hustle, loan specialists were
9 not allowed to clear substantial conditions. And by
10 substantial, I will -- I will give you an example of
11 an updated document.

12 So if a payoff letter was in the file and
13 the underwriter looked at the payoff and determined
14 that there was no past due amount from the time of the
15 last payment until current, and made sure that the
16 loan amount was proper; there wasn't a cash out
17 transaction, but it was going to expire; and it was
18 only going to expire by a couple of days, the
19 underwriter could make that condition able to be
20 signed off by the loan specialist to get an updated
21 document. The integrity of the document was there, we
22 just needed a newer version because we knew that,
23 based on the closing date, it was going to expire.

24 That would be an example of a proper and
25 healthy and good use of sharing authority that created

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Nonresponsive**

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1 efficiency and reduced back and forth between
2 underwriting.
3 During the Hustle, that changed. And I'm
4 not sure that it was an announced or intended change.
5 So I can't -- I can't tell you exactly how or why this
6 changed. But during the Hustle, the loan specialists
7 began to sign off on a -- much more than they had
8 previously signed off on.

9 Q. Much more meaning more substantial
10 conditions?

11 A. Correct. Conditions with much more risk
12 associated with them.

13 So an updated payoff would have limited
14 risk. There is a very small chance that that loan is
15 going to have a severe impact on the overall, you
16 know, capacity of the borrower to repay or for that
17 loan to be salable to GSCs.

18 However, when the loan specialists began
19 to sign off on more serious conditions without sharing
20 that authority with the underwriting team, they
21 were -- they were going solo. And they were -- they
22 were doing things that were much more risky without
23 supervision.

24 An example of that would be clearing a
25 stated doc income reasonability. So where

**Lack of Foundation -
Rule 602
Nonresponsive**

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1 underwriters had years of experience, and -- and a
2 great deal of training and feedback given to them on
3 what was appropriate to clear in terms of stated doc
4 reasonability, the loan specialists for years had
5 relied on the underwriters to perform that role. And
6 while they might have had opinions or had a vague
7 understanding, they didn't have the depth of
8 experience or the training or the history with
9 clearing a condition like stated doc reasonability.

10 Now they -- in the Hustle, they were
11 given that ability to clear stated doc reasonability.
12 And that's an example.

13 Q. And how were they able to clear conditions
14 without underwriting supervision?

15 A. There was a -- there was a campaign as part
16 of the Hustle to -- obviously, many things were
17 changing: The workflow was changing; the attitudes
18 were changing. And management was sending the message
19 that they desired the employees to -- to perform their
20 duties differently than they had in the past.

21 Meetings were held. Campaigns were held.
22 Slogans were created, repeated and repeated and
23 repeated. And the employees understood that message
24 to be, We need to do things differently. And while
25 there might not have been an e-mail or a statement

**Lack of Foundation -
Rule 602
Nonresponsive**

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1 that this is exactly what you do differently, there
2 were behaviors that began to change.
3 So an attitude with a processor prior to
4 the Hustle would be one of concern about quality. And
5 you would pick up on that in a conversation with them
6 where an underwriter would notice something that
7 was -- that was defective about a loan and the
8 processor would be very concerned and work toward
9 getting that corrected and back to the underwriter
10 right away.

11 When that attitude and those interactions
12 changed, we got an indication that the attitudes were
13 changing and -- and I have to tell you that part of
14 the story to understand that that is how management
15 began to encourage -- management used that change and
16 attitude to encourage loan specialists to use their
17 understanding of, you know, processing to clear
18 conditions that they weren't fully capable of -- of
19 clearing.

20 And -- let me stop there.

21 Q. When you say "management," who are you
22 referring to?

23 A. The NCA management.

24 Q. And any individuals in particular?

25 A. The messages were cascaded from

**Lack of Foundation -
Rule 602
Nonresponsive**

**Misstates facts in
evidence - Rule 601;
Lack of Foundation -
Rule 602**

1 Rebecca Mairone down through Cheri Shine to the
2 processing team leads.

3 Q. And when you say "slogans were created and
4 campaigns were held," what specifically do you have in
5 mind?

6 A. Loans move forward; they never move back.
7 Trust the CLUES. This isn't rocket science.

8 So when someone -- when someone says,
9 This isn't rocket science, it's an attempt to minimize
10 the risk or the complexity that's in the file. And if
11 you -- if you raise an objection that it is complex
12 or, you know, difficult, that would be seen as not
13 understanding the message or not complying with the
14 management directive.

15 Q. And "this isn't rocket science," what does
16 "this" refer to?

17 A. Hustle loans.

18 THE DEFENDANTS: Objection to form.

19 A. So Hustle loans were not rocket science.
20 Clearly, the message was loans with fewer -- you know,
21 requiring less documentation should be simpler and,
22 hence, not as complex, a/k/a rocket science complex
23 of -- of the way we did business previously.

24 And so, therefore, if it's simpler and
25 someone raises an objection such as, Hey, can you help

1 me with this or can you help me understand this; or I
2 don't feel trained on how to do -- I don't feel like
3 I've been shown or trained how to do this, this isn't
4 rocket science might be -- might be used to have that
5 person get on -- onboard and -- and not -- not feel
6 comfortable raising those kinds of objections again
7 and alerting management that they weren't prepared to
8 continue using the authority in the way they were
9 being asked to.

10 Q. (BY MS. SCHOENBERGER) Were stated doc loans
11 part -- part of the High Speed Swim Lane?

12 A. Absolutely, yeah. That was -- that was the
13 main -- that was the main -- that was the crux of --
14 of the Hustle. The Hustle was mainly stated doc
15 loans. And then beyond stated doc, there were other
16 things that may not be required by the CLUES report.
17 Which is our automated underwriting system, such as
18 appraisal, you know, et cetera.

19 Q. And did you agree that Hustle loans weren't
20 complex loans?

21 THE DEFENDANTS: Object to the form of
22 the question.

35 23 A. We talked about this earlier. And I'll
24 just -- I'll go -- I'll go back to that and say that
25 you don't know if it's complex until you evaluate

Irrelevant - Rule 401-402 (to the extent that Boland's personal views not expressed with Mairone or supervisors)

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1 the -- the set of circumstances. And I -- I don't
2 believe you can make an assumption without evaluating
3 the facts.
4 So the plan for the Hustle was to apply a
5 filter and filter out loans based on a set of criteria
6 so that they weren't held up behind more complex
7 loans. That in theory is a good process. That in
8 theory should work. As long as you have your proper
9 controls and the proper checks and balances in place,
10 that -- that -- that could work, and that could lead
11 to higher customer service, better pull through,
12 et cetera. But you don't really know if it is a
13 complex loan or not until you evaluate the data that's
14 in that file.
15 So it's a yes and no answer. Some of the
16 loans were less complex. Many of the loans were not
17 complex. I think it's inaccurate to say all Hustle
18 loans were not complex.

19 Q. (BY MS. SCHOENBERGER) And is it a complex
20 task to make reasonability determinations for a stated
21 doc loan?
22 A. It usually is very complex to make a stated
23 doc reasonability decision.

24 Q. Another slogan you mentioned was "trust the
25 CLUES." What does that mean?

**Confusing,
misleading,
prejudicial
generalized answer -
Rule 403
Vague - Rule 611(a);
Leading - Rule 611(c)**

1 THE DEFENDANTS: Objection; form.

2 A. So trust the CLUES, you know, was -- was a
3 campaign to diminish people's ability to question the
4 system. And previous to the Hustle, there was a
5 healthy skepticism and a widespread understanding that
6 garbage in/garbage out. So that if -- if poor data
7 was entered into the system, a poor decision would
8 come out of the system. And so there was a healthy
9 skepticism for a CLUES run because we knew what it was
10 designed to do, and it was a very effective tool if
11 used properly.

12 However, if you are someone on the
13 quality side that says, Well, hold on a second. You
14 know that that CLUES run isn't accurate. Someone on
15 the production side could say, and would say, You guys
16 don't trust CLUES.

37 17 Q. (BY MS. SCHOENBERGER) Were there reasons not
18 to trust CLUES?

19 A. There were very good reasons not to trust
20 CLUES. It was widely understood that if the data
21 input was not accurate, the results were not going to
22 be trustworthy. That's -- that's common -- that's
23 still applicable today with any underwriting system.
24 And I don't think anyone would argue that if you put
25 poor data into the system, you will get a poor

**Lack of Foundation -
Rule 602**

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1 decision out of it.

2 But the slogan was an attempt to rein in

3 people who were concerned with quality, calling out

4 issues, raising awareness to a potential risk and to

5 silence those people from slowing down loans so that

6 they would only go forward and would never go back.

7 Q. Did you have any reason to believe that data
8 being entered into CLUES was inaccurate?

9 A. Oh, absolutely.

10 Q. Where did that come from?

11 A. Well, when we would get the -- when we would
12 get the -- the loan file in underwriting, the first
13 run of CLUES is always version A. And when they had
14 extinguished all the letters in the alphabet, it would
15 begin to restart with AA, BB, CC, DD.

16 So when we saw a loan that had multiple
17 letters in the version of CLUES runs, it was -- it was
18 concerning. It was worthy of asking the question, Why
19 did you run the CLUES 28 times on this loan?

20 Q. And what would a response to that question
21 be?

22 THE DEFENDANTS: Objection; form.

23 A. I didn't have anything else to do. I just
24 was checking on -- all joking aside, the response
25 would be that they were trying to get a certain result

1 from the system. And they would change data in the
2 system and then look at the result and then change it
3 again and then look at the result; change it again and
4 then look at the result.

5 And so CLUES is very complex. And you
6 couldn't -- you didn't know where the thresholds and
7 the tolerances were built into the system to generate
8 the accept. So you -- if you saw a CLUES version that
9 was very high, it was very likely -- it was very
10 possible that that was an indication of someone trying
11 to game the system, game the -- game the computer.

12 Q. (BY MS. SCHOENBERGER) And when you say "they
13 would do multiple CLUES runs," who are you referring
14 to?

15 A. The loan specialist or the salesperson was
16 trying to find the threshold. They were looking and
17 seeking for the threshold that would give them accept.
18 They were looking for the right answer and they didn't
19 have to ask a person and that wouldn't alert any red
20 flags from a person, but they were interfacing with
21 the -- with the computer system to try to find the
22 threshold.

23 And when they found it, they had their
24 CLUES accept. And if the loan wasn't going to pass
25 through an underwriter looking at it, the loan

1 specialist could clear the conditions and questions
2 weren't asked.

3 Q. Who gave loan specialists the authority to
4 clear conditions?

5 A. Over different parts of time, the process
6 changed and evolved. I can't speak exactly for sure
7 who gave loan specialists their authority during the
8 time of the Hustle.

9 Q. Were you ever asked to give authority to loan
10 specialists to clear conditions?

11 A. I was.

12 Q. By whom were you asked that?

13 A. Management in the NCA.

14 MS. SCHOENBERGER: Please mark this as
15 Boland Exhibit 4.

16 (Plaintiff's Exhibit 4 marked.)

17 Q. (BY MS. SCHOENBERGER) Mr. Boland, Boland
18 Exhibit 4 is Bates Stamped BANA-SDNY-E 001450756.

19 Is this an e-mail exchange between you
20 and Audrey Knabe from August 9th, 2007?

21 A. Yes, it is.

22 Q. And what's being requested of you in this
23 e-mail?

24 A. The sender is requesting that I endorse the
25 authority for two people involved with the Hustle.

41 1 Q. And who's Audrey Knabe?

2 A. She was a -- a processing leader in the NCA.
3 She was in a leadership capacity over multiple
4 managers.

5 Q. And what's your response to her request?

6 A. I -- she's asking me for an approval, and I
7 said I don't know who these people are, indicating
8 that I'm not qualified to evaluate their ability to
9 clear conditions.

Hearsay -801

10 And her response is, They're assigned to
11 the Hustle thing. Come on. Work with me, indicating
12 that this is different than it used to be. Don't
13 apply the old rules; this is the Hustle thing. I
14 should be working with her and doing things that I
15 would not normally have done. And she's asking me to
16 approve things that I would not normally approve. I
17 wouldn't -- I wouldn't approve something without
18 knowing the qualities or the -- or the qualifications
19 of the individuals.

20 But this is implying that it's not a big
21 deal. It's the Hustle thing.

42 22 Q. And did you recommend that these two
23 individuals be given Level 2 authority?

24 A. I don't remember if I did or I didn't it.
25 But based on the e-mail, I doubt that I did.

1 MS. SCHOENBERGER: Will you please mark
2 this as Exhibit 5?

3 (Plaintiff's Exhibit 5 marked.)

4 Q. (BY MS. SCHOENBERGER) If you can take a
5 minute to read this over, Mr. Boland. Boland
6 Exhibit 5 is Bates Stamped BANA-SDNY-E 001451207.

7 Mr. Boland, is this an e-mail exchange
8 between you and Ron Cannon from August 14th, 2007?

9 A. Yes, it was.

10 Q. Do you recall this e-mail exchange?

11 A. Yes, I do.

12 Q. And what's being discussed in this exchange?

13 A. So I was very concerned about what was
14 happening in -- in the processing NCA group at this
15 time. And I had a conversation with Ron Cannon about
16 it.

17 And the conversation that I'm referring
18 to last night was expressing my concern that things
19 are going very different than they have previously
20 gone. And I'm -- I'm very, very concerned and want
21 to -- want to avoid this going bad for the company,
22 because I'm -- I'm very surprised at the messages I'm
23 hearing, the attitudes that are changing, and the
24 processes that -- the way the process that I trusted
25 to work one way is not working that way.

1 Q. Did anyone else participate in your
2 discussion with Ron Cannon that you reference in this
3 e-mail?

4 A. Not -- no, not that night. No.

5 Q. And what was Mr. Cannon's response to your
6 concerns?

7 A. Ron says that he had a chance to mention it
8 to Ed, meaning Ed O'Donnell, that I was being asked to
9 support sign off of the -- of the loan -- the LSs,
10 which is loan specialist or processors, that I did not
11 have knowledge of and didn't think it was fair to ask
12 an underwriting manager to simply stamp their approval
13 on somebody. You were onboard but were asking me if
14 you should be concerned or not.

15 And -- and what -- what that last phrase
16 is saying in -- in brackets is, I'm not fighting
17 against the message that management is sending; I'm --
18 I'm not trying to -- unreasonably object, but this is
19 something that I didn't feel was right. And I was
20 asking politely, I should be concerned about this,
21 right? This is not normal for you to ask me to
22 approve things on people you know I don't know,
23 because they would have never done that before.

24 They knew that there was a process. And
25 the simple fact that they would even make the request

1 for me to approve people that I didn't know tells you
2 that their thinking was so different than it had been
3 previously. It was such a departure that it warranted
4 me reaching out and -- and saying, I need help. This
5 is not going well. And things are changing quickly.
6 Management needs to know that our vision is not the
7 same as theirs.

8 Q. In the same e-mail you were reading from
9 Ron Cannon to you at 8:17 a.m. on August 14th, it
10 states that Ed will let everyone know that they did
11 not need UW, underwriting, recommendation to consider
12 this authority for the HSSL.

13 Does that mean that authority was being
14 granted outside of underwriting?

15 A. That's exactly what that means. That means
16 that underwriting was no longer going to be evaluating
17 the people who were signing off on loans.

18 And the reason that underwriting was
19 involved in that recommendation previously is because
20 we were the most intimate with the knowledge,
21 experience, and understanding that the loan processors
22 had.

23 So imagine that you are -- imagine that
24 I'm an underwriter and -- and you're a processor and
25 you're sending me loans every day. I get to evaluate

1 your work. And if I'm approving your work and having
2 conversations with you daily about your work, I become
3 intimate with your knowledge and your understanding
4 and your reason for either submitting things that you
5 feel are accurate or overlooking things that you have
6 missed.

7 So --

8 Q. Pardon me.

9 A. -- so underwriting had probably the highest
10 level of understanding of realtime abilities of the
11 processing staff. Even better understanding than
12 their managers, because we reviewed the work that they
13 had and had discussions with them regularly.

14 So we were brought in -- or not brought
15 in, but tasked with evaluating their ability to make
16 decisions and sign off on conditions for those limited
17 occasions where we would share authority.

18 Because that authority is now not going
19 to involve underwriting and they're not going to come
20 through underwriting to get authority for those LSs,
21 the authority was going to be granted outside of
22 underwriting.

23 Q. By whom?

24 A. I -- I -- I would -- I don't know for sure.

25 Q. Was it a source of concern that underwriting

1 wouldn't be asked to provide recommendations for
2 authority?

3 THE DEFENDANTS: Objection.

4 A. There's no -- there was no reason given to me
5 as to why that change was taking place. That is
6 something we wanted to know. Why wouldn't you want to
7 make an authority decision based on this level of
8 knowledge and intimate understanding?

9 So I'm obviously the most qualified to
10 evaluate the knowledge of that processor. Why would
11 you not want that? And the clear answer would have
12 been, if I had gotten an answer to that question, We
13 don't want you to tell us that they're not qualified.

14 So it was widely understood in the
15 underwriting team that the files coming in were of,
16 you know, sometimes high and sometimes low quality.
17 But we were -- we knew who -- who had the quality and
18 who not. And who we'd be comfortable sharing it with
19 as the guardians of quality.

20 So if the underwriting team has the role
21 and plays the -- plays the role of safeguarding
22 quality, if we were going to share that -- that same
23 role, we would want someone of a similar mind set who
24 also had a healthy concern for quality and had a
25 balanced outlook on a loan. They weren't overly

1 influenced by production goals or -- or anything else.

2 And so when that -- when that changed,
3 when management decided not to use that information or
4 that perspective, it was a clear sign that they didn't
5 want -- we assumed that they didn't want to know how
6 the submission quality was or what the capability of
7 their processors were.

8 And possibly they had developed another
9 system to evaluate their LSs. I don't know.

10 Q. (BY MS. SCHOENBERGER) And what was the basis
11 for your belief that that would have been the reply
12 you received?

13 A. Because the direction and the attitudes
14 during the conversations were all about production and
15 it was minimizing quality.

16 And as other things changed, like the
17 bonus plan and the production targets and the daily
18 routines, those sent a message to the underwriting
19 team that, not only was the Hustle Swim Lane changing,
20 a whole lot of other things were going to start
21 changing as well, including who signs off, who gives
22 authority, and -- and what they do -- what tools they
23 use to make those decisions when they sign off. Are
24 they going to use checklists; are they going to use
25 the same tools that the underwriters use; or do they

1 have better and more sophisticated ways of evaluating
2 what we evaluated?

43 3 Q. Did you ever see conditions being cleared
4 improperly by loan specialists?

5 THE DEFENDANTS: Objection to form.

6 A. Yes. Yes. It was common for loan
7 specialists to -- to clear conditions improperly.

**Lack of Foundation -
Rule 602**

45 8 Q. (BY MS. SCHOENBERGER) Can you think of a --
9 specific examples?

10 A. Yes. I can think of a specific example where
11 a loan specialist, Sarah Haser -- our manager, Sarah
12 Haser, you know, conveyed to me that they had a
13 requirement to do -- to move one loan per day per loan
14 specialist to closing. And if they didn't hit that
15 goal, they couldn't leave for the night.

16 And I said, You've got to be kidding.
17 You can't go home until you move a loan to closing?

18 And the response was, No. This is
19 serious. We're going to be here all night. I've got
20 to find a loan to move.

21 And my response was, Well, what if you
22 don't have the conditions?

23 And the response was, Well, the loan is
24 going to move. We need that loan to move if we're
25 going to go home, whether we have the conditions or

**Lack of Foundation -
Rule 602;
Waste/Prejudicial -
Rule 403**

1 not.

2 So -- so I escalated that -- that

3 situation.

4 Q. Who did you escalate that to?

5 A. I escalated that to Robert Price.

6 Q. And -- and what happened after you informed

7 him?

8 A. Well, in this -- in this -- there were --

9 there were multiple examples of where I escalated

10 examples of processors not using their sign-off

11 authority correctly. But -- and most of them did not

12 have quick action. But this one did.

13 And this one resulted in Sarah Haser --

14 and there was another woman, Jessica Isbel, who was a

15 manager at the same time in the Hustle. And Jessica

16 Isbel and Sarah Haser both lost their authority within

17 quick order. I would say within a -- within a couple

18 of days to a week.

19 Q. Was that surprising to you?

20 A. That was mind-blowing to me.

21 Q. Why is that?

22 A. Because processing and the production side of

23 NCA was not -- was no longer working together with

24 underwriting in a collaborative effort to generate

25 quality loans. They had -- they had departed from

1 that.

2 And so when they actually revoked
3 someone's authority, it was surprising to me that they
4 would take action. Because concern had being -- been
5 being raised and there was no action.

6 Q. Was the situation that you described with
7 Sarah Haser atypical, meaning that conditions would be
8 cleared just in order to close a loan and go home?

9 THE DEFENDANTS: Objection; form.

10 A. Was that atypical? I would say, no, that was
11 very typical.

12 Q. (BY MS. SCHOENBERGER) Had you -- were you
13 aware of any other examples of -- of that happening?

14 A. Yes. So lacking specific dates and times and
15 places -- I'm trying to think of -- of a name and a
16 place. I can describe the situation where that would
17 happen.

18 And that would happen because a loan
19 would come to me or someone on the team in
20 underwriting. And then that -- that member of my team
21 would escalate it to me and say, John, they want me to
22 clear title, and we've got, you know, two people on
23 title but different people on the loan. I'm not
24 comfortable clearing title. What do you think?

25 And then I would do an evaluation of the

Lack of Foundation -
Rule 602;
Waste/Prejudicial -
Rule 403

1 file and find that the 14 conditions weren't there
2 anymore. They had been cleared, indicating that the
3 documentation was already obtained. And it wasn't in
4 the file.

5 So I knew at that point that we did not
6 have the documentation for the normal process, which
7 would be obtain the documents then clear the
8 condition. And became very concerned.

9 MS. SCHOENBERGER: Would you please mark
10 this as Boland Exhibit 6?

11 (Plaintiff's Exhibit 6 marked.)

12 Q. (BY MS. SCHOENBERGER) Mr. Boland, if you can
13 take a look through what's been marked as Boland
14 Exhibit 6. It's Bates Stamped BANA-SDNY-E 001321911.

15 (Brief pause.)

16 A. Okay. I'm almost done. I'm almost through.

17 Okay.

18 Q. (BY MS. SCHOENBERGER) Beginning on the
19 second page of this documents, is this an e-mail
20 exchange between you and Robert Price dated June 23rd,
21 2007?

22 A. Yes, it is.

23 Q. And does this document -- do you recall
24 having this e-mail exchange?

25 A. I do.

1 Q. And does this e-mail exchange describe the
2 situation that you just described for us regarding
3 Sarah Haser and Jessica Isbel?

4 A. It does. It describes it in greater detail
5 than I just relayed.

6 Q. Was the Hustle in place in June 2007?

7 A. It was in -- I believe it happened in the
8 summer. I don't know exactly if it was this date,
9 6/23, or not. I couldn't confirm the date.

10 But it was -- it was probably -- it may
11 have been in pilot.

12 Q. And were you aware that Mr. Price passed on
13 your e-mail, or forwarded it, rather?

14 A. I was.

15 Q. Okay. And did he -- did he share that
16 information with you?

17 A. He did.

18 Q. And who did he forward your e-mail to?

19 A. He forwarded it to Cheri Shine.

20 Q. And were you aware that Cheri Shine responded
21 to that e-mail?

22 A. I don't remember seeing this exact exchange,
23 no.

24 Q. Okay. Who was setting the production targets
25 for loan specialists?

1 A. Cheri Shine.

2 Q. And was Cheri Shine an underwriter?

3 A. Oh, no, absolutely not.

4 Q. Did she have underwriting experience?

5 A. Not to my knowledge.

6 So Cheri -- Cheri was the senior leader
7 on the floor, and she was in charge of leading the
8 processors.

9 Cheri's expertise was in recruiting
10 people and -- and, you know, creating a cohesive team.
11 She had a lot of very, very strong talents.

12 Underwriting was not one of them. And
13 she -- she very often misunderstood the documentation
14 required to -- to clear conditions, and felt that
15 things that they had obtained in processing would
16 clear a condition. And I disagreed with her opinion.

17 Q. And what happened when you disagreed with her
18 opinion?

19 A. Well, I -- I don't have an e-mail to -- to
20 the extent. But I remember Cheri moving loans ahead
21 that I disagreed with, where there were -- there were
22 times when we discussed something. I disagreed. The
23 loan went back to her, and I would learn later by
24 looking at the system that the loan had funded.

25 Q. And were these Hustle loans?

1 A. I believe they were.

2 Q. And on how many occasions did this happen?

3 A. It's plural. I don't know how many. But
4 it's definitely more than two.

5 Q. Were you aware of any other conditions being
6 cleared on Hustle loans over underwriting's objection?

7 A. Yes. So it was common for the people that
8 reported to me -- we had roughly 140 underwriters --
9 so it was common for those underwriters to escalate
10 issues to their manager and then their manager, you
11 know, would -- would get it to me. And it was a
12 common, you know, concern that the documentation was
13 not in the loan file when the conditions were cleared.

14 And when we asked questions about that,
15 because we have relationships with these people who --
16 who seemingly overnight changed from being very
17 concerned with quality and very concerned with doing
18 the right thing, were now operating in a very
19 different way and were not concerned with quality.

20 And as this example indicates for Sarah
21 Haser, someone who I had, you know, a working
22 relationship with, I couldn't understand why she would
23 clear to close a loan that I had directly told her
24 didn't have the requirements in the file.

25 And the explanation to me was, We can't

1 go home until we move a loan to closing. So I have to
2 move a loan. Whether it has the documentation or not,
3 if I want to remain employed.

4 During a period of time when it was of
5 great uncertainty about the stability of the
6 organization and whether or not Countrywide would
7 continue to be a successful organization, low
8 production numbers would -- or not following
9 management's direction would certainly be a reason
10 to -- to jeopardize your -- your position if you were
11 in processing.

12 I was on a different side of the house.
13 And so I didn't have that same concern and was more
14 comfortable pushing back. But people like Sarah Haser
15 didn't have the luxury of saying no to people like
16 Cheri Shine the way I did.

