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SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF LOS ANGELES

DEPARTMENT 322

HON. CARL J. WEST, JUDGE

TRUST COMPANY OF THE WEST, )

PLAINTIFFS, )

VS. )

JEFFREY GUNDLACH, ET AL., )

DEFENDANTS. )

CASE NO. BC429385

REPORTERS' DAILY TRANSCRIPT OF PROCEEDINGS

THURSDAY, AUGUST 4, 2011

APPEARANCES:

FOR TCW:

QUINN, EMANUEL, URQUHART,  
OLIVER & HEDGES

BY: JOHN B. QUINN  
ERIC EMANUEL  
STEVEN G. MADISON  
SUSAN ESTRICH  
DIANE CAFFERATA HUTNYAN  
JOHN PIERCE  
DOMINIC SURPRENANT  
DAVID SERGENIAN

865 SOUTH FIGUEROA STREET  
10TH FLOOR  
LOS ANGELES, CALIFORNIA 90017  
(213) 443-3000

FOR DOUBLE LINE:

~~MUNGER, TOLLES & OLSON~~  
BY: BRAD D. BRIAN  
MARK B. HELM  
ALLISON B. STEIN  
KEVIN S. ALLRED  
GREGORY J. WEINGART

355 SOUTH GRAND AVENUE, 35TH FLOOR  
LOS ANGELES, CALIFORNIA 90071-1560  
(213) 683-9280

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APPEARANCES (CONTINUED):

FOR GUNDLACH, ET AL: KELLEY, DRYE, WHITE, O'CONNOR  
BY: **EDWARD E. WEIMAN**  
10100 SANTA MONICA BOULEVARD  
23RD FLOOR  
LOS ANGELES, CALIFORNIA 90067  
(310) 712-6100

**WENDY OILLATAGUERRE**, CSR 10978  
**RAQUEL A. RODRIGUEZ**, CSR 9485  
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(213) 351-8610

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I N D E X

THURSDAY, AUGUST 4, 2011

INDEX OF WITNESSES

LEGEND: B = MR. BRIAN  
H = MR. HELM  
M = MR. MADISON  
Q = MR. QUINN

<u>WITNESSES:</u>	<u>DIRECT</u>	<u>CROSS</u>	<u>REDIRECT</u>	<u>RE CROSS</u>
REILLY, MICHAEL (FURTHER)	1510-Q	1525-B	1531-Q 1535-Q	1534-B 1536-B
SANTA ANA, CRIS (RESUMED) (RESUMED)	1537-Q 1601-Q 1707-Q		1754-H	

DEFENSE  
WITNESSES:                      DIRECT   CROSS   REDIRECT   RE CROSS

(NONE WERE PRESENTED IN THIS VOLUME)

I N D E X

THURSDAY, AUGUST 4, 2011

EXHIBITS

<u>EXHIBITS</u>	<u>ADMITTED</u>
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THURSDAY, AUGUST 4, 2011

EXHIBITS

<u>EXHIBITS</u>	<u>ADMITTED</u>
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1804 - EMAIL EXCHANGE	1744
505 - EMAIL EXCHANGE	1750

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1 CASE NUMBER: BC429385  
2 CASE NAME: TRUST COMPANY OF THE WEST VS.  
3 JEFFREY GUNDLACH, ET AL  
4 LOS ANGELES, THURSDAY, AUGUST 4, 2011  
5 CALIFORNIA  
6 DEPARTMENT 322 HON. CARL J. WEST, JUDGE  
7 APPEARANCES: (AS HERETOFORE NOTED.)  
8 REPORTER: WENDY OILLATAGUERRE, CSR #10978  
9 TIME: 8:25 A.M.

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(AT 8:25 A.M. THE FOLLOWING  
PROCEEDINGS WERE HELD IN OPEN  
COURT OUT OF THE PRESENCE OF  
THE JURY:)

THE COURT: ALL RIGHT. WE'RE OUT OF THE  
PRESENCE OF THE JURY.

I UNDERSTAND THERE'S AN ISSUE REGARDING  
MR. HIRSCHMANN.

08:21AM

MR. MADISON: MORNING, YOUR HONOR.

MR. SPERTUS, JIM SPERTUS, IS HERE  
REPRESENTING MR. HIRSCHMANN.

MR. SPERTUS: GOOD MORNING, YOUR HONOR. I  
WANTED TO TAKE A MINUTE TO ADDRESS A SCHEDULING ISSUE  
THAT ERUPTED YESTERDAY.

08:21AM

MR. HIRSCHMANN HAS BEEN SUBPOENAED AND  
HE'S ON A 48-HOUR CALL. BUT TUESDAY, WE CONFIRMED THAT

1 THAT TESTIMONY WOULD BE NEEDED ON AUGUST 15TH. AND  
2 YESTERDAY, WE WERE INFORMED THAT THAT TESTIMONY WILL BE  
3 NEEDED ON MONDAY.

4 AND MR. HIRSCHMANN IS SCHEDULED TO BE IN  
5 NEW YORK. I UNDERSTAND THE POWER OF SUBPOENA, BUT  
6 WEIGHING THE EQUITIES, I WAS HOPEFUL THE COURT WOULD  
7 ORDER TCW TO CALL MR. HIRSCHMANN OUT OF ORDER.

08:21AM

8 THE TRIP HAS BEEN LONG PLANNED. WE HAVE  
9 BEEN CHECKING IN WEEKLY WITH THIS CASE, TO MAKE SURE HE  
10 WOULD BE AVAILABLE, AND HAVE NOTICE. AND THE COMPLETE  
11 CHANGE IN SCHEDULE AT THE LAST MINUTE HAS CAUSED  
12 TREMENDOUS HARDSHIP FOR MR. HIRSCHMANN. HE'S SCHEDULED  
13 TO TESTIFY FOR ONE HOUR.

08:22AM

14 THE COURT: I DON'T HAVE A PROBLEM  
15 ACCOMMODATING HIM, AND I TOLD COUNSEL YESTERDAY. I  
16 MEAN, IF THEY HAD TOLD HIM ALL ALONG THAT THEY WANTED  
17 HIM HERE ON AUGUST 15TH, AND THEN ON SHORT NOTICE, THEY  
18 TELL YOU THEY WANT HIM ON MONDAY, THAT DOESN'T SEEM  
19 VERY FAIR.

08:22AM

20 NOW, ARE YOU SAYING HE'S AVAILABLE TODAY  
21 FOR HIS HOUR OF TESTIMONY?

08:22AM

22 MR. SPERTUS: NO, HE'S NOT AVAILABLE TODAY,  
23 YOUR HONOR.

24 AND THAT'S JUST IT. WE WERE TOLD ON  
25 TUESDAY THAT HE WOULD BE TESTIFYING AUGUST 15TH, AND IT  
26 WAS ALWAYS OUR EXPECTATION THAT IT WOULD BE SOMETIME  
27 AROUND THAT AUGUST 15TH DATE.

08:22AM

28 THERE'S OBVIOUSLY SOME FLEXIBILITY, AS

1 TRIALS UNFOLD; BUT IT'S A COMPLETE CHANGE OF SCHEDULE,  
2 TO ADVANCE BY 10 DAYS, THE TESTIMONY OF A PERSON WHO  
3 HAS A LONG-SCHEDULED PRESENTATION IN NEW YORK, MONDAY  
4 THROUGH WEDNESDAY.

5 THE COURT: THAT'S OKAY.

08:23AM

6 WHAT'S THE SCHEDULING ISSUE, FROM  
7 PLAINTIFF'S POINT OF VIEW?

8 MR. MADISON: SO, YOUR HONOR, MR. HIRSCHMANN  
9 IS UNDER SUBPOENA. WE DID INDICATE EARLIER IN THE  
10 WEEK, WHEN WE WERE TOLD ORIGINALLY MR. HIRSCHMANN WAS  
11 UNAVAILABLE FOR A DAY OR TWO; THEN WE WERE TOLD, NO,  
12 IT'S GOING TO BE LONGER THAN THAT. THERE WAS SORT OF  
13 THIS BACK AND FORTH.

08:23AM

14 AND WE WERE TRYING TO ACCOMMODATE  
15 MR. HIRSCHMANN. HE'S THE CEO OF WAMCO. HE'S A GOOD  
16 GUY AND WE'RE NOT TRYING TO MAKE HIS LIFE DIFFICULT,  
17 BUT WHAT WE REALIZED TWO DAYS AGO IS, THE PACE OF TRIAL  
18 IS SUCH THAT WE VERY WELL COULD REST NEXT WEEK. IN  
19 FACT, IT LOOKS TO ME THAT THAT'S LIKELY.

08:23AM

20 NOW, IF MR. HIRSCHMANN IS SAYING HE'S  
21 UNAVAILABLE ALL OF NEXT WEEK -- AS YOU KNOW, TWO NIGHTS  
22 AGO, WE ASKED THAT HE BE HERE TODAY TO TESTIFY.

08:23AM

23 AT THAT TIME, FOR THE FIRST TIME, WE  
24 WERE TOLD, OH, GUESS WHAT: HE HAS A WHOLE NEW LAWYER,  
25 WHICH HAPPENED THAT SAME DAY, APPARENTLY.

08:24AM

26 THE COURT: I GUESS THE BOTTOM LINE IS, IF YOU  
27 REALLY THINK YOU ARE GOING TO REST NEXT WEEK, THAT'S  
28 PLEASANT -- I'M HAPPY TO HEAR THAT.



1 MR. MADISON: YES.

2 THE COURT: THAT SAID, IF YOU TELL A GUY LIKE  
3 HIRSCHMANN, WE WANT YOU THE 15TH, AND WE KNOW HE'S  
4 GOING TO NEW YORK --

5 IS HE IN NEW YORK ALL WEEK NEXT WEEK? 08:24AM

6 MR. SPERTUS: MONDAY THROUGH WEDNESDAY, YOUR  
7 HONOR.

8 THE COURT: CAN HE TESTIFY THURSDAY?

9 MR. SPERTUS: IT'S POSSIBLE.

10 THE COURT: WELL, LET'S GET HIM SCHEDULED FOR  
11 THURSDAY. 08:24AM

12 IF HE'S COMING BACK TO L.A., WE'LL TRY  
13 AND ACCOMMODATE HIM; BUT LET'S GET HIM SCHEDULED FOR  
14 THURSDAY.

15 MR. MADISON: THE OTHER THING I JUST ASKED 08:24AM  
16 FOR, WHAT IS HIS ITINERARY? THIS IS NOT A GUY WHO,  
17 LIKE YOU AND ME, PROBABLY, WE FLY COMMERCIAL. THIS IS  
18 NOT A GUY TO FLIES COMMERCIAL; THIS IS A MAN WHO HAS  
19 SOME CONTROL OVER HIS OWN MOVEMENTS.

20 THE COURT: IF HE'S HERE THURSDAY MORNING, OR 08:25AM  
21 WEDNESDAY MORNING, AND WE CAN PUT HIM ON WEDNESDAY, WE  
22 GO TO 2 O'CLOCK. CAN HE BE HERE AT NOON ON WEDNESDAY?

23 MR. SPERTUS: WELL, YOUR HONOR, HE'S SCHEDULED  
24 TO COME BACK WEDNESDAY EVENING. AND THIS IS FOR A VERY  
25 IMPORTANT PRESENTATION. IT'S NOT JUST SOME ARBITRARY 08:25AM  
26 TRIP TO NEW YORK.

27 THE COURT: WHEN'S THE PRESENTATION?

28 MR. SPERTUS: IT'S ON TUESDAY OR WEDNESDAY, OR

1 BOTH. I'M TRYING TO GET CONFIRMATION OF THAT.

2 THE COURT: WHY CAN'T HE BE HERE ON MONDAY  
3 THEN?

4 MR. SPERTUS: BECAUSE HE'S TRAVELING TO  
5 NEW YORK ON MONDAY MORNING TO PREPARE FOR THIS. THIS  
6 HAS BEEN LONG SCHEDULED. 08:25AM

7 YOUR HONOR, THE KEY IS, WE HAVE BEEN  
8 CONSTANTLY CHECKING IN WITH TCW COUNSEL. AND WE WERE  
9 TOLD TUESDAY, AND CONFIRMED, IT WOULD BE AUGUST 15TH.  
10 SO THE WINDOW OF FLEXIBILITY, WE WERE ACCOMMODATING. 08:25AM

11 THE COURT: HAVE HIM HERE THURSDAY. YOU WORK  
12 WITH MR. MADISON. YOU MAKE ARRANGEMENTS TO HAVE HIM  
13 HERE THURSDAY MORNING. WE'LL GET HIS HOUR OF TESTIMONY  
14 IN.

15 AND MY GUESS IS, WE'LL PROBABLY CARRY  
16 OVER THE NEXT WEEK, AND THEY WON'T REST NEXT WEEK. 08:25AM

17 BUT IF THEY DO, THAT'S GREAT. BUT YOU  
18 HAVE HIM HERE THURSDAY.

19 MR. SPERTUS: I WILL.

20 MR. MADISON: WE'VE ALWAYS SAID WE'D DO OUR  
21 BEST TO ACCOMMODATE MR. HIRSCHMANN. SO IF IT'S  
22 THURSDAY MORNING, WE'LL DO OUR BEST TO GET HIM ON AND  
23 OFF. 08:26AM

24 THE COURT: PERFECT. WE'RE IN GOOD SHAPE.  
25 EVERYBODY IS HAPPY. 08:26AM

26 ANYTHING ELSE?

27 MR. QUINN: I'D LIKE TO THANK THE COURT FOR  
28 GETTING THOSE RULINGS DONE LAST NIGHT.

1 THE COURT: NOT A PROBLEM.

2 MR. QUINN: SO WE'LL BE IN A POSITION TO PLAY  
3 THOSE TAPES.

4 WE'RE GOING TO FINISH UP MR. SANTA ANA'S  
5 VIDEOTAPE. THERE'S JUST A LITTLE BIT LEFT THIS  
6 MORNING. 08:26AM

7 THEN WE'RE GOING TO CALL MICHAEL REILLY,  
8 WHO WILL BE A VERY SHORT WITNESS, AND THEN WE'LL CALL  
9 MR. SANTA ANA.

10 NOW FROM MR. SANTA ANA, THERE'S A VERY  
11 LARGE NUMBER OF EXHIBITS, I THINK SOME MULTIPLE BULKY  
12 VOLUMES. AND TO SAVE TIME, AND KEEP THINGS MOVING  
13 ALONG, I WAS GOING TO SUGGEST, IF WE COULD PUT A CHAIR,  
14 AND -- HAVE MS. O'CONNOR SITTING UP IN THE CHAIR AND  
15 HANDING THE EXHIBITS OR OPEN THE BINDER FOR MR. SANTA  
16 ANA. 08:26AM

17 THE COURT: OKAY. ARE WE GOING TO BRING IN  
18 THE CARTS FULL FOR RED THINGS FOR EFFECT AGAIN TODAY?

19 MR. QUINN: WE DIDN'T BRING THEM IN FOR EFFECT  
20 THE FIRST TIME. 08:27AM

21 THE COURT: I KNOW THAT. I SHOULD NOT SAY  
22 THINGS I THINK SOMETIMES.

23 MR. QUINN: THIS IS MERELY TO FACILITATE THE  
24 EXAMINATION, KEEP IT MOVING ALONG, SO THAT HE WON'T  
25 HAVE TO STUMBLE THROUGH THE VOLUMES. 08:27AM

26 MR. BRIAN: YEARS AGO, WHEN I WAS A PROSECUTOR  
27 I ACTUALLY BROUGHT AN ACTUAL MOTORCYCLE THAT WAS USED  
28 IN THE GETAWAY FOR A BANK ROBBERY.

1 THE COURT: IT WASN'T FOR EFFECT, THOUGH?

2 MR. BRIAN: NO.

3 THE COURT: YOU NEEDED IT THERE AND I  
4 UNDERSTAND.

5 ALL RIGHT. ANYTHING ELSE?

08:27AM

6 WE'RE ON TARGET, THEN. WE'LL GET THE  
7 JURY IN HERE AND GET GOING.

8 MR. QUINN: OKAY.

9 THE COURT: THANK YOU.

10

08:27AM

11 (AT 8:37 A.M. THE JURY ENTERED  
12 THE COURTROOM, AND THE FOLLOWING  
13 PROCEEDINGS WERE HELD:)

14

15 THE COURT: GOOD MORNING, LADIES AND  
16 GENTLEMEN.

08:37AM

17 THE JURY: GOOD MORNING, YOUR HONOR.

18 THE COURT: IN THE TCW VERSUS GUNDLACH MATTER,  
19 ALL MEMBERS OF OUR JURY ARE PRESENT, AS ARE COUNSEL.

20 MR. QUINN, YOU MAY BE SEATED.

08:37AM

21 BEFORE WE GO FORWARD, I UNDERSTAND WE'RE  
22 GOING TO FINISH MR. SANTA ANA'S DEPOSITION TESTIMONY  
23 THIS MORNING, FIRST THING; BUT I JUST HAD A COUPLE OF  
24 POINTS I WANTED TO RAISE.

25 YESTERDAY, DURING MS. VANEVERY'S  
26 TESTIMONY, THERE WAS A STATEMENT MADE BY HER THAT SHE  
27 HAD BEEN FIRED BY MR. MADISON.

08:37AM

28 I'M GOING TO STRIKE THAT STATEMENT FROM

1 THE RECORD. YOU ARE TO DISREGARD IT. IT WAS AN  
2 INAPPROPRIATE COMMENT, AND IT HAS NO RELEVANCE TO THIS  
3 CASE, AND YOU ARE NOT TO CONSIDER IT IN ANY MANNER. AS  
4 I'VE TOLD YOU BEFORE, IF I STRIKE EVIDENCE, IT'S AS  
5 THOUGH YOU NEVER HEARD IT.

08:38AM

6 ALSO, FOR THOSE OF YOU WHO ARE KEEPING  
7 DETAILED NOTES, THERE WAS A REFERENCE EARLIER IN THE  
8 TRIAL TO EXHIBIT NUMBER 2014, WHICH WAS IDENTIFIED AS  
9 THE CODE OF ETHICS FOR TCW. THAT REFERENCE WAS  
10 INCORRECT, AND THE CORRECT EXHIBIT NUMBER IS 2104.  
11 2104.

08:38AM

12 SO IF YOU HAVE A REFERENCE SOMEWHERE TO  
13 2014 AS THE CODE OF ETHICS, CHANGE THE NUMBER.

14 ALL RIGHT?

15 OKAY, MR. QUINN.

08:38AM

16 Q. BY MR. QUINN: THIS MORNING, WE WILL BEGIN BY  
17 FINISHING THE VIDEOTAPE DEPOSITION OF CRIS SANTA ANA.

18 THE COURT: ALL RIGHT. THANK YOU.

19

20 (VIDEO DEPOSITION PLAYED OF CRIS SANTA ANA)

08:39AM

21

22 MR. QUINN: YOUR HONOR, THAT CONCLUDES THE  
23 VIDEOTAPE DEPOSITION.

24 THERE WERE PORTIONS WE PLAYED TO FOUR  
25 DOCUMENTS, BY EXHIBIT NUMBERS. AND WITH THE COURT'S  
26 PERMISSION, I CLEARED WITH THIS OPPOSING COUNSEL. I'D  
27 LIKE TO READ TO THE JURY WHAT THE TRIAL EXHIBITS  
28 NUMBERS ARE FOR THOSE EXHIBITS.

08:43AM

1 THE COURT: YOU MAY DO SO.

2 MR. QUINN: THERE WAS A REFERENCE TO  
3 SANTA ANA, THE DEPOSITION EXHIBIT 6, THAT IS TRIAL  
4 EXHIBIT 1034, THE ABLE GRAPE PRO FORMA.

5 THERE WAS A REFERENCE ALSO TO SANTA ANA  
6 DEPOSITION EXHIBIT 12, THAT IS TRIAL EXHIBIT 544, WHICH  
7 ARE SCREEN SHOTS OF CHATS BETWEEN MR. MAYBERRY AND  
8 MS. CODY. 08:44AM

9 THE COURT: LET ME ASK, HAVE ALL OF THESE  
10 TRIAL EXHIBITS BEEN ADMITTED? 08:44AM

11 MR. QUINN: I BELIEVE ALL BUT -- ONLY THE  
12 FIRST ONE THAT I READ.

13 THE ABLE GRAPE PRO FORMA HAS NOT, AND IT  
14 WILL BE ADMITTED.

15 THE COURT: GO AHEAD. 08:44AM

16 MR. QUINN: SO SANTA ANA DEPOSITION EXHIBIT 12  
17 IS TRIAL EXHIBIT 544, AND THOSE ARE SCREEN SHOTS OF  
18 CHATS BETWEEN MR. MAYBERRY AND MS. CODY DATED  
19 DECEMBER 4, 2009.