17 Q. Did Cheri Shine have authority to clear
18 conditions on loans?

19 A. She did.

20 Q. And -- and where did that authority come
21 from?

22 A. I -- I -- I don't know. She was above me in
23 the organization. So I assume she obtained it
24 appropriately.

52 25 Q. At any point, did any Countrywide employees

53

1 raise concerns to you regarding the Hustle?
2 THE DEFENDANTS: Objection.
3 A. Did any Countrywide employees raise concerns?
4 Q. (BY MS. SCHOENBERGER) Uh-huh.
5 A. Yes. I received concerns from the processing
6 side. I received concerns from the underwriting side.
7 I received concerns -- I don't think there was an area
8 I didn't receive concerns from.
9 Q. And on the underwriting side, were there any
10 particular aspects of the Hustle that you heard
11 concerns about?
12 A. So with regard to Hustle, it was, you know,
13 processors clearing conditions that they were not
14 qualified to clear. And we -- we've spoke about
15 stated doc reasonability.
16 We could also talk about clearing payoff
17 letters when the payoff letter was not in the file.
18 Which could lead to a cash-out or a noncash-out
19 transaction being sold to Fannie or Freddie because
20 you don't know the true payoff. The borrower could be
21 getting cash.
22 Title impediments not being reviewed or
23 cleared properly, vesting on title not being
24 addressed, or red flags.

Lack of Foundation -
Rule 602;
Waste/Prejudicial -
Rule 403

25 Q. What's a payoff letter?

1 A. So a payoff letter is the -- it is what a
2 lender obtains in order to guarantee that the amount
3 transferred from our institution to theirs would be
4 sufficient to release the mortgage.

5 Q. And --

6 A. And that -- that payoff letter is going to
7 have a lot of things on it. That payoff letter is a
8 very important document because it's -- it's an
9 agreement that the loan would be -- the mortgage will
10 be released if such funds are -- are received by a
11 certain day.

12 The reason the timing is important is
13 because loans are always in motion, right? Escrows
14 are leaving the account, payments are being applied,
15 the balance is floating at all times. Per diem
16 interest is being added. So depending when a payoff
17 letter is pulled and through what date it's good
18 through, it's very important as to the bottom line on
19 a transaction.

20 As a lender, it's very important to
21 represent a loan as rate in term or cash out. So
22 there is a threshold of \$2,000 on a -- on a cash-out
23 transaction, and if you exceed that threshold, it --
24 you could fund a loan deemed rate in term as a
25 cash-out loan.

1 An example of that would be the processor
2 thinks the loan balance is 100,000. The processor
3 thinks the loan balance is \$100,000. But the loan is
4 in process for 90 days. And over the course of that
5 90 days, the borrower makes three payments, and the
6 loan principle is reduced by \$3,000. So the loan is
7 now 97,000. But because we didn't get a payoff on the
8 loan, we wire \$100,000 to the other lender, or it
9 could even be internally inside Countrywide.

10 Q. And so what was the concern that was raised
11 to you regarding payoff letters with respect to the
12 Hustle?

13 A. Is that we were then refunding the borrower
14 cash because that would then generate a cash check
15 back to the borrower because we were overpaying off
16 loans. And so instead of doing rate in turn refis, we
17 were actually, in a sense, doing cash-out refinances.

18 Q. So how -- how does this differ from the
19 process outside the Hustle? I'm not sure I
20 understand.

21 A. So it has more to do with the attitudes that
22 were changing than the direction of the Hustle. As
23 said in the beginning, the Hustle was a -- was a sound
24 process as designed initially. What changed, though,
25 was more than just a bifurcated loan flow, some going

1 here and some going non-Hustle. Some going Hustle and
2 some -- more than that changed. The attitudes
3 changed. And the execution changed.

4 So from the beginning of what was billed
5 as the Hustle to what was finally executed in August,
6 September, October of '07, were different things and
7 done under different circumstances.

8 An example of is waiving payoff letters.
9 So prior to the Hustle, in my experience, it would be
10 unthinkable to close a loan without a payoff letter.
11 You just would not do that. You would not close a
12 loan without knowing the balance you needed to pay
13 off.

14 After the Hustle, the rules and the
15 guidelines around what processors could allow had
16 become so gray and muddy, that seemed okay. And in --
17 the environment had gone from, That would never be
18 okay, to, Well, we need to really move this loan
19 tonight. That's not that big of a deal. We know
20 we're close.

21 The desire to be precise had diminished
22 and the desire to move loans had increased. And
23 that's evidence of the direction from Cheri Shine and
24 others in the NCA management.

25 Q. And who would waive the payoff letter

1 requirement?

2 A. The LS.

3 Q. The loan specialist?

4 A. The loan specialist.

5 Q. And were they given any sort of explicit
6 permission that they were able to do that?

7 A. I believe they were. I believe there was a
8 campaign at one point, and it was especially around
9 month-end when goals were important to hit, that if
10 the pay -- I -- I actually specifically remember a
11 campaign designed around if the payoff letter is the
12 only thing remaining, go ahead. Go ahead. You can
13 proceed with your loan closing without the payoff
14 letter.

15 Q. And where did that campaign come from?

16 A. Management in NCA.

17 Q. And did anyone raise concerns to you about
18 payoff letters being waived?

19 A. Yes. Ironically I -- I got a -- I got a -- a
20 comment from a salesperson named Christian Rodriguez.
21 And Christian Rodriguez was a senior vice president on
22 the sales side. And he called me and said, Boland,
23 what's happening over there? I took an application
24 this morning and you guys are closing it tonight.

25 And I thought to myself, There is no way

1 a loan could be taken as an application in the morning
2 and closed in the same day. And this was a sales
3 leader calling me applauding the great things that we
4 were doing. And in my mind, red -- red alarms were
5 going off, saying, There is no way that loan had the
6 proper controls or checks in place for it to go from
7 app to funding in the same day.

8 Q. Did you follow up on the loan that
9 Christian Rodriguez referred to?

10 A. I don't specifically remember following up on
11 that one, but I'm -- I'm relatively certain that that
12 is something that I would normally follow up on.

13 Q. Did anyone within underwriting raise any
14 concerns to you about the payoff letter requirement
15 waiver?

16 THE DEFENDANTS: Objection.

17 A. Specifically, I can't remember the name of
18 who would raise that issue. Generally, I remember all
19 being concerned. I believe processors were concerned
20 and uncomfortable with that approach as well.

21 Processors previously looked at
22 underwriters as giving guidance and showing leadership
23 when they would hold a loan up. So if an underwriter
24 found something, it would be seen as the underwriter
25 protecting the company and doing the right thing to --

1 to notice that detail that was missing. And there
2 would be a desire to correct it and move ahead in the
3 proper way, or not move ahead at all if -- if we
4 couldn't do it in the proper way.

5 And that changed. And the processors
6 expressed concern that these loans were always
7 forward, never back; it's not rocket science; and that
8 the loan was going to move ahead. And they were
9 concerned about that on the processing side.

10 But underwriting was no longer seen as
11 adding value to the -- to the processing side. It was
12 adding -- it was a hindrance. It was not getting with
13 the program, not understanding the true desire and
14 philosophy of the company to move loans ahead.

15 Q. (BY MS. SCHOENBERGER) In what form were
16 complaint -- or concerns raised to y'all?

17 A. Verbally walk in with example and in e-mail.

18 Q. Okay. Were there turn time goals for -- for
19 the Hustle?

20 THE DEFENDANTS: Objection.

21 A. There were. And I don't recall specifically
22 what the -- the time frame was. I generally remember
23 it as like ten or 15 days, which would have been a
24 substantial reduction from the typical 60 days. Loans
25 were never intended to close same day.

1 MS. SCHOENBERGER: Can you mark this as
2 Exhibit 7?

3 (Plaintiff's Exhibit 7 marked.)

52 4 Q. (BY MS. SCHOENBERGER) Mr. Boland, if you can
5 take a look at what's been marked as Boland Exhibit 7,
6 which is also Bates Stamped BANA-SDNY-E 001390421.

7 (Brief pause.)

8 A. Okay. I've read the document.

9 Q. (BY MS. SCHOENBERGER) Mr. Boland, is -- is
10 Exhibit 7 an e-mail exchange between you and
11 Neal Ballance from December 20th, 2007?

12 A. Yes, ma'am.

13 Q. Do you recall this e-mail exchange?

14 A. I do.

15 Q. What's Mr. Ballance conveying to you?

16 A. He is -- he is crystallizing the complaint
17 that I heard verbally many times. And that is a
18 concern over the distribution of signing authority to
19 people who were unqualified to do that, meaning
20 distribution of signing authority to loan specialists.

21 Q. And midway through the e-mail, Mr. Ballance
22 says, I recall the recent meltdown with NCA. Those
23 branches were given authority to clear almost
24 everything. That resulted in BOMs CTCing files that
25 were never cleared, funding loans before they were

Lack of Foundation -
Rule 602;
Waste/Irrelevant -
Rule 403

1 approved by underwriting, ignoring conditions, etc.

2 First, can you tell me what a BOM is?

3 A. Sure. That's a branch operation manager.

4 Q. And is that -- and is CTC clear to close?

5 A. Yes, ma'am. CTC. So when -- yes, it is.

6 Q. Okay. And do you know what the recent
7 meltdown with NCA is that Mr. Ballance was referring
8 to?

9 A. So there was a -- there were -- Mr. O'Donnell
10 asked us to -- my team in underwriting to perform a
11 check on the NCA and -- and review loans that were,
12 you know, moving through the Hustle process.

13 And when we did that, the findings were
14 disastrous. I mean, we just -- we just noticed that
15 loans were almost vacant of documentation. There was
16 so little -- so much disregard for the conditions that
17 were on the loan that it was described as a meltdown.

18 It was -- it was then transferred -- the
19 information that we performed -- you know, the
20 analysis that we performed and then provided created a
21 meltdown that was seen as very unsuccessful.

53 22 Q. And how did you respond to the concern that
23 Mr. Ballance raises in this e-mail?

24 A. Well, I escalated it to -- to my -- you know,
25 to my supervisor, Robert Price. And this is another

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1 example of -- of moving -- moving information up the
2 chain of command from people that reported to me and
3 then from me to -- to Robert Price to try to change
4 the -- what was happening at the company and -- and to
5 revert back to a more sober attitude and less of a
6 production-at-all-cost mentality.

7 Q. And did Mr. Price respond to you after you
8 escalated this e-mail?

9 A. I believe he did. And I don't recall if it
10 was in writing or if we discussed it.

11 Q. And do you know if you responded to
12 Mr. Ballance at all regarding this e-mail?

13 A. I believe I did. And I don't recall if it
14 was in writing or in a conversation.

15 Q. And did -- was there -- what --

16 A. Well, I --

17 Q. -- what was Mr. Price's response --

18 A. So --

19 Q. -- to the escalation of this e-mail?

20 A. -- so Mr. Price clarified our role in the
21 organization. And he -- he described what we were in
22 control of and what we were not in control of. And it
23 became clear that we had the ability to influence, but
24 we did not have the ability to make decisions about
25 who had authority or what steps were required to

**Waste/Prejudicial -
Rule 403**

1 qualify those people who got authority anymore.

2 And in the past, we had been involved in
3 that authority process and we had had more of a
4 decision-maker role than an influencing role. And
5 while management could receive an e-mail like this,
6 it -- it seemed to fall on deaf ears; whereas in the
7 past -- and his frustration is because it's falling on
8 deaf ears because there isn't anything changing as a
9 result of this. We're raising issues and nothing is
10 happening.

11 And it seems to be such a bona fide
12 example of so many -- you know, it's not -- it's not a
13 one-time occurrence. This is a rampant, systemic
14 change that is producing loan after loan after loan of
15 poor quality. And he's dissatisfied with his
16 employment and with the system and with the -- with
17 the rigor that's being applied to qualify these --
18 these borrowers and document these loans.

19 MS. SCHOENBERGER: Just mark this as
20 Exhibit 8.

21 (Plaintiff's Exhibit 8 marked.)

22 Q. (BY MS. SCHOENBERGER) Mr. Boland, if you can
23 take a look at what's been marked as Boland Exhibit 8,
24 which is Bates Stamped BANA-SDNY-E 001373517.

25 (Brief pause.)

1 A. Okay.

2 MS. SCHOENBERGER: I'll just note for the
3 record that the witness has made some pen marks on the
4 exhibit that were not part of the original.

5 Q. (BY MS. SCHOENBERGER) Mr. Boland, is this an
6 e-mail that you received from Robert Price on August
7 27th, 2008?

8 A. Yes, it is.

9 Q. And what's the nature of this e-mail?

10 A. The nature of this e-mail is the inadequate
11 clearing of conditions by -- by processing teams.

12 So Ryan Chiotti is -- is making a couple
13 of points. Number one, he's saying that production
14 goals influence behavior. And that ones with low
15 quality tend to rush at the end. And rushing at the
16 end tends to -- tends to perpetuate low quality.

17 And when there's a balanced, you know,
18 flow of loans into the group, that there tends to be
19 higher quality and those teams tend to operate better
20 and then actually fund loans and hit their goal early.
21 That's what he's saying in the -- in the first
22 section.

23 What he's concerned about, and he's
24 saying he has raised it again, he's saying, I've
25 raised this before. I'm raising it again. In a drive

1 for month-end numbers, in order to hit our goals, the
2 quality is suffering and loans are moving -- are being
3 asked to be moved to closing with inaccurate data and
4 without documentation.

5 So this is a qualified person saying
6 that -- he uses the word "OM" in this one. So that's
7 operation manager instead of branch operation manager.
8 And he's saying that someone in management has sent
9 the loan in with incorrect mortgage history.

10 So this is an example of where, if you
11 put garbage into CLUES, you'll get garbage out. If
12 the OM pulls a mortgage history and there's a late
13 payment on the mortgage history.

14 So in the file, there's documentation
15 that the borrower has not been on time. When that
16 data is input to the 444 screen in CLUE -- in EDGE,
17 that will drive a result in CLUES that is negative.

18 This loan was submitted with mortgage
19 lates on AS/400 not input to the 444, so the AUS
20 decision is going to be wrong. It's absolutely going
21 to be -- it's going to generate a decision as though
22 the mortgage is paid on time.

23 So this is a perfect example of a data
24 issue being noticed by a trained underwriter that was
25 not caught by a manager on the processing side.

1 And it's also validation of my point
2 earlier that people on the production side had an
3 alignment of interest with the sales department to
4 produce loans. They were not quality managers. Their
5 primary goal was to close loans and hit goals.

6 And when they were behind on goals, they
7 made silly mistakes, if you want to call them
8 mistakes; or they made, you know, overt, you know,
9 intentional -- they were intentionally trying to close
10 a loan that didn't qualify.

11 So whether it's a mistake or whether it's
12 intentional, I can't judge. But I can tell you that
13 these are the kind of issues that were raised
14 continually by people like Ryan Chiotti,
15 Neal Ballance, other managers in the underwriting
16 department as -- as an alert to management that the
17 people on the processing side clearing these
18 conditions didn't have the skill or the authority or
19 the alignment of interest or the -- you know, the
20 inclination to -- to guard the quality that the
21 company was looking for.

22 Q. What's an operations manager?

23 A. It's -- it's a leadership position above a
24 team of processors.

25 Q. And is -- would that be on the underwriting

1 side?

2 A. No, absolutely not. That would only be in
3 the processing world.

4 Q. Okay.

5 A. So -- so we -- we have NCA, which is
6 processors. And then we have Central Fulfillment,
7 which is underwriting and -- and funding.

8 You know, the underwriting and funding is
9 a check and balance on the production side.

10 Q. And in the first e-mail there, Mr. Price
11 says, We should bring this up in a management meeting
12 with OMs and underwriting management; is that right?

13 A. Correct.

14 Q. And was this brought up in -- in such a
15 meeting?

16 A. It was.

17 Q. And who attended that meeting?

18 A. Well, the people who were -- I don't remember
19 names exactly. But it would have been -- it would
20 have been the -- the staff, if we had an org chart,
21 of -- of who were in those titles at that time.

22 These meetings were typical. And it was
23 an attempt to improve the quality on the processing
24 side.

25 So here is an example of underwriting

1 trying to reach out the processing and say, Use our
2 services better. You know, look at the documentation
3 that you're providing; have good, clean, quality
4 files. Let me educate you if you don't understand.
5 If you do understand and you're just doing it wrong,
6 change that behavior.

7 And those are the kind of things that we
8 would discuss in that meeting.

9 Q. And did any changes result after this was
10 raised in a meeting?

11 A. You can -- no. You can tell by Ryan's
12 frustration and the length of his e-mail is that he's
13 saying that this happens again and again and again.
14 This is -- this is something we've raised in the
15 process that we -- we've raised multiple times. But
16 it doesn't change.

17 Q. Okay.

18 MS. SCHOENBERGER: I think we'll take a
19 five-minute break, if that's all right.

20 THE VIDEOGRAPHER: We're now off the
21 record at 11:45 a.m.

22 (Recess taken 11:45 a.m. to 12:02 p.m.)

23 THE VIDEOGRAPHER: We're now back on the
24 record at 12:02 p.m.; start of DVD 3.

60 25 Q. (BY MS. SCHOENBERGER) Mr. Boland, besides

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1 Mr. Ballance and Mr. Chiotti, did you receive
2 complaints or concerns about the Hustle from anyone
3 else within underwriting?

4 A. Yes, I did.

5 THE DEFENDANTS: Objection; form.

6 Q. (BY MS. SCHOENBERGER) From whom?

7 A. Danny Briones.

8 Q. Who is Danny Briones?

9 A. An underwriting manager.

10 Q. And do you remember what concerns he brought
11 to you?

12 A. Similar in nature to -- to these. Danny
13 would -- you'll see in -- this e-mail calls to mind
14 the kind of, you know, escalations I would get. And
15 Danny escalated something like this to me.

16 And if you look at the third page of this
17 document, what you've got is a printout and it's
18 generated from the -- the system that Countrywide used
19 to process loans.

20 And so in this example it says --
21 underwriting notes is where I'm -- is where I'm
22 beginning. And it says, Underwriting notes.
23 Underwriter excluded child support to eliminate
24 conditions as it was not needed to qualify. Tax
25 returns not -- not required due to commission income

**Hearsay - Rule 802;
Waste/Prejudicial -
Rule 403**

1 as it is not used to qualify. Current financing --
2 you know, they're citing the date on -- on the
3 mortgage history.

4 So some of these kind of comments are --
5 are what you would see in the -- in the system when a
6 loan was reviewed. And you asked how would I know
7 that conditions had not been properly cleared. That's
8 a -- that's an example of things that Danny raised to
9 me that would -- that would be evidence of an
10 underwriter wanting something and then the loan
11 specialist showing that it's not required.

58 12 Q. Any other individuals that raised concerns
13 about the Hustle to you?

14 A. Lorenzo Williamson.

15 Q. And who is Lorenzo Williamson?

16 A. He was a peer of Danny Briones.

17 Q. Also within underwriting?

18 A. Yes, ma'am.

19 Q. And what were the nature of his concerns?

20 A. The same, similar in nature from the ones --

21 Q. Any other individuals raise concerns to you
22 about the Hustle?

23 A. Charles Caprio, Michael Cubbin. It was -- it
24 was fairly widespread. I -- I think I made a
25 statement earlier that I -- I -- I'm trying to think

**Hearsay - Rule 802;
Waste/Prejudicial -
Rule 403**

64 1 of who didn't raise concerns. And that -- that is
2 really the nature of -- of what I was trying to convey
3 is that everyone was very concerned on the
4 underwriting side that the processing side was focused
5 on production.

6 So there were --

7 THE DEFENDANTS: Motion to strike as
8 nonresponsive.

9 Q. (BY MS. SCHOENBERGER) You can finish your
10 thought.

11 A. It -- it was -- it was widespread concern
12 held on the underwriting side.

13 MR. CADY: Motion to strike as
14 nonresponsive.

66 15 Q. (BY MS. SCHOENBERGER) And -- and did -- what
16 was your response to the concerns that were brought to
17 you?

18 A. I would escalate them through my chain of
19 command via e-mail --

20 MR. CADY: Objection; form

21 A. -- or through -- or verbally.

22 Q. (BY MS. SCHOENBERGER) Through what was that?

23 A. Either verbally or through e-mail.

24 Q. Okay. And did you raise any of your concerns
25 to Cheri Shine?

**Hearsay - Rule 802;
Waste/Prejudicial/
Confusing-Misleading
generalized response -
Rule 403**

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1 A. I did. And I raised concerns to
2 Cheri Shine's subordinates as well.
3 So the first line of defense would be to
4 solve the problems ourself, right? Without getting
5 higher levels of management involved, we would try to
6 rectify this on a one-to-one basis.
7 So if you see something normal -- or, you
8 know, something abnormal, the normal reaction is not
9 to go to management. We would try to work it out.
10 You know, we would try to understand why they would
11 send in a file with the wrong mortgage history. Why
12 would you do that? You know, why -- why are you doing
13 that?

14 Q. And so who would you try to find that out
15 from?

16 MR. CADY: Motion to strike as
17 nonresponsive.

18 A. I'm sorry?

19 MS. SCHOENBERGER: Can you read back the
20 question, please?

21 MR. CADY: You know, first, actually, I
22 just want to make sure we have a stipulation from
23 yesterday that one objection -- or objection on behalf
24 of one Defendant is objection for all, so we don't
25 have, you know, a clouded objection record.

1 MS. SCHOENBERGER: Yes. Agreed to that.

2 (Requested portion read by Reporter.)

3 MS. SCHOENBERGER: And was there a
4 response?

5 (Requested portion read by Reporter.)

69 6 Q. (BY MS. SCHOENBERGER) And what was
7 Cheri's -- Cheri Shine's response when these concerns
8 were raised to her by you?

9 MR. JONES: Objection to form.

10 A. Her response was typically -- because I'm not
11 quoting one specific response, the general response
12 was that they would -- they would take that under
13 advisement and in consideration. But it didn't seem
14 that there were any meaningful changes as a result of
15 the escalation.

**Hearsay - Rule 802;
Speculation - Rule 602;
Unfair Prejudice - 403**

16 Q. (BY MS. SCHOENBERGER) And were any of the
17 concerns that you heard raised to Rebecca Mairone?

18 A. Yes.

19 THE DEFENDANTS: Objection to form.

72 20 A. Yes.

21 Q. (BY MS. SCHOENBERGER) And in what form were
22 those concerns raised?

23 A. There was concern among -- I've said multiple
24 times there was concern among the underwriting
25 management team based on multiple examples, and I -- a

**Hearsay - Rule 802;
Speculation - Rule 602;
Unfair Prejudice - 403;
Nonresponsive**

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1 myriad of situations.

2 And so we were afforded an opportunity to

3 meet with the catalyst of the -- the Hustle, who was

4 Rebecca Mairone.

5 Q. (BY MS. SCHOENBERGER) And --

6 MR. CADY: Objection; nonresponsive.

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7 Q. (BY MS. SCHOENBERGER) -- when was the -- did

8 this meeting take place?

9 A. I don't recall the exact day. It's -- it's

10 landmarked in my mind as the -- the -- the night after

11 Angelo Mozilo testified before Congress that

12 Countrywide was doing things equitably, reasonably,

13 and all within policy.

Prejudicial - Rule 403;
Hearsay within hearsay
 - 802;
Foundation - Rule 602,
 702;

14 Q. And where did this meeting take place?

15 A. In Richardson campus conference room.

16 Q. Who was in attendance?

17 A. All of the underwriting managers that

18 reported to me, myself, Todd Green was a VP that

19 reported to me. So -- so my -- my management chain

20 and Rebecca Mairone.

Nonresponsive;
Irrelevant - Rule
 401-402
Foundation - Rule 602

21 Q. And what was discussed at the meeting?

22 A. Well, the purpose of the meeting was for

23 Rebecca to clarify the strategy and the vision of the

24 Hustle because the execution appeared to be different

25 than its original intent.

75 1 And the outcome of the initially-intended
2 process was something different. And we wanted to --
3 the underwriting team wanted to get her -- her
4 response and reaction to that.

5 THE DEFENDANTS: Objection;
6 nonresponsive.

76 7 Q. (BY MS. SCHOENBERGER) And why did you
8 believe Rebecca Mairone to be the catalyst of the
9 Hustle?

10 THE DEFENDANTS: Objection.

77 11 A. She was frequently the -- the advocate in
12 e-mail, the advocate in meetings, the advocate in town
13 hall settings. So in a variety of different
14 communication channels, Rebecca Mairone appeared to be
15 the leader in charge of what was happening at the
16 time.

17 And it appeared to us in the underwriting
18 department that she would be the best one able to
19 explain what we had been -- why what we had been
20 raising were not being addressed and why we were
21 acting inconsistently with what we thought were
22 responsible lending practices.

23 THE DEFENDANTS: Move to strike as
24 nonresponsive.

25 Q. (BY MS. SCHOENBERGER) And who requested the

Irrelevant - Rule
401-402;
Unfair prejudice - 403;
Hearsay - 801

1 meeting with Ms. Mairone?

2 A. I don't recall.

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3 Q. Did anyone raise specific concerns to

4 Ms. Mairone at this meeting?

5 A. Yes. There were very -- there were some very

6 specific concerns. Neal Ballance was particularly

7 outspoken. And he wasn't the -- I recall he wasn't

8 the first person to speak. But I believe he was the

9 last person to speak.

Irrelevant - Rule
401-402;
Unfair prejudice - 403;
Hearsay - 801, 802

10 Q. And what did Mr. Ballance say?

11 A. Mr. Ballance --

12 THE DEFENDANTS: Objection.

13 A. -- Mr. Ballance raised a -- a comparison

14 between the statements of Angelo Mozilo to the

15 Congress, that Congressional inquiry that was -- that

16 was on C-SPAN the evening prior.

17 And Mr. Mozilo had made affirmative

18 statements about Countrywide's commitment to quality,

19 their processes, doing the right thing. He -- he made

20 a -- he answered a number of questions that would lead

21 you to believe that Countrywide was -- was doing

22 business as usual, the way it had always done them,

23 ethically and honestly and following their principles.

24 And Neal phrased a question to

25 Ms. Mairone and compared the statements of Mr. Mozilo

1 the night before to the Hustle and the initiative that
2 she was championing and wanted a reaction from her
3 about, If Angelo says these things to Congress and you
4 say these things, and they're very, very different,
5 how do you reconcile that?

6 Q. (BY MS. SCHOENBERGER) And what was
7 Ms. Mairone's response to that?

8 A. She was -- she was visibly upset. I think
9 she felt challenged. And in her -- her response there
10 was an expletive that sent a message to the team that
11 questions like that were -- were not -- not welcome.

12 THE DEFENDANTS: Objection as
13 nonresponsive.

14 Q. (BY MS. SCHOENBERGER) What expletive was
15 used?

16 A. I -- I don't recall the exact expletive. But
17 it was so shocking that I remember a word of profanity
18 being used. I had never seen an executive use
19 profanity, even in a closed meeting like that in -- in
20 my years in the professional world. So it -- it was
21 shocking to me and it stood out in my mind.

22 THE DEFENDANTS: Objection;
23 nonresponsive.

24 Q. (BY MS. SCHOENBERGER) And besides
25 Mr. Ballance, did -- did anyone else raise concerns or

1 questions to Ms. Mairone at this meeting?

2 A. There were other people who raised concerns.
3 And it was a lively discussion until that tone was
4 set. And my recollection of the events was people
5 understood that questions comparing the way we used to
6 do things and the way Angelo was representing the
7 company as being different than what she was proposing
8 were not -- were not going to be responded to
9 positively.

10 THE DEFENDANTS: Objection;
11 nonresponsive.

74 12 Q. (BY MS. SCHOENBERGER) And were any changes
13 implemented following that meeting?

14 THE DEFENDANTS: Object to the form of
15 the question.

75 16 A. Not to my recollection, no.

76 17 Q. (BY MS. SCHOENBERGER) And did you receive
18 any further response from Ms. Mairone to any of the
19 concerns that were raised at that meeting?

20 THE DEFENDANTS: Object to the form of
21 the question.

77 22 A. I don't -- I don't recall any response.

78 23 Q. (BY MS. SCHOENBERGER) Did you receive any
24 responses from anyone else in management above you
25 based on the concerns raised at that meeting?

Irrelevant - Rule
401-402;
Speculation - Rule 602

1 THE DEFENDANTS: Object to the form of
2 the question.

90 3 A. I don't recall a response.

4 I -- I'd like to clarify my answer.

5 Q. (BY MS. SCHOENBERGER) To which question?

6 A. To did I receive a response.

7 And I did receive a response. And the --
8 the -- the response, it came from my -- my leadership
9 chain. It was either -- it was either Robert Price or
10 Ed O'Donnell, and it was -- it was something to the
11 effect of, You're in control of certain things.

12 Control those things with the best quality and ability
13 that you can. But you're not in control of
14 everything. And so don't let the decisions of others,
15 you know, influence -- don't -- don't let that sway
16 you. There are going to be people with differing
17 opinions.

18 And it further illuminated my mind how
19 different our vision was and what we had previously
20 done and -- and the new world that we were living in.

21 THE DEFENDANTS: Objection;
22 nonresponsive.

23 Q. (BY MS. SCHOENBERGER) And what was your
24 impression of the people with differing opinions that
25 were being referred to?

Irrelevant - Rule
401-402;
Hearsay - 801, 802

1 THE DEFENDANTS: Object to the form of
2 the question.

3 A. My opinion -- my opinion of them --

4 Q. (BY MS. SCHOENBERGER) I think that the
5 question was, what was your impression of who was
6 being referred to when part of the response was that
7 people have different opinions?

8 THE DEFENDANTS: Objection.

9 A. People in production, meaning we had
10 Greg Lumsden, our -- our C -- our president. And then
11 we had Rebecca, Cheri; and then the chain of command
12 that reported to Rebecca and Cheri.

92 13 Q. (BY MS. SCHOENBERGER) While the Hustle was
14 in place, did you observe a decline in quality of
15 loans?

16 A. I did.

17 Q. And how did you make that observation?

18 A. Through physical inspection of the files that
19 came through our department. And -- and initially,
20 through -- through quality control reports.

21 Q. What were quality control reports?

22 A. So quality -- so we had a monthly routine to
23 review defects. And it was a healthy routine.
24 Nobody -- nobody enjoyed it. But we looked at all of
25 our defects.

1 And there could be multiple people
2 involved on a loan, so it didn't matter whether the
3 loan officer made a mistake, the LS made a mistake, or
4 the underwriter made a mistake. It was the
5 underwriter's job, who owned the quality, to -- to
6 look at the error and try to understand it and prevent
7 it from happening again. And -- and -- and, you know,
8 correct it if it could be corrected. Some mistakes
9 can't be corrected.

10 Q. And -- and who produced these reports?

11 A. So we had -- we had a QC department. It was
12 managed by Javier Jaraba. Steve Brent, Don Harris.
13 There were several people that -- in the QC
14 department.

15 Q. And did you receive these reports monthly?

16 A. Yes.

17 Q. And at what period of time did you receive
18 monthly quality reports?

19 A. From the time I became a manager at -- at
20 Countrywide until -- until about the -- the time in
21 question here, I received a -- a quality report
22 ongoing every month.

93 23 Q. And so at some point, did you stop receiving
24 monthly reports?

25 A. I did stop receiving quality control reports

1 at some point in 2007. I would ballpark it as over
2 the summer.

3 Q. And did you have any understanding of why you
4 stopped receiving those reports?

5 A. The -- the processing team was very concerned
6 with quality when we got the quality reports. And
7 they were very nervous about using their authority.
8 And they didn't want to use their authority loosely.

9 And loans weren't moving as quickly
10 through the process. And the -- the Hustle was being
11 evaluated as to whether or not it was successful or
12 not.

13 I don't know exactly why we stopped
14 receiving the -- the quality reports. I was never
15 given a reason why we stopped getting them. But
16 sometime over the summer, we stopped getting them.

17 THE DEFENDANTS: Object as nonresponsive.

18 Q. (BY MS. SCHOENBERGER) What type of
19 information was included in the -- in the quality
20 control reports?

21 A. So we'd have loan level detail and we'd have
22 a percentage. And we had targets on quality that we
23 wanted to stay within. And, you know, that was with
24 the understanding that it was -- it was difficult to
25 be perfect. And the goal was not to, you know, never

1 have an error. But as long as we were with -- under a
2 threshold to learn from those mistakes and to try to
3 keep them within a reasonable tolerance.

4 So on the report would be the loans in
5 question, the defect as cited by quality control, and
6 then any response that we provided as the underwriter
7 reviewing -- reviewing. The rebuttal would be
8 included.

9 And then another call in that showed
10 whether the -- whether the rebuttal overturned the
11 finding or didn't overturn the finding.

12 Q. Okay.

13 A. That ultimately determined the severely
14 unsatisfactory percentage.

15 Q. And what does severely unsatisfactory mean?

16 A. So those are loans that would not be salable
17 to the GSCs. And the definition of, you know,
18 severely unsat, you know, would change a little bit.
19 But the core throughout the whole of my time at the
20 company was is the loan salable?

21 Q. And were SUS findings tracked at the time the
22 Hustle was in place?

23 A. I'm not sure when it -- when it stopped. But
24 it -- it was not -- it might have been -- I don't know
25 if it was tracked. It wasn't provided to me any

1 longer. So my knowledge of the tracking -- I -- I
2 don't have knowledge of whether it was tracked or not
3 because I didn't get the report. I don't know if
4 someone else was tracking it.

5 Q. Okay.

6 (Sotto voce discussion between counsel.)

95 7 Q. (BY MS. SCHOENBERGER) So other than your
8 reviews of individual loan files, did you have any
9 other way to assess loan quality after your -- you
10 stopped receiving quality control reports?

11 A. Besides my personal inspection, the only
12 other way I had was the word of others that reported
13 to me and that would alert me to that -- to their
14 personal findings as well.

15 Other than that, there was no official
16 way to know what the quality was.

17 Q. For the underwriting side?

18 A. For -- for either side.

96 19 Q. What was your understanding of who was
20 purchasing Country -- Countrywide's loans that came
21 through Hustle process?

22 THE DEFENDANTS: Objection to the form of
23 the question.

97 24 A. Primarily, we sold our loans to Fannie Mae.
25 I know we sold some to -- to Freddie Mac. But the

Hearsay - Rule 802;
Foundation - Rule 602

Foundation - Rule 602

98 1 wide understanding was that they were going to the
2 GSCs.

3 Q. (BY MS. SCHOENBERGER) And --

4 THE DEFENDANTS: Objection;
5 nonresponsive.

6 Q. (BY MS. SCHOENBERGER) -- and was that
7 commonly known throughout Countrywide?

8 A. Absolutely.

9 THE DEFENDANTS: Objection; form.

10 Q. (BY MS. SCHOENBERGER) And did management
11 know that Hustle loans were being sold to the GSCs?

12 THE DEFENDANTS: Objection.

13 A. Oh, absolutely. You -- you -- every --
14 everybody knew that we were trying to create salable
15 loans. And I'll give you an example of why we knew
16 that, is because if a loan wasn't salable -- and there
17 would be bona fide mistakes -- in any process there's
18 a defect -- a term called "Investor 110" would be
19 talked about.

20 So Investor 110 was a way to describe
21 a -- a scratch-and-dent loan. A loan that was not
22 salable to the GSCs and was going to have to just be
23 held on the portfolio. Because it -- it was lacking
24 something, you know, strong enough that it wouldn't be
25 sold.

1 So we wouldn't talk about Investor 110 if
2 we weren't sure that the other loans were being sold.

3 THE DEFENDANTS: Objection;
4 nonresponsive.

5 Q. (BY MS. SCHOENBERGER) Were loans of poor
6 quality being sold to the GSCs after coming out of the
7 High Speed Swim Lane?

8 THE DEFENDANTS: Objection.

9 A. My assumption is that they were.

10 Q. (BY MS. SCHOENBERGER) Was this a question
11 that was ever asked of anyone in management by you or
12 anyone on your team?

13 THE DEFENDANTS: Objection to the form of
14 the question.

15 A. We didn't specifically ask the question
16 because the assumption was all our loans are sold to
17 the GSCs. So we would never have an opportunity to
18 assume anything otherwise.

19 THE DEFENDANTS: Objection;
20 nonresponsive.

21 Q. (BY MS. SCHOENBERGER) Were you ever told
22 that loans had to keep being sold to the GSCs in order
23 to keep the lights on?

24 THE DEFENDANTS: Object to the form of
25 the question.

1 A. That was absolutely one of the other phrases
2 that was -- that was spoken often. And it was used as
3 a threat that production -- that was another way to
4 encourage people to produce loans, high volume,
5 without regard for quality because we had to keep the
6 lights on. You know, we have to keep the lights on.

7 So if -- if you were seen as pushing
8 back, or if you were seen as raising too many
9 objections to quality or who's signing off on what, or
10 doing anything to slow down loans from moving forward,
11 that -- you would hear that phrase: We have to keep
12 the lights on.

13 Q. (BY MS. SCHOENBERGER) And who would you
14 hear --

15 THE DEFENDANTS: Objection;
16 nonresponsive.

17 Q. (BY MS. SCHOENBERGER) -- who you would you
18 hear that phrase from?

19 A. Cheri Shine and her management team.
20 Specifically, I heard -- I heard Cheri say that on
21 multiple occasions.

22 Q. Did you hear anyone else use that phrase?

23 A. I heard her -- her management team say that.

24 Q. Who on her management team?

25 A. Phyllis Gilliard (phonetic).

1 Q. Anyone else?

2 A. That's it.

3 Q. Okay.

4 MS. SCHOENBERGER: Okay. If it's okay
5 with the witness, I think we'll take a lunch break
6 now. And I'll reserve the balance of my time for the
7 end of the day, if necessary.

8 MR. CADY: Yeah. Fair.

9 Move to strike all the nonresponsive
10 answers in this morning's deposition; those noted on
11 objections and otherwise.

12 THE VIDEOGRAPHER: We're now off the
13 record at 12:26 p.m.

14 (Recess taken 12:26 p.m. to 1:42 p.m.)

15 THE VIDEOGRAPHER: We're now back on the
16 record at 1:42 p.m.

17 EXAMINATION

18 BY MR. CADY:

19 Q. Good afternoon, Mr. Boland.

20 A. Good afternoon.

21 Q. My name's Steve Cady. I represent the Bank
22 of America Defendants, and I'll be asking you some
23 questions this afternoon.

24 Let's start with your job history. I'd
25 like to focus on what you did after high school. Did

1 you go to college?

2 A. I did.

3 Q. Where'd you go to college?

4 A. Illinois State University.

5 Q. Did you graduate from Illinois State?

6 A. I did in 1993.

7 Q. Okay. And did you get a job after you
8 graduated?

9 A. I did.

10 Q. Where'd you get a job?

11 A. At the Wine Keller Brewery.

12 Q. Okay. How long did you work there?

13 A. Roughly a year.

14 Q. Okay. And is there a point in time when you
15 came to work in the financial industry, mortgage or
16 otherwise?

17 A. Various.

18 Q. Okay. And what year was that?

19 A. And that would be in 1994.

20 Q. Okay. Is that right after the brewery?

21 A. Yes.

22 Q. And where -- where'd you start working at?

23 A. At Bank One Financial Services.

24 Q. Okay. And what was your job at Bank One?

25 A. I was a loan officer.

1 Q. What were your -- when you say "a loan
2 officer," I know the terms vary in -- in the industry.
3 But what were you doing as a loan officer at Bank One?

4 A. Originating mortgage loans.

5 Q. Were you an underwriter?

6 A. No.

7 Q. Or a processor?

8 A. No.

9 Q. Okay. Tell me what you mean by originating?

10 A. Originating would be attracting business to
11 the lender from referral sources either via personal
12 contacts that I had or realtors, attorneys. A general
13 referral base network.

14 Q. Got you. Would that be classified as sales;
15 is that fair?

16 A. I think so.

17 Q. How long were you at Bank One in that role?

18 A. In that role for approximately two years.

19 Q. Okay. And where did you work after you left
20 Bank One?

21 A. I didn't leave Bank One, but I was in that
22 role for two years.

23 Q. And what role did you switch to after two
24 years?

25 A. To branch manager.

1 Q. And when you say branch manager, are we
2 talking a field branch --

3 A. Yes, sir.

4 Q. -- or a central --

5 A. Field branch.

6 Q. Okay. And what -- what were your roles as a
7 branch manager?

8 A. As a branch manager, I'd be responsible for
9 the origination of loan -- other loan officers in the
10 office and the general origination production for that
11 location.

12 Q. How long were you in that job?

13 A. For roughly two years.

14 Q. And where did you transition to after that?

15 A. TCF Financial Bank.

16 Q. That was about 1998?

17 A. Yes, sir.

18 Q. And what was your title at TCF?

19 A. Branch manager.

20 Q. Same types of duties there?

21 A. Same types of duties. TCF offered a -- more
22 of an entrepreneurial, broader scope that attracted to
23 me so I could -- I could do unsecured loans, mortgage
24 loans. There was a broader -- I -- I expected to gain
25 broader experience in the lending industry with that

1 move.

2 Q. How long were you at TCF?

3 A. Less than a year, until October of '98.

4 Q. And why did you move from TCF so quickly?

5 A. There was an upstart company called Full
6 Spectrum Lending that was recruiting people. And
7 somebody that I worked with at Bank -- at Bank One
8 Financial gave me a call.

9 And after learning more about the
10 company, I decided that I'd take a job with them.

11 Q. Does it -- and we're talking 1999 probably at
12 this point?

13 A. No. It's actually October of '98.

14 Q. Okay. And what was your title when you first
15 joined FSL?

16 A. Underwriter.

17 Q. This was your first -- first time in an
18 underwriting role; is that correct?

19 A. That's right.

20 Q. And how long were you an underwriter at FSL?

21 A. Approximately four years.

22 Q. What role did you transition to after
23 underwriter?

24 A. Team leader.

25 Q. So you're still a team leader in the

1 underwriting division running a team of underwriters;
2 is that correct?

3 A. That's exactly right.

4 Q. Okay. So we're talking 2002?

5 A. Correct.

6 Q. And how long were you a team leader?

7 A. For two years.

8 Q. What role did you transition to after that?

9 A. Assistant vice president.

10 Q. Were you an AVP of underwriting, or what --
11 what was your title?

12 A. That was my title, AVP of underwriting.

13 Q. And what year was that that you transitioned
14 to AVP of underwriting?

15 A. Roughly 2004. No, no, no. It must have --
16 wait, wait, wait. So '98 to '02. Yeah, '02 to '04.

17 Q. Where were you located at FSL while you were
18 AVP of underwriting in 2004?

19 A. All the jobs in Full Spectrum that I've told
20 you about so far are in Rolling Meadows, Illinois.

21 Q. What were your duties as AVP of underwriting
22 in Rolling Meadows?

23 A. To ensure the mortgage loans that were being
24 underwritten by the staff under my direction were
25 accurate, complete; communication between the

1 underwriters was congenial, genuine, accurate,
2 complete, thorough; and the general well-being of the
3 department of the people that I managed.

4 Q. Did you -- as AVP of underwriting, did you
5 manage a branch in Rolling Meadows or --

6 A. There -- it was a large facility. And so,
7 you know, that -- that would be an improper way to
8 describe it because it wasn't a branch. It was a --
9 it was a team inside of a -- a larger physical
10 location.

11 You could think of it as a branch. On
12 the sales side, they called them branches. But in
13 underwriting, we called them an underwriting branch.

14 Q. How large was your team?

15 A. Ten people.

16 Q. That's 2004 until -- until when that you were
17 AVP of underwriting in Rolling Meadows managing this
18 team?

19 A. I was -- I was only an AVP for a short time.
20 That was roughly one year.

21 Q. So roughly 2005 you transitioned to a new
22 role?

23 A. Vice president.

24 Q. And you were vice president of underwriting;
25 is that correct?

1 A. Correct.

2 Q. In Rolling Meadows?

3 A. In Rolling Meadows.

4 Q. What's your next transition; when is your
5 next transition?

6 A. Next transition is in 2006. So January of
7 '06.

8 Q. And what did you -- what role did you
9 transition to?

10 A. 1st Vice President.

11 Q. Of underwriting still in Rolling Meadows?

12 A. Of underwriting, but it required a relocation
13 from Rolling Meadows to Richardson, Texas.

14 Scope of responsibility went from 50
15 associates as a VP to 140 as a 1st VP.

16 Q. What types of loans was your group -- well,
17 help me understand what your group was working on at
18 that time. Was all 140 associates or 140 underwriters
19 that you managed working on a certain type of loan or
20 a certain process that generated --

21 MS. SCHOENBERGER: Object to form.

22 Q. (BY MR. CADY) -- loans?

23 MS. SCHOENBERGER: Object to form.

24 A. A certain type. We handled multiple
25 products. So we had ARMs, fixed, subprime, prime --

1 Q. (BY MR. CADY) Help me understand what --
2 where were these loans coming from? So the -- the
3 loans that your team was working on were being
4 generated where?

5 A. So prior to January of '06, the loans came
6 from a branch network. And after '06, my loans came
7 partially from a branch network and a large portion
8 came from the NCA. Which was a -- a call center
9 environment in Richardson, Texas.

10 Q. How long were you in that role?

11 A. From '06 until 2009. Yeah, from like '06 to
12 '09.

13 Q. So from 2006 to 2009, your title is 1st VP of
14 underwriting?

15 A. Yes, sir.

16 Q. And you're working out of Richardson managing
17 a team of underwriters that's about 140 people.

18 A. That's correct.

19 Q. Correct?

20 From what date ranges is NCA driving a
21 bulk of the -- the bulk of the loans that you're --
22 that you're team is focused on?

23 A. '06, '07, and the beginning of '08.

24 Q. What is the change in the beginning of '08
25 that -- what happens in the beginning of '08 that

1 changes the type of loans your -- your team is seeing?

2 A. Market conditions changed in 2008. And
3 Countrywide had lost their ability to find liquidity
4 in the marketplace. And the organization began to
5 change rapidly.

6 And so there was a switch to government
7 loans. And as we -- as we transitioned over, it was
8 right around the time that the -- that Bank of America
9 was making -- completing the purchase of Countrywide.

10 So there were two dates. I believe it
11 was -- April of '08 was systems day one. And then
12 there was July of '08, which was legal day one. Or I
13 might have those acronyms mixed up, but there was --
14 there was two steps to the transition in 2008 that
15 caused the change.

16 Q. So at some point in early 2008, do you switch
17 roles from 1st VP of underwriting --

18 A. Yes.

19 Q. -- focused on NCA loans to FHA loans; is
20 that right?

21 A. That's right.

22 Q. Does your title change at that point?

23 A. My title did change, yes.

24 Q. What's your title change to?

25 A. Vice president.

1 Q. So at this point, early 2008, do you remember
2 the month?

3 A. Of?

4 Q. When you make this change; you get the new
5 title and you switch to focusing on FHA loans.

6 A. So the -- the reason for the title change was
7 to align with Bank of America job codes. So Bank of
8 America did not have a 1st Vice President title. That
9 title didn't exist.

10 So what the bank did is they migrated job
11 codes that were similar into existing job codes of
12 Bank of America. So a 1st VP with my scope and
13 responsibilities was considered a VP at the bank, and
14 so my title changed.

15 Q. Got you. So you -- I think it's known in the
16 industry you take a step back; is that right?

17 A. Not at all.

18 Q. Okay. It was just the titles migrated. Now
19 you're VP of underwriting?

20 A. Right. It wasn't -- it certainly wasn't
21 discussed with me as -- as moving back.

22 Q. Is your title -- does your title include FHA
23 at that point, or is it just 1st VP of underwriting --
24 or, I'm sorry, just VP of underwriting focused on FHA
25 loans?

1 A. The product --

2 MS. SCHOENBERGER: Objection; form.

3 A. -- the product would change. So, you know,
4 the products that we would -- that we would operate on
5 would change. But the product was never part of my
6 title.

7 Q. (BY MR. CADY) You may have said this and I
8 missed it, but what was the month -- do you remember
9 the month in 2008 when you switched to VP of
10 underwriting focused on FHA loans?

11 A. I don't remember the month. And I'm trying
12 to be as -- as candid as I can, but I just honestly
13 don't remember exactly when it happened.

14 Q. Prior to the switch, I want to focus in on
15 the types of loans your team is focused on. And you
16 called these NCA loans; is that correct?

17 A. Correct.

18 MS. SCHOENBERGER: Object to form.

19 Q. (BY MR. CADY) And your team is focused on
20 the NCA loans, I think you testified, from 2006 to
21 this early 2008 time period; is that right?

22 A. That's right.

23 Q. And how are NCA loans being generated?

24 A. We -- via a loan officer. So the
25 marketing -- could you expand on the question?

1 Q. Sure. I think you testified earlier that NCA
2 was a unit within the company to generate new
3 business, new customers; is that correct?

4 A. That's exactly right.

5 Q. So from 2006 -- I just want to make sure I
6 understand this correctly.

7 From 2006 to early 2008, you and your
8 team are focused on loans generated by the NCA team;
9 is that correct?

10 A. That's a large portion of our business,
11 correct.

12 Q. How large; what percent?

13 A. I would be guessing if I offered a percent.
14 Do you want me to guess?

15 Q. I'd like you to -- yeah, I'd like you to
16 guess. I want you to just -- I want to understand
17 what types of loans your team is focused on, so help
18 me understand that.

19 MS. SCHOENBERGER: Object to form.

20 A. Sure. In the beginning of NCA in '06, NCA
21 was probably 20 percent of our business in Central
22 Fulfillment. So that processing management team would
23 generate 20 percent, roughly. And this is a guess.
24 You asked me for a guess.

25 That expanded as the NCA grew, and then

1 contracted in when things changed in '08.

2 Q. (BY MR. CADY) So in 2007, what percent of
3 the loans that you and your team are focused on are
4 NCA-generated loans?

5 A. So Countrywide began shuttering their branch
6 network. And as they began consolidating branches
7 that were located in decentralized environment, our
8 percentage business changed, so where the loans were
9 coming in.

10 And I would say that it was probably --
11 you know, more than half of our business was coming
12 from the NCA, maybe 70 percent.

13 Q. In early 2008, prior to your switch to FHA
14 loans, what percent of the loans that you and your
15 group were focused on were NCA-generated loans?

16 A. I -- I -- that's -- that's how I was
17 answering the question, was somewhere north of 50
18 percent.

19 Q. So -- that's the same for 2007 and 2008, is
20 the -- the bulk of your -- the loans you're seeing are
21 NCA-generated loans?

22 A. Correct.

23 And these are guesses. I would have to
24 look at numbers and percentages. But I'm trying to
25 recollect as best I can.

1 Q. Explain to me the process by which NCA loans
2 are originated. So it starts with the NCA unit that
3 generates the lead. And I think you explained that.
4 What's the next step?

5 A. I'm not familiar with their marketing
6 approach or their marketing strategy. But I know that
7 there was a sophisticated plan to get the loan
8 officers their -- their leads and their loans. And
9 how that was done, I'm not qualified to answer.

10 Is that -- is that the question?

11 Q. Well, after the leads are generated and
12 the -- there's an application set up.

13 A. Got you.

14 Q. The borrower has filled out a 1003. So how's
15 that loan -- where does that move?

16 A. Right. So the loan officer will -- will
17 complete the loan application with the borrower,
18 typically collect an application fee to -- to gain the
19 borrower's commitment, and then the loan would be
20 transferred to EDGE. The loan officers operated in a
21 system called Advance EDGE. Very close, but it was
22 the sales version of the same system.

23 The loan would be transferred over to
24 EDGE. And a couple of things had to happen quickly in
25 EDGE. The processor had to get a three-day package,

1 early disclosures out to the borrower to comply with
2 regulations.

3 So the credit report would be repulled in
4 EDGE so that it would lock in and it would -- would be
5 accurate. They would request vendor services, so
6 appraisal, title, other things. And the processing of
7 the loan would begin.

8 Q. And who performed the processing of these NCA
9 loans?

10 A. Loan specialists.

11 Q. At what point did your team become involved?

12 A. When the documents were collected from the
13 borrower and there was sufficient documentation that
14 required a review, the -- we would get involved when
15 the loan specialist submitted the loan to
16 underwriting.