20 SANTA ANA DEPOSITION EXHIBIT 18 IS TRIAL  
21 EXHIBIT 1023; THAT IS THE MULTI-STRATEGY FIXED INCOME  
22 GRID. 08:45AM

23 SANTA ANA DEPOSITION EXHIBIT 20 IS TRIAL  
24 EXHIBIT 148. AND THAT IS A FEBRUARY 23, 2009 E-MAIL  
25 FROM MR. GUNDLACH TO MR. SANTA ANA. 08:45AM

26 THE COURT: WE NEED TO CLARIFY THESE -- THE  
27 STATUS OF THESE. AND WE CAN DO THAT AT ANOTHER TIME,  
28 AS TO WHETHER THEY'VE BEEN OFFERED AND ADMITTED OR NOT.

1 MR. QUINN: VERY WELL.

2 THE COURT: YOU MAY CALL YOUR NEXT WITNESS.

3 MR. QUINN: TRUST COMPANY OF THE WEST CALLS  
4 MICHAEL REILLY.

5

6

7

8 MICHAEL REILLY,  
9 CALLED AS A WITNESS BY THE PLAINTIFFS, WAS SWORN AND  
10 TESTIFIED AS FOLLOWS:

11 THE CLERK: YOU DO SOLEMNLY STATE THAT THE  
12 TESTIMONY YOU ARE ABOUT TO GIVE IN THE CAUSE NOW  
13 PENDING BEFORE THIS COURT, SHALL BE THE TRUTH, THE  
14 WHOLE TRUTH AND NOTHING BUT THE TRUTH, SO HELP YOU GOD?

15 THE WITNESS: I DO.

16 THE CLERK: THANK YOU. PLEASE BE SEATED.

08:46AM

17 SIR, PLEASE STATE AND SPELL YOUR NAME  
18 FOR THE RECORD.

19 THE WITNESS: MY NAME IS MICHAEL REILLY,  
20 M-I-C-H-A-E-L, R-E-I-L-L-Y.

21 THE COURT: GOOD MORNING, MR. REILLY.

08:46AM

22 THE WITNESS: GOOD MORNING, YOUR HONOR.

23 THE COURT: YOU MAY PROCEED, MR. QUINN.

24

25

26 DIRECT EXAMINATION

08:46AM

27 BY MR. QUINN:

28 Q.. GOOD MORNING, MR. REILLY.

A. GOOD MORNING.

1 Q. BY WHOM ARE YOU EMPLOYED?

2 A. TCW.

3 Q. AND WHAT POSITION DO YOU HAVE THERE?

4 A. I'M CHIEF INVESTMENT OFFICER OF THE EQUITIES  
5 GROUP.

08:46AM

6 I'M ALSO DIRECTOR OF US EQUITY RESEARCH.

7 Q. HOW LONG HAVE YOU BEEN EMPLOYED BY TCW?

8 A. I'VE BEEN AT TCW 19 YEARS.

9 Q. DID YOU KNOW MR. GUNDLACH DURING THE TIME OF  
10 HIS EMPLOYMENT AT TCW?

08:47AM

11 A. YES. I MET HIM WHEN I JOINED THE FIRM.

12 Q. SO YOU KNEW HIM FROM THE TIME THAT YOU JOINED  
13 UNTIL THE TIME YOU LEFT, IN DECEMBER OF 2009?

14 A. THAT'S CORRECT.

15 Q. HOW WOULD YOU CHARACTERIZE YOUR RELATIONSHIP  
16 WITH MR. GUNDLACH?

08:47AM

17 A. I HAD A VERY GOOD CORDIAL RELATIONSHIP WITH  
18 JEFFREY.

19 Q. IS THERE A DINING ROOM OR CAFETERIA THERE AT  
20 TRUST COMPANY OF THE WEST?

08:47AM

21 A. YES, THERE IS.

22 Q. AND DO PEOPLE, TCW EMPLOYEES, EAT LUNCH THERE?

23 A. YES, WE DO.

24 Q. DID MR. GUNDLACH HAVE -- DID YOU EAT LUNCH  
25 THERE AS WELL?

08:47AM

26 A. YES, I DID.

27 Q. AND DID MR. GUNDLACH EAT LUNCH THERE?

28 A. YES, HE DID.



1 Q. DID HE HAVE A PARTICULAR PRACTICE THAT HE  
2 ENGAGED IN DURING THE LUNCH HOUR IN THE CAFETERIA?

3 A. YES. HE WOULD USUALLY PONTIFICATE ON ONE  
4 SUBJECT OR ANOTHER.

5 Q. AND CAN YOU DESCRIBE THAT FOR US JUST  
6 GENERALLY WHAT THIS WAS LIKE?

08:47AM

7 A. HE'D COME IN AND HE'D KIND OF TALK ABOUT  
8 SPORTS, WHAT THE STOCK MARKET WAS DOING, WHATEVER WAS  
9 ON HIS MIND.

10 Q. AND WAS HE INCLINED TO EXPRESS HIS VIEWS  
11 RATHER EMPHATICALLY?

08:48AM

12 A. YES. HE WAS VERY OPINIONATED.

13 Q. OKAY. AND HE WOULD TALK ABOUT SPORTS AND  
14 OTHER THINGS, AND ALSO THINGS THAT WERE GOING ON IN THE  
15 COMPANY?

08:48AM

16 A. OH, ABSOLUTELY.

17 Q. AND WOULD HE ALSO MAKE REFERENCE TO AND TALK  
18 ABOUT OTHER EMPLOYEES IN THE COMPANY?

19 A. YES, FREQUENTLY.

20 Q. AND IS MR. GUNDLACH THE KIND OF PERSON WHO  
21 WOULD DO THIS IN A KIND OF GRAPHIC AND COLORFUL WAY?

08:48AM

22 A. ABSOLUTELY.

23 Q. CAN YOU RECALL A PARTICULAR OCCASION WHERE  
24 MR. GUNDLACH SPOKE ABOUT A CONFERENCE CALL THAT HE HAD  
25 HAD WITH INVESTORS, AND HIS DISSATISFACTION WITH THAT?

08:48AM

26 A. YES, I DO.

27 Q. DOES THIS KIND OF STAND OUT IN YOUR MIND?

28 A. IT ABSOLUTELY DOES.

1 Q. CAN YOU TELL US WHEN THIS HAPPENED?

2 A. IT WAS SEPTEMBER 2009. THE FIRST WEEK OR --  
3 IT WAS ON THE 10TH OF SEPTEMBER.

4 Q. AND HAD YOU ACTUALLY LISTENED TO THIS CALL  
5 YOURSELF?

08:49AM

6 A. YES.

7 Q. ALL RIGHT. AND HAD THERE BEEN SOME PROBLEM IN  
8 THE CALL, THE WAY THIS CALL WAS HANDLED?

9 A. APPARENTLY THERE WAS A GLITCH AT THE BEGINNING  
10 OF THE CALL.

08:49AM

11 Q. CAN YOU RECALL EXACTLY WHAT IT WAS?

12 A. IT WAS EITHER DELAYED STARTING, OR HE WAS ON  
13 MUTE AT THE BEGINNING. AND THEN THE CALL STARTED AND  
14 THEN THE INTRODUCTION WAS MADE. IT GOT OFF TO A SHAKY  
15 START.

08:49AM

16 Q. SO WHATEVER IT WAS, YOU DON'T RECALL  
17 SPECIFICALLY WHAT IT WAS?

18 A. I DON'T.

19 Q. AND YOU RECALL AN OCCASION WHERE MR. GUNDLACH  
20 HAD ONE OF THESE DISCUSSIONS IN THE CONFERENCE ROOM  
21 ABOUT THIS CALL?

08:49AM

22 A. YES, I DO, VERY VIVIDLY.

23 Q. WOULD YOU PLEASE DESCRIBE THAT TO THE JURY?

24 A. YES. I ENTERED THE DINING ROOM THE DAY AFTER  
25 THIS CONFERENCE CALL. I SAW JEFFREY, AND I  
26 COMPLIMENTED HIM ON THE CONFERENCE CALL, BECAUSE I'D  
27 LISTENED TO IT, AND I THOUGHT HE DID A GOOD JOB.

08:49AM

28 AND HE THEN LAUNCHED INTO THE ANGRIEST

1 TIRADE I HAVE EVER SEEN HIM THROW, IN ALL THE YEARS  
2 I'VE BEEN AT THE FIRM.

3 Q. AND WAS THIS IN THE CAFETERIA?

4 A. THIS WAS IN THE DINING ROOM, YES.

5 Q. IN FRONT OF APPROXIMATELY HOW MANY PEOPLE? 08:50AM

6 A. IT HOLDS 50 PEOPLE, AND IT WAS PRETTY FULL.

7 Q. AND WAS HE LOUD SO THAT EVERYBODY IN THE ROOM  
8 COULD HEAR?

9 A. HE WAS YELLING, ABSOLUTELY YELLING.

10 Q. AND THIS WAS THE DAY AFTER THE CALL? 08:50AM

11 A. THIS WAS THE DAY AFTER THE CALL.

12 Q. COULD YOU PLEASE TELL THE JURY, AS BEST YOU  
13 CAN RECALL, WHAT MR. GUNDLACH SAID?

14 A. HE SAID THAT THE COMMUNICATIONS DEPARTMENT  
15 HAD -- HE DROPPED THE F-BOMB ABOUT AT LEAST A DOZEN 08:50AM  
16 TIMES. HE SAID THE COMMUNICATIONS DEPARTMENT HAD F'D  
17 UP HIS CALL. HE SAID, F PETE VILES.

18 Q. WHO'S PETE VILES?

19 A. PETE VILES WAS THE HEAD OF MEDIA RELATIONS.  
20 HE KIND OF COORDINATED THESE TYPES OF CALL. 08:50AM

21 HE SAID, F PETE VILES FOR INTERRUPTING  
22 MY CALL. HERE WE HAD 2,000 PEOPLE ON THE LINE, AND THE  
23 POPE WAS ALREADY SPEAKING --

24 Q. WHO'S THE POPE?

25 A. HE WAS REFERRING TO HIMSELF. 08:51AM

26 Q. HE REFERRED TO HIMSELF IN THE THIRD PERSON AS  
27 THE POPE?

28 A. YES.

1 Q. SO HE SAID THE POPE WAS ALREADY SPEAKING?

2 MR. BRIAN: OBJECTION, YOUR HONOR. LEADING,  
3 FORM.

4 THE COURT: SUSTAINED. I THINK WE'VE GOT THE  
5 MESSAGE. BUT GO AHEAD.

08:51AM

6 Q. BY MR. QUINN: COULD YOU CONTINUE, PLEASE?

7 A. YES. HE SAID THAT IT WAS VERY STUPID TO BE  
8 INTERRUPTED, AND THAT WAS THE PROBLEM -- HE LAUNCHED  
9 INTO A GENERAL TIRADE ABOUT THE FIRM AND ITS  
10 MANAGEMENT.

08:51AM

11 Q. AND WHAT DO YOU RECALL HIM SAYING?

12 A. HE SAID THAT WE HAD AN F'ING WORTHLESS  
13 COMMUNICATIONS DEPARTMENT WITH 26 PEOPLE, AND THIS WAS  
14 WHAT WE GOT FROM OUR CEO, BOB BEYER. AND THAT  
15 MARKETING PEOPLE MAY NOT BE VERY BRIGHT; BUT FOR THE  
16 COMMUNICATIONS DEPARTMENT TO INTERRUPT THE CALL WAS  
17 JUST UNPARDONABLE, AND THAT 8,000 MORE PEOPLE WOULD  
18 PROBABLY CALL IN FOR THE REPLAY, AND THAT WAS RUINED.

08:51AM

19 HE SAID THAT THE F'ING FIRM WAS SO CHEAP  
20 THAT UNDER THE PRIOR PRESIDENT, BILL SONNEBORN THAT  
21 BILL SONNEBORN WAS TOO CHEAP TO BUILD AN APPROPRIATE  
22 STUDIO FOR HIM, THAT THE FIRM SHOULD SPEND MONEY AND  
23 HAVE A FINANCIAL COMMENTATOR COME INTERVIEW HIM USING  
24 MULTIPLE CAMERA ANGLES.

08:52AM

25 HE WAS ON A TIRADE FOR 20 MINUTES, AND  
26 THEN I GOT UP AND LEFT; AND HE WAS STILL GOING.

08:52AM

27 Q. AND YOU REFERRED TO A MR. BEYER.

28 WHO WAS MR. BEYER?

1 A. BOB BEYER WAS OUR CEO AT THE TIME.

2 Q. YOU SAY THIS EPISODE WAS IN SEPTEMBER OF 2009?

3 A. YES, IT WAS.

4 Q. WAS MR. BEYER AT TCW IN SEPTEMBER OF 2009?

5 A. IN 2009, HE WAS NO LONGER AT TCW. HE HAD  
6 RESIGNED AT THE END OF JUNE.

08:52AM

7 Q. SO HE WAS REFERRING TO SOME PREVIOUS  
8 PRESIDENT?

9 A. PREVIOUS CEO.

10 Q. CEO?

08:53AM

11 A. RIGHT.

12 Q. AND YOU ALSO MADE REFERENCE TO A MR. SONNEBORN  
13 WHO HE HAD MADE COMMENTS ABOUT.

14 WHO WAS MR. SONNEBORN?

15 A. HE WAS OUR PRESIDENT UP UNTIL THE PRIOR, I  
16 THINK IT WAS THE MIDDLE OF 2008.

08:53AM

17 Q. SO HE WAS TALKING ABOUT EXECUTIVES WHO HAD  
18 LEFT THE COMPANY?

19 A. THAT'S RIGHT.

20 Q. AND ARE THERE -- WERE THERE JUNIOR PEOPLE IN  
21 THE CAFETERIA AS WELL?

08:53AM

22 A. YES. ANYBODY WHO WAS AN OFFICER, ASSISTANT  
23 VICE PRESIDENTS, AND THE LIKE, WERE JUST EATING THEIR  
24 LUNCH.

25 Q. AND DID PEOPLE GO QUIET AS THIS HAPPENED?

08:53AM

26 A. PEOPLE WERE STARTLED. I REMEMBER DISTINCTLY  
27 SEEING THE DINING ROOM STAFF KIND OF JUST FREEZE IN  
28 THEIR TRACKS AND BACK OFF. BECAUSE IT WAS A VERY ANGRY

1 TIRADE. HE MENTIONED THIS. AND MY BLOOD IS BOILING.  
2 THAT WAS ONE OF HIS COMMENTS.

3 Q. AND WHEN YOU REFER TO THE STAFF, THE DINING  
4 ROOM STAFF, WHO ARE YOU REFERRING TO?

5 A. THE INDIVIDUALS WHO HELP PUT THE FOOD OUT ON  
6 THE BUFFET AREA OR TAKE YOUR PLATES AWAY.

08:53AM

7 THE DINING ROOM CAME TO A SILENCE. YOU  
8 COULDN'T HAVE A CONVERSATION. HE WAS SCREAMING IN THE  
9 DINING ROOM.

10 Q. NOW, DID YOU FIND THIS DISTURBING?

08:54AM

11 A. WELL, IT WAS DISRESPECTFUL, ON THE MOST BASIC  
12 LEVEL, FOR ANYBODY, REGARDLESS OF YOUR TITLE OR RANK,  
13 TO DISRESPECT PEOPLE THAT WAY, WHO ARE JUST TRYING TO  
14 HAVE THEIR LUNCH.

15 THIS WASN'T A MEETING; IT WAS PEOPLE  
16 HAVING LUNCH IN THE DINING ROOM. AND HERE HE IS, THE  
17 CIO, THE CHIEF INVESTMENT OFFICER OF THE FIRM, GOING ON  
18 AN ANGRY TIRADE ABOUT MANAGEMENT, THE WAY THE FIRM IS  
19 MANAGED. IT JUST -- IF HE HAD A PROBLEM, IT WASN'T THE  
20 APPROPRIATE VENUE TO ADDRESS HIS PROBLEM.

08:54AM

21 Q. AT THAT TIME, YOU REFERRED TO CIO.

22 IS THAT CHIEF INVESTMENT OFFICER?

23 A. YES, IT IS.

24 Q. WAS HE ALSO A DIRECTOR OF THE COMPANY, ON THE  
25 BOARD OF DIRECTORS, AT THIS TIME?

08:54AM

26 A. YES, HE WAS.

27 Q. HAD MR. GUNDLACH -- PRIOR TO THIS TIME, HAD  
28 MR. GUNDLACH EVER EXPRESSED THE VIEW TO YOU THAT HE,

1 ACTUALLY, SHOULD BE CEO?

2 A. YES, HE DID.

3 Q. NOW, AS A RESULT OF THIS EPISODE IN THE  
4 LUNCHROOM, DID YOU DO ANYTHING?

5 A. YES, I DID.

08:55AM

6 Q. WHAT DID YOU DO?

7 A. I WENT BACK TO MY OFFICE. AND AN ANALYST CAME  
8 IN, WHO WORKS FOR ME, AND WAS IN THE DINING ROOM, AND  
9 WITNESSED IT, IVAN BRIVANLO (PHONETIC). HE WAS WORRIED  
10 ABOUT THE FIRM.

08:55AM

11 AND I WAS KIND OF LIKE, ENOUGH IS  
12 ENOUGH; SO I WROTE A NOTE TO THE CEO, AND I  
13 TRANSCRIBED, AS BEST I COULD, WHAT I HAD JUST  
14 WITNESSED.

15 Q. THE CEO BEING?

08:55AM

16 A. MARC STERN.

17 Q. AND WHY DID YOU WRITE THIS NOTE TO MR. STERN?

18 A. BECAUSE I'M CONCERNED ABOUT THE STABILITY OF  
19 THE FIRM.

20 MR. BRIAN: OBJECTION. RELEVANCE, YOUR HONOR.

08:55AM

21 THE COURT: OVERRULED. I'LL ALLOW IT.

22 THE WITNESS: I WAS CONCERNED ABOUT THE  
23 STABILITY OF THE FIRM.

24 Q. BY MR. QUINN: NOW, YOU INDICATED THAT PRIOR  
25 TO THIS, MR. GUNDLACH HAD TOLD YOU THAT HE THOUGHT HE  
26 HAD BEEN CEO?

08:56AM

27 A. THAT HE SHOULD BE CEO.

28 Q. THAT HE SHOULD BE CEO?

1 A. YES.

2 Q. IS THAT A VIEW YOU HEARD HIM EXPRESS ONLY  
3 ONCE, OR MORE THAN ONCE?

4 A. MULTIPLE TIMES.

5 Q. DO YOU RECALL A PARTICULAR OCCASION THAT  
6 STANDS OUT IN YOUR MIND WHERE HE EXPRESSED THAT  
7 THOUGHT?

08:56AM

8 A. YES, I DO.

9 Q. AND WHEN IS THIS THAT YOU ARE -- THIS OCCASION  
10 THAT YOU ARE THINKING OF?

08:56AM

11 A. IT WAS THE FIRST WEEK OF APRIL 2009.

12 Q. SO WAS MR. STERN EVEN -- WAS MR. STERN AT THE  
13 COMPANY THEN?

14 A. NO, HE WASN'T -- HE WAS VICE CHAIRMAN OF THE  
15 FIRM, BUT HE WASN'T INVOLVED IN THE DAY-TO-DAY  
16 MANAGEMENT OF THE FIRM.

08:56AM

17 Q. DO YOU RECALL WHEN IT WAS THAT MR. STERN  
18 CAME -- CAME BACK TO THE COMPANY AND BECAME CEO?

19 A. WHEN BOB BEYER RESIGNED; SO BEGINNING OF JULY  
20 OF 2009.

08:56AM

21 Q. ALL RIGHT.

22 SO THIS OCCASION THAT YOU ARE THINKING  
23 OF, I THINK YOU SAID IT WAS IN APRIL --

24 A. YES.

25 Q. -- THAT WAS BEFORE MR. STERN CAME BACK?

08:56AM

26 A. YES, IT MOST DEFINITELY WAS.

27 Q. OKAY. SO CAN YOU TELL US ABOUT THIS OCCASION  
28 WHERE HE EXPRESSED THE VIEW EMPHATICALLY, HE SHOULD BE



1 CEO, BEFORE MR. STERN COMES BACK?

2 A. YES. BOB BEYER, WHO WAS THE CEO, ASKED ME TO  
3 GO MEET WITH JEFFREY.

4 Q. WHAT FOR?

5 A. BOB WAS TRYING TO FIGURE OUT HOW TO BRING THE  
6 VARYING FACTIONS OF THE FIRM TOGETHER, AND HE WAS  
7 PROPOSING THAT I BECOME CHIEF OPERATING OFFICER, AND  
8 THOUGHT THAT MIGHT HELP.