17 Q. And did that happen with respect to every NCA
18 loan?

19 A. Yes. Initially.

20 Q. Is there a time when not every NCA loan was
21 submitted to underwriting?

22 A. There is.

23 Q. At what point was that?

24 A. I'm not exactly clear on the date, but it was
25 during 2007.

1 Q. So at that point, your group was not involved
2 in those loans?

3 A. We were becoming decreasingly involved in
4 those loans, correct.

5 Q. And these loans you are referring to, are
6 they still NCA-generated loans, or are they generated
7 from -- from other sources, the loans that you --
8 you've testified your group is no longer involved in?

9 MS. SCHOENBERGER: Object to form.

10 A. I'm -- I'm trying to understand the -- the
11 question.

12 Q. (BY MR. CADY) You testified that at some
13 point your group was not seeing every NCA-generated
14 loan; is that correct?

15 A. Correct.

16 Q. I'm trying to drill down and just make sure
17 that these are -- so you're still referring to loans
18 generated by the NCA group, NCA sales lead group; is
19 that correct?

20 A. Yes, yes, absolutely.

21 At what point do we stop getting
22 involved?

23 Q. Yes, sir.

24 A. That's the question that you asked, right?

25 I don't know an exact date on that.

1 Q. Do you know why that was that your group was
2 no longer involved in processing NCA loans?

3 A. My --

4 MS. SCHOENBERGER: Object to form.

5 A. -- my recollection is the NCA was performing
6 many of the underwriting duties themselves.

7 Q. (BY MR. CADY) And when you say "NCA was
8 performing many of the underwriting duties" --

9 A. The processors. The processors were taking
10 greater responsibility for functions that underwriting
11 previously performed.

12 Q. These loans that you're talking about where
13 the processors have greater responsibilities for
14 performing certain underwriting tasks, are these
15 distinct loans from the High Speed Swim Lane loans?

16 MS. SCHOENBERGER: Object to form.

17 A. Are they distinct? I don't recall if there
18 was a separation between High Speed Swim Lane loans
19 not coming to us or non-High Speed Swim Lanes not
20 coming to us. My recollection is that volume overall
21 from the NCA started to decrease. What percentage the
22 volume was, I am unclear.

23 Q. (BY MR. CADY) When is your next transition
24 at the company?

25 A. So my next transition at the company is to

1 senior vice president. And I believe that that is
2 2009.

3 Q. At this point is your title SVP of
4 underwriting?

5 A. No. It is SVP of fulfillment.

6 Q. And what are your duties in that role?

7 A. Bank of America had a different fulfillment
8 strategy than Countrywide did. Fulfillment was done
9 holistically, where underwriting, processing, and
10 closing reported to the same leader. I was that
11 leader.

12 And so my duties involved underwriting,
13 processing, and closing all together.

14 Q. How many people did you manage in that role?

15 A. At various points, it was from a number less
16 than a hundred to over 400.

17 Q. Were you still located in Richardson?

18 A. Yes, sir.

19 Q. When is your next transition at the company?

20 A. October 1st of 2012.

21 Q. And what is your transition at that point?

22 A. I was terminated from the bank.

23 Q. And why were you terminated?

24 A. An underwriter in one of my other
25 locations -- so I -- I became in charge of another

1 location in Las Colinas, still in Dallas metro area --

2 shared his password -- or I'm sorry, his manager

3 shared her password with him. And he operated for a

4 period of about a week under her password.

5 Q. What was the name of that manager?

6 A. Deanne Knox (phonetic).

7 Q. Do I understand you correctly that

8 Deanne Knox shared her password with --

9 A. John Fitzgerald.

10 Q. Who also was an employee of your group; is

11 that correct?

12 A. Correct.

13 Q. And approximately when was this?

14 A. Over the summer of 2012.

15 Q. How did it come about that you were

16 terminated for this?

17 A. This was seen as happening on my watch. I

18 was the manager. I know -- there were other people

19 who were let go in my chain of command. And while I

20 didn't agree with the decision, I was terminated.

21 Q. Who else was let go in your chain of command?

22 A. Schuyler Yost.

23 Q. And why was Mr. Yost let go?

24 A. He managed Deanne directly.

25 Q. Anyone else?

1 A. That's it.

2 Q. Was Ms. Knox let go?

3 A. She was not.

4 Q. Was Mr. Fitzgerald let go?

5 A. He was not.

6 Q. Who made the decision to let you go?

7 A. I don't know.

8 Q. How were you told that you were being
9 terminated?

10 A. I was left a voicemail on my Blackberry.

11 Q. Who left the voicemail on your Blackberry?

12 A. Maureen Bowman.

13 Q. Did the company investigate this incident to
14 determine who should be terminated?

15 A. I assume they did.

16 Q. Did you talk with any of the company's
17 investigators?

18 A. Yes.

19 Q. Who did you talk with?

20 A. I don't recall.

21 Q. What was the substance of that conversation?

22 A. The investigator felt that I was complicit in
23 instructing Deanne to share her password or that
24 Schuyler was complicit.

25 And the nature of his conversation with

1 me was to obtain a confession from me that I had
2 communicated in that manner.

3 Q. Did you give that confession?

4 A. Absolutely not.

5 Q. Instead, what did you tell the investigator?

6 A. I told the investigator that I never gave
7 that direction, not in a meeting, not in e-mail, not
8 around the water cooler. I never implied it; and that
9 I require all of the 400 employees in my service to
10 maintain all -- all of their training and all of their
11 compliance requirements as required by company policy.

12 Everyone knew and understood the rules.
13 We had regular ethics training. And under no
14 circumstances would I ever give that direction.

15 Q. You said that the investigator interviewed
16 you in an attempt to obtain a confession. What made
17 you feel that way?

18 A. The -- the investigator actually said to me,
19 Come on, be honest. You did this.

20 It was -- it was very -- to be a senior
21 vice president, to be promoted as often as I was at
22 this company, to have the track record that I had, I
23 could not believe the questions I was being asked.

24 It was -- it was absolutely astounding to
25 me. I -- I have no idea why the questions were being

1 asked the way they were. I'll tell you that I was an
2 exceeds employee at my midyear review in 2012.

3 So in June of 2012, I'm an exceeds
4 employee, which puts me at the top ten percent of my
5 peer group. At the end of 2012, I'm an exceeds
6 employee for the -- or at the end of 2011 -- I'm an
7 exceeds employee for the entire year of 2011. I'd
8 been given increasingly more responsibility throughout
9 my entire time with the bank; have excellent
10 relationships within the bank; and this gentleman is
11 having -- is asking me these questions in what I would
12 consider in an extremely unprofessional and aggressive
13 manner, to the point that I was -- I was shocked and
14 amazed at the way I was being questioned.

15 Q. Do you have a sense of how senior or junior
16 this investigator was?

17 A. I don't.

18 Q. How did that conversation end?

19 A. We'll be in touch. The -- you know, we'll --
20 we'll -- we'll -- it ended -- well, it ended with
21 direction for me to take the following day as a
22 vacation day. So I believe that was a Thursday. And
23 the direction was, Take Friday as a vacation day, and
24 we'll be in touch.

25 Q. The investigator told you to take Friday as a

1 vacation day?

2 A. I'm sorry. Maureen Bowman, my supervisor.

3 Q. Was this part of the voicemail you referred
4 to earlier?

5 A. No.

6 Q. She had called you after you spoke with the
7 investigator and said, Mr. Boland, take -- why don't
8 you take tomorrow off as a vacation day?

9 A. So Maureen Bowman was in person with the
10 investigator. I was in -- I was working in
11 Richardson, asked to come over to Las Colinas. So I
12 did. And I walked into the questioning. And Maureen
13 said, Take tomorrow off. I'll be in touch.

14 Q. Did you feel like Ms. Bowman was accusing you
15 also?

16 A. No.

17 Q. The -- primarily the investigator was the one
18 with the accusatory questioning style; is that
19 correct?

20 A. Correct.

21 Q. Was it the next day, that Friday, that you
22 received the voicemail from Ms. Bowman?

23 A. Yes.

24 Q. Did you go back to the office to pack up your
25 stuff?

1 A. No.

2 Q. How'd you get your stuff?

3 A. I -- I turned in laptop, Blackberry, the
4 things that I had to a colleague who lives in the area
5 and drove it into the office. He drove it into the
6 office.

7 Q. Why didn't you go back?

8 A. I don't know.

9 Q. Was there stuff at the office that you needed
10 to retrieve?

11 A. Yes. And was told that it would be packed up
12 and would be mailed to me.

13 Q. And was it?

14 A. It was.

15 Q. But I think you said this was October 1st,
16 2012; is that correct?

17 A. That's correct.

18 Q. Six -- seven -- seven or so months ago; is
19 that right?

20 A. That's right.

21 Q. What was your next transition --

22 A. I --

23 Q. -- job-wise?

24 A. Job-wise was to Fannie Mae.

25 Q. And what date did you apply for a job at

1 Fannie Mae?

2 A. Apply, I don't recall what day I applied.

3 Q. Did you apply with Fannie Mae before or after
4 you were terminated from Bank of America?

5 A. After I was terminated.

6 Q. How quickly after?

7 A. Very quickly after.

8 Q. Did you speak with Ed O'Donnell in connection
9 with moving to your job at Fannie Mae?

Rule 401-Irrelevant

10 A. I did.

11 Q. And what did you tell Mr. O'Donnell?

12 A. I was recently let go from the bank. And I
13 was in the market for a -- another job. And asked if
14 he had any recommendations.

15 Q. What did Mr. O'Donnell say?

16 A. I'll keep an eye out.

17 Q. Did he then call you with a -- job prospect
18 at Fannie Mae?

19 A. He did not.

20 Q. What was your next interaction with
21 Mr. O'Donnell?

22 A. I applied for a position reporting to
23 Mr. O'Donnell, for which I was not interviewed.

24 Q. How did your job at Fannie Mae come about?

25 MS. SCHOENBERGER: Object to form.

1 A. Come about? There was -- describe the
2 interview process?

3 Q. (BY MR. CADY) Did you apply again? So you
4 applied for a job --

5 A. Yes.

6 Q. -- with Mr. O'Donnell. Didn't get
7 interviewed.

8 A. Correct.

9 Q. What's your next step?

10 A. So I applied for another position at Fannie
11 Mae. Yeah. And so I applied for a different
12 position.

13 Q. And what was the job position you applied for
14 with -- or working for Mr. O'Donnell?

15 A. Director of credit risk.

16 Q. And what was the job that you applied for --
17 is this a second job you applied for at Fannie Mae,
18 the one you ultimately got?

19 A. It is.

20 Q. What was your -- what job was that?

21 A. Manager.

22 Q. Manager of what?

23 A. The selling guide support team.

24 Q. And -- is that the job you currently have
25 today?

1 A. Yes, sir.

2 Q. What do you do as the manager of the selling
3 guide support team?

4 A. I make sure that our team -- lenders calling
5 into a hotline receive accurate, timely, and
6 appropriate answers about underwriting questions
7 related to Fannie Mae's policies.

8 Q. And are these lenders that are evaluating
9 whether they should originate a loan and are -- have a
10 question basically whether Fannie Mae would buy the
11 loan under the -- under certain circumstances?

12 A. Correct.

13 Q. What's a typical question that a lender calls
14 up with? Is there -- is there one question that
15 half the -- half the questions are this question?

16 A. I wish --

17 MS. SCHOENBERGER: Object to form.

18 A. -- I wish it were that frequent.

19 The questions are typical in nature.
20 What is the maximum LTV on this -- on this loan
21 program? Can I -- you know, can I originate a loan in
22 a trust? How should I look at this self-employed
23 income scenario? And then numbers will be provided
24 or -- so, you know, and circumstances will be
25 provided.

1 And then someone on the team will respond
2 with the appropriate section and guidance.

3 Q. (BY MR. CADY) Are these underwriters or loan
4 processors that are typically calling the selling
5 guide support team hotline?

6 MS. SCHOENBERGER: Object to form.

7 A. Well, we won't -- we won't decline a call.
8 As long as they approve seller to -- to Fannie Mae, we
9 won't decline a call. So it could be -- it could be
10 anybody. Typically, it's underwriters.

11 Q. (BY MR. CADY) You also receive calls from
12 loan specialists?

13 A. Yeah -- processors. I don't know if they're
14 called loan specialists.

15 Q. What's your understanding of why a loan
16 processor would be calling the hotline?

17 A. To gain an understanding of how to -- you
18 know, what would be eligible.

19 Q. Mr. Boland, let's talk about the High Speed
20 Swim Lane. So you offered some testimony about that
21 earlier today.

22 Sir, were you involved in the rollout of
23 the High Speed Swim Lane?

24 A. No.

25 Q. Were you involved in the design of the High

1 Speed Swim Lane?

2 A. No. I was made aware and documents were
3 shared with me. But I was not an architect or
4 involved in a -- I was not -- I was not allowed to
5 influence the process.

6 Q. Were you involved in processing loans that
7 passed through the High Speed Swim Lane?

8 A. No.

9 Q. Were you made aware of changes that occurred
10 to the High Speed Swim Lane over time?

11 MS. SCHOENBERGER: Object to form.

12 A. Can you clarify -- I was -- not officially --
13 like -- I'm struggling to answer because I did become
14 aware of changes.

15 So are you -- are you asking did I become
16 aware of changes in a official capacity or an
17 unofficial capacity? How do you -- how do you mean
18 the question or --

19 Q. (BY MR. CADY) Fair enough. I meant it in an
20 official capacity.

21 A. I received all company bulletins that -- that
22 everyone would -- would receive.

23 MR. CADY: Let's mark it the next
24 exhibit. We'll call it Defendants' 1.

25 (Defendants' Exhibit 1 marked.)

1 Q. (BY MR. CADY) Mr. Boland, the court reporter
2 is handing you what's been marked --

3 MR. CADY: Sorry.

4 Q. (BY MR. CADY) -- as Defendants' Exhibit 1.
5 This is an e-mail dated August 8th, 2007 at the top.
6 It's from you to a handful of folks with the Bates
7 Number BANA-SDNY-E 00007275. Give you a moment to
8 look at that.

9 Mr. Boland, I'd like to focus your
10 attention to the top of Page 2 of this document. It's
11 a multipage e-mail chain. Top of Page 2 contains an
12 e-mail that rolls from the bottom of Page 1. It's
13 from Ed O'Donnell to Anson Gong, Mark Barnett, Loren
14 Rodriguez, Robert Price, you, dated August 8th, 2007.

15 In this e-mail, Mr. O'Donnell suggests,
16 quote, In addition to the three underwriters involved
17 below, please add Patrick Pigeon, Debra DeGarmo, and
18 John Boland to the kickoff invitation.

19 Do you see that, sir?

20 A. I do.

21 Q. And were you, in fact, added to the kickoff
22 invitation for the High Speed Swim Lane?

23 A. I -- I apparently was. I don't recall
24 being -- I -- I don't know if I was or wasn't. But I
25 do recall the meeting that I described earlier in the

1 cafeteria.

2 Q. And -- this was a meeting dated -- or about
3 when can you place that meeting?

4 A. The cafeteria meeting?

5 Q. Yes, sir.

6 A. Roughly in the summer of 2007.

7 Q. Do you recall who spoke at that meeting?

8 A. The senior leadership spoke. So I believe it
9 was Rebecca and Cheri Shine.

10 Q. Do you recall if, at that meeting, they
11 explained to the group the High Speed Swim Lane
12 process?

13 A. I don't recall. But I assume that at a
14 kickoff meeting where materials were presented, there
15 were some details of the plan divulged to the group.

16 Q. Do you recall whether you had a -- well,
17 strike that.

18 Did you have a favorable impression of
19 the High Speed Swim Lane after that meeting?

20 A. I -- I can't recall if that meeting changed
21 my opinion of the High Speed Swim Lane. But I've
22 testified that, initially, the concept of a High Speed
23 Swim Lane seemed positive.

24 Q. When did the High Speed Swim Lane first get
25 rolled out at Richardson?

1 A. I don't recall. But I believe it was the
2 summer of 2007.

3 Q. Do you remember if that was the pilot for the
4 High Speed Swim Lane?

5 A. I know the pilot was first. But I don't
6 remember what the dates were.

7 Q. How widespread was the rollout of the High
8 Speed Swim Lane at Richardson?

9 A. It involved the entire NCA group and -- and
10 much of -- of the -- of the group that I had as well.
11 Who exactly was included, I'm not sure.

12 Q. At that point, what percent of the loans that
13 Richardson was processing went through the High Speed
14 Swim Lane process?

15 A. I don't recall.

16 Q. Do you have an estimate of what percent of
17 the loans that Richardson was processing went through
18 the High Speed Swim Lane process in the summer of
19 2007?

20 A. It was smaller in the beginning. And it grew
21 in size. But I don't -- I -- I -- with times and
22 percentages, I'm -- I would -- I would be guessing.

23 Q. Your team wasn't involved; is that correct?

24 A. What's that?

25 Q. Your team wasn't involved; is that correct?

1 MS. SCHOENBERGER: Object to form.

2 A. Wasn't involved?

3 Q. (BY MR. CADY) In the High -- the processing
4 loans through the High Speed Swim Lane --

5 A. Correct, correct.

6 Q. -- process.

7 A. Correct.

8 Yeah, we weren't involved in the
9 processing, but we were involved in the underwriting.

10 Q. Explain to me how your team became involved
11 in loans that were processed through the High Speed
12 Swim Lane process.

13 A. We were never involved in processing the
14 loans. So our role in -- our involvement regarded
15 underwriting the loans.

16 Q. These are loans that were processed through
17 the High Speed Swim Lane process but were referred out
18 for underwriting; is that correct, sir?

19 A. That's correct.

20 Q. And your group would be one of the groups
21 that would handle the underwriting of those loans?

22 A. That's right.

23 Q. Were there other such groups that handled
24 loans that were referred out from the processors to
25 underwriters?

1 A. I believe it was Chandler and Richardson.

2 Q. And your group handled the -- the High Speed
3 Swim Lane loans that were referred from the Richardson
4 Swim Lane team to underwriters?

5 A. That's the way I recall the process. There
6 was load balancing and work sharing at -- at various
7 times in my tenure there. But that's -- that was
8 the -- the main construct.

9 Q. Do you have a sense of what percent of the
10 loans that went through the High Speed Swim Lane were
11 referred out to your group for underwriting?

12 MS. SCHOENBERGER: Object to form.

13 A. Not this far after it, I don't recall the
14 percent.

15 Q. (BY MR. CADY) Approximately what percent?

16 MS. SCHOENBERGER: Object to form.

17 A. I -- I really -- I have -- I have no idea.

18 Q. (BY MR. CADY) Do you have an understanding
19 whether it was one out of every ten loans that went
20 through the Swim Lane that were referred out to
21 underwriters or whether it was nine out of every ten
22 loans?

Form - compound;
Rule 602 - calls for
speculation

23 MS. SCHOENBERGER: Object to form.

24 A. I believe it was closer -- it was -- it was
25 more -- more like nine out of ten loans than one out

1 of ten loans.

2 Q. (BY MR. CADY) And just so we're being
3 specific here, at what time period are you referring
4 to when you testified that nine out of ten loans, or
5 approximately nine out of ten loans that traveled
6 through the Swim Lane --

Form: Misstates testimony, confusing Rule 602 - calls for speculation

7 MS. SCHOENBERGER: Object to form.

8 Q. (BY MR. CADY) -- were referred out to
9 underwriters?

10 MS. SCHOENBERGER: Object to form.

11 A. So I want to answer the question as best I
12 can. And I'll tell you that it was over the summer of
13 2007, but I don't remember the exact dates and
14 percentages this far after the event.

15 Q. (BY MR. CADY) Sir, were you familiar with
16 certain of the loan specialists that were processing
17 loans through the High Speed Swim Lane?

18 A. I familiar with them?

19 Q. Yes. Do you recall any of those names as you
20 sit here today?

21 A. I've -- I've thrown a few out today. But
22 those are the ones that I remember. Unless I was
23 shown a document, I -- it's hard to recall that.

24 MR. CADY: Let's mark our next exhibit.

25 (Defendants' Exhibit 2 marked.)

1 Q. (BY MR. CADY) Mr. Boland, the court reporter
2 has handed you what we have marked Boland Defense
3 Exhibit 2. It's a document dated August 15, 2007,
4 Bates Stamped BANA-SDNY-E 000054237.

5 Sir, I'll give you a minute to
6 familiarize yourself with that document, but focus
7 your attention on Pages 5 and 6.

8 I'll give you a moment to read that. I'd
9 like to focus your attention on the paragraph on Page
10 6 that reads, in part, John endorses Lacrechia Whirl
11 and Justin Trainor. He has not worked with and is not
12 familiar with Jason Gilbert and Israel Totani. John
13 is currently working with them and providing training
14 and support. He says he will be better able to
15 provide a response for Jason and Israel by the end of
16 the month.

17 Do you see that there, sir?

18 A. I do.

19 Q. And do you remember Lacrechia Whirl and
20 Justin Trainor?

21 A. I do.

22 Q. Do you remember them as being sophisticated
23 loan specialists?

24 MS. SCHOENBERGER: Object to form.

25 A. They -- they were capable.

Rule 901-lacks authentication, lacks foundation; Rule 602-calls for speculation; Rule 802-hearsay

Form - vague, ambiguous, confusing; Rule 701 - calls for improper opinion

1 Q. (BY MR. CADY) And it is true that you
2 endorsed them in their capacity as specialists for
3 High Speed Swim Lane loans?

Rule 602 - calls for speculation

4 A. I don't recall, but this document appears to
5 indicate that I did.

6 Q. Sir, what was your understanding of what the
7 endorsement meant that Lacrechia Whirl and
8 Justin Trainor would be able to do in connection with
9 their job of processing loans through the High Speed
10 Swim Lane?

11 A. That they would use prudent, careful judgment
12 in clearing conditions.

13 Q. Mr. Boland, does that mean they would have
14 certain low-level underwriting authority?

15 A. Correct.

16 Q. And this is something that you thought
17 were -- was appropriate; is that correct, sir?

Rule 611-vague, ambiguous, Rule 602, Rule 701-calls for improper opinion

18 MS. SCHOENBERGER: Object to form.

19 A. It was -- it was part of my job to give a
20 recommendation or not a recommendation when candidates
21 were presented.

22 Did I think that that way of -- of
23 granting authority was appropriate? Is that the
24 question? It was the status quo at the time.

Rule 602 - calls for speculation

25 Q. (BY MR. CADY) And, in fact, you endorsed

GA-250

1 these two for low-level underwriting authority; is
2 that correct, sir?

Rule 602 - calls for speculation

3 A. It appears from this e-mail that I did. I
4 don't recall writing the e-mail. But I don't question
5 it's authenticity either.

6 Q. And you would have done that because you
7 thought it was appropriate at the time; is that
8 correct?

Rule 602 - calls for speculation

9 A. Oh, correct. I wasn't under undue pressure
10 to -- to write that.

11 Q. Right.

12 You wrote that because you believed it to
13 be prudent --

14 MS. SCHOENBERGER: Object to form.

15 Q. (BY MR. CADY) -- to process loans in this
16 manner; is that right?

Form - vague, ambiguous, confusing; Rule 602-calls for speculation

17 MS. SCHOENBERGER: Object to form.

18 A. I was presented with candidates and asked to
19 give an opinion on whether or not they were capable.
20 And my endorsement indicated that they were capable.

21 Q. (BY MR. CADY) You testified earlier that the
22 High Speed Swim Lane was a great design -- was
23 designed well; is that correct, sir?

Form - compound; misstates testimony

24 MS. SCHOENBERGER: Object to form.

25 A. Initially, the concept was -- was -- was a

1 good one.

2 Q. (BY MR. CADY) Yet is that because the
3 context as the time was a transition of Full Spectrum
4 Lending from subprime loans to prime loans?

5 A. No, no. The product was not the catalyst.

6 Q. Tell me what the catalyst was.

7 A. Separating loans from a loan processor's
8 pipeline so that they could focus differently on
9 different kinds of loans so that they would
10 fundamentally be able to work their day differently.

11 That is -- is something that, in theory.
12 I felt should work.

13 Q. We talked earlier about compliance
14 specialists. And you had suggested earlier that at
15 some point compliance specialists were removed from
16 the Swim Lane process; is that correct?

17 A. That's correct.

18 Q. Was it your understanding that the compliance
19 specialists' role went to another person or function
20 on the -- along that process or that it was just
21 eliminated?

22 A. I don't recall it being transitioned to a --
23 another role. I would need to review documents to
24 refresh my memory.

25 Q. At some point was the High Speed Swim Lane

1 rolled out more broadly into something called Central
2 Fulfillment?

3 A. No.

4 Q. What was your understanding of what Central
5 Fulfillment was?

6 A. My understanding of Central Fulfillment is
7 that that's a Bank of America terminology.

8 I'm sorry. We're -- we're mixing --
9 we're mixing acronyms.

10 Centralized Services and Centralized
11 Fulfillment are different. And I want to make sure
12 that that's the distinction. You're asking about
13 Centralized Fulfillment, correct?

14 Q. That's right.

15 A. Okay. Centralized Fulfillment, in my
16 recollection, was -- was after the Bank of America
17 takeover.

18 Q. Mr. Boland, let's talk about quality control
19 at Full Spectrum Lending in 2007 and 2008. I think we
20 talked generally about quality control this morning;
21 is that right?

22 A. That's right.

23 Q. Was there a certain time period that our --
24 that -- that your testimony this -- this morning was
25 tied to with respect to quality control?

1 A. Can you be more specific about which
2 testimony?

3 Q. When we -- when you talked about quality
4 control earlier this morning, were you referring to a
5 certain time period?

6 A. I --

7 MS. SCHOENBERGER: Object to form.

8 A. -- without knowing exactly what statement I
9 was referring to, I'm not sure what the context was.

10 Q. (BY MR. CADY) At some point, did your role
11 become -- at -- well, at some point -- strike that.

12 At some point, were you assigned to lead
13 a rebuttal process of SUS finance from corporate
14 quality control?

15 A. No.

16 Q. Were you ever involved in rebutting SUS
17 finance from corporate quality control?

18 A. Yes, yes.

19 Q. And what time period was that?

20 A. I was involved -- that was -- that -- that
21 was a normal process of our -- our monthly routine to
22 rebut severely unsat SUS, as you referred to them,
23 findings. And that was ongoing.