08:57AM

9 Q. AND SO WHY DID HE WANT YOU TO SPEAK TO  
10 MR. GUNDLACH?

08:57AM

11 A. HE WANTED ME TO GO SPEAK WITH JEFFREY, TO SEE  
12 IF THAT WOULD HELP ADDRESS JEFFREY'S CONCERNS ABOUT HOW  
13 THE FIRM WAS BEING RUN.

14 Q. AND DID YOU SPEAK TO MR. GUNDLACH?

15 A. YES, I DID.

08:57AM

16 Q. AND WHAT DID HE SAY TO YOU ON THE SUBJECT OF  
17 HIS BEING CEO, ON THAT OCCASION?

18 A. I MET WITH HIM FOR AN HOUR AND A HALF, AND IT  
19 WAS A WIDE-RANGING CONCEPT. I TOLD HIM EXACTLY THAT  
20 BOB BEYER HAD ASKED ME TO COME MEET WITH HIM. AND HE  
21 TOLD ME THAT I WASN'T THE PROBLEM, THAT BOB BEYER WAS  
22 THE PROBLEM.

08:57AM

23 Q. WHAT DID HE SAY -- NOW, BOB BEYER, AT THAT  
24 TIME, WAS THE CEO?

25 A. THE CEO.

08:57AM

26 Q. WHAT DID HE SAY ABOUT MR. BEYER?

27 A. HE SAID THAT BOB BEYER WAS A BUFFOON; THAT HE  
28 WAS A COMPLETE IDIOT, AND HE SHOULDN'T BE CEO.

1 Q. AND DID HE SAY ANYTHING ABOUT WHETHER HE,  
2 MR. GUNDLACH, SHOULD BE CEO?

3 A. AND THAT HE SHOULD BE CEO.

4 Q. IN THIS CONVERSATION, DID HE MAKE ANY  
5 REFERENCE TO OTHER MEMBERS, PAST OR PRESENT, OF TCW?

08:58AM

6 A. YES, HE DID.

7 Q. WHO ELSE DID HE REFER TO?

8 A. HE REFERRED TO BILL SONNEBORN, OUR PAST  
9 PRESIDENT.

10 Q. WHAT DID HE SAY ABOUT MR. SONNEBORN?

08:58AM

11 A. HE SAID THAT BILL SONNEBORN WAS A THIEF, WHO  
12 STOLE FROM HIM.

13 Q. DID HE REFER TO ANY OTHER MEMBERS OF PAST OR  
14 PRESENT MANAGEMENT?

15 A. YES. HE REFERRED TO MARC STERN.

08:58AM

16 Q. AND AT THAT POINT, I THINK YOU TOLD US  
17 MR. STERN WAS --

18 A. VICE CHAIRMAN.

19 Q. VICE CHAIRMAN.

20 BUT HE WASN'T YET CEO?

08:58AM

21 A. NO.

22 Q. WHAT DID HE SAY ABOUT MR. STERN?

23 A. HE SAID THAT MARC WAS A PATHOLOGICAL LIAR.

24 Q. NOW, WAS THIS THE ONLY OCCASION WHEN YOU HEARD  
25 MR. GUNDLACH MAKE REMARKS OF THIS NATURE CONCERNING  
26 MR. BEYER?

08:58AM

27 A. NO. HE WAS DERISIVE IN THE DINING ROOM IN  
28 GENERAL TERMS ABOUT BOB. THIS WASN'T THE ONLY TIME.

1 Q. AND HAD YOU HEARD HIM MAKE SIMILAR REMARKS  
2 ABOUT MR. SONNEBORN BEFORE, AS WELL?

3 A. YES.

4 Q. ON THIS OCCASION, DO YOU RECALL -- WHEN YOU  
5 WENT TO SPEAK TO HIM, DO YOU RECALL HIM SAYING ANYTHING  
6 ELSE? 08:59AM

7 A. YES. HE SAID HE COULD DO WHATEVER HE WANTED  
8 AT THE FIRM, BECAUSE THERE'S NOTHING THEY COULD DO TO  
9 HIM, SINCE HE WAS MANAGING MOST OF THE ASSETS OF THE  
10 FIRM. 08:59AM

11 HE ALSO SAID THAT HE WAS JUST GOING TO  
12 IGNORE ALL OF BOB BEYER'S INITIATIVES.

13 Q. WHAT -- DID YOU UNDERSTAND WHAT INITIATIVES HE  
14 WAS TALKING ABOUT?

15 MR. BRIAN: OBJECTION. FOUNDATION, YOUR  
16 HONOR. 08:59AM

17 THE COURT: SUSTAINED.

18 Q. BY MR. QUINN: DID HE SAY WHAT INITIATIVES HE  
19 WAS GOING TO IGNORE?

20 A. YES. HE MENTIONED ONE IN PARTICULAR. 08:59AM

21 Q. AND WHAT WAS THAT?

22 A. HE SAID THAT OUR HEAD OF HUMAN RESOURCES WAS  
23 DOING A JOB CLASSIFICATION PROJECT, AND THAT THIS WAS  
24 PART OF BOB'S IDEA, AND HE WAS JUST GOING TO IGNORE IT.

25 Q. AND WHO WAS THE HEAD OF HUMAN RESOURCES AT  
26 THAT TIME? 09:00AM

27 A. SHE WAS JEANNIE FINKEL.

28 Q.. DID HE REFER TO HER BY NAME?

1 A. YES, HE DID.

2 Q. AND DID HE SAY ANYTHING ABOUT WHETHER --  
3 WHETHER OR NOT JEANNIE FINKEL COULD DO ANYTHING ABOUT  
4 HIS IGNORING THIS INITIATIVE?

5 A. HE SAID NOBODY COULD DO ANYTHING ABOUT HIM  
6 IGNORING INITIATIVES.

09:00AM

7 Q. AND DID HE SAY WHY?

8 A. BECAUSE HE MANAGED MOST OF THE ASSETS OF THE  
9 FIRM.

10 Q. DO YOU ALSO KNOW CRIS SANTA ANA?

09:00AM

11 A. YES, I DO.

12 Q. HOW MANY YEARS DID YOU KNOW MR. SANTA ANA  
13 WHILE HE WAS AT TCW?

14 A. I CAN'T RECALL PRECISELY WHEN HE JOINED THE  
15 FIRM. I'D RUN INTO HIM OCCASIONALLY; BUT WE SERVED ON  
16 A COMMITTEE TOGETHER.

09:00AM

17 Q. ALL RIGHT.

18 AND DID YOU HAVE A GOOD RELATIONSHIP  
19 WITH MR. SANTA ANA?

20 A. YES.

09:00AM

21 Q. AND WHAT WAS THAT COMMITTEE THAT YOU SERVED ON  
22 TOGETHER?

23 A. IT WAS CALLED THE FOCUS GROUP COMMITTEE.

24 Q. WHAT WAS THAT?

25 A. IT WAS A COMMITTEE BOB BEYER HAD PUT TOGETHER  
26 TO TRY TO ADDRESS MARKETING AND DISTRIBUTION ISSUES,  
27 HOW TO IMPROVE OUR PROCESSES.

09:01AM

28 Q. AND WHAT WAS THE TIME FRAME WHEN THIS

1 HAPPENED?

2 A. WELL, THIS COMMITTEE WAS MEETING TOWARDS THE  
3 END OF '08 AND INTO THE FIRST HALF OF '09.

4 Q. AND DO YOU RECALL A PARTICULAR CONVERSATION  
5 WITH MR. SANTA ANA ABOUT WHETHER THAT MBS GROUP, THE  
6 MORTGAGE-BACKED SECURITIES GROUP, NEEDED TO BE AT TCW?

09:01AM

7 A. YES, I DO.

8 Q. AND WHAT DID MR. SANTA ANA SAY ON THAT  
9 SUBJECT?

10 A. WELL, I REMEMBER IT WAS CINCO DE MAYO, BECAUSE  
11 IT WAS A JOVIAL MEETING; SO IT HAD TO HAVE BEEN  
12 MAY 5TH. AND AFTER THE MEETING, THE -- IT WAS A VIDEO  
13 CONFERENCE WITH NEW YORK. THE MEETING WAS OVER. AND  
14 HE SAID TO ME, HE SAID THAT THE MORTGAGE GROUP DIDN'T  
15 NEED TO BE AT TCW AND THEY COULD PICK UP AND LEAVE AT  
16 ANY TIME THEY WANTED TO.

09:01AM

17 Q. AND THIS WAS BEFORE MR. STERN RETURNED TO TCW?

18 A. YEAH. AS I SAID, THIS WAS IN MAY.

19 MR. QUINN: NO FURTHER QUESTIONS.

20 THE COURT: ALL RIGHT.

09:01AM

09:02AM

21 CROSS-EXAMINATION, MR. BRIAN?

22 MR. BRIAN: COULD I HAVE A MOMENT, YOUR HONOR?

23 DO YOU MIND IF I MOVE THE LECTERN UP,  
24 YOUR HONOR?

25 THE COURT: NO. YOU MAY MOVE IT.

09:02AM

26 MR. BRIAN: GOOD MORNING, LADIES AND  
27 GENTLEMEN.

28 THE JURY: MORNING.

## 1 CROSS-EXAMINATION

2 BY MR. BRIAN:

3 Q. GOOD MORNING, MR. REILLY.

4 A. GOOD MORNING.

5 Q. WE'VE NEVER MET, HAVE WE, SIR? 09:02AM

6 A. NO, WE HAVEN'T.

7 Q. NICE TO MEET YOU.

8 A. NICE TO MEET YOU, AS WELL.

9 Q. SO YOU WERE THE DIRECTOR OF EQUITY RESEARCH AT  
10 TCW? 09:03AM

11 A. YES, I WAS. AND I STILL AM.

12 Q. TOUGH TIME TO BE THE DIRECTOR OF EQUITY  
13 RESEARCH, IN 2008-2009, WASN'T IT?

14 A. IT'S BEEN FULL OF CHALLENGES.

15 Q. NOW, TCW, AS A FIRM, IS IN THE ASSET  
16 MANAGEMENT BUSINESS, RIGHT? 09:03AM

17 A. THAT'S CORRECT.

18 Q. AND TO OVERSIMPLIFY, IT HAS FUNDS, SOME OF  
19 WHICH INVEST IN EQUITIES OR STOCKS, RIGHT?

20 A. YES. 09:03AM

21 Q. SOME OF WHICH INVEST IN BONDS OR FIXED INCOME,  
22 RIGHT?

23 A. THAT'S CORRECT.

24 Q. AND JEFFREY GUNDLACH WAS IN THE FIXED INCOME  
25 SIDE OF THE COMPANY, RIGHT? 09:03AM

26 A. YES, BUT CIO OF THE ENTIRE COMPANY.

27 Q. SO AS CIO OF THE ENTIRE COMPANY, HE WAS, BY  
28 TITLE, RESPONSIBLE FOR THE -- ALL THE INVESTMENT

1 DECISIONS?

2 A. THE PORTFOLIO MANAGERS WERE RESPONSIBLE FOR  
3 THE INVESTMENT DECISIONS, BUT THERE'S A SUPERVISORIAL  
4 COMPONENT TO IT.

5 Q. BUT THERE WASN'T -- IN THE 2008-2009 TIME  
6 PERIOD, THERE WAS A FAIR AMOUNT OF FRICTION BETWEEN  
7 MR. GUNDLACH AND THE PEOPLE WHO WERE MANAGING THE  
8 EQUITY SIDE OF THE BUSINESS, WAS IT NOT?

09:03AM

9 MR. QUINN: VAGUE AND AMBIGUOUS, OPINION.

10 THE COURT: OVERRULED.

09:04AM

11 THE WITNESS: COULD YOU REPEAT THE QUESTION?

12 MR. BRIAN: I'LL REFRAME IT.

13 Q. HE WAS CRITICAL WITH SOME OF THE INVESTMENT  
14 DECISIONS BY THE PEOPLE WHO RAN THE EQUITY GROUP,  
15 RIGHT?

09:04AM

16 A. YES, JEFFREY WAS OFTEN CRITICAL.

17 Q. AND HE WAS RIGHT ABOUT SOME OF THE DECISIONS  
18 THEY'D MAKE?

19 A. YOU WOULD HAVE TO TELL ME WHICH DECISIONS YOU  
20 ARE REFERRING TO.

09:04AM

21 Q. HOW ABOUT DIANE JAFFEE'S DECISION TO INVEST  
22 AND BUY 1.8 MILLION SHARES OF STOCK IN FANNIE MAE?

23 A. DIANE JAFFEE HAS BEEN ONE OF OUR MOST  
24 ACCOMPLISHED PORTFOLIO MANAGERS, WITH A VERY GOOD  
25 RECORD -- LONG-TERM RECORD. WE LOOK AT THE LONG TERM.

09:04AM

26 Q.. ISN'T IT A FACT THAT MR. GUNDLACH WAS URGING  
27 HER TO SELL FANNIE MAE STOCK, IN THE 2008 TIME PERIOD?  
28 ISN'T THAT A FACT?

1 A. I AM NOT AWARE OF THAT BEING A FACT.

2 Q. IT IS A FACT, IS IT NOT, THAT THE COMPANY  
3 CHOSE TO KEEP ITS HOLDINGS IN THE FANNIE MAE STOCKS  
4 DURING THAT TIME PERIOD; ISN'T THAT TRUE?

5 A. EACH PORTFOLIO MANAGER IS A --

09:05AM

6 Q. IS THAT TRUE, SIR, IF YOU KNOW?

7 MR. QUINN: YOUR HONOR, COULD THE WITNESS  
8 ANSWER THE QUESTION?

9 THE COURT: TRY AND ANSWER THE QUESTION, SIR,  
10 IF YOU CAN, DIRECTLY. AND THEN WE'LL ALLOW YOU TO  
11 EXPLAIN, IF YOU WANT; BUT I'D LIKE A DIRECT ANSWER.

09:05AM

12 THE WITNESS: SURE.

13 Q. BY MR. BRIAN: LET ME BREAK IT DOWN FOR YOU.

14 IS IT TRUE THAT JEFFREY GUNDLACH  
15 RECOMMENDED TO DIANE JAFFEE THAT THE COMPANY SELL A  
16 LARGE PART OF ITS HOLDINGS IN FANNIE MAE STOCK IN 2008;  
17 ISN'T THAT TRUE?

09:05AM

18 A. I WAS NOT PRIVY TO THE CONVERSATIONS BETWEEN  
19 JEFFREY AND DIANE.

20 Q. OKAY.

09:05AM

21 DID DIANE JAFFEE MAKE THE DECISION TO  
22 SELL THE COMPANY'S HOLDINGS IN FANNIE MAE STOCK?

23 A. SHE DID, AT SOME POINT, YES.

24 Q. IT WAS A LITTLE TOO LATE, WASN'T IT, SIR?

25 A. FINANCIAL STOCKS SUFFERED LARGE DECLINES. AND  
26 I CAN'T TELL YOU, AT THIS POINT, WHAT -- HOW MUCH OF A  
27 DECLINE FANNIE MAE EXPERIENCED IN THEIR PORTFOLIO.

09:05AM

28 Q. IT WENT FROM ABOUT 70 BUCKS A SHARE TO LESS



1 THAN A DOLLAR, DIDN'T IT?

2 A. AGAIN, I DON'T WANT TO QUOTE SPECIFIC PRICE  
3 LEVELS.

4 Q. AM I ABOUT RIGHT?

5 A. IT SUFFERED A VERY LARGE DECLINE, YES. 09:06AM

6 Q. NOW, DURING THIS SAME TIME PERIOD, 2008 AND  
7 2009, MR. GUNDLACH, IN THE FIXED INCOME AREA, WAS  
8 GETTING MORE AND MORE INVESTORS TO PUT MONEY -- PUT  
9 THEIR ASSETS INTO THE MANAGEMENT OF TCW IN THE FIXED  
10 INCOME AREA, WASN'T HE? 09:06AM

11 A. YES, HE WAS.

12 Q. IN 2009 ALONE, FOR EXAMPLE, ONE OF HIS MUTUAL  
13 FUNDS WENT FROM ABOUT ONE BILLION IN ASSETS TO 10  
14 BILLION; ISN'T THAT RIGHT?

15 A. YES, THAT'S CORRECT. 09:06AM

16 Q. SO THAT BY 2009, MID TO LATE 2009, HIS GROUP  
17 WAS EFFECTIVELY MANAGING OVER 60 PERCENT OF THE ASSETS  
18 UNDER MANAGEMENT AT TCW; ISN'T THAT TRUE?

19 A. YES, THAT'S CORRECT.

20 Q. AND YOU SAID THAT MR. GUNDLACH WAS  
21 OPINIONATED. WE'LL STIPULATE TO THAT. 09:07AM

22 HE'S A VERY SMART GUY, RIGHT?

23 A. YES, HE IS.

24 Q. AND HE'S ALWAYS BEEN OPINIONATED; IS THAT  
25 TRUE, SINCE YOU'VE KNOW HIM? 09:07AM

26 A. THAT'S TRUE.

27 Q. AND HE'S ALWAYS PONTIFICATED, HASN'T HE?

28 A. YES, HE HAS.

1 Q. AND IN FACT, BEGINNING AROUND 2006, 2007, AND  
2 INCREASING INTO 2008 AND 2009, TCW PUT HIM FORWARD  
3 PUBLICLY AS THE FACE OF THE COMPANY, ON TELEVISION AND  
4 OTHER PLACES, DID IT NOT?

5 A. HE, AMONG OTHER INDIVIDUALS, YES. 09:07AM

6 Q. HE WAS OFTEN INTERVIEWED ON CNBC AND OTHER  
7 PLACES ABOUT HIS VIEWS ON INVESTMENTS, WASN'T HE?

8 A. YES, HE WAS.

9 Q. DID YOU PARTICIPATE IN THAT PARTICULAR  
10 WEBCAST, IN SEPTEMBER OF 2009, THAT HE COMPLAINED ABOUT  
11 IN THE DINING ROOM? 09:08AM

12 A. I LISTENED TO IT.

13 Q. OKAY.

14 AND THIS WAS A WEBCAST THAT -- IN  
15 CONNECTION WITH ONE OF THE MUTUAL FUNDS THAT HE  
16 MANAGED, WAS IT NOT? 09:08AM

17 A. YES.

18 Q. AND IS IT NOT TRUE THAT THAT PARTICULAR MUTUAL  
19 FUND, OR FOR THAT MUTUAL FUND, HE WOULD HAVE FOUR  
20 WEBCASTS A YEAR, CORRECT? 09:08AM

21 A. I DON'T KNOW HOW MANY PER YEAR.

22 Q. BUT MORE THAN ONE; IS THAT RIGHT?

23 A. YES.

24 Q. THIS PARTICULAR WEBCAST, IN SEPTEMBER OF 2009,  
25 WAS ARRANGED BY THE MARKETING AND COMMUNICATIONS GROUP  
26 OF TCW WITH AN OUTSIDE VENDOR, RIGHT? 09:08AM

27 A. YES.

28 Q. AND THIS WASN'T THE FIRST TIME, ON ONE OF THE

1 WEBCASTS FOR THIS MUTUAL FUND, THAT THERE WAS A SCREW  
2 UP, IS IT?

3 A. ACCORDING TO JEFFREY, IT WASN'T THE FIRST  
4 TIME.

5 Q. DID YOU PARTICIPATE IN THE WEBCAST FOR THAT  
6 SAME MUTUAL FUND IN THE PREVIOUS JUNE, THREE MONTHS  
7 EARLIER?

09:08AM

8 A. I TRIED TO PARTICIPATE IN MANY OF OUR  
9 WEBCASTS, NOT JUST HIS. I CAN'T RECALL IF I  
10 PARTICIPATED IN THE ONE IN JUNE. WHENEVER I COULD MAKE  
11 THEM, I TRIED TO.

09:09AM

12 Q. WERE YOU AWARE THAT THERE WERE SOMETIMES  
13 THOUSANDS OF PEOPLE WHO PARTICIPATED IN AND ATTENDED,  
14 SO TO SPEAK, THESE WEBCASTS?

15 A. YES. THEY COULD BE VERY EFFECTIVE.

09:09AM

16 Q. AND ARE YOU AWARE THAT IN EITHER THE SEPTEMBER  
17 OR THE JUNE WEBCAST, AS MR. VILES, THE TCW PERSON, WAS  
18 GOING TO INTRODUCE MR. GUNDLACH, THE ENTIRE WEBCAST  
19 CALL WAS INTERRUPTED.

20 ARE YOU AWARE OF THAT?

09:09AM

21 A. THAT'S WHAT JEFFREY SAID OCCURRED.

22 Q. AND ARE YOU AWARE THAT DURING A PERIOD OF  
23 SILENCE WHERE THEY COULD NOT HEAR JEFFREY, ON THAT CALL  
24 OR THE OTHER ONE, THERE WAS A PERIOD OF TWO OR THREE  
25 MINUTES WHERE THE PARTICIPANTS IN THE WEBCAST HEARD THE  
26 OPERATOR TALKING ABOUT SHOPPING FOR SHOES? ARE YOU  
27 AWARE OF THAT?

09:10AM

28 A. I AM NOT AWARE OF THAT.

1 Q. ARE YOU AWARE THAT FOLLOWING THIS SECOND  
2 MESS-UP, IN SEPTEMBER OF 2009, MR. GUNDLACH REQUESTED  
3 SENIOR MANAGEMENT TO HIRE A NEW OUTFIT WITH A STUDIO,  
4 IN ORDER TO IMPROVE THE TELECOMMUNICATIONS FACILITY AT  
5 TCW; ARE YOU AWARE OF THAT?

09:10AM

6 A. I AM NOT AWARE OF THAT.

7 Q. YOU ARE AWARE, ARE YOU NOT, THAT IN SEPTEMBER  
8 OF 2009, THERE WERE RUMORS AT TCW THAT HE WOULD BE  
9 FIRED? YOU ARE AWARE OF THAT, AREN'T YOU?

10 A. THERE WERE LOTS OF RUMORS.

09:10AM

11 Q. YOU TOLD ALAN TOOLE, IN SEPTEMBER OF 2009, OF  
12 SUCH A RUMOR, DIDN'T YOU, SIR?

13 A. I CAN'T RECALL THAT SPECIFIC CONVERSATION.

14 Q. WHEN MR. GUNDLACH SAID TO YOU THAT HE WAS MORE  
15 QUALIFIED TO BE CEO THAN BOB BEYER OR MARC STERN, DID  
16 YOU TELL HIM HE WAS WRONG?

09:11AM

17 A. NO. I DIDN'T OPINE ON IT.

18 MR. BRIAN: NOTHING FURTHER.

19 THE COURT: ALL RIGHT.

20 REDIRECT?

09:11AM

21  
22  
23 REDIRECT EXAMINATION

24 BY MR. QUINN:

25 Q. WHATEVER HAPPENED IN THIS TELECAST, OR THE  
26 WEBCAST, WHETHER FOLKS, INVESTORS, HEARD AN OPERATOR  
27 TALKING ABOUT BUYING SHOES FOR A MINUTE, OR EVEN TWO,  
28 DID YOU THINK THAT MR. GUNDLACH'S CONDUCT AS CHIEF

09:11AM

1 INVESTMENT OFFICER AND A DIRECTOR OF THE COMPANY WAS  
2 JUSTIFIED?

3 A. ABSOLUTELY NOT. IT WAS UNPROFESSIONAL.

4 Q. YOU WERE ASKED ABOUT SOME BAD -- A BAD  
5 INVESTMENT THAT WAS MADE IN -- OR AN INVESTMENT IN  
6 FANNIE MAE THAT DIDN'T TURN OUT WELL.

09:12AM

7 DO YOU RECALL BEING ASKED THAT?

8 A. YES, I DO.

9 Q. DOES ANYBODY BAT A THOUSAND, IN THE INVESTMENT  
10 WORLD?

09:12AM

11 A. ABSOLUTELY NOT.

12 Q. HAD MR. GUNDLACH, OVER THE YEARS, DONE SOME  
13 INVESTMENTS THAT DIDN'T TURN OUT VERY WELL?

14 A. YES.

15 Q. WHERE MILLIONS AND MILLIONS OF DOLLARS WERE  
16 LOST?

09:12AM

17 A. YES.

18 Q. YOU INDICATED THAT MR. GUNDLACH WAS ALWAYS  
19 OPINIONATED.

20 DID MR. GUNDLACH'S BEHAVIOR, TO YOUR  
21 OBSERVATION, DID IT CHANGE OVER TIME?

09:12AM

22 A. IT WAS GETTING -- IT WAS GETTING ANGRIER, MORE  
23 VITRIOLIC, MORE ERRATIC.

24 THAT WAS THE DIFFERENCE HERE. IT WAS A  
25 YELLING, PROLONGED TIRADE. IT WAS THE MAGNITUDE. IT  
26 WAS THE DURATION. IT WAS SCARING PEOPLE.

09:12AM

27 Q.. SOUNDS TO ME LIKE YOU ARE TALKING ABOUT THAT  
28 CONVERSATION THAT ONE -- THE THINGS HE SAID IN THE

1 LUNCHROOM ON THAT ONE OCCASION?

2 A. YES.

3 Q. MY QUESTION IS MORE GENERAL.

4 AS TIME WENT ON, 2007, 2008, 2009, DID  
5 YOU START TO SEE A DIFFERENT JEFFREY GUNDLACH THAN YOU  
6 HAD SEEN IN THE PAST? 09:13AM

7 A. YES.

8 Q. AND COULD YOU DESCRIBE THE EVOLUTION FOR THE  
9 JURY, PLEASE?

10 A. HE WAS GETTING INCREASINGLY VOCAL. HE WAS  
11 RAISING HIS VOICE, HE WAS CRITICAL OF INDIVIDUALS,  
12 DERISIVE OF MANAGEMENT, OPENLY, CALLING OUT NAMES. SO  
13 IT JUST LED TO A MORE -- A GREATER SENSE OF INSTABILITY  
14 AT THE FIRM, BECAUSE HE WAS VERY MUCH A KEY PERSON AT  
15 THE FIRM. 09:13AM

16 Q. YOU SAID, VERY MUCH A KEY PERSON.

17 I THINK YOU TOLD MR. BRIAN THAT HE WAS  
18 RESPONSE -- YOU AGREED THAT HE WAS RESPONSIBLE FOR 60  
19 PERCENT OF THE ASSETS THAT WERE UNDER MANAGEMENT?

20 A. YES. 09:13AM

21 Q. AND ABOUT 50 PERCENT OF THE REVENUE?

22 A. I DON'T KNOW WHAT PERCENT OF THE REVENUE,  
23 EXACTLY, BUT THE MAJORITY OF THE ASSETS OF THE FIRM.

24 Q. LET ME ASK THIS: IF HE AND HIS TEAM WERE TO  
25 LEAVE OVERNIGHT, AND TAKE ALL THAT BUSINESS WITH THEM,  
26 WHAT EFFECT WOULD THAT HAVE ON THE COMPANY? 09:14AM

27 MR. BRIAN: OBJECTION. CALLS FOR AN OPINION,  
28 NO FOUNDATION.

1 THE COURT: SUSTAINED.

2 Q. BY MR. QUINN: WERE YOU, SIR, CONCERNED ABOUT  
3 WHAT COULD HAPPEN TO THE COMPANY, IF MR. GUNDLACH WERE  
4 TO LEAVE OVERNIGHT, AND TCW DID NOT HAVE THE ABILITY TO  
5 HANDLE THE MORTGAGE-BACKED SECURITY BUSINESS?

09:14AM

6 MR. BRIAN: OBJECTION. RELEVANCE.

7 THE COURT: I'LL ALLOW.

8 THE WITNESS: I ABSOLUTELY WAS.

9 Q. BY MR. QUINN: WHY?

10 A. I THOUGHT THE FIRM COULD IMplode.

09:14AM

11 MR. QUINN: NOTHING FURTHER.

12

13

14

RECROSS-EXAMINATION

15 BY MR. BRIAN:

09:14AM

16 Q. DID THE RUMORS THAT MR. GUNDLACH WAS BEING  
17 FIRED, CREATE INSTABILITY AT THE COMPANY?

18 A. THERE WERE ALL SORTS OF RUMORS.

19 Q. DID THEY CREATE INSTABILITY AT THE COMPANY,  
20 SIR?

09:14AM

21 A. THERE WAS A GENERAL ENVIRONMENT OF  
22 INSTABILITY.

23 Q. YOU SAID THAT YOU WERE THE -- YOU ARE NOW THE  
24 CHIEF INVESTMENT OFFICER FOR THE EQUITIES GROUP,  
25 CORRECT?

09:15AM

26 A. THAT'S CORRECT.

27 Q.. YOU ACTUALLY RECEIVED THAT PROMOTION ON  
28 DECEMBER 4TH, 2009, DID YOU NOT?

1 A. THAT'S CORRECT.

2 Q. THE SAME DAY THAT MR. GUNDLACH WAS RELIEVED OF  
3 HIS DUTIES, RIGHT?

4 A. THAT'S CORRECT.

5 Q. NOTHING FURTHER.

09:15AM

6

7

8

FURTHER REDIRECT EXAMINATION

9 BY MR. QUINN:

10 Q. AND THAT WAS A POSITION THAT DIDN'T EXIST --

09:15AM

11 THE COURT: JUST SLOW DOWN, BOTH OF YOU.

12 MR. QUINN: I'M SORRY.

13 THE COURT: WE'RE TRYING TO TAKE NOTES AND PAY  
14 ATTENTION, AND YOU DON'T GIVE US A MINUTE.

15 MR. QUINN: I APOLOGIZE.

09:15AM

16 MR. BRIAN: I'M SORRY.

17 THE COURT: DO YOU HAVE A QUESTION, MR. QUINN?

18 MR. QUINN: HOW DID YOU KNOW?

19 Q. THAT POSITION THAT YOU GOT IN DECEMBER 2009 --

20 A. YES.

09:15AM

21 Q. -- THAT'S A POSITION THAT DIDN'T EXIST, WHILE  
22 MR. GUNDLACH WAS THERE?

23 A. NO, IT DIDN'T.

24 MR. QUINN: THANK YOU.

25 THE COURT: OKAY, MR. BRIAN.

09:15AM

26 WHO'S GOING TO GET THE LAST WORD?

27 MR. BRIAN: LAST TIME.

28 //



## 1 FURTHER RECROSS-EXAMINATION

2 BY MR. BRIAN:

3 Q. IT DIDN'T EXIST, BECAUSE AFTER HE WAS RELIEVED  
4 OF HIS DUTIES, TCW BASICALLY TOOK HIS JOB AND DIVIDED  
5 IT IN TWO JOBS, DIDN'T THEY? 09:16AM

6 A. YES, THEY DID.

7 Q. AND YOU TOOK ONE OF THOSE TWO JOBS THAT HAD,  
8 BEFORE THAT, BEEN CONSOLIDATED IN ONE, IN THE TIME  
9 AFTER GUNDLACH?

10 A. THAT IS CORRECT. 09:16AM

11 MR. BRIAN: THANK YOU.

12 NOTHING FURTHER.

13 THE COURT: MR. QUINN, DO YOU HAVE ANYTHING  
14 MORE?

15 MR. QUINN: NO. 09:16AM

16 THE COURT: OKAY.

17 MR. REILLY, THANK YOU FOR YOUR  
18 TESTIMONY. YOU ARE EXCUSED. YOU MAY STEP DOWN.

19 THE WITNESS: THANK YOU VERY MUCH.

20 MR. QUINN: TCW CALLS CRIS SANTA ANA. 09:16AM

21 THE CLERK: SIR, PLEASE RAISE YOUR RIGHT HAND  
22 TO BE SWORN.23 YOU DO SOLEMNLY STATE THAT THE TESTIMONY  
24 YOU ARE ABOUT TO GIVE IN THE CAUSE NOW PENDING BEFORE  
25 THIS COURT SHALL BE THE TRUTH, THE WHOLE TRUTH, AND  
26 NOTHING BUT THE TRUTH, SO HELP YOU GOD? 09:17AM

27 THE WITNESS: I DO.

28 THE CLERK: THANK YOU. PLEASE BE SEATED.

1                   SIR, PLEASE STATE AND SPELL YOUR NAME  
2 FOR THE RECORD.

3                   THE WITNESS: MY NAME IS CRIS SANTA ANA,  
4 C-R-I-S, S-A-N-T-A, SPACE, CAP, A-N-A.

5                   THE CLERK: THANK YOU. 09:17AM

6                   THE COURT: GOOD MORNING, MR. SANTA ANA.

7                   THE WITNESS: GOOD MORNING.

8                   THE COURT: ALL RIGHT, MR. QUINN. YOU MAY  
9 PROCEED.

10                  MR. QUINN: THANK YOU, YOUR HONOR. 09:17AM

11  
12  
13                                   DIRECT EXAMINATION

14 BY MR. QUINN:

15                  Q. GOOD MORNING, MR. SANTA ANA. 09:17AM

16                  A. MORNING.

17                  Q. MY NAME IS JOHN QUINN.

18                                   WITH THE COURT'S PERMISSION, MY  
19 COLLEAGUE, CAROL O'CONNOR, IS GOING TO SIT UP WHERE  
20 SHE'S SITTING AND HELP PUT EXHIBITS IN FRONT OF YOU,  
21 AND DEPOSITION PAGES, IF NECESSARY, IF THAT'S OKAY? 09:17AM

22                  A. SURE.

23                  Q. THE PLAN WAS FOR MOST OF THE MORTGAGE-BACKED  
24 SECURITIES GROUP TO LEAVE TOGETHER IN MARCH 2010, AFTER  
25 BONUSES WERE PAID IN FEBRUARY, CORRECT? 09:18AM

26                  A. I'M SORRY. CAN YOU REPEAT THE QUESTION?

27                  Q. SURE.

28                                   THE PLAN WAS THAT ALMOST THE ENTIRE

1 MORTGAGE-BACKED SECURITIES TEAM WOULD LEAVE TOGETHER IN  
2 MARCH 2010 AFTER BONUSES WERE PAID IN FEBRUARY?

3 A. THERE WAS NO DEFINITIVE PLAN TO LEAVE.

4 Q. I'M SORRY, SIR?

5 A. THERE WAS NO DEFINITIVE PLAN TO LEAVE AT THAT  
6 TIME.

7 Q. WELL, YOU WROTE UP A PLAN, DIDN'T YOU, SIR?

8 A. THAT WE WROTE A PLAN TO LOOK AT THE OPTIONS TO  
9 BUY THE BUSINESS.

10 Q. AND THAT'S A PLAN THAT WENT THROUGH SEVERAL  
11 DRAFTS, CORRECT?

12 A. I THINK THERE WAS JUST ONE DRAFT, THAT GREG  
13 WARD AND I BOTH WORKED ON.

14 Q. RIGHT.

15 AND THAT'S A DRAFT THAT YOU SHOWED TO  
16 MR. GUNDLACH, CORRECT?

17 A. WE DID.

18 Q. AND YOU SHOWED IT TO HIM ON THE MORNING, AS IT  
19 HAPPENS, OF DECEMBER 4, 2009, CORRECT?

20 A. I DON'T RECALL IF THAT WAS THE SPECIFIC DATE;  
21 BUT YES, WE SHOWED IT TO HIM IN EARLY DECEMBER, MAY  
22 HAVE BEEN THE 3RD OR 4TH.

23 Q. I'M SORRY?

24 A. IT MAY HAVE BEEN THE 3RD OR 4TH. I DON'T  
25 RECALL EXACTLY THE DAY IT WAS.

26 Q. EITHER 3RD OR 4TH, YOU SHOWED THIS PLAN TO  
27 MR. GUNDLACH?

28 MR. HELM: COULD WE HAVE A MICROPHONE PUT

09:18AM

09:18AM

09:19AM

09:19AM

09:19AM

1 CLOSER?

2 THANK YOU.

3 Q. BY MR. QUINN: AND HIS WORDS TO YOU, WHEN YOU  
4 SHOWED HIM THIS PLAN WERE, FINE, GREAT, GOOD STARTING  
5 POINT, CORRECT?

09:19AM

6 A. I DON'T RECALL THOSE SPECIFICALLY; BUT YES,  
7 THAT SOUNDS LIKE SOMETHING HE SAID THAT DAY.

8 Q. WELL, LET'S TAKE A LOOK AT YOUR DEPOSITION.  
9 IF YOU DON'T RECALL, IF YOU CAN TAKE A  
10 LOOK AT PAGE 470 OF YOUR DEPOSITION.

09:19AM

11 A. WHAT PAGE?

12 Q. IF YOU LOOK AT PAGES 469 TO 470, AND JUST READ  
13 TO YOURSELF, BEGINNING ON 469, LINE 23, AND READ OVER  
14 TO PAGE 470, LINE 5. AND JUST TELL ME WHEN YOU'VE DONE  
15 THAT.

09:20AM

16 A. TO WHAT LINE?

17 Q. TO LINE 5 ON 470.

18 A. YES.

19 Q. AND DOES THAT REFRESH YOUR RECOLLECTION, WHEN  
20 YOU SHOWED MR. GUNDLACH THIS BUSINESS PLAN, ON  
21 DECEMBER 3 OR 4, HIS WORDS TO YOU WERE, FINE, GREAT,  
22 THAT'S A GOOD STARTING POINT, CORRECT?

09:21AM

23 A. I THINK THAT'S WHAT HE SAID, YEAH.

24 Q. AND LET'S TAKE A LOOK AT THAT PLAN.

25 THE COURT: HOLD ON A MINUTE. JUST A MINUTE,  
26 MR. QUINN.

09:21AM

27 ARE SOME OF YOU HAVING TROUBLE HEARING  
28 MR. SANTA ANA? LET'S SEE IF WE CAN TURN UP THE VOLUME.

1 THE WITNESS: IS THIS BETTER?

2 THE JURY: FINE.

3 THE COURT: JUST TRY AND STAY CLOSE TO THE  
4 MICROPHONE.

5 Q. BY MR. QUINN: SIR, IF YOU COULD PLEASE TAKE A  
6 LOOK AT EXHIBIT 963. EXHIBIT 963.

09:21AM

7 IF WE COULD PLACE THAT BEFORE THE  
8 WITNESS.

9 THE COURT: YOU MAY ALSO LOOK AT IT ON THE  
10 SCREEN. AND THEY CAN BLOW THAT UP A LITTLE, IF YOU  
11 WANT TO.

09:22AM

12 Q. BY MR. QUINN: THIS IS THE BUSINESS PLAN THAT  
13 YOU ARE REFERRING TO, THAT YOU AND MR. WARD PREPARED,  
14 CORRECT?

15 A. IT'S A LITTLE FUZZY HERE.

09:22AM

16 WHAT EXHIBIT?

17 Q. IT'S EXHIBIT 963.

18 A. THERE DOESN'T APPEAR TO BE ANYTHING HERE.  
19 IT'S JUST A PAGE WITH GOBBLEDYGOOK ON IT.

20 OKAY.

09:22AM

21 Q. DO YOU HAVE IT BEFORE YOU?

22 A. YES.

23 Q. ALL RIGHT.

24 NOW, THAT'S THE DOCUMENT THAT YOU ARE  
25 REFERRING TO, CORRECT?

09:22AM

26 A. THIS IS THE ABLE GRAPE PRO FORMA THAT WE  
27 WORKED ON, YES.

28 Q. THAT YOU WORKED ON WITH MR. WARD?

1 A. YES.

2 Q. AND THAT YOU SHOWED TO MR. GUNDLACH ON  
3 DECEMBER 3 OR 4, CORRECT?

4 A. YES, THIS APPEARS TO BE IT, YES.

5 MR. QUINN: AND WE'D OFFER THAT, YOUR HONOR. 09:23AM

6 THE COURT: ANY OBJECTION?

7 MR. HELM: NO OBJECTION.

8 THE COURT: IT WILL BE ADMITTED.

9

10 (EXHIBIT 963 ADMITTED.) 09:23AM

11

12 MR. QUINN: AND IF WE COULD PUT THE FIRST PAGE  
13 UP ON THE SCREEN, PLEASE, PAGE 963-1.

14 AND WHAT YOU WROTE HERE -- WHAT WE'RE  
15 LOOKING AT HERE ON THE FIRST PAGE IS A PRO FORMA INCOME  
16 STATEMENT, CORRECT? 09:23AM

17 A. YES.

18 Q. AND COULD YOU PLEASE TELL THE JURY WHAT A PRO  
19 FORMA INCOME STATEMENT IS?

20 A. IT JUST SHOWS REVENUES AND EXPENSES FOR A  
21 COMPANY. 09:23AM

22 Q. AND THE NAME OF THE COMPANY WAS?

23 A. THIS WAS ABLE GRAPE. THIS WAS A  
24 REPRESENTATION OF THE BUSINESS WE WERE TRYING TO BUY.

25 Q. RIGHT. 09:23AM

26 AND WHAT YOU WROTE HERE ON THIS FIRST  
27 PAGE, IN THE MIDDLE OF THE PAGE, WE SEE A DATE THERE,  
28 DON'T WE?

1 A. YES.

2 Q. AND WHAT IT SAYS IS THAT YOU HAVE PRORATED THE  
3 2010 REVENUE FOR A MARCH 1ST TRANSITION DATE, CORRECT?

4 A. THAT'S WHAT IT SAYS, YES.

5 Q. ALL RIGHT. AND THEN IF WE LOOK AT THE NEXT  
6 PAGE, IF WE SKIP OVER TO PAGE 3 -- 963-3, WE SEE SOME  
7 MORE FINANCIAL INFORMATION, RIGHT?