24 When was I specifically involved with it?

25 Well, if the loan was mine, even when I was an

1 underwriter, I would have gone back to the beginning
2 of employment. But as -- as manager, I would have
3 gotten involved if the -- a SUS involved my team.

4 Q. Tell me what you mean by if a loan was mine,
5 I would have gotten involved.

6 A. So if I created the defect -- you know, as an
7 underwriter, if I created the defect, I would be
8 involved on the rebuttal.

9 Q. Understood.

10 And what would that process look like?

11 A. So there was an attempt to understand the
12 defect. So you would receive a communication that
13 would outline what the defect was. You would start
14 there and look back and try to understand what
15 happened and why did it happen; and what is missing or
16 what is misunderstood about the situation.

17 And then -- an attempt would be made to
18 either clarify or rectify or notate the -- the
19 situation or -- you know, or accept the finding.

20 Q. When you say, "what is misunderstood about
21 the situation," you mean what corporate QC
22 misunderstood about the loan in question?

23 A. Yeah. So QC is a -- is a difficult job. And
24 they have a -- they have a hard role to perform. And
25 they are not there with the loan processor or the

1 underwriter or the originator at the time. And they
2 get false positives sometimes. And -- and the
3 rebuttal process keeps that -- that part of the
4 process, you know, healthy.

5 Q. Were you involved in a rebuttal process at
6 anytime called second look?

7 A. I could have been. I don't recall that term.

8 Q. Would you explain how the rebuttal process
9 would work for a loan that you had underwritten?
10 Sounds like there's a separate -- a separate role you
11 played in the rebuttal process managing a team of
12 underwriters involved in responding to severely unsat
13 findings; is that correct?

14 MS. SCHOENBERGER: Object to form.

15 A. I want to clarify that when I did that as a
16 team leader, it's during the time period that I
17 described when I was a team leader.

18 Q. (BY MR. CADY) When you're responding to
19 severely unsat finance as a team leader, is that
20 because an underwriter in your team received a
21 severely unsat finding and you are involved in the
22 rebuttal process?

23 A. Exactly.

24 Q. Let's shift gears and talk about QA. Did
25 we talk -- did -- did you testify about quality

1 assurance earlier this morning?

2 A. I don't believe so.

3 Q. Do you have an understanding about what
4 quality assurance is?

5 A. Yes.

6 Q. What is quality assurance?

7 A. It -- an attempt to ensure that the loans
8 being produced are of a quality nature.

9 Q. When did the quality -- well, strike that.

10 Did Full Spectrum Lending have a quality
11 assurance process?

12 A. I -- I'm -- I'm unsure.

13 Q. I'd like to focus on FHA loans.

14 Can you tell me how an FHA loan is
15 different from the NCA loans that you were processing
16 before? And what I mean by that is, who the investor
17 in FHA loans is?

18 A. Oh, absolutely. One loan is going to a -- a
19 government-sponsored entity, Fannie Mae or Freddie
20 Mac. And the other loan is -- is going to be --
21 receive FHA insurance and would be a Ginnie Mae --
22 likely to be a Ginnie Mae security or a different type
23 of security.

24 Q. Are FHA loans processed differently than
25 loans that are going to be sold to the GSCs or the

1 secondary market?

2 A. No.

3 Q. Do you know whether FHA has additional
4 underwriting requirements that are present for loans
5 sold to the GSCs or the secondary market?

6 A. They have different requirements. I wouldn't
7 describe them as additional.

8 Q. What are those different requirements?

9 A. There are different forms to approve the
10 loan. So there is a -- a 92900, which is a document
11 that the DE underwriter would sign. There is a HUD
12 Addendum that the underwriter would sign. At the time
13 in question, there was a form called the McCaw that
14 the underwriter would sign. So there are different --
15 there are forms that you have to use and fill out for
16 that product.

17 Q. Does FHA require that a certain type of
18 underwriter be involved in the origination of loans to
19 be sold to FHA?

20 A. Yes. A DE underwriter.

21 Q. What does DE stand for?

22 A. Designated -- delegated -- what is it?
23 Direct endorsement.

24 Q. What's your understanding of what a direct
25 endorsement underwriter is?

1 A. A direct endorsement underwriter is someone
2 who has completed test cases on an FHA transaction
3 or -- or, you know, an FHA loan and passed -- passed
4 the test cases, you know, creating evidence that
5 they're capable of performing the role of a DE
6 underwriter.

7 Q. Are you a DE underwriter, sir?

8 A. Yes, I am.

9 Q. Is there a similar requirement for loans sold
10 to the GSCs that any certain type of underwriter be
11 involved in the origination of GSC loans?

12 A. Not to my knowledge.

13 MS. SCHOENBERGER: Object to form.

14 Q. (BY MR. CADY) Mr. Boland, you testified this
15 morning that loan processors or loan specialists had
16 an incentive to produce loans.

17 Do you remember that testimony, sir?

18 A. Not specifically. But, I -- I remember
19 discussing incentive.

20 Q. Do you -- are you familiar with incentives --
21 strike that.

22 Are you familiar with the myriad of
23 incentives that -- that may apply to loan specialists
24 or loan processors --

25 MS. SCHOENBERGER: Object to form.

1 Q. (BY MR. CADY) -- at Full Spectrum Lending?

2 A. I am familiar.

3 Q. Have you ever been a loan specialist at Full
4 Spectrum Lending?

5 A. I have not.

6 Q. But you're familiar with the types of
7 incentives that -- that are applicable to loan
8 specialists?

9 A. Certainly I would hear about it from the loan
10 specialists.

11 Q. Are you aware of compensation incentives that
12 are tied to volume?

13 A. Yes.

14 Q. Are you aware of compensation incentives that
15 are tied to quality?

16 A. Yes.

17 Q. So is it fair to say, sir, that loan
18 specialists were compensated based on both volume and
19 quality?

20 A. Yeah.

21 MS. SCHOENBERGER: Object to form.

22 A. Yes. And to expand on that, as you
23 mentioned, various forms of -- of incentive, and they
24 were ever-changing. So compensation programs differed
25 depending on what time frame you're talking about.

1 Q. (BY MR. CADY) Are you aware that, in
2 general, loan specialists or loan processors were
3 compensated based on both volume and quality
4 throughout the 2006 through 2009 time period --

5 MS. SCHOENBERGER: Object --

6 Q. (BY MR. CADY) -- at FSL?

7 MS. SCHOENBERGER: -- object to form.

8 A. Can you repeat the question?

9 Q. (BY MR. CADY) Sure. Are you aware that loan
10 specialists were compensated based on both quality and
11 volume throughout the 2006 through 2009 time period at
12 FSL?

13 MS. SCHOENBERGER: Object to form.

14 A. I am aware that they had a compensation
15 structure at some point that included quality. But it
16 is my understanding that that was removed at some
17 point across that time frame.

18 Q. (BY MR. CADY) And when you say "removed,"
19 what do you mean, sir?

20 A. The quality component of the incentive plan
21 was no longer present.

22 Q. Is -- that part of what motivates your
23 concern about removing underwriters or not referring
24 loans out to underwriters?

25 MS. SCHOENBERGER: Object to form.

1 A. Yes.

2 Q. (BY MR. CADY) It's your understanding of a
3 compensation structure for loan specialists; is that
4 correct, motivates your concern for removing
5 underwriters from the loan origination process?

6 MS. SCHOENBERGER: Object to form.

7 A. My concern generated from -- forgive me if
8 I'm not answering the question correctly. You can ask
9 it again.

10 My concern generated from the fact that
11 there wasn't a penalty if they did it without high
12 quality. Removing that penalty concerned me.

13 Q. (BY MR. CADY) Got it.

14 MR. CADY: Let's break for five minutes,
15 and we'll change the tape.

16 THE VIDEOGRAPHER: We're now off the
17 record at 2:46 p.m.; end of DVD 3.

18 (Recess taken 2:46 p.m. to 2:58 p.m.)

19 THE VIDEOGRAPHER: We're now back on the
20 record at 2:58 p.m.; start of DVD 4.

21 Q. (BY MR. CADY) Mr. Boland, you testified this
22 morning that you didn't know at first that loan
23 processors would sign off on stated income loans in
24 connection with certain loans at Full Spectrum Lending
25 at some point in time; is that correct?

1 A. That's correct.

2 Q. And what loans were you talking about in
3 connection with that testimony?

4 A. Loans during the time period.

5 Q. And what time period is that, sir?

6 A. 2007 through early 2008.

7 Q. Were you referring to certain types of loans
8 or just generally loans during 2007 through 2008?

9 A. Generally loans in that period.

10 Q. When you found that loan processors were
11 earning low-level underwriting authority that would
12 allow them to sign off on stated income loans, what
13 did you do, sir?

14 MS. SCHOENBERGER: Object to form.

15 A. I don't believe I did anything.

16 Q. (BY MR. CADY) Mr. Boland, we talked this

17 morning, or you testified this morning, about tensions
18 between quality and underwriting on the one hand and
19 production and sales on the other hand; is that
20 correct, sir?

Incomplete Designation

21 A. I recall that conversation.

22 Q. Is that tension natural in the lending
23 industry?

Form - vague, ambiguous, Rule 602-calls for speculation, Rule 701-calls for improper opinion

24 MS. SCHOENBERGER: Object to form.

25 A. Yes.

1 Q. (BY MR. CADY) Is that tension that you
2 saw -- you've seen at other employers that you've
3 worked at?

4 A. Yes.

5 Q. Is that tension that you see in connection
6 with your job today at Fannie Mae?

7 MS. SCHOENBERGER: Object to form.

8 A. I -- I have a different job, so I don't see
9 it today.

10 Q. (BY MR. CADY) Mr. Boland, you testified this
11 morning about what felt like a change in mentality at
12 Full Spectrum Lending at some time period between, I
13 assume, 2007 and 2008; is that correct?

14 A. That's correct.

15 Q. And you talked about a campaign and a
16 painting on the wall, pushing loans forward, never
17 backwards; is that right?

18 A. That's -- those are words I used, yes.

19 Q. Was it, in fact, the case that the motto
20 "push loans forward, never backwards" was painted on
21 the wall?

22 MS. SCHOENBERGER: Object to form.

23 A. Let me rephrase that. I don't think there
24 was physical colored paint attached to the wall. We
25 had decorations in the office. Some of them said, Do

1 the right thing. And they were framed and they had
2 glass. And they were pictures or posters.

3 Colloquially, I describe that as on the
4 wall or painting on the wall because, very often,
5 there would be a banner. And a banner would be a
6 piece of paper that was either filled in with marker
7 or crayon or paints or something to create a visual
8 message to people in the environment about a certain
9 topic.

10 So when I made the phrase "painting on
11 the wall," what I was referring to were the
12 decorations in the facility; be it pictures, posters,
13 banners, things of that nature.

14 Q. (BY MR. CADY) What time period did your
15 testimony about this -- the banners and posters and
16 decorations relate to?

17 A. The do it the right -- do the right thing
18 campaign began in 2006. The messages pertaining to
19 move forward, never back, were during the Hustle time
20 frame of 2007 and 2008.

21 Q. Did those posters replace the do the right
22 thing posters?

23 A. They were different posters. I actually
24 don't know if they took the do the right thing posters
25 down.

1 Q. You just don't remember?

2 A. I just don't remember.

3 Q. Let's shift gears and talk about loan
4 processors.

5 Sir, do you know whether certain loan
6 processors at Full Spectrum Lending between 2007 and
7 2009 had underwriting background?

8 A. Do I know if they had background?

9 Q. Yes, sir. Whether there were certain of the
10 loan specialists that did have underwriting
11 background?

12 A. Yes.

13 Q. Do you have a sense of what portion of the
14 loan specialists between 2007 and 2009 at Full
15 Spectrum Lending had an underwriting background?

16 A. I do not know the portion. I know that there
17 were people transferred from the underwriting team
18 into the processing team at one point.

19 Q. Did you lose underwriters from your group
20 that transferred to become processors?

21 A. Yes.

22 Q. Do you remember when that occurred?

23 A. No.

24 Q. Do you have a sense of whether that was 2008
25 or 2009?

1 A. I would be guessing. I don't.

2 Q. Do you remember how many of your underwriters
3 you lost to become loan specialists?

4 A. I don't.

5 Q. Did you have an understanding of what those
6 loan specialists would be doing as loan specialists,
7 the loan specialists who used to be your underwriters?

8 A. I assumed they would be doing the same thing
9 that most loan specialists did, which was process --
10 gather -- gather loans, gather documentation for
11 loans.

12 Q. You testified this morning that there was a
13 mentality that processing loans was not rocket
14 scientist (sic), and that that was a phrase that might
15 be used to someone who is raising questions about a
16 loan.

17 Do you recall that testimony, sir?

18 A. I do.

19 MS. SCHOENBERGER: Object to form.

20 Q. (BY MR. CADY) Do you recall hearing anyone
21 say that in response to someone who was raising a
22 question about a loan?

23 A. I do.

24 Q. And who was that, sir?

25 A. I don't recall.

1 Q. Do you recall when that was?

2 A. In that time frame between 2007 and 2008.

3 Q. And what time frame is that, sir?

4 A. The time frame between 2007 and 2008.

5 Q. Do you recall testifying this morning that
6 questions about loans were sometimes met with a
7 response that, You guys don't trust CLUES?

8 A. I made that statement, yes.

9 Q. Do you recall hearing someone say that in
10 response to a question about a loan?

11 A. Yes, I do.

12 Q. Do you recall who said that?

13 A. I don't.

14 Q. Do you recall the time period?

15 A. 2007 and 2008.

16 Q. Mr. Boland, I'd like to focus your attention
17 on Exhibit Number 4, which might be in front of you.
18 This is an exhibit that you looked at earlier today.

19 A. I've got 4.

20 Q. You testified earlier today that you felt
21 that -- and I don't want to put words in your mouth.
22 I don't remember your exact phrase. But you felt like
23 your arm was being twisted to approve loan specialists
24 with underwriting authority; is that correct, sir?

25 MS. SCHOENBERGER: Object to form.

1 A. I didn't make that phrase. But I alluded to
2 something of a similar nature.

3 Q. (BY MR. CADY) Do you recall what you did in
4 response to this e-mail requesting that you approve
5 Israel Totani and Jason Gilbert for Level 2 authority?

6 A. I actually don't recall what I did as a
7 result.

8 Q. As you sit here today, do you remember who
9 Jason Gilbert is and Israel Totani -- or Jason Gilbert
10 and Israel Totani are?

11 A. I have no idea.

12 Q. Do you recall working with them at Full
13 Spectrum Lending?

14 A. The names are familiar, but I don't know the
15 people.

16 Q. Do you know whether they ultimately got Level
17 2 underwriting authority?

18 A. I don't.

19 Q. Did you complain to anyone after receiving
20 this e-mail that you felt like something improper had
21 happened?

22 A. With respect to this specific e-mail, I don't
23 recall.

24 Q. Mr. Boland, you testified this morning that
25 it was common for loan specialists to clear conditions

1 improperly.

2 Do you recall that testimony, sir?

3 A. I remember making a statement similar to
4 that.

5 Q. And is that a fair statement, sir?

6 A. I believe it is.

7 Q. That it was common for loan specialists to
8 clear conditions improperly?

9 MS. SCHOENBERGER: Object to form.

10 A. Correct.

11 Q. (BY MR. CADY) Over what time period do you
12 believe it was common for loan specialists to clear
13 conditions improperly?

14 A. It was common during the time period where
15 penalties were reduced, incentives were increased, and
16 messages from management encouraged it.

17 Q. And do you recall what time period it was
18 that penalties were reduced and incentives were
19 increased, as you put it?

20 A. 2007, 2008.

21 Q. And as you sit here today, do you remember it
22 being throughout 2007 and 2008 that, as you put it,
23 penalties were reduced and incentives were increased?

24 A. Throughout -- define throughout. The
25 entire -- from January 1st to December 31st, I can't

1 tell you a date.

2 Q. But your concern expressed in your testimony
3 this morning was that it was common for loan
4 specialists to clear conditions improperly during the
5 time periods where penalties were reduced and
6 incentives were increased; is that correct, sir?

7 A. That is correct. I also testified that prior
8 to that change in mentality, there was a very
9 congenial relationship where -- when issues were
10 raised by underwriters, there was a quick response
11 from processing to correct issues or remedy the
12 situation so that it was a high quality loan.

13 Q. I think you testified earlier that clearing
14 conditions was something that the company took very
15 seriously prior to this period that you just testified
16 about; is that correct, sir?

17 A. That's correct.

18 Q. And then after the incentives that, as you
19 put it, reduced the penalties and increased the
20 incentives were rebalanced, is it correct, sir, that
21 clearing conditions, again, returned to something that
22 the company took very seriously?

23 MS. SCHOENBERGER: Object to form.

24 A. I -- I don't know if the company took it
25 seriously. I would be interpreting their actions as

1 an attempt to convey what they felt was important.

2 Q. (BY MR. CADY) During that time period that
3 you thought it was common for loan specialists to
4 clear conditions improperly, what did you do in
5 response to that belief?

6 A. As I testified this morning, we would try to
7 solve the problem between ourselves and then escalate
8 through management if that didn't work.

9 Q. And how would you try and solve the problem
10 between yourselves?

11 A. We would call attention to a mis-cleared
12 condition. For example, if a loan came to me and I
13 knew that it started with 14 conditions, and there was
14 only one left, and was asked to sign off on the last
15 condition, I would review the other relevant sections
16 of the file to ensure there were no red flags that
17 were left unaccounted for, so that my clearing that
18 condition wouldn't reflect poorly on my sign-off that
19 I had neglected to corroborate the information in that
20 document with the other documents that were in the
21 file.

22 When I noticed that conditions had been
23 cleared improperly, my first course of action was to
24 go back to that person, trustingly, and say, I think
25 you just made a mistake. We've got to get this fixed.

1 But if I don't get the reciprocal answer
2 that there is concern about that, that's when we
3 escalated -- or that's when I escalated a concern over
4 a change in mentality, a change in vision.

5 Q. Is it the case that oftentimes you would get
6 the right answer in response to -- strike that.

7 Is that the case that you often would get
8 the right answer from a loan specialist when you
9 discussed with them the various conditions that you
10 had reviewed?

11 MS. SCHOENBERGER: Object to form.

12 A. Prior or during 2007 and 2008?

13 Q. (BY MR. CADY) Let's focus prior first.
14 Prior to, would you often get the right answer from a
15 loan specialist?

16 A. We would.

17 MS. SCHOENBERGER: Object to form.

18 A. Yes.

19 Q. (BY MR. CADY) And what would that right
20 answer sound like?

21 A. Thanks for pointing that out. Let me get
22 that. Let me track that down. Let me go back.

23 Q. And you testified that there is this window
24 somewhere in 2007 and 2008 where the incentives for
25 loan specialists had changed; is that right?

00 1 A. That's correct.

2 Q. And it's during this window that you felt you
3 didn't get the right answer as frequently; is that
4 correct, sir?

5 A. That's correct.

6 Q. What would you do when you didn't get the
7 right answer during that window?

8 MS. SCHOENBERGER: Object to form.

01 9 A. So I feel like I'm repeating the same
10 question. So forgive me if this answer sounds
11 repetitive.

12 But we would work with the frontline
13 associate. Whomever noticed it would bring it up to
14 the person who cleared it. And if that wasn't
15 reciprocated or responded to in a manner expected, it
16 would be escalated through management.

17 Q. (BY MR. CADY) And who did you escalate these
18 to in management?

19 A. Robert Price.

20 Q. How did you make those escalations?

21 A. Verbally and in e-mail.

22 Q. When you did so verbally, sir, was that
23 typically on the phone or would you walk over to his
24 office?

25 A. We sat about 50 feet apart. So it was

02 1 typically in person.

2 Q. Did you ever discuss these types of
3 situations with Ed O'Donnell?

4 A. Yes.

5 Q. What was Mr. Price's reaction when you
6 discussed these situations with Mr. Price?

7 A. When I discussed situations with Ed, Robert
8 was present.

9 Q. What was Mr. Price's reaction when you
10 discussed these situations?

11 A. Mr. Price didn't offer a reaction, because he
12 was already aware of the situation. So when I was
13 speaking with Ed, he didn't -- there was no need for
14 Robert to react.

15 Q. What was Mr. O'Donnell's reaction when you
16 brought these types of situations to his attention?

17 A. He was concerned. And he wanted to validate
18 that what I was telling him was accurate and wanted to
19 see how widespread or frequent or how often my -- my
20 concern was.

21 Q. Do you know whether Mr. O'Donnell followed up
22 on these concerns?

23 A. I don't know for sure.

24 Q. Mr. Boland, you testified this morning about
25 a conversation you had with Christian Rodriguez over

1 the phone one day where he had called in response to
2 closing a loan on the same day of the application.

3 Do you recall that testimony, sir?

4 A. I do.

5 Q. Have you told that story to anyone else
6 before?

7 A. No.

8 Q. You testified this morning that in response
9 to -- strike that.

10 You testified this morning that in
11 response to the phrase, Loans should move forward and
12 never backwards, people often objected. And they were
13 told they were not -- they needed to get with the
14 program.

15 Do you recall that testimony, sir?

16 A. I do.

17 Q. Do you recall who suggested that these people
18 needed to get with the program?

19 A. No, not specifically a person's name. It was
20 managers. The same way I can't remember their names,
21 they were representatives in management in the NCA.

22 Q. Have you told that story to anyone before?

23 A. I -- I -- inside of Full Spectrum at the
24 time, that's something that I escalated inside the
25 company.

1 Q. So you told your manager at Full Spectrum
2 Lending about the fact that you had heard someone in
3 management say that these employees needed to get with
4 the program; is that correct, sir?

5 A. Correct.

6 Q. Anyone else?

7 A. No.

8 Q. We looked earlier this morning at Exhibit
9 Number 7, which is an e-mail dated December 20, 2007
10 from Neal Ballance to you.

11 Do you have that in front of you, sir?

12 A. I do.

13 Q. Do you recall whether you responded to
14 Mr. Ballance?

15 A. I -- I don't recall if I responded. This is
16 typically something that I would respond to.

17 Q. Do you recall having a conversation in person
18 with Mr. Ballance about this e-mail?

19 A. I do.

20 Q. And what was the substance of that
21 conversation?

22 A. How he felt about the changing atmosphere
23 within the company at the time.

24 Q. Do you remember if he was angry?

25 A. I don't recall if he was angry. I -- I don't

1 recall.

2 Q. Was this something you felt you should
3 escalate to management?

4 A. Yes, if you recall.

5 Q. Do you recall escalating this to management?

6 A. I do.

7 Q. And how did you do that, sir?

8 A. Verbally with Robert Price.

9 Q. Did there ever come a time that you escalated
10 an issue beyond Mr. Price?

11 A. My official issues would be escalated only
12 through Robert Price.

13 Q. I'd like to direct your attention to Exhibit
14 Number 8, which is a e-mail we looked at this morning
15 dated August 27th, 2008 from Robert Price to you and
16 Craig Lickiss at the top.

17 Do you see that there, sir?

18 A. I do.

19 Q. This is Mr. Price suggesting that we,
20 presumably the three of you, should raise an issue
21 that Ryan Chiotti had raised in a meeting with OMs and
22 UW management.

23 Do you see that there, sir?

24 A. I do.

25 Q. Do you recall raising the issue that is

1 addressed in this e-mail in a meeting with OMs and
2 underwriting management?

3 A. I do not recall it specifically. But it is
4 something that I would normally follow through on and
5 would not disregard my manager's advice.

6 Q. And you would have the power to do that, sir;
7 is that correct, in a meeting with OMs and
8 underwriting management, to raise issues that you
9 thought were important and should be raised?

10 A. At various times I had more ability and less
11 ability. So I wouldn't say that that was a constant
12 and always available to me.

13 Q. At this point in time, in August 2008, did
14 you have the ability to raise issues that you thought
15 were important with OMs and underwriting management?

16 A. I believe I did.

17 Q. You don't recall one way or another whether
18 you actually raised this issue in a meeting with OMs
19 and underwriting management.

20 MS. SCHOENBERGER: Object --

21 Q. (BY MR. CADY) Is that correct, sir?

22 MS. SCHOENBERGER: -- object to form.

23 A. I -- I -- sorry. Can you repeat the
24 question?

25 Q. (BY MR. CADY) You don't recall one way or --

1 or another whether you actually raised an issue
2 addressed in this e-mail in a meeting with OMs and
3 underwriting management?

4 A. I do not specifically remember --

5 MS. SCHOENBERGER: Object to --
6 Object to form.

7 Pardon me.

8 THE WITNESS: Pardon me. And pardon me
9 for asking you to repeat the questions. That always
10 throws me when you guys object.

11 A. I don't recall this specific -- addressing
12 this specific e-mail, no.

13 That doesn't mean it didn't happen, and
14 I'm sure there's a document that could either
15 illuminate it or not. But I don't recall this
16 specific one.

17 Q. (BY MR. CADY) I'd like to go back and focus
18 on quality control.

19 Sir, can you tell me your involvement in
20 the quality control process during 2007 and 2008?

21 A. So I'm remembering back. And in the
22 beginning of 2007, I remember times being, you know, a
23 more normalized environment where reports would be
24 generated, delivered to me, and I would disseminate
25 the findings, investigate the loans, review the

1 documentation, have meetings, understand the
2 situation, and then talk through and counsel the
3 people on my team who were going to respond to the
4 finding.

5 Q. If -- when you say "respond to the finding,"
6 you're specifically referring to the rebuttal process
7 to severely unsatisfactory finding; is that correct,
8 sir?

9 A. That's right, sir. For their own personal
10 finding, correct.

11 Q. Do you have a understanding of through what
12 channels the loans that you were reviewing and that
13 were reflected in the quality control reports that you
14 referenced were generated?

15 MS. SCHOENBERGER: Object to form.

16 A. I don't -- I don't understand the question.

17 Q. (BY MR. CADY) Well, let me -- let me
18 rephrase.

19 Do you have an understanding of which
20 channels generated the loans that are later reflected
21 in the quality control reports that -- that you
22 referenced reviewing?