09:24AM

8 A. YES.

9 Q. AND THEN IN THE FOOTNOTE THERE, THERE'S SOME  
10 INFORMATION ABOUT ASSUMPTIONS, RIGHT?

09:24AM

11 A. YES.

12 Q. AND THERE WE SEE ANOTHER DATE, CORRECT?

13 A. YES.

14 Q. WHAT IT SAYS THERE IS 2010 REVENUE S/B.

15 WHAT DOES THAT MEAN?

09:24AM

16 A. SHOULD BE.

17 Q. SHOULD BE PRORATED FOR MARCH 31 START DATE,  
18 CORRECT?

19 A. YES.

20 Q. THAT'S WHAT YOU WROTE?

09:24AM

21 A. I DON'T KNOW IF I WROTE THAT OR IF GREG WARD  
22 WROTE THAT.

23 Q. AND I THINK IF YOU TAKE A LOOK -- I THINK WE  
24 CAN NAIL DOWN WHAT DATE YOU SHOWED THIS TO  
25 MR. GUNDLACH, IF YOU TAKE A LOOK AT EXHIBIT 525.

09:24AM

26 IS THIS AN E-MAIL EXCHANGE BETWEEN YOU  
27 AND MR. WARD?

28 A. IT APPEARS TO BE, YES.

1 MR. QUINN: WE'D OFFER THAT.

2 MR. HELM: NO OBJECTION. IF WE COULD PUT --

3 THE COURT: IT WOULD BE ADMITTED.

4

5 (EXHIBIT 525 ADMITTED.)

09:25AM

6

7 MR. QUINN: IF WE COULD PLACE THAT ON THE  
8 SCREEN.

9 THE E-MAIL ON THE BOTTOM, MR. WARD IS  
10 E-MAILING YOU, IT'S DECEMBER 3, 7:54 P.M.

09:25AM

11 DO YOU SEE THAT?

12 A. YES.

13 Q. AND HE TELLS YOU THAT I'M LOOKING AT THIS NOW,  
14 I'M GOING TO MAKE A FEW CHANGES AND SEND IT BACK TO  
15 YOU, RIGHT?

09:25AM

16 A. YES.

17 Q. AND THEN ABOVE THAT, YOU RESPOND TO HIM.

18 DO YOU SEE THAT?

19 A. YES.

20 Q. AND YOU MAKE REFERENCE -- THERE'S SOME  
21 REFERENCES THERE IN CAPITAL LETTERS TO SOMETHING CALLED  
22 SMCF.

09:26AM

23 DO YOU SEE THAT?

24 A. YES.

25 Q. AND ANOTHER ONE IS COF, RIGHT?

09:26AM

26 A. YES.

27 Q. AND THOSE ARE TCW FUNDS, CORRECT?

28 A. THAT'S CORRECT.



1 Q. AND YOU ARE TALKING ABOUT HOW YOU ARE  
2 ANTICIPATING THAT IF YOU CAN EXECUTE THIS PLAN, YOU  
3 WILL BE ABLE TO TAKE THE FUNDS?

4 A. I HAVEN'T READ THE E-MAIL YET.

5 Q. ALL RIGHT. GO AHEAD AND READ IT. 09:26AM

6 A. OKAY. I'VE READ IT.

7 Q. THOSE ARE TCW FUNDS?

8 A. YES.

9 Q. AND YOU ARE TALKING ABOUT WHAT REVENUE YOU CAN  
10 GET FROM THOSE TCW FUNDS? 09:26AM

11 A. WE -- I THINK THE THOUGHT THERE WAS THAT IF WE  
12 WERE GOING TO BUY THE BUSINESS, WE WOULD BUY THE  
13 BUSINESS THAT INCLUDES THESE FUNDS. THESE WERE FUNDS  
14 THAT WE MANAGED.

15 Q. ALL RIGHT. SO THIS PRO FORMA HERE, IF WE GO  
16 THROUGH IT, WILL WE SEE ANY PURCHASE PRICE FOR BUYING  
17 THE BUSINESS? 09:27AM

18 A. NO. I THINK WE WERE A LITTLE -- I THINK WE  
19 WERE JUST GETTING STARTED -- AGAIN, THIS WAS THE FIRST  
20 SPREADSHEET WE WORKED ON. I THINK THAT WOULD BE A  
21 LITTLE PREMATURE. I'M NOT A VALUATION EXPERT. 09:27AM

22 Q. SIR, MY QUESTION TO YOU IS: IF WE GO THROUGH  
23 THIS BUSINESS PLAN, WILL WE FIND ANY REFERENCE AT ALL  
24 TO BUYING THE BUSINESS, IN THIS DOCUMENT?

25 A. IN THIS DOCUMENT? THIS SPECIFIC DOCUMENT? 09:27AM

26 Q. IN THE ABLE GRAPE BUSINESS PLAN THAT WE JUST  
27 LOOKED AT, EXHIBIT 963, SIR.

28 A. I'M SORRY.

1 Q. WILL WE FIND IN THAT?

2 A. CAN I GO BACK TO THAT DOCUMENT?

3 Q. SURE.

4 THE COURT: THAT'S EXHIBIT 963, IF YOU ARE  
5 TRYING TO FIND IT.

09:27AM

6 Q. BY MR. QUINN: SO MY QUESTION IS --

7 THE COURT: JUST LET HIM LOOK AT IT. GIVE HIM  
8 A MINUTE.

9 THE WITNESS: THE QUESTION AGAIN?

10 Q. BY MR. QUINN: THE QUESTION IS, IF WE GO  
11 THROUGH THAT DOCUMENT, WILL WE FIND ANY REFERENCE AT  
12 ALL TO BUYING THE BUSINESS?

09:28AM

13 A. YES.

14 Q. WHERE?

15 A. THERE'S A LINE, THE SECOND LINE SAYS, TCW  
16 SHARE, 10 PERCENT.

09:28AM

17 Q. AND YOUR TESTIMONY IS THAT THAT REFERS TO  
18 BUYING THE BUSINESS?

19 A. THAT WOULD BE PART OF THE NEGOTIATION, YES.  
20 IT WOULD BE TYPICALLY WHAT HAPPENS.

09:28AM

21 THE WAY IT HAD HAPPENED IN THE PAST WAS,  
22 THERE WOULD BE SOME TYPE OF SEPARATION, AND THERE WOULD  
23 BE A FEE SPLIT. AND THAT'S GENERALLY HOW I THINK I  
24 PERCEIVED THEY WORKED, AND THAT'S WHAT WE TRIED TO  
25 REFLECT HERE.

09:28AM

26 Q. SO YOU ARE TALKING ABOUT AN AMICABLE  
27 NEGOTIATED SETTLEMENT?

28 A. CORRECT.

1 Q. NOT AN F-U TO MARC STERN SEPARATION?

2 A. NO.

3 Q. BUT WHAT THAT 10 PERCENT ACTUALLY REFERS TO IS  
4 AN IDEA FOR A FEE SPLIT, CORRECT?

5 A. YES.

09:29AM

6 Q. SO THAT YOU TAKE THESE FUNDS, YOU WOULD HAVE  
7 THEM ALL. AND FOR SOME PERIOD OF TIME, YOU WOULD TELL  
8 TCW THAT YOU WOULD SHARE 10 PERCENT OF THE REVENUE WITH  
9 TCW, CORRECT?

10 A. AGAIN, I DON'T KNOW THE DETAILS.

09:29AM

11 THE WAY THIS TYPICALLY WORKED, IN MY  
12 MIND, WAS THERE WOULD BE SOME SORT OF NEGOTIATION  
13 BETWEEN JEFFREY AND MARC STERN, AND THEY WOULD FIGURE  
14 OUT HOW TO SPLIT THE BUSINESS, OR HOW TO BUY THE  
15 BUSINESS.

09:29AM

16 I'M NOT AN EVALUATION EXPERT. I'VE  
17 NEVER DONE THIS BEFORE. THIS WAS JUST MY ATTEMPT AT  
18 TRYING TO SHOW JEFFREY WHAT OUR BUSINESS LOOKED LIKE.

19 Q. SIR, NOT MY QUESTION.

20 YOU TOLD US THAT WE WOULD FIND A  
21 REFERENCE TO BUYING THE BUSINESS IN THIS DOCUMENT.

09:29AM

22 DIDN'T YOU JUST SAY THAT?

23 A. YES.

24 Q. AND YOU CALLED OUR ATTENTION TO THAT 10  
25 PERCENT, RIGHT?

09:29AM

26 A. YES.

27 Q. THAT'S WHAT YOU JUST TOLD THE JURY?

28 A. YES.

1 Q. BUT ACTUALLY, THAT 10 PERCENT REFERS TO A FEE  
2 SPLIT, WHAT YOU WERE THINKING YOU WOULD TELL TCW WOULD  
3 BE THEIR SHARE OF THE REVENUE THAT ABLE GRAPE WOULD  
4 GIVE THEM FROM THE TCW FUNDS THAT YOU TOOK; ISN'T THAT  
5 TRUE?

09:30AM

6 A. NO.

7 NOW, AGAIN, IN MY MIND, HISTORICALLY  
8 THERE HAD BEEN OTHER GROUPS THAT HAD LEFT TCW THAT HAD  
9 FEE SPLITS. AND I DON'T KNOW WHAT ELSE GOES INTO THAT  
10 PROCESS, AND HOW YOU NEGOTIATE AN AMICABLE SEPARATION;  
11 BUT AGAIN, THIS WAS JUST MY ATTEMPT, ALONG WITH GREG,  
12 TO SHOW JEFFREY WHAT THE GROUP LOOKED LIKE, AND WHAT  
13 THE REVENUES MIGHT LOOK LIKE, AND WHAT IT MIGHT COST TO  
14 RUN THE GROUP. THAT WAS MY JOB AT -- IN THE GROUP. I  
15 WAS -- YEAH, THE INFORMATION GUY.

09:30AM

09:30AM

16 Q. BY MR. QUINN: SIR, 10 PERCENT REFERS TO WHAT  
17 YOU WERE CONTEMPLATING AS TCW'S SHARE OF REVENUES,  
18 TRUE?

19 A. YES. AS FAR AS I KNOW, THAT'S THE WAY IT  
20 WORKS, I BELIEVE. I DON'T KNOW IF THERE'S ANYTHING  
21 ELSE THAT GOES INTO IT.

09:31AM

22 Q. AND YOU REFERRED TO OTHER NEGOTIATED  
23 DEPARTURES THAT PEOPLE HAVE DONE?

24 A. I THINK THAT AT THE TIME, THERE WAS ONE IN THE  
25 WORKS WITH THE EQUITY GROUP -- NOT EQUITY, THE OIL AND  
26 GAS GROUP.

09:31AM

27 Q. BLAIR THOMAS' GROUP?

28 A. YES.

1 Q. LET ME ASK YOU THIS: DID BLAIR THOMAS, SO FAR  
2 AS YOU KNOW, SECRETLY ORGANIZE A DELAWARE CORPORATION,  
3 AND NOT TELL THAT TO TCW BEFORE HE BEGAN NEGOTIATIONS?

4 A. I HAVE NO IDEA WHAT BLAIR THOMAS DID.

5 Q. SO AS FAR AS YOU KNOW, DID BLAIR THOMAS ENGAGE  
6 IN DOWNLOADING TCW INFORMATION SECRETLY, BEFORE OPENING  
7 UP NEGOTIATIONS?

09:31AM

8 A. AGAIN, I HAVE NO WAY OF KNOWING WHAT BLAIR  
9 THOMAS DID.

10 Q. ISN'T IT TRUE, SIR, THAT MR. THOMAS GAVE TCW  
11 AMPLE NOTICE THAT LOOK, I WANT TO NEGOTIATE A  
12 SEPARATION FROM THE COMPANY. LET'S SIT DOWN TOGETHER  
13 AND NEGOTIATE THAT?

09:31AM

14 A. AGAIN, I HAVE NO WAY OF KNOWING WHAT BLAIR  
15 DID.

09:32AM

16 Q. SO YOU WOULDN'T WANT TO LEAVE THE JURY WITH  
17 THE IMPRESSION THAT WHAT YOU CONTEMPLATED DOING WAS THE  
18 SAME THING THAT BLAIR THOMAS, IN THE ENERGY GROUP, DID,  
19 BECAUSE YOU JUST DON'T KNOW WHAT HE DID, CORRECT?

20 MR. HELM: ARGUMENTATIVE, YOUR HONOR.

09:32AM

21 THE COURT: SUSTAINED.

22 Q. BY MR. QUINN: WELL, LET'S GO BACK, IF WE  
23 COULD, TO EXHIBIT 525.

24 AND THESE FUNDS HERE, I THINK YOU TOLD  
25 US, THE SMCF AND COF FUNDS, I THINK YOU TOLD US THAT  
26 THOSE WERE TCW FUNDS?

09:32AM

27 A. THOSE WERE TCW FUNDS THAT THE MORTGAGE GROUP  
28 MANAGED, YES.

1 Q. AND 200 BPS IS WHAT?

2 A. 200 BASIS POINTS.

3 Q. WHAT'S THE RELEVANCE OF THAT HERE?

4 A. THAT WAS -- I BELIEVE THAT WAS THE FEE THAT  
5 WAS BEING CHARGED FOR MANAGING THOSE FUNDS.

09:33AM

6 Q. SO THAT WAS THE FEE THAT TCW WAS GETTING ON  
7 THIS FUND, RIGHT?

8 A. YES.

9 Q. AND WHAT YOU ARE DOING IN WORKING ON YOUR  
10 REVENUE PROJECTIONS IS, YOU ARE WORKING IN, YOU ARE  
11 TRYING TO FIGURE OUT WHAT IS TCW'S FEE? WHAT FEES ARE  
12 THEY GETTING ON THESE FUNDS, RIGHT?

09:33AM

13 A. YES.

14 Q. SO THAT YOU CAN CRANK THEM INTO YOUR BUSINESS  
15 PLAN, CORRECT?

09:33AM

16 A. YES. AGAIN, YOU WOULD HAVE TO KNOW HOW, WHAT  
17 KIND OF INFLOWS, OUTFLOWS, WHAT YOU CAN EXPECT, WHAT  
18 YOUR EXPENSES ARE. IN ORDER TO HAVE A GOOD PICTURE OF  
19 THE BUSINESS, YOU HAVE TO KNOW ALL THESE THINGS.

20 Q. RIGHT.

09:33AM

21 AND IF WE COULD LOOK AT THE LAST LINE  
22 THERE, YOU SAY, LET'S GO OVER BRIEFLY IN THE MORNING  
23 BEFORE A MEETING WITH JEFFREY.

24 DO YOU SEE THAT?

25 A. YES, I DO.

09:33AM

26 Q. DOES THAT REFRESH YOUR RECOLLECTION THAT YOU  
27 WENT OVER THIS BUSINESS PLAN, EXHIBIT 963, WITH  
28 MR. GUNDLACH ON DECEMBER 4TH?

1 THE COURT: WAIT. THIS IS DATED DECEMBER 3.

2 MR. QUINN: YES, IT IS. IT SAYS, LET'S GO  
3 OVER BRIEFLY IN THE MORNING, BEFORE MEETING WITH  
4 JEFFREY, IN THE MORNING.

5 THE COURT: OKAY.

09:34AM

6 Q. BY MR. QUINN: SO DOES THAT REFRESH YOUR  
7 RECOLLECTION THAT IT WAS THE NEXT DAY?

8 A. IT CERTAINLY SEEMS LIKELY THAT WE DID MEET THE  
9 NEXT DAY, YEAH.

10 Q. AND YOU ACTUALLY WENT SO FAR, NOT ONLY OF  
11 IDENTIFYING THESE MARCH DATES, BUT IN THIS BUSINESS  
12 PLAN, YOU HAD A LIST OF TCW EMPLOYEES, CORRECT?

09:34AM

13 A. THIS -- I WON'T REFER TO THIS AS A BUSINESS  
14 PLAN. IT WAS JUST A PRO FORMA, JUST TRYING TO GET AN  
15 IDEA OF THE FINANCIAL ASPECTS OF THE FIRM. THERE WAS  
16 ACTUALLY, I THINK WE WERE -- I HAD STARTED WORKING ON  
17 SOMETHING ELSE THAT WAS CALLED A BUSINESS PLAN, THAT I  
18 BELIEVE YOU HAVE.

09:34AM

19 AGAIN, THIS WAS JUST THE PRO FORMA.

20 Q. OKAY. WHATEVER YOU WANT TO CALL IT.

09:35AM

21 YOU ACTUALLY CAME UP WITH A LIST OF  
22 TARGET MBS EMPLOYEES, CORRECT?

23 A. WE HAD A -- IF WE WERE GOING TO BE BUYING THE  
24 BUSINESS FOR ANY -- BUYING THE BUSINESS, YOU WOULD HAVE  
25 TO HAVE CERTAIN EMPLOYEES. YOU WOULD HAVE TO HAVE AN  
26 IDEA OF WHAT YOUR SALARY COSTS WOULD BE TO RUN THAT  
27 BUSINESS.

09:35AM

28 Q. YOU KEEP SAYING, IF WE BUY THE BUSINESS.

1 MR. STERN HAD TOLD YOU, BACK ON  
2 SEPTEMBER 3, THE BUSINESS WAS NOT FOR SALE, RIGHT?

3 A. YES.

4 Q. RIGHT. AND AFTER THAT, DID HE EVER TELL YOU,  
5 I'VE CHANGED MY MIND, THE BUSINESS IS FOR SALE? YES OR  
6 NO? DID HE EVER TELL YOU THAT? 09:35AM

7 A. NO. I DIDN'T SPEAK WITH MR. STERN AFTER THAT.

8 Q. SO IF WE COULD LOOK AT --

9 A. THERE WAS -- CAN I COMPLETE MY ANSWER?

10 THERE WAS -- HE ALSO SAID THAT THEY  
11 WOULD ASK THE FRENCH TO PUT OUT A NOTICE THAT THE  
12 COMPANY WASN'T FOR SALE, AND THAT NEVER OCCURRED -- 09:35AM

13 Q. IF WE COULD LOOK AT EXHIBIT 963, PAGE 11. IF  
14 WE COULD PUT THAT UP ON THE SCREEN.

15 A. AT THE MEETING WITH MARC STERN -- 09:36AM

16 THE COURT: THERE'S NO QUESTION PENDING, SIR.

17 THE WITNESS: I DIDN'T FINISH.

18 Q. BY MR. QUINN: DO YOU HAVE PAGE 11 OF EXHIBIT  
19 963 BEFORE YOU? IF WE COULD PUT THAT ON THE SCREEN.

20 THIS IS THAT SAME DOCUMENT THAT WE'VE  
21 BEEN LOOKING AT? 09:36AM

22 A. YES.

23 Q. WE WERE LOOKING AT THAT PRO FORMA INCOME  
24 STATEMENT.

25 AND THIS IS PAGE 11 OF THAT DOCUMENT,  
26 CORRECT? 09:36AM

27 A. YES.

28 Q. AND WE SEE A BUNCH OF NAMES HERE, CORRECT?



1 A. YES.

2 Q. AND EVERY ONE OF THOSE PERSONS, AS OF  
3 DECEMBER 4, 2009, THAT MORNING, WAS A TCW EMPLOYEE,  
4 CORRECT?

5 A. THERE'S A LOT OF NAMES HERE. I CAN'T BE SURE.  
6 BUT I SUSPECT SO, YES.

09:37AM

7 Q. BUT YOU PUT THIS TOGETHER, RIGHT?

8 A. YES.

9 Q. AND THESE WERE ALL PEOPLE WHO YOU CONTEMPLATED  
10 GOING WITH YOU IN MARCH, TRUE?

09:37AM

11 A. AGAIN, I THINK WE HAD TO HAVE AN IDEA OF WHAT  
12 THE BUSINESS WOULD LOOK LIKE. AND CERTAINLY WE WOULD  
13 NEED PEOPLE IN THESE FUNCTIONS, AND THESE ARE THE  
14 PEOPLE WHO ARE PERFORMING A LOT OF THESE FUNCTIONS.

15 Q. AND YOU WEREN'T GOING TO ANNOUNCE THIS UNTIL  
16 THE VERY LAST MINUTE, TRUE?

09:37AM

17 A. THAT WAS NOT MY UNDERSTANDING. THERE WAS NO  
18 PLAN.

19 AGAIN, THIS WAS OUR FIRST STAB AT THIS  
20 DOCUMENT. WE NEVER -- IT WAS VERY PREMATURE TO EVEN  
21 THINK ABOUT ANNOUNCING ANYTHING AT THAT POINT.