23 A. I -- there are -- yes, I do. And there are a
24 variety of channels at -- at Countrywide, or there
25 were. And I would only refer to the channel -- my own

1 channel. I wouldn't have access or be privy to other
2 channels outside of Full Spectrum.

3 Q. So is it the case, sir, that the quality
4 control reports that you were reviewing contained
5 loans generated through the NCA channel and the FHA
6 channels?

7 MS. SCHOENBERGER: Object to form.

8 A. That is not accurate.

9 Q. (BY MR. CADY) Tell me what is accurate.

10 A. FHA -- so FHA was -- was not NCA. FHA was --
11 NCA never did FHA loans.

12 Q. So is it the case then that the quality
13 control report you were looking at reflected loans
14 that were generated through the NCA channel and the
15 FHA channel? Is that a fair statement?

16 A. No. That's an inaccurate statement because
17 I -- I reviewed reports for both groups. But they
18 were a different product. And the NCA did not do FHA.

19 So I would receive quality control
20 reports from my division. And I would receive quality
21 control reports for FHA. And I would receive quality
22 control reports for NCA, or branch network loans.
23 Different -- different -- different reports for
24 different types of loans.

25 Q. That quality control reporting system is

1 generated through corporate -- the corporate quality
2 control group; is that correct, sir?

3 A. I -- I -- I assume so. I don't know the
4 specific system or gen -- or the provider.

5 Q. And do you understand that to be distinct
6 from the Full Spectrum Lending quality assurance
7 group?

8 MS. SCHOENBERGER: Object to form.

9 A. There were -- there were -- yes, I understand
10 that there were different groups.

11 Q. (BY MR. CADY) I think you testified earlier
12 that you weren't aware of or weren't involved with the
13 Full Spectrum Lending quality assurance group; is that
14 correct, sir?

15 A. I don't know it by that name. Or I don't
16 recall it by that name. There may be documents that
17 could enlighten me. What I do remember is that there
18 were different groups auditing.

19 Q. Do you recall whether you reviewed quality
20 assurance reports, reports generated by quality
21 assurance group?

22 A. I -- I just don't recall that terminology. I
23 probably did. But quality assurance is not distinct
24 in my mind from QC.

25 Q. You testified this morning about hearing the

1 phrase "We have to sell loans to the GSCs to keep the
2 lights on."

3 Do you remember that testimony, sir?

4 A. I do.

5 Q. Do you remember who it was that you recall
6 saying that phrase?

7 A. Cheri Shine.

8 Q. And do you remember when that was, sir?

9 A. In the 2007 period.

10 Q. Was that at a meeting?

11 A. It was on -- it was a late night on the 4th
12 floor, Building C, in Richardson, Texas, where food
13 was being served so that associates would stay late
14 and continue producing loans.

15 And literally, the lights needed to stay
16 on in the building, hence the phrase, you know, We've
17 got to fund these loans so that we can keep the lights
18 on.

19 Q. When you say "and literally," is that because
20 it's late at night, the lights turn off at 7:00, 8:00
21 or 9 o'clock? Is that what you mean?

22 A. It's dark outside is what I mean.

23 Q. Understood.

24 A. And I'll correct you. Cheri Shine didn't
25 say, We need to sell these loans to the GSCs to keep

1 the lights on. She said, We need to fund these loans
2 to keep the lights on.

3 Q. Let's talk about people at Full Spectrum
4 Lending. And I'd like to start with Ed O'Donnell.

5 Can you tell me your relationship with
6 Ed O'Donnell during your time at Full Spectrum
7 Lending?

8 A. What would you like to know?

9 Q. Do you have a close relationship with
10 Mr. O'Donnell during your time at Full Spectrum
11 Lending?

Form - vague,
ambiguous; Rule
401-irrelevant

12 MS. SCHOENBERGER: Object to form.

13 A. I would like to think that you -- you know,
14 I -- I'd like to think that he thought I did a good
15 job, yeah.

16 Q. (BY MR. CADY) Was he someone you looked up
17 to?

18 A. He was a senior person in the organization,
19 the most senior person in my chain of command. So I
20 viewed him in a -- in a leadership perspective,
21 definitely.

22 Q. Was he someone you respected?

23 A. Yes.

24 Q. Was he someone whose judgment you trusted?

25 A. Yes.

Form (Objection on
following page) -
vague, ambiguous;
Rule 401-irrelevant,

1 MS. SCHOENBERGER: Object to form.

2 Q. (BY MR. CADY) Were there others in Full

3 Spectrum Lending whose judgment you trusted?

4 MS. SCHOENBERGER: Object to form.

5 A. Yes.

6 Q. (BY MR. CADY) And who were those?

7 A. There were many -- there were many people at

8 Full -- at Full Spectrum. Full Spectrum was a great

9 company. I mean -- or a great division inside

10 Countrywide, which was a great company.

11 I generally trusted people. And people,

12 for the most part, did the right thing the majority of

13 the time. I mean, people were -- were honest.

14 So I -- I'm -- I'm struggling to come up

15 with names to satisfy the question. But in general,

16 overall, that would be my statement.

17 Q. Was it your impression that people at Full

18 Spectrum Lending, in general and overall, wanted to do

19 the right thing?

20 MS. SCHOENBERGER: Object to form.

21 A. People came to work motivated and generally

22 wanted to do the right thing.

23 Q. (BY MR. CADY) Was it your impression that

24 people at Full Spectrum Lending never intended to

25 defraud the GSCs?

Excluded by motion
in limine;
Rule 401-irrelevant,
Form - vague,
ambiguous

Excluded by motion
in limine;
Rule 401-irrelevant,
Form - vague,
ambiguous

1 MS. SCHOENBERGER: Object to form.

2 A. I would be speculating as what they intended
3 to do.

4 Q. (BY MR. CADY) Did you ever intend to defraud
5 the GSCs?

Excluded by
motion in limine
Form - vague,
ambiguous

6 MS. SCHOENBERGER: Object to form.

7 A. No.

8 Q. (BY MR. CADY) Were you ever asked to defraud
9 the GSCs?

10 MS. SCHOENBERGER: Object to form.

11 A. Specifically, no.

12 Q. (BY MR. CADY) Sir, the Central Fulfillment
13 model, I think you've said, is a term that's used at
14 Bank of America; is that correct?

15 A. Correct.

16 Q. Is that a model that's also used by other
17 mortgage lenders?

18 A. I'm not sure.

19 Q. Do you know from your work at Fannie Mae
20 whether you're receiving calls on the hotline from
21 lenders who utilize a Central Fulfillment-type model?

22 A. I would be guessing. I really don't know
23 what model they use when they call.

24 Q. Do you know whether lenders other than
25 Countrywide permitted loan processors or loan

1 specialists to clear loans for funding?

2 A. I don't know what happened at other
3 companies.

4 Q. Do you know today, based on your experience
5 at Fannie Mae, whether other companies use loan
6 processors to clear loans for funding?

7 A. I -- I don't know.

8 Q. Sir, is it fair to say that prime loans
9 require fewer checks than subprime loans?

10 A. No.

11 MS. SCHOENBERGER: Object to form.

12 Q. (BY MR. CADY) Is it fair to say that
13 subprime loans involve more underwriting or require
14 more underwriting resources than prime loans?

15 MS. SCHOENBERGER: Object to form.

16 A. No. It is different, but I don't think that
17 you can make a quantitative more or less statement.

18 Q. (BY MR. CADY) Sir, when you were hired at --
19 well, strike that.

20 When you called Ed O'Donnell seeking a
21 job in October 2012, did you tell Mr. O'Donnell why
22 you were looking for other employment?

23 MS. SCHOENBERGER: Object to form.

24 A. I told Mr. O'Donnell that I was let go. He
25 didn't have time to discuss the nature of my

Rule 106 - Fairness
does not require
inclusion, Rule 401
- irrelevant

1 situation.

2 Q. (BY MR. CADY) Did you ever tell him the
3 nature of your situation?

Rule 106 - Fairness does not require inclusion, Rule 401 - irrelevant

4 A. Since then, I -- I don't think I ever have.

5 Q. Do you recall telling Fannie Mae about the
6 nature of your situation in connection with the hiring
7 process?

Rule 106 - Fairness does not require inclusion, Rule 401 - irrelevant

8 A. No.

9 Q. Have you told Fannie Mae about your situation
10 since the hiring process at anytime?

Form - vague, ambiguous, Rule 401-irrelevant; Rule 403 - waste of time; Rule 106 - Fairness does not require inclusion.

11 MS. SCHOENBERGER: Object to form.

12 A. What I did is I filled out a complete
13 application, answered every question that was asked of
14 me, provided references who spoke on my behalf, and
15 complied with every request they made.

16 Q. (BY MR. CADY) I take it, then, that the
17 application process -- I think what you're telling me,
18 but correct me if I'm wrong -- the application process
19 didn't require you to divulge to Fannie Mae the nature
20 of termination of your last employment?

Rule 401 - irrelevant; Rule 602 - calls for speculation; Rule 106 - Fairness does not require inclusion.

21 A. Correct.

22 Q. Is that correct?

23 A. That's correct.

24 Q. You never told Fannie Mae about the nature of
25 the termination of your prior employment; is that

Rule 401 - irrelevant; Rule 403 - prejudicial; Form - vague, ambiguous (objection on following page)

1 correct?

2 A. Correct.

3 MS. SCHOENBERGER: Object to form.

4 Q. (BY MR. CADY) Sir, I'd like to focus on this
5 case. And who have you talked with about this case?

6 A. Michael Thomas.

7 Q. Who else?

8 A. My wife.

9 Q. Anyone else?

10 A. That's it.

11 Q. Well, have you talked with the Plaintiffs in
12 this case, any of the Plaintiffs in this case?

13 A. No.

14 Q. Have you talked with Mr. O'Donnell about this
15 case?

16 A. No.

17 Q. Does Mr. O'Donnell know that you're here
18 testifying today?

19 A. I don't know.

20 Q. Have you talked with the lawyers here in this
21 room today about this case?

22 A. Yes, I have.

23 Q. And which lawyers have you talked with about
24 this case?

25 A. Jaimie Nawaday and Carina.

Rule 401 -
irrelevant; Rule 403
- prejudicial; Form -
vague, ambiguous

1 MS. SCHOENBERGER: I'll stipulate to
2 Carina Schoenberger.

3 Q. (BY MR. CADY) And when did you first talk
4 with Ms. Nawaday or Ms. Schoenberger?

5 A. Late 2012.

6 Q. And which -- which of the lawyers did you
7 talk with in late 2012?

8 A. I believe it was Jaimie Nawaday.

9 Q. And how did that conversation come about?

10 A. I received a phone call.

11 Q. And who was that phone call from?

12 A. Jaimie Nawaday.

13 Q. Do you know how Ms. Nawaday got your phone
14 number?

15 A. I don't.

16 Q. Did she tell you how she got your phone
17 number?

18 A. No.

19 Q. Did she tell you why she was getting in
20 contact with you specifically?

21 A. She did.

22 Q. And what did she say?

23 A. She explained the nature of the complaint,
24 and how it was relevant to my time at Countrywide.

25 Q. When was your -- you testified that your

1 first conversation with Ms. Nawaday was in November of
2 2012; is that correct?

3 MS. SCHOENBERGER: Object to form.

4 A. I believe it was November. I'm -- I'm not
5 certain of the -- the exact month. It was late -- it
6 was -- it was either November or December.

7 Q. (BY MR. CADY) When was you next conversation
8 with Ms. Nawaday or with any of the lawyers for the
9 Plaintiff?

10 A. I can summarize it by saying I had
11 approximately five conversations between November and
12 now. And I don't remember the specific dates or
13 times.

14 Q. Did you have any in-person meetings with any
15 of the lawyers for the Plaintiffs?

16 A. No.

17 Q. These were all phone conversations; is that
18 fair to say?

19 A. Yes.

20 I'm sorry. I did have a meeting last
21 night. So last night I did have a meeting with the
22 Plaintiff.

23 Q. And -- and did you have a meeting with one of
24 the lawyers -- Plaintiff's lawyers in this room?

25 A. With Jaimie and Carina.

1 Q. (BY MR. CADY) How long?

2 MS. SCHOENBERGER: I just want to make an
3 objection to form here. Jaimie Nawaday and
4 Carina Schoenberger are attorneys for the United
5 States. One Plaintiff, one case.

6 Q. (BY MR. CADY) How long did that meeting
7 last?

8 A. Less than 60 minutes.

9 Q. Did you look at documents in connection with
10 that meeting?

11 A. I did.

12 Q. Do you recall about how many documents you
13 looked at?

14 A. Two.

15 Q. Are they documents that we've looked at
16 today?

17 A. They are.

18 Q. Do you recall which ones?

19 A. I don't.

20 Q. But you remember seeing them earlier today?

21 A. I do.

22 Q. In these five phone conversations in addition
23 to the meeting, help me understand how extensive and
24 how -- how recent they are. The first conversation
25 with Ms. Nawaday, do you remember lasting a certain

1 amount of time? Let's just walk through them.

2 A. I'd say it was probably a 20-minute
3 conversation. That is typically how long I would talk
4 to -- to Ms. Nawaday.

5 Q. Uh-huh.

6 A. But the -- the -- the most recent ones were
7 short, like, Will you be there? That kind of thing.

8 Q. Have you read the Complaint in this case?

9 A. I have -- I think I've read an outdated
10 version of the Complaint.

11 Q. And by "outdated," what do you mean, sir?

12 A. I believe there's a subsequent version that
13 I'm not familiar with.

14 Q. You read the initial version of the
15 Complaint?

16 A. Yes, sir.

17 Q. And about what time did you read the initial
18 version of the Complaint?

19 A. When I first was contacted by Ms. Nawaday.

20 Q. Did Ms. Nawaday send you a copy of the
21 initial version of the Complaint at that point?

22 A. No, no.

23 Q. How did you read the initial version of the
24 Complaint?

25 A. I -- I just did a Google search and pulled it

1 up online.

2 Q. This was after the Complaint had been filed?

3 A. Correct.

4 Q. Did, at any point, the lawyers for the
5 Plaintiff share with you any other documents?

6 A. No.

7 Q. So it's the two e-mails last night and plus
8 the reference to the Complaint which you were able to
9 find on your own; is that correct, sir?

10 A. That's right.

11 Q. You exchanged any e-mails with the lawyers
12 for the Plaintiff?

13 A. No.

14 Q. You said you also spoke with Mr. Thomas,
15 Mr. Michael Thomas about this case; is that correct?

16 A. Correct.

17 Q. When did you talk with Mr. Thomas about the
18 case?

19 A. Recently within the last -- since receiving
20 the subpoena. So whatever date the subpoena is, is
21 what prompted my call to Michael.

22 Q. Did you -- did you call Mr. Thomas to tell
23 him you'd been subpoenaed to testify in this case?

24 A. He contacted me.

25 Q. Oh, Mr. Thomas contacted you?

1 A. He did.

2 Q. Did he know you had been subpoenaed to
3 testify in the case?

4 A. Yeah, I think he did. Yeah. Yeah, he did.

5 Q. Did you discuss your upcoming testimony with
6 Mr. Thomas?

7 A. No.

8 Q. What did you discuss with Mr. Thomas about
9 the case?

10 A. Whether to get an attorney or not.

11 Q. What did Mr. Thomas advise you about getting
12 an attorney or not?

13 A. He didn't advise me as much as we consulted
14 on if we knew anyone, and what our decision process
15 was whether or not to seek representation in the case.

16 Q. Have you talked with anyone else about
17 getting an attorney in the case?

18 A. No.

19 Q. Did you ask any of the lawyers for the
20 Plaintiffs to ask --

21 MS. SCHOENBERGER: Object to form.

22 Q. (BY MR. CADY) -- did you ask -- strike that.

23 Did you ask any of the lawyers for the
24 Plaintiff to ask others to stop contacting you about
25 the case?

1 A. No.

2 Q. Did you ever ask Ms. Nawaday to ask me to
3 stop talk -- contacting you about the case?

4 A. I didn't ask her to stop. I didn't ask her
5 to ask you to stop. I did let her know that you had
6 contacted me.

7 Q. What did Ms. Nawaday advise you in connection
8 with that?

9 A. She didn't advise me at all. She received
10 the information and that was that.

11 Q. Did she suggest to you how you should
12 respond?

13 A. No. She asked me if I did respond, and I
14 told her I did.

15 Q. Mr. Boland, do you recall a time when Full
16 Spectrum Lending implemented process changes to
17 increase the quality of loans being originated in the
18 2008 time period?

19 A. Not specifically, no.

20 MR. CADY: That's all I have for now.
21 I'll get --

22 THE VIDEOGRAPHER: We're just now under
23 two hours.

24 MR. CADY: You want to take a five-minute
25 break, Bill, or you ready to go?

1 MR. HARRINGTON: Yeah, we can take a
2 quick break.

3 THE VIDEOGRAPHER: We're now off the
4 record, 3:49 p.m.

5 (Recess taken 3:49 p.m. to 4:04 p.m.)

6 THE VIDEOGRAPHER: We're now back on the
7 record at how 4:04 p.m.

8 EXAMINATION

9 BY MR. HARRINGTON:

10 Q. Mr. Boland, my name is Bill Harrington, and I
11 represent the Countrywide Defendants. I'm going to be
12 asking you some questions.

13 A. Okay.

14 Q. First, I want to ask you about your testimony
15 that you understood there was a rule that loan
16 specialists had to, quote -- employees had to clear a
17 loan per day in order to go home.

18 Do you recall that testimony?

19 A. I do recall that testimony.

20 Q. Did you ever work for a group that had such a
21 rule in place?

22 A. No.

23 Q. So is your understanding of that rule based
24 entirely on what others have told you?

25 A. Yes.

1 Q. Who told you that such a rule existed?

2 A. Sarah Haser.

3 Q. And when did Sarah Haser tell you about such
4 a rule?

5 A. In 2007 to 2008.

6 Q. Anyone else besides Sarah Haser?

7 A. That's a name I remember specifically. But
8 it was widely communicated and understood that that
9 was a policy in the NCA. So it was communicated to me
10 by other people, but I don't recall the name.

11 Q. So it's your view that this was widely
12 understood; is that correct?

13 A. Yes.

14 Q. But you can't think of a single person other
15 than Sarah Haser who told you about it; is that
16 correct?

17 A. That's correct.

18 Q. How do you define widely?

19 MS. SCHOENBERGER: Object to form.

20 A. Known by more than a few people.

21 Q. (BY MR. HARRINGTON) And so it's your
22 testimony that more than a few people told you about
23 this rule?

24 A. Correct.

25 Q. And you can't remember who any of them are

1 other than Sarah Haser?

2 MS. SCHOENBERGER: Object to form.

3 A. We're in 2013 and we're talking about 2007.

4 So, no.

5 Q. (BY MR. HARRINGTON) If you could take a look
6 at what's been marked as Exhibit 6 from this morning,
7 did Sarah Haser tell you about this rule --

8 MS. SCHOENBERGER: Object --

9 Q. (BY MR. HARRINGTON) -- about clearing one
10 loan a day at about the time of this e-mail?

11 MS. SCHOENBERGER: Object to form.

12 A. I -- I don't know. I don't -- I know it was
13 that year. I don't know if it was around the time of
14 this e-mail or not.

15 Q. (BY MR. HARRINGTON) Do you know if it was
16 before or after she had her authority revoked?

17 A. It was before.

18 Q. She told you about this before her authority
19 was revoked?

20 A. Correct.

21 Q. So it was before June 2007; is that correct?

22 A. Correct.

23 Q. And this e-mail is one of the two e-mails
24 that the government has shown you where you raised
25 complaints about the behavior of the loan specialists;

1 is that correct?

2 A. No, that's not correct.

3 MS. SCHOENBERGER: Object to form.

4 A. I did not see this e-mail prior to today.

5 Q. (BY MR. HARRINGTON) I meant not just in the
6 past, ever. This is one of two e-mails the Government
7 has ever shown you, including today, where you spoke
8 about complaints about loan specialists' behavior --

9 MS. SCHOENBERGER: Object --

10 Q. (BY MR. HARRINGTON) -- is that correct?

11 MS. SCHOENBERGER: -- object to form.

12 A. I'm not sure I understand the question.

13 Q. (BY MR. HARRINGTON) In this e-mail, are you
14 complaining about loan specialists' behavior?

15 MS. SCHOENBERGER: Object to form.

16 A. Yes.

17 Q. (BY MR. HARRINGTON) Are there any other
18 e-mails you've been shown today where you're
19 complaining about loan specialists' behavior?

20 MS. SCHOENBERGER: Object to form.

21 A. No.

22 Q. (BY MR. HARRINGTON) And this e-mail is in
23 June 2007; is that correct?

24 A. That's the date on the document, yes.

25 Q. And the pilot for the High Speed Swim Lane

1 didn't begin until August 2007; is that correct?

2 MS. SCHOENBERGER: Object to form.

3 A. I don't know when it began.

4 Q. (BY MR. HARRINGTON) Do you have any reason
5 to believe that the loans involved in this e-mail were
6 High Speed Swim Lane loans?

7 A. I have no evidence that the loans involved in
8 this e-mail were High Speed Swim Lane loans.

9 Q. And in fact, if the pilot for the High Speed
10 Swim Lane didn't begin until August, these loans
11 couldn't have been High Speed Swim Lane loans; is that
12 right?

13 MS. SCHOENBERGER: Object to form.

14 A. I don't know.

15 Q. (BY MR. HARRINGTON) Well, you know that
16 August is after June, right?

17 A. I do know August is after June.

18 Q. If you could look at what was marked as
19 Exhibit 8 this morning. This is an August 27th, 2008
20 e-mail. This is an e-mail reflecting another
21 complaint about loan quality that you were shown
22 today; is that correct?

23 A. That's correct.

24 Q. Do you have any reason to believe that the
25 loans discussed in this e-mail are High Speed Swim

1 Lane loans?

2 A. I -- I don't have any evidence confirming or
3 denying.

4 Q. These were loans that were sent to an
5 underwriter for -- for approval, correct?

6 MS. SCHOENBERGER: Object to form.

7 A. Yes.

8 Q. (BY MR. HARRINGTON) And it is your
9 understanding that the loans that passed through the
10 High Speed Swim Lane and are approved according to
11 that process are not sent to underwriters for
12 approval?

13 A. They were sometimes sent to underwriters for
14 approval.

15 Q. When were they sent to underwriters for
16 approval?

17 A. When the loan specialists submitted them.

18 Q. Do you understand under what conditions the
19 loan specialists would decide to submit them versus
20 not to submit them?

21 A. That was their choice.

22 Q. Were there guidelines for when they were
23 submitted or not submitted?

24 A. That would have been their policies and
25 procedures. It was a department outside of my group.

1 Q. Sitting here now, you have no basis for
2 concluding one way or the other whether these loans
3 were High Speed Swim Lane loans; is that right?

4 A. Correct.

5 Q. If you could look at what was -- what's been
6 marked as Boland Exhibit 5, this is an August 14th,
7 2007 e-mail where you are asked -- rather -- withdraw
8 that.

9 If you could actually turn to Exhibit 4,
10 please.

11 A. I've got it.

12 Q. This is the e-mail where you are asked to
13 approve underwriting authority for two loan
14 specialists, Israel Totani and Jason Gilbert; is that
15 correct?

16 A. Correct.

17 Q. And this e-mail led you to complain to
18 Ron Cannon. And that's an e-mail in Exhibit 5; is
19 that correct?

20 MS. SCHOENBERGER: Object to form.

21 A. I don't know that this was the catalyst for
22 that e-mail. I can't confirm that.

23 Q. (BY MR. HARRINGTON) Do you recall a separate
24 instance where you were asked to support sign-off
25 authority for the loan specialists that you did not

1 have a lot of knowledge about?

2 A. I don't.

3 Q. And this second e-mail is -- is five days
4 after you're asked to provide approval for
5 Jason Gilbert and Israel Totani.

6 A. Correct. It is five days after.

7 Q. But you're not sure that this e-mail,
8 Exhibit 5, is about Jason Gilbert and Israel Totani;
9 is that correct?

10 A. I'm not sure.

11 Q. And I -- I believe -- well, withdraw that.

12 It is your testimony that after you sent
13 this e-mail and raised this concern, that you were no
14 longer asked to provide approval of authority for loan
15 specialists?

16 A. I can't conclude that, no.

17 Q. Do you know whether after this incident in
18 August 2007 underwriters were still required to -- to
19 review and approve loan specialists before they could
20 use their sign-off authority?

21 A. I don't recall the date, no.

22 Q. Is it your understanding that there was a
23 point where that wasn't the case anymore?

24 A. This document seems to indicate that. But I
25 don't recall that.

1 Q. Your interpretation of this document is that
2 loan specialists would no longer require your approval
3 in order to exercise underwriting authority?

4 A. So Ron Cannon makes that statement. I don't
5 recall whether that transpired or not.

6 Q. If you could, look at Boland Defense Exhibit
7 2; turn to Page 6.

8 A. Page 2 is one page.

9 Q. Boland Exhibit 2.

10 MR. PODOLL: Defense.

11 Q. (BY MR. HARRINGTON) Defense Exhibit 2, I'm
12 sorry. Boland Defense Exhibit 2.

13 A. Got it.

14 Q. You see towards the middle of the page where
15 it says, John endorses Lacrechia Whirl and Justin
16 Trainor. He has not worked with and is not familiar
17 with Jason Gilbert and Israel Totani. John is
18 currently working with them and providing training and
19 support. He says he will be better able to provide a
20 response to Jason and Israel by month end.

21 Do you see that?

22 A. Which page are you on?

23 Q. Page 6.

24 A. Okay. I do see it.

25 Q. Does this refresh your memory that, in fact,

1 in August at the time of these e-mails you were
2 continuing to review loan servicers in order to
3 determine whether or not you would approve them for
4 underwriting authority?

5 MS. SCHOENBERGER: Object to form.

6 A. You said loan servicers and I think you meant
7 loan specialists.

8 Q. (BY MR. HARRINGTON) Loan specialists, thank
9 you. Yes.

10 A. And this e-mail would indicate that.

11 Q. Uh-huh.

12 A. My recollection of the events is not strong
13 enough to confirm or deny the dates and times that
14 you're asking about. I can't tell you if -- if the
15 date is right.