09:37AM

22 Q. YOU SAID THERE WAS AT LEAST ONE PREVIOUS  
23 DRAFT?

24 A. I DID THE DRAFT. I SENT IT TO GREG. HE MADE  
25 SOME CHANGES.

09:37AM

26 AND I THINK THAT'S WHAT WE PRESENTED TO  
27 MR. GUNDLACH.

28 Q. AND THIS WHOLE PLAN, THIS LIST OF NAMES, THE

1 PRO FORMA, THE FINANCIAL NUMBERS, THAT'S NOT SOMETHING  
2 THAT YOU EVER SHARED WITH, SAY, RICHARD VILLA, THE CFO  
3 OF THE COMPANY?

4 A. NO. AGAIN, I THINK THAT WAS --

5 Q. SIR?

09:38AM

6 A. IT WAS VERY PREMATURE AT THIS POINT.

7 Q. THIS ISN'T SOMETHING THAT YOU EVER SHARED  
8 WITH, SAY, DAVE DEVITO, THE CHIEF ADMINISTRATIVE  
9 OFFICER?

10 A. NO. I THINK IT WAS TOO PREMATURE AT THAT  
11 POINT.

09:38AM

12 Q. OR MARC STERN, THE CEO?

13 A. NO.

14 Q. YOU NEVER SHARED ANY OF THESE PLANS WITH  
15 ANYBODY AT TCW OUTSIDE THE MORTGAGE-BACKED SECURITIES  
16 GROUP?

09:38AM

17 A. NO, I DON'T BELIEVE SO.

18 AGAIN, I THINK IT WAS VERY PREMATURE.  
19 THIS WAS OUR FIRST MEETING WITH JEFFREY.

20 Q. I THINK WE GOT CAUGHT IN A DOUBLE NEGATIVE  
21 THERE. MY FAULT; NOT YOUR FAULT. SO LET ME ASK THE  
22 QUESTION AGAIN:

09:38AM

23 DID YOU EVER SHARE ANY OF THESE PLANS  
24 WITH ANYONE AT TCW OUTSIDE THE MORTGAGE-BACKED  
25 SECURITIES GROUP?

09:39AM

26 A. DID I SHARE THIS WITH ANYONE AT TCW, OUTSIDE  
27 THE MORTGAGE-BACKED GROUP?

28 Q. YES.

1           A.    NO, I DON'T BELIEVE SO.  I THINK IT WAS  
2  PREMATURE.

3           Q.    HOW ABOUT THE FACT THAT BACK IN OCTOBER, YOU  
4  HAD INCORPORATED A DELAWARE LIMITED LIABILITY COMPANY  
5  NAMED ABLE GRAPE?  DID YOU SHARE THAT WITH ANYBODY AT  
6  TCW?

09:39AM

7           A.    I WASN'T THE ONE WHO PERFORMED THAT FUNCTION.

8           Q.    SIR?

9           A.    I WAS NOT THE ONE WHO FORMED THAT COMPANY.

10          Q.    MY QUESTION ISN'T WHO FORMED THE COMPANY.

09:39AM

11                         MY QUESTION IS, DID YOU, MR. SANTA ANA,  
12  EVER SHARE WITH ANYBODY OUTSIDE THE GROUP, THAT YOU HAD  
13  ORGANIZED THIS -- NOT YOU -- THAT MEMBERS OF THE  
14  MORTGAGE-BACKED SECURITIES GROUP HAD ORGANIZED THIS  
15  LIMITED LIABILITY COMPANY IN DELAWARE?  DID YOU SHARE  
16  THAT, SAY, IN OCTOBER?

09:39AM

17          A.    I DON'T EVEN KNOW IF I KNEW IN OCTOBER,  
18  ACTUALLY.

19          Q.    DID YOU TELL ANYBODY ABOUT IT IN NOVEMBER?

20          A.    NO.

09:39AM

21                         AND AGAIN, I WASN'T THE ONE WHO DID IT.  
22  I HAD NO IDEA WHATSOEVER ABOUT THESE DETAILS.

23          Q.    WELL, YOU DID KNOW --

24          A.    MR. WARD WAS THE ONE WHO DID IT.  I FOUND OUT  
25  LATER.

09:40AM

26          Q.    WELL, YOU CERTAINLY KNEW ABOUT THE EXISTENCE  
27  OF ABLE GRAPE IN NOVEMBER, DIDN'T YOU, SIR?

28          A.    YES.

1 Q. DID YOU TELL ANYBODY ABOUT IT, OUTSIDE THE  
2 GROUP --

3 A. NO.

4 Q. -- IN DECEMBER?

5 A. NO.

09:40AM

6 Q. HOW ABOUT THE SEARCH FOR SPACE, WITH 50 SPACES  
7 ON A TRADING FLOOR FOR 50 PEOPLE? YOU KNEW ABOUT THAT?

8 A. YES.

9 Q. ALL RIGHT.

10 A. I KNEW THAT WE WERE LOOKING AT SOME SPACE,  
11 YES.

09:40AM

12 Q. AND DID YOU TELL ANYBODY AT TCW ABOUT THAT IN  
13 OCTOBER OR SEPTEMBER, WHEN THAT STARTED?

14 A. I DON'T KNOW IF I KNEW ABOUT IT IN OCTOBER OR  
15 SEPTEMBER.

09:40AM

16 Q. WELL, YOU DID KNOW, SIR, DIDN'T YOU, THAT  
17 PEOPLE ON BEHALF OF ABLE GRAPE, MS. VANEVERY AND  
18 STUDLEY, WERE LOOKING FOR SPACE FOR A NEW COMPANY THAT  
19 WOULD HAVE SPACE ON THE TRADING FLOOR FOR 50 PEOPLE?  
20 YOU KNEW THAT?

09:41AM

21 A. I DID KNOW THAT, YES.

22 Q. AND YOU NEVER TOLD THAT TO ANYBODY OUTSIDE THE  
23 MORTGAGE-BACKED SECURITIES GROUP?

24 A. NO.

25 Q. AND YOU CERTAINLY, CERTAINLY, NEVER TOLD  
26 ANYBODY OUTSIDE THE MORTGAGE-BACKED SECURITIES GROUP  
27 ABOUT DOWNLOADING OF CONFIDENTIAL PROPRIETARY ANALYTICS  
28 AND CLIENT PRIVATE INFORMATION? YOU CERTAINLY NEVER

09:41AM

1 TOLD ANYBODY ABOUT THAT?

2 MR. HELM: LACKS FOUNDATION, YOUR HONOR.

3 THE COURT: I'LL SUSTAIN IT.

4 YOU CAN LAY THE FOUNDATION, IF YOU WANT  
5 TO GO THROUGH THAT.

09:41AM

6 Q. BY MR. QUINN: SIR, YOU KNOW THAT THE  
7 EQUIVALENT OF TWO AND A HALF EMPIRE STATE BUILDINGS  
8 WERE DOWNLOADED BY YOU, JP, AND MR. MAYBERRY. YOU KNOW  
9 THAT, RIGHT?

10 A. I KNOW THERE WAS A LOT OF INFORMATION. I  
11 DON'T KNOW HOW YOU QUANTIFY THAT. I KNOW THERE WAS A  
12 LOT OF INFORMATION.

09:41AM

13 Q. 50 GIGABYTES?

14 A. I SEE THAT, BUT THAT DOESN'T MEAN ANYTHING TO  
15 ME.

09:42AM

16 Q. YOU DOWNLOADED DAY AFTER DAY AFTER DAY,  
17 BETWEEN SEPTEMBER AND DECEMBER, CORRECT?

18 A. STARTING IN EARLY SEPTEMBER, WE STARTED A  
19 DAILY DOWNLOAD PROCESS, WHERE WE DOWNLOADED HOLDINGS  
20 AND SOME OTHER THINGS, YES.

09:42AM

21 Q. AND THAT WAS PURSUANT TO MR. GUNDLACH'S  
22 INSTRUCTIONS ON SEPTEMBER 3, CORRECT?

23 A. YES.

24 Q. SO TO COME BACK TO MY QUESTION, YOU NEVER TOLD  
25 ANYBODY OUTSIDE THE MORTGAGE-BACKED SECURITIES GROUP  
26 WHAT YOU, MR. MAYBERRY, AND JP, WERE UP TO, DID YOU?

09:42AM

27 A. I DON'T KNOW WHAT YOU MEAN BY UP TO.

28 WHAT DO YOU MEAN, WITH RESPECT TO THE

1 DOWNLOADING?

2 Q. YES, SIR.

3 A. NO, WE DID NOT.

4 Q. SO THESE THINGS WERE ALL SECRET?

5 A. I WOULDN'T HAVE PHRASED IT THAT WAY, NO.

09:42AM

6 Q. HOW WOULD YOU CHARACTERIZE IT? IF NOT SECRET,  
7 HOW WOULD YOU CHARACTERIZE IT?

8 A. THERE WERE DAILY E-MAILS GOING BACK AND FORTH.  
9 WE DID, IN FACT, EXPENSE THE DRIVE THAT  
10 WE WERE USING TO DO THE DOWNLOADS.

09:43AM

11 IT WAS BROADCAST OVER TCW E-MAIL; BUT  
12 NO, WE DIDN'T OUTWARDLY COME AND TELL ANYONE THAT'S  
13 WHAT WE WERE DOING.

14 Q. WHAT WAS BROADCAST OVER TCW? ARE YOU SAYING  
15 YOU SENT OUT A --

09:43AM

16 A. IT WAS --

17 Q. EXCUSE ME -- ARE YOU SAYING THAT YOU SENT OUT  
18 AN E-MAIL TO PEOPLE AT TCW, WE'RE DOWNLOADING EVERY  
19 DAY, ALL THIS PRIVATE INFORMATION?

20 A. NO. THERE WAS AN E-MAIL FROM JP TO ME THAT  
21 REMINDED ME THAT THE DAILY BACKUP WAS PREPARED.

09:43AM

22 Q. EVEN WHEN YOU WERE CONFRONTED ON DECEMBER 4 BY  
23 TCW REPRESENTATIVES, YOU KEPT IT A SECRET, YOU DIDN'T  
24 TELL THE TRUTH; ISN'T THAT TRUE?

25 MR. HELM: MOTION IN LIMINE, YOUR HONOR.

09:44AM

26 THE COURT: SUSTAINED.

27 Q. BY MR. QUINN: SIR, AT YOUR DEPOSITION, WHEN  
28 YOU WERE ASKED, WHY DIDN'T YOU TELL TCW ABOUT THESE

1 ACTIVITIES, ABOUT ABLE GRAPE, YOU SAID, BECAUSE I  
2 DIDN'T SEE ANY PURPOSE IN IT.

3 DO YOU RECALL THAT?

4 A. NO, I ACTUALLY DON'T RECALL THAT, NO.

5 Q. I WANT YOU TO TAKE A LOOK AT -- WELL, YOU  
6 THOUGHT THAT ACTUALLY, THE WORK YOU WERE DOING IN  
7 ORGANIZING ABLE GRAPE IN THIS BUSINESS, YOU ACTUALLY  
8 THOUGHT THAT THIS WOULD BE BENEFICIAL TO TCW, TRUE?  
9 YES OR NO?

09:44AM

10 A. IT COULD. IT COULD BE, YES.

09:44AM

11 Q. AND THE REASON YOU DIDN'T TELL TCW ABOUT IT,  
12 EVEN THOUGH YOU THOUGHT IT WAS BENEFICIAL TO TCW, WAS  
13 BECAUSE YOU DIDN'T SEE ANY PURPOSE IN TELLING TCW,  
14 CORRECT?

15 A. NOT CORRECT.

09:44AM

16 Q.. LET'S TAKE A LOOK AT YOUR DEPOSITION.

17 AND I'D REQUEST PERMISSION TO READ, YOUR  
18 HONOR, 583, LINES 13 TO 16?

19 THE COURT: ALL RIGHT. JUST LET EVERYONE TAKE  
20 A LOOK AT IT HERE.

09:45AM

21 ANY OBJECTION?

22 MR. HELM: LET ME JUST SEE WHAT THE CONTEXT,  
23 IS, IF I COULD, FOR ONE MOMENT, YOUR HONOR.

24  
25 (PAUSE IN PROCEEDINGS)

09:45AM

26  
27 MR. HELM: NO OBJECTION, YOUR HONOR.

28 THE COURT: YOU MAY PROCEED.

1                   "Q    IF YOU WERE WORKING ON  
2                   BEHALF OF TCW'S PURPOSES ON THE  
3                   ABLE GRAPE PRO FORMA, WHY DIDN'T  
4                   YOU TELL ANYBODY?

5                   A    I DIDN'T SEE ANY PURPOSE  
6                   FOR IT."

7                   MR. HELM:  IT WAS A PURPOSE FOR IT, IS WHAT I  
8                   THINK IT SAID.

9                   MR. QUINN:  THANK YOU.

10                   I DIDN'T SEE A PURPOSE FOR IT.

11                   Q.    NOW, ONE PURPOSE WOULD BE, IF YOU TOLD TCW YOU  
12                   WERE DOING THIS, THEY WOULD HAVE SOME TIME TO IDENTIFY  
13                   AND BRING IN A GROUP OF REPLACEMENT MANAGERS, CORRECT?

14                   A.    THAT NEVER ENTERED MY THOUGHT.

15                   AGAIN, I THINK IT WAS VERY PREMATURE TO  
16                   TELL ANYONE.  WE JUST STARTED.  IT WAS THE VERY FIRST  
17                   DRAFT.

18                   Q..  WELL, BUT WOULD YOU AGREE WITH ME THAT FROM  
19                   TCW'S STANDPOINT, ONE PURPOSE OF KNOWING ABOUT ABLE  
20                   GRAPE, AND THESE PLANS, AND WHAT YOU HAD IN MIND FOR  
21                   MARCH IN THIS GROUP OF MBS EMPLOYEES, WAS THAT IF THEY  
22                   HAD NOTICE OF IT, THEY COULD RECRUIT ANOTHER MBS  
23                   MANAGEMENT TEAM.  THAT WOULD BE A PURPOSE, WOULDN'T IT?

24                   A.    AGAIN, IT WAS VERY PREMATURE.

25                   AND AT THIS POINT IN TIME, IF WE HAD  
26                   SHOWN IT TO ANYONE, THIS WAS SUPPOSED TO BE A  
27                   NEGOTIATED SEPARATION.  I DON'T THINK, WHEN YOU ARE  
28                   GOING TO GO DO A NEGOTIATED SEPARATION, YOU LAY ALL

09:45AM

09:46AM

09:46AM

09:46AM

09:46AM



1 YOUR CARDS OUT, RIGHT UP FRONT.

2 Q. WELL, WE'RE NOT TALKING ABOUT LAYING ALL THE  
3 CARDS OUT. THAT'S NOT MY QUESTION, SIR.

4 IF YOU TOLD TCW THAT WE ARE PLANNING  
5 THIS BUSINESS, AND WE WANT TO BE OUT OF HERE IN MARCH,  
6 WITH ALL OF THESE EMPLOYEES, AND YOU GAVE TCW NOTICE OF  
7 THAT, THAT WOULD GIVE TCW AN OPPORTUNITY TO IDENTIFY  
8 AND RECRUIT A REPLACEMENT MBS MANAGEMENT TEAM, SO THAT  
9 THEY COULD CONTINUE TO DO SOME OF THAT WORK AND COMPETE  
10 FOR THAT BUSINESS; ISN'T THAT TRUE?

09:47AM

09:47AM

11 A. WHEN WE PUT THIS THING TOGETHER, WANTED TO  
12 FIND OUT WHAT IT WAS GOING TO LOOK LIKE TO BUY THE  
13 BUSINESS.

14 IF WE WERE GOING TO NEGOTIATE IT, THERE  
15 WOULD BE NO REASON FOR ME TO TELL TCW -- LOOK, WE'RE  
16 LOOKING TO BUY THE BUSINESS. I DON'T THINK WE WOULD  
17 WANT -- I THINK IT WAS PREMATURE. I DON'T THINK WE  
18 WOULD WANT TO SHOW THEM WE WERE STARTING TO WORK ON  
19 THIS.

09:47AM

20 Q. MY QUESTION IS: ISN'T IT TRUE THAT IF YOU  
21 GAVE TCW NOTICE, IN ADVANCE, THEY COULD HAVE TIME TO  
22 IDENTIFY AND RECRUIT A REPLACEMENT MANAGEMENT TEAM, SO  
23 THEY COULD TRY TO HANG ON TO SOME OF THIS BUSINESS AND  
24 SOME OF THESE JOBS, TRUE?

09:48AM

25 A. I WOULDN'T PHRASE IT THAT WAY.

09:48AM

26 WE WEREN'T GOING TO TELL THEM WHY WE  
27 WERE STILL TRYING TO FORMULATE AN IDEA. SO -- SO WHAT  
28 YOU HAVE DESCRIBED THERE IS NOT SOMETHING THAT EVER

1 ENTERED MY MIND.

2 Q. WELL, WHAT DID ENTER YOUR MIND, AND WHAT YOU  
3 PLANNED ON, WAS THAT ALL THOSE TCW FUNDS THAT YOU WOULD  
4 TELL TCW AT THE LAST MINUTE, TCW WOULDN'T HAVE ANY  
5 CAPABILITY TO MANAGE MORTGAGE-BACKED SECURITIES  
6 BUSINESS, AND ALL THOSE FUNDS WOULD SMOOTHLY TRANSITION  
7 OVER TO WHAT BECAME DOUBLELINE, TRUE?

09:48AM

8 A. AGAIN, CAN YOU REPHRASE THE QUESTION? I JUST  
9 WANT TO MAKE SURE I GET THIS RIGHT.

10 Q. SURE.

09:49AM

11 ABLE GRAPE CHANGED ITS NAME AND BECAME  
12 DOUBLELINE, CORRECT?

13 A. I DON'T KNOW THE LEGAL MANEUVERINGS. I DON'T  
14 KNOW IF THAT'S THE CASE. I WASN'T INVOLVED IN CHANGING  
15 THAT.

09:49AM

16 Q. YOU WERE VICE PRESIDENT OF ABLE GRAPE.

17 A. I FOUND OUT LATER, AFTER THE FACT, THAT I WAS  
18 NAMED ON THE DOCUMENT, YES.

19 Q. AND YOU ARE A SENIOR OFFICER NOW AT  
20 DOUBLELINE, RIGHT?

09:49AM

21 A. YES.

22 Q. AND WHAT HAPPENED IS THERE WAS A SIMPLE NAME  
23 CHANGE FILING THAT WAS DONE IN DELAWARE, CHANGING THE  
24 NAME FROM ABLE GRAPE TO DOUBLELINE; ISN'T THAT TRUE?

25 MR. HELM: LACKS FOUNDATION.

09:49AM

26 THE COURT: SUSTAINED.

27 I THINK HE SAID HE DIDN'T KNOW. I THINK  
28 THAT EVIDENCE HAS BEEN ESTABLISHED. SO CAN WE GO ON.

1 MR. QUINN: ALL RIGHT.

2 Q.. WHAT YOU DID CONTEMPLATE IS THAT THOSE TCW  
3 FUNDS WOULD SMOOTHLY TRANSITION OVER TO THE NEW  
4 BUSINESS, TRUE?

5 A. IF THERE WAS A NEGOTIATED SEPARATION, YES,  
6 THERE WOULD HAVE TO BE SOME SORT OF SMOOTH TRANSITION.

09:50AM

7 Q.. LET'S TAKE A LOOK AT YOUR -- WHAT DID YOU  
8 PREFER TO CALL THIS, PRO FORMA?

9 A. PRO FORMA.

10 Q.. PRO FORMA, EXHIBIT 963.

09:50AM

11 AND IF WE LOOK AT PAGES -- PAGE -3. AND  
12 IF WE -- -3. AND IF WE CAN ENLARGE THAT CHART AT THE  
13 TOP.

14 AND COULD YOU GET THE TOTAL NUMBERS DOWN  
15 BELOW, ALSO. THERE YOU GO.

09:50AM

16 WHAT YOU HAVE GOT HERE IS, YOU HAVE SOME  
17 PROJECTIONS FOR AUM, CORRECT?

18 A. THAT APPEARS TO BE CORRECT.

19 Q. THAT'S ASSETS UNDER MANAGEMENT, RIGHT?

20 A. YES.

09:51AM

21 Q. AND REVENUE, RIGHT?

22 A. YES.

23 Q.. AND YOU'VE GOT THAT FOR -- ON THIS PAGE, FOR  
24 2010-2011.

25 AND IF WE TURN TO THE NEXT PAGE, -4, YOU  
26 HAVE SIMILAR NUMBERS FOR 2012, 2013, AND 2014, CORRECT?

09:51AM

27 A. YES.

28 Q.. AND IF WE GO BACK TO -3 ON THE LEFT-HAND

1 COLUMN FOR 2010, WE SEE A BUNCH OF NAMES THERE ALONG  
2 THE SIDE.

3 DO YOU SEE THAT, TSI, TGLMX, MBS, ALL OF  
4 THOSE? DO YOU SEE THOSE?

5 A. YES.

09:51AM

6 Q. THOSE ARE ALL, AS OF DECEMBER 4, THOSE WERE  
7 ALL TCW MORTGAGE-BACKED SECURITY FUNDS, OR FIXED INCOME  
8 FUNDS?

9 A. THEY APPEAR TO BE FUND TICKERS, AND ALSO  
10 STRATEGIES, JUST ACRONYMS FOR THE TYPES OF FUNDS AND  
11 STRATEGIES WE WERE MANAGING.