16 Q. Do you remember being told, Stop working with
17 Jason Gilbert and Israel Totani?

18 A. No.

19 Q. You no longer are needed, or something to
20 that effect?

21 A. No, no, I don't recall anyone telling me I
22 couldn't work with someone.

23 Q. And I take it a lot of what you remember from
24 2007 and 2008 is a little uncertain?

25 MS. SCHOENBERGER: Object to form.

1 A. Is that a question?

2 Q. (BY MR. HARRINGTON) Yes.

3 A. I would respond by telling you that exact
4 dates this far after the event are uncertain.

5 Q. And the -- the -- would you agree that the
6 opinions that you have expressed about the High Speed
7 Swim Lane is based on -- on the information you
8 received from others about the process?

9 MS. SCHOENBERGER: Object to form.

10 A. No, I -- I would not. I -- I would tell you
11 that I -- I went to work every day at this facility.
12 And my opinions are based on my own personal
13 experience.

14 Q. (BY MR. HARRINGTON) Based on your
15 observations?

16 A. Experience and observations.

17 Q. And -- and your experience -- your memory of
18 the High Speed Swim Lane is that Cheri Shine was in
19 charge of it?

20 MS. SCHOENBERGER: Object to form.

21 A. Define in charge.

22 Q. (BY MR. HARRINGTON) Is that your memory?

23 MS. SCHOENBERGER: Object to form.

24 A. Cheri Shine was in charge of it. No, that is
25 not my memory that Cheri was in charge of it. She was

1 in charge of the processors in NCA.

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2 Q. (BY MR. HARRINGTON) And your memory of it is
3 that NCA was -- was in charge of the High Speed Swim
4 Lane; is that correct?

5 MS. SCHOENBERGER: Object to form.

04

6 A. I don't want to mischaracterize it. So I'll
7 elaborate to say that Greg Lumsden was the CEO of the
8 company. Rebecca Mairone was -- the next in charge.
9 Cascading down the line was Cheri Shine. Loren
10 Rodriguez's name is in these documents. He was the
11 architect of the process. And a variety of different
12 people played a role in the High Speed Swim Lane.

13 And who was singularly in charge of it, I
14 am not sure who was in charge of it. I know that
15 Cheri's responsibilities included executing the design
16 that was outlined.

**Nonresponsive
narrative - Rule 602;
Speculation - Rule 602**

17 Q. (BY MR. HARRINGTON) And do you know if it --
18 for what time period Cheri Shine had a -- a role, a
19 senior role, with respect to the High Speed Swim Lane?

20 A. In all the time that I've known Cheri, she's
21 always been a senior leader. The time frame with
22 which she was associated with the High Speed Swim Lane
23 is not something that I can nail down. I can't tell
24 you an exact date of when that was.

25 Q. So you don't know when it began?

1 A. I know -- I know the year. I don't know more
2 than that.

3 Q. What year did it begin?

4 A. 2007.

5 Q. And what year did it end?

6 A. Two thousand -- 2008.

7 Q. And it's your -- you don't recall -- to the
8 best your recollection, there were no changes to the
9 way the High Speed Swim Lane functioned after the
10 meeting you had in March where underwriters described
11 their concerns to senior management; is that correct?

12 A. March?

13 Q. March 2008.

14 MS. SCHOENBERGER: Object to form.

15 A. Okay.

16 Q. (BY MR. HARRINGTON) Let me withdraw that.

17 Let me withdraw that.

18 You recalled having a meeting after
19 Andrew Mozilo's (sic) testimony before Congress; is
20 that correct?

21 A. That's correct.

22 Q. And at that meeting, concerns were raised
23 about the process being used to originate loans at
24 Full Spectrum Lending; is that correct?

25 A. That's correct.

1 Q. Do you recall there being any changes to that
2 process that took place in the weeks following that
3 meeting?

4 A. I don't recall any changes as a result of
5 that meeting.

6 Q. Do you recall any changes being made at all
7 to the process in the weeks following that meeting?

8 A. Official process changes, I do not recall.
9 Changes in attitudes and execution, I do recall.

10 Q. What were the changes in attitude and
11 execution?

12 A. Moving away from high quality environment
13 into a high production environment.

14 Q. So after the meeting you had with -- after
15 this meeting at about the time of the Mozilo's
16 testimony before Congress, your recollection is that
17 the company moved more towards a production-focused
18 emphasis, away from a quality-focused emphasis, or the
19 other way around?

20 A. No. Let me correct that. It was the summer
21 of 2007 when that attitude started to change.

22 Q. Did you -- do you know who Mark Barnett is?

23 A. I do.

24 Q. Did you have any conversations with
25 Mark Barnett about your concerns with the High Speed

1 Swim Lane?

2 A. I don't recall expressing any concerns to
3 Mark. Mark was more of a process design person. He
4 was more in a -- in a process role.

5 And at the stages when we were discussing
6 process, it was early. And the process seemed, you
7 know, without -- there was no reason to question the
8 process.

9 Q. What about Cliff Kitashima? Did you have any
10 conversations with Cliff Kitashima about your concerns
11 with the High Speed Swim Lane process?

12 A. No. Cliff was -- Cliff was too high in the
13 organization to interface with me.

14 Q. Why is that?

15 A. He -- it's just -- it was just unlikely.
16 It's possible; is was just not frequent.

17 Q. What about Greg Lumsden? Did you have any
18 conversation with him about your concerns with respect
19 to the High Speed Swim Lane process?

20 A. No.

21 Q. What about Ed O'Donnell? Did you have any
22 conversations with him about your concerns with the
23 High Speed Swim Lane process?

24 A. Yes.

25 Q. What were the -- how many conversations did

1 you have with him about this topic?

2 A. Numerous. And I don't have a specific number
3 for you. It was a topic of general concern during the
4 time frame in question.

5 Q. And what -- what specific concerns did you
6 bring to -- to -- to Mr. O'Donnell?

7 A. The change in attitude of the people that we
8 were working with. Their vision not matching ours.
9 And production not responding in the way they had
10 previously responded. And then conditions being
11 cleared without the documentation in the file.

12 Q. And when did you tell Ed about each of those
13 concerns?

14 A. I don't recall each individual occasion.

15 Q. Do you know when in the -- in the -- 2007,
16 2008 you said these things to Ed?

17 A. I don't know.

18 Q. What did Ed say in response?

19 MS. SCHOENBERGER: Object to form.

20 A. I don't recall Ed's specific response. Ed
21 shared my concern.

22 Q. (BY MR. HARRINGTON) You don't recall any
23 specific statements Ed -- Ed made in response to -- to
24 the things you said to him?

25 MS. SCHOENBERGER: Object to form.

1 A. I'm trying to remember. I -- I just don't
2 recall a specific statement that Ed made to me about
3 the situation.

4 MR. HARRINGTON: That's all I have.
5 Thank you.

6 THE WITNESS: Thank you.

7 MR. COHEN: Take five minutes and then
8 we'll --

9 THE VIDEOGRAPHER: We're now off the
10 record at 4:25 p.m.

11 (Recess taken 4:25 p.m. to 4:40 p.m.)

12 THE VIDEOGRAPHER: We're now back on the
13 record at 4:40 p.m.; start of DVD 5.

14 EXAMINATION

15 BY MR. COHEN:

16 Q. Good afternoon, Mr. Boland. I know we met
17 earlier. Just to reintroduce myself, I'm Seth Cohen,
18 and I represent Rebecca Mairone.

19 A. Okay. How are you?

20 Q. Just want to go back to the late 2007/2008
21 time frame.

22 You were a 1st VP of the underwriting in
23 Richardson, Texas, correct?

24 A. Correct.

25 Q. And how many 1st VPs of underwriting were

1 there in Richardson at that time?

2 A. Just one.

3 Q. Just one.

4 And how many underwriting managers were
5 there in Richardson at that time?

6 A. Approximately 14.

7 Q. And how many 1st VPs were there in Chandler
8 during the same time frame?

9 A. I think there was only one.

10 Q. And how about -- how about underwriting
11 managers?

12 A. Their site was larger. I would say probably
13 25 percent more of everything there. But I believe
14 the 1st VP, there was only one.

15 Q. Okay. And do you know how many 1st VPs there
16 were in Rosemead?

17 A. I don't.

18 Q. Do you have any estimation at all?

19 A. It was a fairly common title. 1st VP, you
20 know, was a -- was a common title. I don't know how
21 many.

22 Q. How about in Hatboro?

23 A. I don't know in Hatboro.

24 Q. Do you have any idea company-wide?

25 A. I don't.

1 Q. Okay. But there were a lot, right?

2 A. I would --

3 MS. SCHOENBERGER: Object to form.

4 A. -- I would assume. I -- I don't have a basis
5 to make that -- that judgment.

6 Q. (BY MR. COHEN) And during that time frame,
7 you reported to Robert Price, correct?

8 A. Correct.

9 Q. And what was Mr. Price's role?

10 A. As my supervisor. He managed -- his -- his
11 role was similar to mine with respect to the
12 underwriting portion. But he also managed funding as
13 well.

14 So the difference between my role and
15 Robert's role is Robert's also included the closing
16 function.

17 Q. And what was his title?

18 A. I believe it was senior V -- senior VP.

19 Q. And who did Mr. Price report to?

20 A. Ed O'Donnell.

21 Q. And what was Ed O'Donnell's title?

22 A. I believe it was EVP.

23 Q. And who did Mr. O'Donnell report to?

24 A. Cliff Kitashima.

25 Q. And do you know Mr. Kitashima's title?

1 A. I think he was managing director.

2 Q. Now, you weren't involved in the design of
3 NCA, correct?

4 A. Correct.

5 Q. You weren't any -- you weren't a -- a
6 participant in any meetings where any design or
7 implementation of the NCA was discussed?

8 A. The origin of NCA happened before my
9 relocation to Texas, correct. So I was not involved.

10 Q. So you don't actually know the role that
11 Cheri Shine had with respect to NCA?

12 MS. SCHOENBERGER: Object to form.

13 A. I don't know her role? Well, I -- I
14 interacted with Cheri, so I understood her role from a
15 working relationship. I don't understand -- I may not
16 have been part of the design for NCA. But Cheri
17 played many roles.

18 Q. (BY MR. COHEN) I'd -- let me clarify that.

19 Were you -- were you aware of any role
20 that she played in the design or implementation of
21 NCA?

22 A. Oh, no, I'm not aware of that.

23 Q. And would the same answer be correct if I
24 said are you aware of any role that Rebecca Mairone
25 played in the design or implementation of NCA?

1 A. Correct. I'm not aware that she designed it
2 or created --

3 Q. So sitting here today, you have no knowledge
4 as to whether Ms. Mairone had any role in designing or
5 implementing NCA, correct?

6 A. That's correct.

7 Q. You testified earlier that you moved from
8 Chicago to Dallas, I believe, in January 2006; is that
9 correct?

10 A. Correct.

11 Q. Do you have any idea when Rebecca Mairone
12 joined Countrywide?

13 A. I believe it was in 2006. When across that
14 year, I do not recall.

15 Q. I'll represent to you it was the end of
16 February of 2006.

17 A. Okay.

18 Q. So by the time Rebecca Mairone joined
19 Countrywide, you had already been transferred as a
20 result of NCA initiatives from Chicago to Dallas,
21 correct?

22 A. That's accurate.

23 Q. Okay. Earlier you testified that you had no
24 knowledge as to whether Rebecca was -- Ms. Mairone was
25 on the production or the quality side of the business,

1 correct?

2 A. That's correct.

3 Q. Do you know who Lloyd Sargeant is?

4 A. I do.

5 Q. Okay. Does hearing his name refresh your
6 recollection that Lloyd Sargeant was the executive
7 in -- in charge of production?

8 A. It does.

9 Q. Are you aware that there was a steering
10 committee that was formed in connection with the HSSL?

11 A. Yes.

12 Q. And did you attend any of the steering
13 committee meetings?

14 A. I was made aware that the HSSL was coming,
15 but I did not attend it -- a steer -- a meeting of
16 that, you know, moniker. No, no. The answer's no.
17 Just to be clear, no.

18 Q. Do you know if Cliff Kitashima was on the
19 steering committee?

20 A. Oh, I have -- I have no idea.

21 Q. Do you know if Ed O'Donnell was on the
22 steering committee?

23 A. I don't know who was on the steering
24 committee.

25 Q. So you don't know if Ed O'Donnell was the

1 HSSL representative that was in charge of underwriting
2 on that steering committee?

3 MS. SCHOENBERGER: Object to form.

4 A. I would assume he was. But I don't know that
5 for sure.

6 Q. (BY MR. COHEN) Okay. And you weren't
7 involved in the design or implementation of HSSL,
8 correct?

9 A. Correct. Implementation -- I mean, I had to
10 be made aware and be ready and knowledgeable and able
11 to react. But not the way you intended the question,
12 I think.

13 Q. Well, the -- let me clarify then for the
14 record so that I can make my intent clear.

15 You weren't involved in the design
16 implementation of the Hustle by attending any meetings
17 where the formation of it was discussed?

18 A. That's correct.

19 Q. And sitting here today, you also don't know
20 what Ms. Mairone's role was in the design and
21 implementation of the Hustle either?

22 A. I truly don't.

23 Q. Is it fair to say that you don't know who
24 made the decision to include stated income loans as
25 part of the Hustle?

1 A. That's true.

2 Q. Okay. It is also true to say that you don't
3 know who made the determination to allow loan
4 specialists to determine income reasonability?

5 A. That's true.

6 Q. Earlier you testified that -- that you
7 received numerous concerns regarding HSSL, correct?

8 A. Correct.

9 Q. And you stated that your response to that
10 would be to escalate those concerns to Mr. Price,
11 correct?

12 A. Correct.

13 Q. And I think you just testified before that
14 you also had some discussions with Ed O'Donnell?

15 A. Correct.

16 Q. Anyone else?

17 A. No.

18 Q. Can you point to a single e-mail where you
19 raised a concern regarding Hustle to Mr. Price?

20 MS. SCHOENBERGER: Object to form.

21 A. I don't have my e-mails. So if I had access
22 to, you know, the data, I might be able to answer that
23 question better. But based on the fact that I don't
24 have access to that information, I cannot point to
25 anything.

1 Q. (BY MR. COHEN) I have access to the data and
2 I haven't seen any, so I was wondering if you had any
3 specific recollection of an e-mail that you sent.

4 MS. SCHOENBERGER: Object to form.

5 A. I don't.

6 Q. (BY MR. COHEN) Thank you.

7 Do you know what Mr. Price would have
8 done with a concern that you raised to him regarding
9 HSSL?

10 A. I would imagine he would escalate it to Ed.

11 Q. Do you know whether he did?

12 A. I don't.

13 Q. Do you know -- if Mr. Price escalated to Ed,
14 do you know what Ed -- I'm referring to
15 Ed O'Donnell -- do you know what Ed O'Donnell would
16 have done with that concern?

17 A. I assume he would have escalated it as well
18 if he didn't act on it and -- I would assume he would
19 escalate it as well.

20 Q. But sitting here today, you don't know one
21 way or the other whether Mr. Price escalated any
22 concern to Mr. O'Donnell?

23 A. No. These are the actions of my
24 supervisor's, and I'm not privy to what my supervisor
25 did or didn't do.

1 Q. And the same answer would go to, sitting here
2 today, you don't know whether Mr. O'Donnell, if he had
3 received a concern from Mr. Price, escalated that any
4 further, correct?

5 A. I don't know.

6 Q. I just want to touch on the -- the slogans
7 for a minute.

8 A. Sure.

9 Q. The -- you had mentioned a few of them
10 earlier. I believe, Do the right thing, was one of
11 them. Move forward, never backwards was another.

12 Do you have any idea who authored those
13 slogans?

14 A. I do not.

15 Q. But you heard them though?

16 A. I did.

17 Q. And they were on pictures and posters and
18 crayon posters?

19 A. There was -- there were visuals to remind us.

20 Q. But you don't know who actually drafted
21 those?

22 A. I don't.

23 Q. Okay. And do you know where those posters
24 were produced?

25 A. I don't.

1 Q. Let's turn to the kickoff meeting.

2 I believe earlier you testified that you
3 attended an HSSL kickoff meeting, and that was in
4 August of 2007; is that correct?

5 A. I don't remember the date. But I do remember
6 a large HSSL meeting in the cafeteria in Richardson
7 during the summer.

8 Q. Do you recall how long the meeting lasted?

9 A. Approximately 30 minutes.

10 Q. Was it over lunch?

11 A. I don't believe it was over lunch. There
12 wasn't food served. So -- I don't think it was over
13 lunch.

14 Q. You also testified earlier that Ms. Mairone
15 spoke at the meeting but didn't recall specifics of --
16 of the meeting itself; is that correct?

17 A. Correct.

18 Q. Did you speak with Ms. Mairone directly at
19 the meeting?

20 A. No.

21 Q. Didn't say hello?

22 A. Ms. Mairone is a senior leader at the -- at
23 the company. I mean, I'm -- I'm a 1st VP. So it
24 wouldn't be normal for me to -- to do that.

25 Q. So you remember the Hustle music?

1 A. I do remember the Hustle music.

2 Q. And the dances?

3 A. I do.

4 Q. Okay. I'd like to turn to the March 2008
5 meeting in Richardson, Texas.

6 You mentioned earlier that Mr. Ballance
7 raised a question, correct?

8 A. Yeah, correct.

9 Q. Okay. And did you ask any question at that
10 meeting?

11 A. I'm sure I -- I spoke up. But I don't recall
12 what I asked.

13 Q. Who -- who did you speak up to?

14 MS. SCHOENBERGER: Object to form.

15 A. It would be very uncommon for me to attend a
16 meeting where I didn't speak at all.

17 Q. (BY MR. COHEN) Okay. So who -- do you
18 recall who you were speaking to at the meeting?

19 A. The people in the meeting were people who
20 reported to me. And then Rebecca. So I would have
21 been either speaking to reports of mine or a senior
22 leader in the company.

23 Q. Who were -- who were the senior leaders in
24 the company, other than Rebecca, who you've already
25 stated you didn't talk to?

1 MS. SCHOENBERGER: Object to form.

2 A. I -- I didn't say I didn't speak with her. I
3 said I just don't recall speaking to her.

4 Q. (BY MR. COHEN) Okay. And who are your
5 reports that were attending the meeting?

6 A. Team leaders and Todd Green.

7 Q. Okay. And who were the team leaders; can you
8 identify them?

9 A. Names I've mentioned earlier today: Danny
10 Briones, Lorenzo Williamson, Ryan Chiotti, Charles
11 Caprio.

12 Q. And those were -- those people that you just
13 mentioned reported to you?

14 A. Correct.

15 Q. And they worked with you in Richardson?

16 A. Correct.

17 Q. Okay. Earlier you testified that in response
18 to Mr. Ballance's question, that Ms. Mairone uttered
19 an expletive, correct?

20 A. That's correct.

21 Q. Yesterday we asked Mr. Ballance what
22 Ms. Mairone said to him in response to that question,
23 and he didn't recall what -- what she said. Does that
24 surprise you?

25 A. It does surprise me.

1 MS. SCHOENBERGER: Object to form.

2 A. It does surprise me.

3 Q. (BY MR. COHEN) Why does it surprise you?

4 A. Because I think he was offended by the -- by
5 the remark.

6 Q. Earlier you testified that it was -- it was
7 shocking to you that Ms. Mairone would make an
8 expletive, correct?

9 A. Yes.

10 Q. But you don't recall the expletive
11 specifically, correct?

12 A. Specifically, I do not recall the expletive.

13 Q. Can we turn to Exhibit 7?

14 Before I ask you a question on this
15 document, if the expletive that Ms. Mairone uttered
16 was so shocking, did you raise that issue with anybody
17 else at the company after that?

18 MS. SCHOENBERGER: Object to form.

19 A. I don't believe I did.

20 Q. (BY MR. COHEN) So you didn't report it to
21 another senior manager?

22 A. No, I don't believe I did.

23 Q. You didn't lodge a formal report?

24 A. No.

25 Q. Okay.

Unnecessary per
Court's ruling on
testimony at pages
98 - 99.

1 A. Ms. Mairone was visibly upset with the
2 question and was taking charge of the meeting and
3 responded emotionally, what I felt was emotionally, to
4 the question. I was surprised by her reaction. But
5 to turn her into human resources or to expose that was
6 not -- was not something that I was interested in
7 doing.

8 She's a senior leader at the company.
9 She's showing a human side of her personality. And
10 she's a very smart lady. And I think that in a moment
11 of frustration, she said something. I was just
12 surprised by it.

13 MR. COHEN: I'd like to move to strike
14 that portion of the response as nonresponsive.

15 Q. (BY MR. COHEN) Turning to Exhibit 7,
16 Mr. Boland, sort of three-quarters of the way down the
17 page is your name. It says John Boland, slash, Full
18 Spectrum, slash, CF, slash, CCI.

19 Do you see that?

20 A. I do.

21 Q. What does CF stand for?

22 A. I don't know.

23 MS. SCHOENBERGER: Pardon me, what
24 exhibit are we on?

25 MR. COHEN: It was 7.

1 MS. SCHOENBERGER: On the first page?

2 Oh.

3 MR. COHEN: I have no further questions
4 at this time.

5 MR. CADY: We'll reserve the balance of
6 our time.

7 MS. SCHOENBERGER: Okay. Well, if we can
8 go off the record, we'll take ten minutes and then
9 resume questioning.

10 THE VIDEOGRAPHER: We're now off the
11 record at 4:57 p.m.

12 (Recess taken 4:57 p.m. to 5:21 p.m.)

13 THE VIDEOGRAPHER: We're now back on the
14 record at 5:21 p.m.

15 FURTHER EXAMINATION

16 BY MS. SCHOENBERGER:

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17 Q. Mr. Boland, did you testify earlier that
18 Neal Ballance raised concerns to you in the 2007/2008
19 period?

20 A. I did.

21 Q. And did you have any basis to believe that
22 his complaints were related to the Hustle process?

23 A. I did.

24 Q. And what was the basis of that belief?

25 A. They were during that time frame.

Hearsay - Rule 802;
Irrelevant - Rule
401-402;
Foundation - Rule 602

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Q. Anything else?

A. That was it.

Q. Okay. Did he complain to you specifically about any aspects of the -- of the Hustle process?

A. Not that I recall.

Q. And did you testify earlier that Ryan Chiotti raised concerns to you about the Hustle process in the 2007/2008 period?

A. I did.

Q. And did you have a basis to believe that his concerns were related to the Hustle process?

A. I did.

Q. And what was the basis of your belief?

A. Based on the fact that they happened during that time frame.

Q. And why did that make you think that it was -- their concerns were related to the Hustle process?

A. Because the preponderance of loans that we were doing at that time and the scenarios that we were talking about, such as stated doc reasonability and having a HS -- having a loan specialist sign off on those loans was happening during that time frame.

Q. And that was related to the Hustle process?

A. Yes, ma'am.

107 1 Q. And did you also testify earlier that Michael
2 Cubbin raised concerns to you regarding the Hustle
3 process?

4 A. He did.

5 Q. And what was the basis of your belief that
6 his concerns were related to the Hustle process?

7 A. It was -- it was that time frame.

8 Q. And did -- were his concerns specific to
9 aspects of the Hustle process?

10 A. It was related to changing attitudes around
11 quality. And it wasn't anything specific to the
12 Hustle. But it was -- it was during that time frame.

13 I mean, it was specific to the Hustle in
14 terms that that -- during the Hustle is when the HSSs
15 signed off on those conditions.

16 Q. And that's what led you to believe his
17 concerns were related to the Hustle process?

18 A. Correct.

19 Q. Did Lorenzo Williamson raise concerns to you
20 regarding the Hustle process?

21 A. He did. And my answers would be the same.
22 There's nothing specific, but it was around that time
23 frame.

24 Q. So just to make our record clear, what was
25 your basis for believing that Mr. Williamson's

08

1 complaints were related to the Hustle process?

2 A. Because they were during that time frame.

3 Q. And were his complaints related to specific
4 aspects of the Hustle process?

5 A. Loan specialists clearing conditions and the
6 changing attitude of the people clearing conditions to
7 being more focused on production than quality.

8 Q. And were those issues related to the Hustle
9 process?

10 A. Those were results of --

11 MR. CADY: Object to form.

9

12 A. Those were results of the Hustle process
13 being implemented.

14 Q. (BY MS. SCHOENBERGER) Did Todd Green raise
15 any concerns to you regarding the Hustle process?

16 A. Yes, he did.

17 Q. And what was the basis of your belief that
18 his concerns were related to the Hustle process?

19 A. It was during that time frame related to HSS
20 or LS -- processor sign-off of conditions and changing
21 attitudes among the staff with -- related to quality
22 and production.

23 Q. Did Brian Dillon (phonetic) raise concerns to
24 you regarding the Hustle process?

25 THE DEFENDANTS: Object to the form.

110

1 A. He did. Brian Dillon raised concerns as
2 well.

3 Q. (BY MS. SCHOENBERGER) And what were his
4 concerns?

5 A. That he was being asked to participate in --
6 from the processing side. Brian Dillon is on the
7 processing side. Brian Dillon was not a direct report
8 of mine during the Hustle period.

9 Q. And why would he have raised concerns to you?

10 THE DEFENDANTS: Objection.

1

11 A. We had an open relationship and he felt
12 comfortable talking to me about it.

13 Q. (BY MS. SCHOENBERGER) Did other people raise
14 concerns to you regarding the Hustle process?

15 THE DEFENDANTS: Object to the form of
16 the question.

2

17 A. Yes.

18 Q. (BY MS. SCHOENBERGER) Approximately how many
19 different people raised concerns to you regarding the
20 Hustle process?

21 A. It's difficult to estimate. But it's more
22 than two.

23 Q. More than two beyond those that we just
24 identified?

25 A. Correct.

113

1 Q. Would it be more than ten --

2 MR. CADY: Objection.

4

3 A. It would not be more than ten that raised
4 issues specifically to me.

5 Q. (BY MS. SCHOENBERGER) Were you aware of
6 people who raised concerns regarding the Hustle
7 process to others --

8 A. Yes.

9 Q. -- than yourself?

10 THE DEFENDANTS: Object to the form of
11 the question.

5

12 A. So it was a common concern held widely, I
13 think is my testimony before.

14 Q. (BY MS. SCHOENBERGER) Why did you believe
15 that it was a common -- a common concern that was held
16 widely?

17 A. Because it was so free and openly discussed.
18 And it was frequently talked about openly and
19 candidly.

20 Q. How many people did you hear talking about
21 their concerns about the Hustle?

22 THE DEFENDANTS: Object to the form of
23 the question.

116

24 A. I don't know.

25 Q. (BY MS. SCHOENBERGER) More than ten people?

Hearsay - Rule 802;
Irrelevant - Rule
401-402;
Speculation - Rule 602

1 THE DEFENDANTS: Objection.

7 2 A. More than ten people.
3 Q. (BY MS. SCHOENBERGER) More than 20 people?
4 THE DEFENDANTS: Objection.
8 5 A. Definitely more than 20 people. People were
6 generally concerned.

7 Q. (BY MS. SCHOENBERGER) Okay. Earlier you
8 described a meeting between your team and
9 Rebecca Monroe -- Rebecca Mairone following
10 Angelo Mozilo's testimony to Congress; is that
11 correct?

12 A. That's correct.

13 Q. And what do you remember about that meeting?

14 A. I remember the purpose of the meeting was to
15 address the underwriters' concerns relating to the
16 Hustle. And Rebecca was responding to those concerns.

17 Q. And did she respond in particular to a
18 question from Neal Ballance?

19 A. She did.

20 THE DEFENDANTS: Object to the form of
21 the question.

22 A. Yes.

23 Q. (BY MS. SCHOENBERGER) And what do you
24 remember about her response to Mr. Ballance?

25 A. Her response was emotional. It used an

1 expletive, and Ms. Mairone sent the message to the
2 group that questioning along that lines was not
3 something she welcomed.

4 Q. In what way did she send that message to
5 the -- to the group?

6 A. With her strong language and the tone of her
7 response. And the physical reaction that she was
8 upset by the question. I -- I believe -- I believe,
9 personally, she was emotionally responding.

10 Q. Did you testify earlier that underwriters and
11 loan specialists were told to trust CLUES?

12 A. Yes.

13 Q. And who told them to trust CLUES?

14 A. Management in general.

15 Q. And did you ever hear Rebecca Mairone --
16 Rebecca Mairone telling anyone to trust CLUES?

17 A. I don't specifically remember a date and time
18 for Rebecca to say, Trust CLUES, no.

19 Q. Do you recall her saying that at any date or
20 time?

21 THE DEFENDANTS: Objection.

22 A. Not specifically, no.

23 Q. (BY MS. SCHOENBERGER) Did you testify
24 earlier that loan processors were told that they
25 needed to fund loans to keep the lights on?

1 A. Yes.

2 Q. Did you hear that phrase more than once?

3 A. Yes.

4 Q. And who did you hear that phrase from?

5 A. Cheri Shine.

6 Q. Anyone else?

7 A. No.

8 Q. Did you ever hear Rebecca Mairone use the
9 phrase, We need to fund these loans to keep the lights
10 on?

11 THE DEFENDANTS: Objection to the form of
12 the question.

13 A. Did not hear it from Rebecca Mairone.

14 Q. (BY MS. SCHOENBERGER) Did you ever hear
15 anyone say in -- in relation to the Hustle process
16 that Countrywide employees need to trust the
17 processors?

18 A. Trust the processors, no.

19 THE DEFENDANTS: Objection.

20 A. Let me rephrase that.

21 If you intended to say trust the process,
22 that -- that was -- that was discussed. And so if you
23 meant the process, that was -- that was something -- I
24 don't know who and on which date, and I know that's
25 the next question. But I -- there was, Trust the

1 process.

2 Q. (BY MS. SCHOENBERGER) Okay. So perhaps I
3 got that wrong.

4 Did you ever hear anyone say in relation
5 to the Hustle process to trust the process?

6 A. Yes.

7 Q. And who did you hear say that?

8 A. Generally, management.

9 Q. And what did you understand the meaning of
10 trust the process to be?

11 A. Senior leaders of the company had invested
12 considerable time and energy to develop a new process.
13 And so to overcome the change continuum, they wanted
14 to get past the -- the change, you know, cycle as
15 quickly as possible and encourage people to trust the
16 process that had just been developed, the process
17 being the HSSFL -- HSSL.

18 Q. And did you hear any specific individuals use
19 that phrase, Trust the process?

20 A. Not specifically, but I did hear individuals
21 say that.

22 Q. But you just can't recall which individuals
23 they were; is that right?

24 A. That's correct.

25 Q. Did you ever hear Rebecca Mairone say that,

1 with respect to the Hustle process, Countrywide
2 employees should trust the process?

3 THE DEFENDANTS: Objection.

4 A. I -- not specifically.

5 Q. (BY MS. SCHOENBERGER) Earlier, did you
6 testify that rebutting SUS findings was a typical
7 practice for underwriters?

8 A. Yes.

9 Q. In your time at Countrywide, were
10 underwriters compensated for overturning SUS findings?

11 A. No, not directly compensated for overturning
12 them. Underwriters would be penalized if their
13 quality rating or their SUS percentage exceeded a
14 threshold.

15 Q. Okay. What --

16 A. So --

17 Q. -- what was that threshold?

18 A. It was different at different times. I
19 believe, for the majority of the time, it was 5
20 percent.

21 Q. And in what way were they penalized if -- if
22 their SUS rate exceeded 5 percent?

23 A. Monetarily. So their compensation would be
24 reduced. Their bonus would be reduced for getting
25 defects that couldn't be overturned.

1 Q. And was that at some discreet period of time,
2 or was that throughout your time as a 1st vice
3 president of underwriting?

4 A. For underwriting, that was throughout my
5 time.

6 Q. Mr. Boland, is the fact that you were
7 terminated from Bank of America -- pardon me. Let me
8 rephrase that.

9 9 [REDACTED] Has the fact that you were terminated
10 [REDACTED] from Bank of America affected the truthfulness of your
11 [REDACTED] testimony today?

12 A. Absolutely not.

13 Q. In your current position, do you report to
14 Ed O'Donnell?

15 A. I do not.

16 Q. Did Ed O'Donnell have anything to do with you
17 obtaining your current position?

18 A. He did not.

19 Q. Earlier Mr. Cady asked you whether you had
20 ever relayed the anecdote of Christian Rodriguez
21 saying that a loan was funded or -- I don't remember
22 precisely, but that -- that -- that a loan had opened
23 and closed in the same day.

24 Do you remember that question?

25 A. I do.

1 Q. Is that a recollection that you shared with
2 any attorneys for the United States in this case?

3 A. It may be. I -- I -- yeah, I think -- I did
4 say that. Did I -- I don't recall. I -- I'm not
5 sure.

6 I don't think I have said that to anybody
7 else. But your asking me the question makes me think
8 that maybe I -- maybe I did say that. I don't -- I
9 don't recall.

10 Q. Okay. And Mr. Cady also asked you whether
11 you'd ever relayed the story of -- of being told to
12 get with the program to anyone.

13 Do you recall him asking you that
14 question?

15 A. Yes.

16 Q. And is -- is your recollection about being
17 told to get with the program something that you shared
18 with attorneys for the United States in this case?

19 A. I don't recall sharing that. But it is
20 possible that I shared that. I -- I don't -- I don't
21 specifically remember that.

22 Q. And the first time that you had spoken with
23 an attorney for the United States in this case, had
24 the United States already filed its Complaint against
25 the Bank of America and Countrywide Defendants?

1 A. Yes.

20 2 Q. What does it mean for a loan to be of
3 investment quality?

4 A. Investment quality means that the loan can be
5 securitized in the secondary market. And the lender
6 is representing and warranting, rep and warranting,
7 that the loan has followed the -- the guidelines of
8 the entity that's buying it; typically Fannie Mae or
9 Freddie Mac.

10 So if you follow the policies in the
11 selling guide and you sell a loan to Fannie Mae, you
12 are rep and warranting that you have followed their --
13 their guidelines.

14 Q. Were any Hustle loans sold to the GSCs that
15 were not of investment quality?

16 A. I'm not in a position to know. But I would
17 assume -- I would assume they were.

18 Q. And would that have been a fraud on the GSCs?

19 THE DEFENDANTS: Object to the form of
20 the question.

21 MR. CADY: That calls for a legal
22 conclusion.

23 A. I -- if -- if you sell a loan that doesn't
24 meet the selling guide representation and warranties,
25 it would be -- it would be considered a fraud.

1 Q. (BY MS. SCHOENBERGER) Mr. Boland, did you
2 have any contact with attorneys for the Bank of
3 America Defendants in this case?

4 A. Let me correct my last statement.

5 I -- I -- I'm not capable to determine
6 whether it would be fraud or not. It would be
7 misrepresenting the loan. And so I don't know if the
8 definition of fraud would be involved. But it'd be
9 misrepresentation.

10 Q. And my next question was, had you had any
11 interaction with attorneys for the Bank of America
12 Defendants in this case?

13 A. I received a call from Mr. Cady.

14 Q. When did you receive a call from Mr. Cady?

15 A. This year. Approximately around the time of
16 the subpoena.

17 Q. This subpoena to be deposed today?

18 A. Yes, ma'am.

19 Q. And did you have any other contact with
20 Mr. Cady?

21 A. I had probably three conversations with
22 Mr. Cady and about four to six text messages with
23 Mr. -- with -- with Mr. Cady.

24 Q. And did you have contact with any other
25 attorneys for the Bank of America Defendants in this

1 case?

2 A. No.

3 Q. And did you have any interaction with the
4 attorneys for the Countrywide Defendants in this case?

5 A. I did not.

6 Q. Did you have any interaction -- or have you
7 had any interaction with the attorneys for --
8 Ms. Mairone's attorney -- attorneys for Ms. Mairone in
9 this case?

10 A. I understand. I did not.

11 Q. Okay. Did Mr. Cady offer you free legal
12 representation?

13 A. He did.

14 Q. And was that to be provided by his firm?

15 A. He didn't have the name of the firm that
16 would provide the free legal representation. But he
17 said that he would get back to me with who that would
18 be.

19 Q. And was it a specific attorney that was being
20 offered to represent you?

21 A. I -- that was what I -- I was led to believe
22 there was someone in mind. He didn't offer a name,
23 but I led to -- I was led to believe that he knew
24 someone and was appearing to be helpful and -- and
25 trying to help me get access to counsel and use that

1 attorney.

2 Q. And how many times was -- was this offer made
3 to you?

4 A. More than two. Less than ten.

5 Q. And what was your understanding of who would
6 pay for that representation?

7 A. Bank of America would pay for that
8 representation.

9 Q. And would they pay for you to retain an
10 attorney of your choice in this case?

11 A. I didn't get a conclusion on that. But that
12 was my response to Mr. Cady's question. When he
13 offered free legal advice -- or free legal
14 representation paid for by the bank, no cost to me, my
15 response was, Thank you. That's generous. I'm -- I'm
16 interested. I would like to choose my own attorney.
17 Will the bank pay for me to select an attorney, or do
18 I have to use your attorney?

19 Q. And did you receive a response to that
20 question?

21 A. I did not receive a conclusive response to
22 that question. That was going to be researched and
23 brought back.

24 Q. And did you accept the offer for free -- free
25 legal representation that was made to you by Mr. Cady?

1 A. I didn't accept the offer because --

2 Q. Why was that?

3 A. -- it seemed -- it seemed a conflict of
4 interest to have one of the interested parties in the
5 case pay for my legal representation.

6 MS. SCHOENBERGER: That's all I have.
7 And I'll retain -- or reserve the balance of my time,
8 if necessary.

9 MR. CADY: Let's take a two-minute break.

10 THE VIDEOGRAPHER: We're now off the
11 record at 5:42 p.m.

12 (Recess taken 5:42 p.m. to 5:46 p.m.)

13 THE VIDEOGRAPHER: We're now back on the
14 record at 5:46 p.m.

15 MR. CADY: We have no further questions.
16 Thanks very much for your time, Mr. Boland.

17 MS. SCHOENBERGER: Off the record.

18 THE VIDEOGRAPHER: Thank you. We're off
19 the record at 5:47 p.m.; end of DVD 5.

20 (Deposition concluded at 5:47 p.m.)
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CHANGES AND SIGNATURE

WITNESS NAME: JOHN BOLAND

DATE OF DEPOSITION: MAY 21, 2013

PAGE	LINE	CHANGE	REASON

I, JOHN BOLAND, have read the foregoing deposition and hereby affix my signature that same is true and correct, except as noted above:

JOHN BOLAND

1 THE STATE OF _____)

2 COUNTY OF _____)

3

4 Before me, _____, on
5 this day personally appeared JOHN BOLAND, known to me
6 or proved to me on the oath of _____ or
7 through _____ (description of
8 identity card or other document) to be the person
9 whose name is subscribed to the foregoing instrument
10 and acknowledged to me that he/she executed the same
11 for the purpose and consideration therein expressed.

12

13

14 Given under my hand and seal of office on
15 this ____ day of _____, _____.

16

17

NOTARY PUBLIC IN AND FOR

18

THE STATE OF _____

My Commission Expires: _____

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1 STATE OF TEXAS)

2 COUNTY OF DALLAS)

3 I, Brooke N. Barr, Certified Shorthand
4 Reporter, duly commissioned and qualified in and for
5 the State of Texas, do hereby certify that there came
6 before me on the 21st day of May, 2013, at the United
7 States Attorney's Office, 1100 Commerce Street, 3rd
8 Floor, DFW Conference Room, Dallas, Texas 75242, the
9 following named person, to wit: JOHN BOLAND, who was
10 duly sworn to testify the truth, the whole truth, and
11 nothing but the truth of knowledge touching and
12 concerning the matters in controversy in this cause;
13 and that he was thereupon examined upon his oath and
14 his examination reduced to typewriting under my
15 supervision; that the deposition is a true record of
16 the testimony given by the witness, that review by the
17 witness was requested on the record, and signature of
18 the witness is to be signed before any notary public.

19 I further certify that I am neither
20 attorney nor counsel for nor related to any of the
21 parties to the action in which this deposition is
22 taken, and further that I am not a relative or
23 employee of any attorney or counsel employed by the
24 parties hereto, or financially interested in this
25 action.

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Given under my hand on this the 28th day
of May, 2013.

BROOKE N. BARR, CSR NO. 6521
CSR Expiration Date: 12/31/13
Fink & Carney
Reporting and Video Services
39 West 37th Street
6th Floor
New York, NY 10018
(212) 869-1500

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK**

UNITED STATES OF AMERICA *ex rel.*
EDWARD O'DONNELL,

Plaintiff,

v.

COUNTRYWIDE FINANCIAL
CORPORATION; COUNTRYWIDE HOME
LOANS, INC.; COUNTRYWIDE BANK,
FSB; BANK OF AMERICA CORPORATION;
BANK OF AMERICA, N.A.; and REBECCA
MAIRONE,

Defendants.

12 Civ. 1422 (JSR)

ECF Case

DECLARATION OF DR. JOSEPH R. MASON

January 29, 2014

1. I have been retained by the United States Attorney for the Southern District of New York (“the United States”), counsel for Plaintiff, in this case to assist with the assessment of civil penalties under the Financial Institutions Reform, Recovery, and Enforcement Act, 12 U.S.C. § 1833a (“FIRREA”). I previously submitted three expert reports in this matter, which contain my opinions on losses associated with the origination of loans and the sale of those loans by Defendants Bank of America, N.A. (“Bank of America”), Countrywide Bank, FSB, and Countrywide Home Loans, Inc. (collectively, “Countrywide,” and together with Bank of America, “Defendants”), to the government-sponsored enterprises Federal National Mortgage Association (“Fannie Mae”) and Federal Home Loan Mortgage Corporation (“Freddie Mac”) (collectively, the “GSEs”). The scope of my previous work in this matter and qualifications are set forth in these expert reports.

2. I have been instructed by the United States to calculate the gross proceeds and net proceeds derived from HSSL loans. This declaration contains an explanation of my calculations of these amounts, based on those instructions. The opinions set forth in my previous reports are unchanged.

3. A list of additional documents and data I have reviewed since the issuance of my last report is provided in Appendix A. I also have relied on data previously produced in forming my opinions. I reserve the right to supplement my opinions to the extent additional information is made available to me.

4. I understand the HSSL loans were sold in exchange for a combination of cash and Fannie Mae and Freddie Mac conforming residential mortgage-backed securities (“MBS”). The GSEs recently produced data showing the amount of MBS and cash that were exchanged with the Defendants for the purchase of the HSSL loans.¹ On or around December 27, 2012, the

¹ This amount is reflected in the field “FNMA_UPB” in the file “ADHOC_19201.xls” for Fannie Mae loans and in the field “PRINCIPALPURCHASED” in the file “Freddie HSSL W Agency Number - Bates No. PT 0001 - CONFIDENTIAL.xlsx” for Freddie Mac loans.

Defendants produced data on HSSL loans that included a field named “IncomeEarnedFromSale” (“IEFS”),² which I understand is a number that was calculated by the Defendants upon the origination and sale of each HSSL loan.³ Defendants produced additional data on January 8, 2014 that show components of borrower fees and net pricing margin (“NPM”) for each HSSL loan, which together I understand comprise the IEFS amounts.⁴

5. It is my understanding that IEFS represents “data regarding income that Countrywide contemporaneously calculated at the time of origination for each of the loans at issue.”⁵ I understand IEFS consists of income to the Defendants that would have been received from parties other than the GSEs. IEFS is therefore exclusive of principal amounts associated with MBS and cash exchanged with the Defendants in consideration for the HSSL loans, which I understand were received from the GSEs. Accordingly, gross proceeds received by the Defendants from the HSSL loans can be estimated by adding principal amounts associated with MBS and cash exchanged for the HSSL loans to the IEFS amount.

6. According to the GSE’s data, the total MBS and cash amount exchanged for all HSSL loans was \$4,855,602,953.⁶ Total IEFS from the Defendants’ data on all HSSL loans was \$165,700,766. Therefore, I calculate the gross proceeds derived from HSSL loans to be \$5,021,303,719, which is the sum of these amounts; I calculate net proceeds derived from HSSL loans to be \$165,700,766, based solely upon IEFS. It is my understanding that Dr. Cowan and Mr. Holt determined the total defect rate on HSSL loans to be 42.81%. Applying this defect rate results in gross proceeds of \$2,149,620,122 and net proceeds of \$70,936,498.

² 2012-12-27 -- Data to SDNY -- US v Bank of America -- Confidential.xlsx

³ Deposition of Anthony Ho, dated April 26, 2013, pp. 79-81.

⁴ 2014-01-08 -- CONFIDENTIAL -- FSL 28k Income Data -- Borrower-Paid Fees.....xlsx and 2014-01-08 -- CONFIDENTIAL -- FSL 28k Income Data -- Net Pricing Margin.....xlsx. I note that the IEFS amount in these files is different than the December 27th data for 361 loans, totaling \$125,184. I have not been provided with an explanation of these discrepancies.

⁵ Letter from Mr. Kenneth Smurzynski to Judge Rakoff dated January 3, 2014:

⁶ Includes 77 loans purchased for cash by Fannie Mae with aggregate unpaid balance (“UPB”) of \$14,685,910.

7. While I have not been provided with all of the underlying documents or data that support the IEFS amount for each loan, the components that comprise IEFS do not appear to be unreasonable based on my understanding of IEFS from the produced data as well as the testimony from Mr. Anthony Ho, senior vice president, business control executive for Bank of America.⁷ In the absence of transaction level detail supporting Defendants' IEFS calculations, which I understand the Defendants have not provided, I have reviewed materials provided in this case as well as publicly-available information to assess the reasonableness of IEFS as a proxy for net proceeds.

8. IEFS consists of both observable and calculated components. Borrower fees and some components of NPM, such as DeskMarketPrice and NetInterestIncome, are directly observable or easily estimated from accounting data by Defendants at the time of the sale of the loans and the Defendants' estimation of IEFS. Therefore, there is no reason to believe these components would induce significant systematic errors in reporting the IEFS actually obtained.⁸

9. The primary calculated component of NPM, which accounts for the majority of the IEFS amount, is the present value of servicing rights for each loan at the time of each loan's origination.⁹ It is my understanding that the Defendants have not produced information related to the Mortgage Servicing Rights ("MSR") model used to project servicing rights. Fundamentally, an

⁷ 2014-01-08 -- CONFIDENTIAL -- FSL 28k Income Data -- Borrower-Paid Fees.....xlsx; 2014-01-08 -- CONFIDENTIAL -- FSL 28k Income Data -- Net Pricing Margin.....xlsx; Deposition of Anthony Ho, dated April 26, 2013, pp. 79-81. Mr. Ho's testimony is generally consistent with my understanding based on the letter from Mr. Kenneth Smurzynski to Judge Rakoff dated January 3, 2014:

The data the Bank Defendants produced regarding income from sale is the data regarding income that Countrywide contemporaneously calculated at the time of origination for each of the loans at issue. The number was relied upon by the Full Spectrum Lending Division ("FSL") for management purposes, including its contemporaneous monthly management reports of revenue. As Mr. Ho explained in his deposition, the data that was provided is the aggregate of two numbers: (1) borrower fees, and (2) net pricing margin... The borrower fees are amounts such as the processing fee that the borrower pays that are not simply cost-recovery. Net pricing margin is the sum of the following individually tracked amounts: (i) the net amount that Countrywide calculated the loan would generate upon sale to a third-party, here the GSEs; (ii) the net present value of the servicing rights of the loan; (iii) the cost of hedging the value of the servicing rights of the loan; (iv) the interest earned from the loan prior to the sale of the loan; (v) any cost to the bank from locking in the interest rate for an extended period of time; and (vi) the points paid by the borrower. Each of these components was calculated contemporaneously, maintained on a loan-level basis by Countrywide, and used by FSL to track its revenue. The loan-level number produced by the Bank Defendants in December 2012 is the aggregate of these numbers.

⁸ I reviewed settlement statements (i.e., HUD-1's) on a sample of HSSL loans and found no material difference between amounts on the statements and amounts reported as borrower fees by the Defendants.

⁹ Deposition of Anthony Ho, dated April 26, 2013, p. 80. "Servicing Value" in Defendant's January 8th data.

MSR model would simply be a function of servicing fee percentages, projected loan balances, and any other special servicing fees associated with the HSSL loans, as well as the discount rate used to convert projected servicing income into a present discounted value. My review of the servicing fee data provided by the GSEs indicates that servicing fee percentage was available for each of the HSSL loans; based on original loan amount, the weighted average servicing fee percentage for the HSSL loans was 0.42% per year. These percentages typically would be applied to the projected loan balances for each loan; in this case, the total initial balance for the HSSL loans was \$4,855,958,687,¹⁰ declining thereafter based on assumptions of loan performance, plus amounts estimated for special servicing fees less servicing costs.¹¹ Finally, these projected servicing amounts would be discounted to the present value using an appropriate discount rate. Data provided by the Defendants as well as testimony of Mr. Ho indicates that the values reported in IEFS include the cost of hedging the MSR value, so that the resulting proceeds would not be expected to differ significantly from the value reported in IEFS.

10. While I do not have sufficient information to validate all of the calculations underlying IEFS, it is my opinion that the order of magnitude, \$165,700,766 in total, is consistent with the components it purportedly represents. Moreover, for purposes of estimating proceeds received by the Defendants, it would understate proceeds to the extent the servicing income in the MSR calculation is discounted to the time of origination, rather than reflective of actual (undiscounted) proceeds.

11. In addition to quantifying discounted projected servicing fees rather than actual servicing fees, this approach does not account for avoided capital costs and loan loss reserves, which would not be captured in IEFS. By reducing capital requirements and refraining from holding loss

¹⁰ Original loan amount from 2012-12-27_--_Data_to_SDNY_--_US_v_Bank_of_America_--_Confidential.xlsx

¹¹ According to Bank of America's public filings, its MSR model assumed weighted average lives of 3.26 and 4.80 years for fixed rate loans, and 2.75 and 2.71 years for adjustable rate loans in 2007 and 2008, respectively. See Bank of America Corporation's Form 10-K for fiscal year ended December 31, 2008.

reserves against the loans, the Defendants no longer had to retain funds to back the HSSL loans, and therefore did not incur the cost of capital associated with carrying these loans. In other words, there are additional direct benefits, in addition to avoiding losses on the loans altogether, to the Defendants from not having to carry these loans, which is not captured in the above analysis. Furthermore, this approach does not consider that the sale of HSSL loans to the GSEs also benefited the Defendants by enabling them to recycle capital, thereby increasing their capacity to generate more loans, which in turn generated additional proceeds in the form of servicing fees, borrower fees, and additional loan sales to the GSEs or other secondary mortgage market participants.

Executed this 29th day of January, 2014,

A handwritten signature in black ink, appearing to read "Joseph R. Mason", written over a horizontal line.

Joseph R. Mason, Ph.D.

Appendix A
List of Documents Considered

Produced documents

- Freddie HSSL W Agency Number - Bates No. PT 0001 - CONFIDENTIAL.xlsx
- ADHOC_19201.xls
- 19197.xls
- DOJ_Details.xlsx
- Settlement statements for sampled HSSL loans
- 2014-01-08 -- CONFIDENTIAL -- FSL Expenses -- June 2007-June 2008.pdf
- 2014-01-08 -- CONFIDENTIAL -- FSL Expenses -- Jan 2006-Jan 2007.pdf
- 2014-01-08 -- CONFIDENTIAL -- FSL 28k Income Data -- Net Pricing Margin.....xlsx
- 2014-01-08 -- CONFIDENTIAL -- FSL 28k Income Data -- Borrower-Paid Fees.....xlsx

Other documents

- Letter from Mr. Kenneth Smurzynski to Judge Rakoff dated January 3, 2014
- Bank of America Corporation's Form 10-K for fiscal year ended December 31, 2008
- Bank of America Corporation's Form 10-K for fiscal year ended December 31, 2009
- Bank of America Corporation's Form 10-K for fiscal year ended December 31, 2010
- Bank of America Corporation's Form 10-K for fiscal year ended December 31, 2012
- 2014-01-18 Letter from Smurzynski to Armand re Backup Data Production.pdf