09:51AM

12 Q. AT TCW?

13 A. YES.

14 Q. AND THESE WERE FUNDS THAT TCW MANAGED, AND TCW  
15 GOT THE REVENUE FROM THAT, CORRECT?

09:52AM

16 A. AND OUR GROUP ALSO GOT A SHARE IN THAT.

17 Q. WELL, TCW HAD A DEAL WITH MR. GUNDLACH, AND  
18 THEY HAD AN AGREEMENT ON A SPLIT OF THE FEES, RIGHT?

19 A. YES.

20 Q. BUT THESE WERE TCW ASSETS, CORRECT?

09:52AM

21 A. YES.

22 Q. ALL RIGHT.

23 AND WHAT YOU ARE CONTEMPLATING IN THIS  
24 PRO FORMA IS THAT ALL THOSE WILL MOVE OVER IN MARCH AT  
25 THE END OF MARCH TO THE NEW BUSINESS, CORRECT?

09:52AM

26 A. YES.

27 Q. AND IF WE LOOK HERE, YOU ARE PROJECTING THAT  
28 IN 2010 YOU WILL HAVE OVER \$48 BILLION UNDER

1 MANAGEMENT, CORRECT?

2 A. YES.

3 Q. AND ALL OF THAT MONEY COMES FROM THOSE TCW  
4 FUNDS, CORRECT?

5 A. AND STRATEGIES, YES.

09:53AM

6 Q. AND IF WE LOOK AT THE -- YOU ANTICIPATE THAT  
7 THAT WILL GROW IN 2011 TO 55.9 BILLION; THEN IN 2012,  
8 62 BILLION; 2013, 69 BILLION; 2014, 77.9 BILLION,  
9 RIGHT?

10 A. YES.

09:53AM

11 Q. AND YOU ALSO HAD SOME PROJECTIONS ABOUT WHAT  
12 THIS WILL MEAN, IN TERMS OF NET INCOME AND REVENUE,  
13 RIGHT? IF WE LOOK AT PAGE -2. I MEAN, THERE WE SEE IN  
14 2011 YOU'RE PROJECTING A NET INCOME OF 147 MILLION,  
15 CORRECT?

09:53AM

16 DO YOU SEE THAT, SIR?

17 A. I SEE THAT. I'M JUST TRYING TO UNDERSTAND THE  
18 SPREADSHEET BECAUSE IT'S ALL CUTOFF ON DIFFERENT PAGES,  
19 SO I WANT TO MAKE SURE THAT SINCE YOU ASKED THE  
20 QUESTION I HAVE A FULL UNDERSTANDING OF IT.

09:54AM

21 THE COURT: CAN YOU GO BACK ONE PAGE TO PAGE  
22 1 --

23 MR. QUINN: WE'RE ON PAGE -2.

24 THE COURT: WELL, CAN WE GO BACK TO PAGE 1 SO  
25 SEE CAN SEE WHAT THE LABELS ARE ON THE COLUMNS.

09:54AM

26 MR. QUINN: SURE.

27 THE COURT: SO THE DESCRIPTIONS ARE NOT ON  
28 PAGE 2, 3 AND 4.

1 MR. QUINN: RIGHT.

2 THE COURT: BUT THESE ARE THE DESCRIPTIONS  
3 THAT CARRY OUT.

4 MR. QUINN: YES.

5 THANK YOU, YOUR HONOR.

09:54AM

6 THE COURT: COULD WE SPLIT THAT THEN AND MAYBE  
7 PUT ONE OVER ON THE LEFT AND THESE OTHER PAGES ON THE  
8 RIGHT SO PEOPLE CAN FOLLOW WHAT WE'RE TALKING ABOUT?

9 MR. QUINN: SO DOES THAT MAKE IT EASIER?

10 THE COURT: MORE OR LESS.

09:55AM

11 Q. BY MR. QUINN: SO WHAT WE'VE GOT FOR THE  
12 PROJECTION ON REVENUE FOR 2011 IS 147 MILLION -- THAT'S  
13 NET INCOME; IS THAT RIGHT?

14 A. THAT APPEARS TO BE CORRECT.

15 Q. AND YOU HAVE IT GROWING IN 2012 TO A 158  
16 MILLION?

09:55AM

17 A. THAT APPEARS CORRECT.

18 Q. AND 2013, 172 MILLION?

19 A. YES.

20 Q. AND 2014, 188 MILLION, RIGHT?

09:55AM

21 A. YES.

22 Q. AND THEN YOU HAVE ALSO, AS YOU HAVE POINTED  
23 OUT, YOU BUILD INTO THIS SOMETHING CALLED A TCW SHARE.

24 DO YOU SEE THAT IN THE UPPER LEFT?

25 A. YES.

09:55AM

26 Q. AND I THINK WE LOOKED AT THAT BEFORE AND YOU  
27 PLUGGED IN THE NUMBER OF 10 PERCENT THERE, CORRECT?

28 A. YES.

1 Q. AND SO FOR EACH OF THOSE YEARS YOU ALSO HAVE A  
2 TCW SHARE WHICH IS 10 PERCENT OF THE NET INCOME THAT  
3 YOU SHOW FOR THE NEW BUSINESS, CORRECT?

4 THE COURT: I THINK IT'S 10 PERCENT OF THE  
5 TOTAL REVENUES.

09:56AM

6 MR. QUINN: I'M SORRY, 10 PERCENT OF TOTAL  
7 REVENUES.

8 THE WITNESS: YEAH, THE SHARE FOR TCW WOULD BE  
9 10 PERCENT IN EACH OF THOSE YEARS GOING FORWARD.

10 Q. BY MR. QUINN: AND SO DOUBLELINE, OVER THE  
11 COURSE OF THOSE YEARS, DOUBLELINE WOULD GET SOMETHING  
12 LIKE 765 MILLION IN NET INCOME IN FIVE YEARS?

09:56AM

13 A. IF YOU SAY SO, YEAH. IT LOOKS LIKE THAT MIGHT  
14 BE A GOOD NUMBER. I'M NOT THAT -- I'M LIKE JEFFREY, I  
15 CAN'T ADD THAT QUICKLY IN MY HEAD.

09:56AM

16 Q. AND A BUSINESS TOWARDS THE END MAKING ALMOST  
17 200 MILLION A YEAR?

18 A. WHAT PAGE ARE YOU LOOKING AT NOW, JUST LOOKING  
19 AT NET INCOME?

20 Q. WELL, AT 2014 THE NET INCOME FIGURE IS WHAT?  
21 IT'S ABOUT?

09:57AM

22 THE COURT: 188291.

23 MR. QUINN: CORRECT. IN 2014.

24 THE COURT: THAT'S THE PROJECTION.

25 MR. QUINN: 188291.

09:57AM

26 THE WITNESS: YES.

27 Q.. BY MR. QUINN: AND WE LOOKED AT THIS BEFORE  
28 ASSETS UNDER MANAGEMENT APPROACHING \$8 BILLION THAT WAS

1 THE PROJECTION?

2 THE COURT: NO. AUM WAS UP IN THE 80 BILLION.

3 MR. QUINN: I'M SORRY, WHAT DID I SAY?

4 THE WITNESS: 80 BILLION.

5 MR. QUINN: 80.

09:57AM

6 THE WITNESS: 77.8 OR NINE.

7 MR. QUINN: RIGHT.

8 Q. AND ON THIS ASSUMPTION THE TOTAL REVENUE TO  
9 ABLE GRAPE IN 2010, I THINK WE LOOKED AT THIS WAS 197  
10 MILLION?

09:57AM

11 A. YES.

12 Q. AND NET INCOME OF A HUNDRED MILLION, RIGHT?

13 A. YES.

14 Q. AND WHAT IS -- AND UNDER WHAT YOU WERE  
15 PLANNING HERE, THE 10 PERCENT, TCW WOULD GET 10 PERCENT  
16 OF THAT 197 MILLION OR 19.7 MILLION, CORRECT?

09:58AM

17 A. YEAH, THAT LOOKS RIGHT.

18 Q. CORRECT?

19 A. YES.

20 Q. AND THEN YOU SHOW TCW GETS 10 PERCENT OF THAT  
21 EACH OF THESE YEARS, CORRECT?

09:58AM

22 A. YES.

23 Q. AND THAT WOULDN'T CARRY ON FOREVER, WOULD IT?

24 A. AGAIN, THAT WOULD BE PART OF THE NEGOTIATION.  
25 I DON'T KNOW HOW LONG IT WOULD TAKE.

09:58AM

26 Q. WELL, IT WASN'T YOUR IDEA THAT IF THE NEW  
27 BUSINESS ORGANIZED SOME FUNDS THAT YOU WOULD GIVE TCW A  
28 SHARE OF THAT?



1 A. I'M SORRY, COULD YOU ASK THAT QUESTION AGAIN?

2 Q. IF THE NEW BUSINESS ORGANIZED SOME NEW FUNDS,  
3 YOU WEREN'T CONTEMPLATING THAT TCW WOULD GET A SHARE OF  
4 THAT, WOULD YOU?

5 A. NO, THAT'S NOT EVEN FACTORED IN HERE. 09:58AM

6 Q. SO YOU ARE DOING THIS PROJECTION BASED ON THE  
7 EXISTING TCW FUNDS, CORRECT?

8 A. YES.

9 Q. WHAT WAS THE SPLIT?

10 WE'VE TALKED ABOUT THAT THERE WAS A 09:59AM  
11 SPLIT ON AGREED SHARING OF REVENUE AT TCW, BETWEEN TCW  
12 AND MR. GUNDLACH.

13 DO YOU RECALL THAT?

14 A. YES.

15 Q. AND THAT DIVISION WAS WHAT, ROUGHLY 50/50? 09:59AM

16 MR. HELM: LACKS FOUNDATION.

17 THE COURT: SUSTAINED.

18 Q. BY MR. QUINN: WELL, DO YOU KNOW WHAT THAT  
19 DIVISION WAS?

20 A. NO, I DON'T. 09:59AM

21 Q. WELL, WHEN YOU WORKED FOR THE MORTGAGE-BACKED  
22 SECURITIES GROUP WEREN'T YOU THE CHIEF OPERATING  
23 OFFICER OF THE GROUP?

24 A. YES.

25 Q. AND YOU WERE A MANAGING DIRECTOR? 09:59AM

26 A. YES.

27 Q. THAT'S A VERY SENIOR POSITION?

28 A. ONE OF THE SENIOR POSITIONS, YES.

1 Q. SO YOU WERE THE CHIEF OPERATING OFFICER OF THE  
2 GROUP AND YOU DON'T KNOW WHAT THE FEE SPLIT WAS?

3 A. NO. I THINK THAT WAS -- I THINK JEFFREY WOULD  
4 CONSIDER THAT TO BE A PRIVATE MATTER.

5 Q. RIGHT.

09:59AM

6 DO YOU KNOW APPROXIMATELY WHAT IT WAS?

7 A. NO, I DON'T -- WELL, I MEAN, I HAD HEARD  
8 RUMORS.

9 Q. DIDN'T YOU KNOW THAT IT WAS ROUGHLY LIKE  
10 50/50?

10:00AM

11 MR. HELM: LACKS FOUNDATION, YOUR HONOR.

12 THE COURT: SUSTAINED.

13 Q. BY MR. QUINN: WELL, IF IT WERE ROUGHLY 50/50,  
14 THE SPLIT BETWEEN TCW AND MR. GUNDLACH, SO THAT FOR  
15 REVENUES TCW IS GETTING HALF OF THEM AND MR. GUNDLACH  
16 WAS GETTING HALF OF THEM, AND HE WAS SHARING THAT WITH  
17 OTHER MEMBERS OF THE GROUP, ARE YOU WITH ME SO FAR?

10:00AM

18 A. YES.

19 Q. YOU ARE CONTEMPLATING THAT TCW'S SHARE WOULD  
20 GO DOWN TO 10 PERCENT, TRUE?

10:00AM

21 MR. HELM: INCOMPLETE HYPOTHETICAL. LACKS  
22 FOUNDATION.

23 THE COURT: SUSTAINED.

24 Q. BY MR. QUINN: WELL, IF TCW'S SHARE AT TCW WAS  
25 MUCH MORE THAN 10 PERCENT, WHY WOULD TCW EVER AGREE TO  
26 THIS?

10:00AM

27 MR. HELM: INCOMPLETE HYPOTHETICAL.

28 THE COURT: SUSTAINED.

1 Q. BY MR. QUINN: MAY I INQUIRE THROUGH THE COURT  
2 WHAT'S INCOMPLETE?

3 THE COURT: I CAN TELL YOU THEY KEEP TALKING  
4 ABOUT A NEGOTIATED TRANSACTION. WE DON'T HAVE ANYTHING  
5 ON THAT AT THIS POINT, ANY PARTICULARS. AND THIS  
6 WITNESS SEEMS TO SAY, I DON'T KNOW, ALL I WAS DOING WAS  
7 DOING THE PROJECTIONS. 10:01AM

8 MR. QUINN: ALL RIGHT.

9 Q. SO YOU WERE CONTEMPLATING A NEGOTIATED  
10 AMICABLE DEPARTURE IS WHAT YOU ARE TELLING US? 10:01AM

11 A. YEAH, THAT'S MY UNDERSTANDING FROM BOTH GREG  
12 WARD AND JEFFREY GUNDLACH WAS THAT THERE WOULD BE SOME  
13 SORT OF AMICABLE NEGOTIATED SEPARATION.

14 Q. AND THAT'S SOMETHING THAT WOULD REQUIRE TCW'S  
15 AGREEMENT, TOO? 10:01AM

16 A. YEP. YES. BY DEFINITION.

17 Q. BY DEFINITION?

18 A. YES.

19 Q. AND SO, FOR EXAMPLE, IF THE FEE SPLIT WAS TCW  
20 WAS GOING TO GET 10 PERCENT, THAT'S SOMETHING THEY  
21 WOULD HAVE TO AGREE TO, RIGHT? 10:01AM

22 A. AGAIN, THIS WAS JUST ME PLUGGING A NUMBER IN  
23 THERE NOT KNOWING A WHOLE LOT ABOUT WHAT JEFFREY HAD  
24 INTENDED.

25 IT WAS JUST A STARTING POINT. I THINK  
26 THROUGH THE NEGOTIATION PROCESS I'M SURE THAT NUMBER  
27 WOULD HAVE CHANGED. 10:02AM

28 Q. WELL, YOU SHOWED IT TO MR. GUNDLACH AND HE

1 SAID, FINE, GOOD, LOOKS GREAT, CORRECT?

2 A. I THINK HE SAID GOOD STARTING POINT TOO OR  
3 SOMETHING LIKE THAT.

4 Q. ALL RIGHT. BUT WHAT YOU ARE CONTEMPLATING  
5 HERE, AT LEAST IN THIS MODEL, IS 10 PERCENT FOR TCW,  
6 RIGHT? 10:02AM

7 A. AGAIN, THAT WAS JUST ME PICKING A NUMBER.

8 AND I THINK AT THE TIME I HEARD RUMORS  
9 THAT THE WEST L.A. GROUP HAD SOME NUMBER, THAT THEIR  
10 SHARE WAS SOMEWHERE IN THE 10, 15 PERCENT RANGE. AND I  
11 THINK THAT'S WHY I PLUGGED IT IN THERE. 10:02AM

12 Q. WELL, CERTAINLY YOU WOULDN'T PICK AN ARBITRARY  
13 NUMBER YOU WOULD PICK A NUMBER THAT MADE SENSE TO YOU?

14 A. CORRECT.

15 Q. SO PLEASE TELL US WHY YOU THINK TCW MIGHT EVER  
16 AGREE TO A 10 PERCENT REVENUE SHARE AS PART OF A  
17 NEGOTIATED DEPARTURE? 10:02AM

18 A. WELL, IF WEST L.A. WAS GETTING -- SHARING 10  
19 TO 15 PERCENT AND TCW WAS BEARING THE COST OF  
20 SUPPORTING WEST L.A. IN THIS SITUATION AS YOU CAN SEE,  
21 WE WOULD BE BEARING ALL THE COSTS THAT TCW WOULD NO  
22 LONGER HAVE TO BEAR. 10:03AM

23 AND YOU CAN SEE DIRECTLY I THINK IF YOU  
24 LOOK AT THE SALARY INFORMATION, WE DISCOUNTED -- I  
25 THINK I DISCOUNTED EVERYBODY'S SALARY BY 20 PERCENT SO  
26 EVERYBODY WAS GOING TO HAVE TO TAKE A PAY CUT. 10:03AM

27 Q.. SIR, AT TCW MORTGAGE-BACKED SECURITIES GROUP,  
28 MR. GUNDLACH, THE WAY THE POOL WORKED, THOSE CAME OUT

1 OF MR. GUNDLACH'S SHARE, YOU KNEW THAT?

2 A. SAY THAT AGAIN.

3 Q. AT TCW THE SALARIES, THOSE COSTS THAT YOU WERE  
4 REFERRING TO, THOSE CAME OUT OF MR. GUNDLACH'S SHARE,  
5 CORRECT?

10:03AM

6 MR. HELM: LACKS FOUNDATION.

7 THE COURT: SUSTAINED.

8 Q. BY MR. QUINN: DID YOU KNOW THAT?

9 DO YOU KNOW WHETHER OR NOT IT'S TRUE  
10 THAT THE SALARIES COSTS OF THE MORTGAGE-BACKED  
11 SECURITIES GROUP CAME OUT OF MR. GUNDLACH'S SHARE AT  
12 TCW?

10:03AM

13 A. I KNOW THAT THE EMPLOYEES GOT PART OF THE  
14 BONUS POOL OR FEE SHARING OR THINGS OF THAT --

15 Q. BUT IN TERMS OF THE SALARIES, DO YOU KNOW WHO  
16 BORE THAT COST AT TCW?

10:04AM

17 A. NO, I DON'T. I DON'T KNOW IF IT WAS JEFFREY  
18 OR -- ALL I KNOW IS WE GOT FEE SHARING. WHEN YOU LOOK  
19 AT YOUR PAY STUB, IT SAID FEE SHARING, BONUS IN TWO  
20 SEPARATE LINE ITEMS AND SALARY -- I DON'T KNOW WHERE  
21 THE SALARY CAME FROM.

10:04AM

22 Q. ARE YOU TELLING US THAT YOU KNOW WHAT THE --  
23 YOU REFERRED TO SOME WEST L.A. GROUP?

24 A. YES.

25 Q. WHO WERE THEY?

10:04AM

26 A. THAT'S -- IT'S THE HIGH YIELD GROUP RUN BY  
27 MARK ATTANASIO.

28 Q.. SO ARE YOU TELLING US THAT YOU KNOW WHAT TCW'S

1 FEE SPLIT WAS ON THE HIGH YIELD GROUP BUT YOU DON'T  
2 KNOW WHAT THE FEE SPLIT WAS ON THE GROUP WHERE YOU WERE  
3 THE CHIEF OPERATING OFFICER; IS THAT WHAT YOU ARE  
4 TELLING US?

5 MR. HELM: ARGUMENTATIVE, YOUR HONOR. 10:04AM

6 THE COURT: SUSTAINED. YOU CAN REPHRASE IT.

7 HE'S ANSWERED THE QUESTION.

8 Q. BY MR. QUINN: SIR, DO YOU KNOW WHAT THE FEE  
9 SPLIT WAS ON THAT WEST L.A. GROUP?

10 A. NO. 10:05AM

11 Q. ALL RIGHT.

12 ISN'T IT TRUE THAT YOUR STATE OF MIND  
13 WAS, WHEN YOU PREPARED THIS, THAT TCW WOULD HAVE NO  
14 CHOICE. THEY WOULD HAVE TO AGREE TO WHATEVER REVENUE  
15 SHARE YOU DICTATED TO THEM BECAUSE YOU WOULD SURPRISE  
16 THEM WITH YOUR ANNOUNCEMENT, AND TCW WOULDN'T HAVE  
17 ANYBODY THERE WHO COULD MANAGE THIS BUSINESS; ISN'T  
18 THAT TRUE? 10:05AM

19 A. THAT'S NOT TRUE. GREG WARD AND JEFFREY BOTH  
20 STATED THIS WOULD HAVE TO BE SOME SORT OF NEGOTIATED  
21 SEPARATION. 10:05AM

22 Q. AT LEAST AS OF DECEMBER 4, NOBODY HAD EVEN  
23 BROACHED THAT SUBJECT, RIGHT? WITH TCW?

24 A. AGAIN, I THINK IT WAS VERY PREMATURE. IT WAS  
25 THE FIRST DAY WE MET WITH JEFFREY. 10:05AM

26 Q. SO THIS WAS -- DECEMBER 4 IS PREMATURE. AND  
27 YOU HAVE WRITTEN A DOCUMENT THAT HAS A MARCH 1  
28 TRANSITION DATE?

1 A. YES.

2 Q. THE ONLY WAY TCW WOULD AGREE TO THIS IS IF  
3 THEY HAD NO CHOICE, CORRECT?

4 A. I HAVE NO IDEA OF KNOWING WHAT TCW WOULD AGREE  
5 TO.

10:06AM

6 Q. YOU NEEDED -- YOU WOULD NEED TCW'S CONSENT TO  
7 TAKE OVER SOME OF THESE FUNDS, CORRECT?

8 A. YES.

9 Q. I MEAN, THEY WOULD -- SOME OF THESE FUNDS,  
10 THERE ARE ARRANGEMENTS WHERE THERE'S MANAGEMENT  
11 AGREEMENTS WHERE YOU WOULD EITHER HAVE TO SUB ADVISE,  
12 OR THERE WOULD HAVE TO BE A NOVATION. OR SOMETHING  
13 LIKE THAT, CORRECT?

10:06AM

14 A. YES.

15 Q. AND OF COURSE IF TCW HADN'T HAD TIME TO  
16 RECRUIT A NEW MORTGAGE-BACKED SECURITIES TEAM, THEY  
17 COULDN'T CONTINUE TO MANAGE THAT BUSINESS, COULD THEY?

10:06AM

18 A. I DON'T THINK WE EVER HAD THE INTENT ON  
19 LEAVING THAT WAY.

20 WE -- THIS WAS OUR BUSINESS, OUR INTENT  
21 PUTTING THIS PRO FORMA TOGETHER WAS TO FIND OUT WHAT IT  
22 WOULD TAKE TO BUY THE BUSINESS.

10:07AM

23 Q. SIR?

24 A. THAT DID NOT ENTER MY MIND.

25 Q. WAS THERE ANYONE ELSE THAT YOU ARE AWARE OF AT  
26 TCW WHO WAS EXPERIENCED IN MORTGAGE-BACKED SECURITIES,  
27 SOME OTHER TEAM, THAT COULD HAVE COME IN AT THE LAST  
28 MINUTE AND TAKEN OVER THESE PORTFOLIOS?

10:07AM

1 A. NO.

2 Q. SO FAR AS YOU ARE AWARE?

3 A. NO.

4 Q. AS A BUSINESSMAN YOU HAVE BEEN ENGAGED IN --  
5 I'M SURE, IN NEGOTIATIONS YOUR ENTIRE CAREER, CORRECT?

10:07AM

6 A. ACTUALLY NOT VERY OFTEN, NO.

7 Q. SO -- BUT FROM TIME TO TIME YOU HAVE HAD  
8 OCCASION TO NEGOTIATE THINGS?

9 A. I THINK MAYBE A HANDFUL OF TIMES. THAT'S  
10 NEVER BEEN -- IT'S NEVER BEEN MY FORTE.

10:08AM

11 Q. BUT WHAT YOU HAVE TOLD US HERE, THIS WAS --  
12 WHAT YOU WERE CONTEMPLATING YOU WERE TELLING US IS A  
13 NEGOTIATED SEPARATION, CORRECT?

14 A. YES.

15 Q. AND IN NEGOTIATIONS CAN WE AGREE IT'S A GOOD  
16 THING TO HAVE LEVERAGE?

10:08AM

17 A. I WOULD IMAGINE, YES.

18 Q. YOU HAVE HEARD NOTHING SURPRISING ABOUT THAT?

19 A. NO.

20 Q. RIGHT.

10:08AM

21 AND IF YOU, ON MARCH 1, TOLD TCW, WE'RE  
22 OUT OF HERE. AND THAT CAME AS A SURPRISE TO THEM, AND  
23 THEY DID NOT HAVE SOME TEAM THAT COULD TAKE OVER THIS  
24 BUSINESS, THAT WOULD GIVE YOU AND YOUR TEAM A LOT OF  
25 LEVERAGE, CORRECT?

10:08AM

26 MR. HELM: INCOMPLETE HYPOTHETICAL, YOUR  
27 HONOR.

28 THE COURT: OVERRULED.



1                   YOU CAN ANSWER.

2                   THE WITNESS: CAN YOU ASK THE QUESTION AGAIN.

3           Q.     BY MR. QUINN: SIR, IF YOU SURPRISED TCW WITH  
4 AN ANNOUNCEMENT ON MARCH 1 THAT YOU AND YOUR TEAM ARE  
5 OUT OF THERE STARTING A NEW BUSINESS, LET'S NOW  
6 NEGOTIATE THE TERMS OF OUR DEPARTURE, THAT WOULD GIVE  
7 YOU A LOT OF LEVERAGE, CORRECT?

10:08AM

8           A.     I DON'T THINK -- FIRST OF ALL, WHAT YOU ARE  
9 DESCRIBING COULD NEVER HAPPEN BECAUSE IF WE LEFT THE  
10 BUILDING AND LEFT OUR CLIENTS IN THE LURCH, SO TO  
11 SPEAK, THERE'S NO WAY WE WOULD GET ANOTHER CLIENT  
12 AGAIN. AND IN THIS BUSINESS IF YOU DO THAT, THERE'S NO  
13 WAY TO DO IT.

10:09AM

14          Q.     WELL, YOU BUDGETED A 30-DAY TRANSITION, WE SAW  
15 THAT?

10:09AM

16                   MR. HELM: LACKS FOUNDATION, YOUR HONOR.

17                   THE COURT: SUSTAINED.

18                                 WHAT ARE WE REFERRING TO NOW?

19                   MR. QUINN: I'M SORRY, YOUR HONOR.

20                   THE COURT: WHAT ARE WE REFERRING TO NOW?

10:09AM

21          Q.     BY MR. QUINN: IN THE EXHIBIT 963 WE SAW YOU  
22 HAD A MARCH 1 TRANSITION DATE; THAT'S WHAT YOU WROTE,  
23 RIGHT?

24          A.     WHAT IS IT?

25          Q..    YOU HAVE A MARCH 1 TRANSITION DATE ON 963-1.  
26 THAT'S WHAT YOU WROTE.

10:09AM

27          A.     I DON'T KNOW IF I WROTE THAT, BUT I SEE THAT.

28          Q.     WHETHER YOU WROTE IT OR NOT, IT'S SOMETHING

1 YOU AGREED TO PUT IN THIS DOCUMENT?

2 A. GREG AND I AGREED TO PUT IT IN THE DOCUMENT,  
3 YES.

4 Q. SO YOU ARE NOT SAYING THAT WASN'T THE  
5 TRANSITION?

6 A. NO.

7 Q. SO IF WE COULD LOOK AT PAGE 963-3 THERE YOU  
8 HAD A MARCH 31 START DATE, CORRECT?

9 A. YES.

10 Q. RIGHT.

11 SO YOU DID ALLOW FOR 30 DAYS TRANSITION,  
12 CORRECT? IN THIS MODEL?

13 MR. HELM: LACKS FOUNDATION, YOUR HONOR.

14 THE COURT: WAIT A MINUTE. I'M MISSING  
15 SOMETHING HERE. LET'S GO BACK TO PAGE 2.

16 MR. QUINN: PAGE -2, YOUR HONOR?

17 THE COURT: THE ONE THAT YOU WERE REFERRING  
18 TO?

19 MR. QUINN: -1. THE FIRST PAGE HAS A MARCH 1  
20 TRANSITION DATE.

21 CAN WE UNDERLINE THAT, PLEASE? AND THEN  
22 ON PAGE 3, A MARCH 31 START DATE, RIGHT?

23 DO YOU SEE THAT?

24 THE COURT: ALL RIGHT.

25 THE WITNESS: YES.

26 Q. BY MR. QUINN: SO YOU ARE SAYING THAT IF WE  
27 LEFT OUR CLIENTS IN THE LURCH WE'D NEVER WORK.

28 YOU DID ALLOW IN THIS DOCUMENT FOR 30

10:10AM

10:10AM

10:10AM

10:10AM

10:11AM

1 DAYS BETWEEN A TRANSITION DATE AND A START DATE,  
2 CORRECT?

3 MR. HELM: LACKS FOUNDATION. I'M NOT SURE  
4 IT'S ESTABLISHED HE WROTE BOTH OF THOSE.

5 THE COURT: MAYBE YOU CAN HIM TO EXPLAIN WHAT  
6 THAT MEANS, IN HIS VIEW, SO WE CAN UNDERSTAND IT. 10:11AM

7 Q. BY MR. QUINN: SIR, YOU SAY YOU WROTE THIS  
8 WITH GREG WARD?

9 A. YES.

10 Q. AND YOU ARE NOT SAYING THAT YOU DISAGREE WITH  
11 ANYTHING IN THIS DOCUMENT, ARE YOU? 10:11AM

12 A. NO.

13 Q. RIGHT. AND IF YOU HAD 30 DAYS TO TRANSITION  
14 CLIENTS, ARE YOU SAYING THAT YOU BELIEVE THAT CLIENTS  
15 WOULD FEEL THAT'S AN ADEQUATE TIME, OR THEY WOULDN'T  
16 FORGIVE YOU, OR NEVER COME BACK? 10:11AM

17 A. QUITE FRANKLY, I DON'T REMEMBER PUTTING THESE  
18 COMMENTS IN HERE. AND I'M NOT SURE HOW THEY RELATE.  
19 BUT THERE WOULD HAVE TO BE SOME SORT OF -- ONCE YOU  
20 HAVE AN AGREEMENT, YOU WOULD HAVE TO HAVE A START DATE,  
21 A TRANSITION DATE; THAT'S ALL THAT REALLY NEEDS TO BE. 10:12AM

22 Q. WELL, I MEAN THESE THINGS CAN HAPPEN VERY  
23 FAST; ISN'T THAT TRUE, IN TERMS OF GETTING THE CLIENTS  
24 AND BEING UP IN BUSINESS?

25 A. I'M NOT SURE WHAT YOU MEAN. 10:12AM

26 Q. WELL, DOUBLELINE STARTED WHAT, DO YOU RECALL  
27 WHAT DAY DOUBLELINE WAS OPEN FOR BUSINESS?

28 A. OFFICIALLY? NO.

1 Q. I'M SORRY?

2 A. OFFICIALLY, NO. I DON'T RECALL.

3 Q. BUT ROUGHLY SECOND WEEK OF DECEMBER, THIRD  
4 WEEK OF DECEMBER?

5 A. THERE WERE SEVERAL OF US THAT GOT TOGETHER 10:12AM  
6 FAIRLY EARLY AND SUBSEQUENT TO -- RIGHT AFTER DECEMBER  
7 4TH, IT WAS.

8 Q. ALL RIGHT.

9 AND BY DECEMBER 29TH, YOU HAD \$2 BILLION  
10 DOLLARS, WITH A B, TWO BILLION, UNDER MANAGEMENT AT 10:12AM  
11 DOUBLELINE, TRUE?

12 A. THERE WAS ONE PARTICULAR CLIENT THAT WE HAD  
13 THAT WAS A NON-DISCRETIONARY RELATIONSHIP, SOMEONE  
14 JEFFREY HAD GONE BACK WITH YEARS AND YEARS.

15 Q. SIR, IS IT TRUE THAT BY DECEMBER 29TH 10:13AM  
16 DOUBLELINE ALREADY HAD \$2 BILLION DOLLARS UNDER  
17 MANAGEMENT?

18 A. AGAIN, IT WAS ONE CLIENT, AND IT WAS A  
19 NONDISCRETIONARY ACCOUNT.

20 THE COURT: THE QUESTION IS: WAS IT \$2 10:13AM  
21 BILLION? JUST ANSWER HIS QUESTION.

22 THE WITNESS: I'M SORRY. I THINK IT MIGHT  
23 HAVE BEEN AROUND \$2 BILLION. I DON'T KNOW FOR SURE,  
24 BUT IT WAS 1. SOMETHING.

25 MR. QUINN: RIGHT. 10:13AM

26 Q. AND IS IT YOUR TESTIMONY THAT AS OF DECEMBER  
27 29 THERE WAS ONLY ONE CLIENT?

28 A. AS OF DECEMBER 29 MY UNDERSTANDING WAS THAT

1 THERE WAS ONE RELATIONSHIP, THIS RELIANCE RELATIONSHIP.  
2 AND THEN VERY SHORTLY THEREAFTER, I THINK REALLY CLOSE  
3 TO THE END OF THE YEAR, I SEEM TO RECALL THERE WAS ONE  
4 OTHER ENTITY THAT SIGNED ON WITH US.

5 Q. HOW MUCH -- HOW MANY ASSETS UNDER MANAGEMENT  
6 DOES DOUBLELINE HAVE TODAY? 10:13AM

7 A. I THINK IT'S AROUND 13 BILLION.

8 Q. \$13 BILLION?

9 A. YES.

10 Q. SO DOUBLELINE WAS ABLE TO GET IT -- YOU HAVE  
11 HEARD THAT DOUBLELINE GOT ITS SEC REGISTRATION IN LIKE  
12 WORLD-RECORD TIME? 10:14AM

13 A. I HAVEN'T HEARD IT DESCRIBED LIKE THAT, BUT I  
14 HEARD IT WAS FAST.

15 Q. AND THAT WAS BECAUSE YOU HAD GOTTEN A HEAD  
16 START ON THAT, WHILE YOU WERE STILL AT TCW, CORRECT? 10:14AM

17 A. THAT WAS NOT MY UNDERSTANDING. I HAD NOTHING  
18 TO DO WITH THAT.

19 THE COURT: MR. QUINN, LET'S TAKE OUR MORNING  
20 RECESS. 10:14AM

21 WE'LL COME BACK AT 25 MINUTES AFTER.

22 LADIES AND GENTLEMEN OF THE JURY, YOU  
23 ARE EXCUSED -- 25 MINUTES TO 11:00 IS WHEN WE COME  
24 BACK. 20 MINUTES.

25 MR. MAYBERRY, YOU ARE EXCUSED. WOULD  
26 YOU MIND STEPPING OUT? 10:15AM

27 THE WITNESS: I'M MR. SANTA ANA.

28 THE COURT: MR. SANTA ANA, I'M SORRY. I'M

1 SORRY.

2 LET ME JUST INQUIRE. IS MR. WARD GOING  
3 TO BE CALLED AS WELL?

4 MR. QUINN: HE'S IN NEW YORK. AND NOBODY CAN  
5 BRING HIM. HIS DEPOSITION WILL BE READ. 10:15AM

6 THE COURT: WHEN WILL THAT HAPPEN?

7 MR. QUINN: I HOPE NEXT WEEK.

8 THE COURT: MY CONCERN HERE, AND I SUSTAINED  
9 SOME OBJECTIONS AND WHENEVER I GET THIS BLANK STARE, I  
10 LIKE TO AT LEAST EXPLAIN WHAT -- MY UNDERSTANDING IS 10:15AM  
11 THAT THERE HAS BEEN TESTIMONY, AND I THINK I'VE SEEN  
12 THINGS IN PAPERS THAT HAVE BEEN FILED REGARDING A  
13 PURCHASE OR BUYOUT THAT MIGHT HAVE A CASH COMPONENT AND  
14 A FEE SHARING ON A GOING-FORWARD BASIS. AND TO THE  
15 EXTENT THAT MR. SANTA ANA SAYS, I DON'T KNOW ABOUT HOW 10:16AM  
16 THAT WORKS.

17 FOR YOU TO POSIT SUGGESTIONS IN THE  
18 QUESTIONS SEEMS TO ME TO BE INAPPROPRIATE. NOW, I  
19 DON'T KNOW WHAT HAPPENS WITH THIS STUFF. BUT TO  
20 SUGGEST OR GIVE THE IMPLICATION THAT THE 10 PERCENT 10:16AM  
21 SHARING WAS ALL THERE WAS, DOESN'T SEEM CONSISTENT WITH  
22 WHAT I HAVE SEEN IN THIS DEAL.

23 MR. QUINN: I'M AWARE OF NO EVIDENCE SUCH AS  
24 THE COURT DESCRIBES. I'M AWARE OF NO SUCH EVIDENCE,  
25 BUT THEY CAN EXAMINE HIM AND HE CAN TELL -- 10:16AM

26 THE COURT: BUT MY POINT IS HE SAYS I DON'T  
27 KNOW.

28 MR. QUINN: WELL, IF HE DOESN'T KNOW, HE

1 DOESN'T KNOW.

2 HE AND WARD CREATED THIS DOCUMENT. I  
3 THINK THE EVIDENCE IS WARD HAD MADE ONLY A FEW CHANGES  
4 ON THIS. THIS IS BASICALLY HIS DOCUMENT, AND WARD MADE  
5 ONLY A FEW CHANGES.

10:17AM

6 I'M AWARE OF NO CALCULATIONS, TESTIMONY,  
7 ANYTHING RELATING TO THE TERMS OF A BUYOUT, INCLUDING  
8 REVENUE SHARING OR ANYTHING LIKE THAT.

9 GUNDLACH ON SEPTEMBER 3 PROPOSED TO BUY  
10 51 PERCENT OF THE BUSINESS AT \$700 MILLION VALUATION,  
11 HIS SHARE TO BE FINANCED SOLELY BY SOC-GEN; THAT'S THE  
12 TOTAL OF THE TESTIMONY ON THAT SUBJECT THAT I'M AWARE  
13 OF.

10:17AM

14 THE COURT: I DON'T KNOW.

15 MR. HELM: YOUR HONOR, I'M NOT SURE THAT THERE  
16 WILL BE EVIDENCE THAT ON A SEPARATION LIKE THIS THERE  
17 WOULDN'T NECESSARILY BE A CASH COMPONENT. THAT'S NOT  
18 REALLY THE ISSUE THAT WE'RE DEALING WITH.

10:17AM

19 ON THE 31 VERSUS 331, IT APPEARS TO ME  
20 THAT WHAT HAPPENED IS THEY JUST PICKED DIFFERENT DATES  
21 FOR THE REVENUE STARTING ON TWO DIFFERENT PARTS OF IT  
22 BECAUSE IT WAS PUT TOGETHER BY TWO DIFFERENT PEOPLE.

10:17AM

23 I DON'T THINK THERE WAS A RELEVANCE TO A  
24 MARCH 1 DATE AND A MARCH 31ST START DATE, OR WHATEVER  
25 IT IS.

10:18AM

26 THE COURT: I DON'T UNDERSTAND. I GUESS MY  
27 POINT IS ASK THE WITNESS, AND IF HE HAS PERSONAL  
28 KNOWLEDGE ABOUT A TOPIC, FINE. BUT TO SUGGEST THINGS

1 THAT HE SAYS HE DOESN'T KNOW ANYTHING ABOUT SEEMS TO ME  
2 TO BE INAPPROPRIATE.

3 MR. QUINN: THIS IS HIS DOCUMENT.

4 THE COURT: IT'S HE AND MR. WARD. AND HE SAYS  
5 HE DOESN'T KNOW. 10:18AM

6 MR. QUINN: WELL, HE CAN SAY HE DOESN'T KNOW.

7 THE COURT: ALL RIGHT. WE'LL GO FORWARD.

8 MR. HELM: YOUR HONOR, I HAD ONE ISSUE TO  
9 RAISE.

10 WHEN THEY PLAYED THE DEPOSITION THEY 10:18AM  
11 OMITTED SOME OF THE COUNTER DESIGNATIONS THAT WE HAD  
12 INCLUDED THAT HAD NOT BEEN -- OBJECTIONS HAD BEEN  
13 OVERRULED TO.

14 THE COURT: WELL --

15 MR. HELM: WE'RE TALKING ABOUT A PAGE. 10:18AM

16 MR. QUINN: WELL, THAT SHOULDN'T HAPPEN. I  
17 APOLOGIZE, IF THAT HAPPENED.

18 MR. BRIAN: WE'LL DISCUSS IT.

19 MR. QUINN: I APOLOGIZE IF THAT HAPPENED.

20 THE COURT: WE'RE DOING THE BEST WE CAN. 10:18AM  
21 EVERYBODY IS TRYING TO CUT THIS STUFF.

22  
23 (RECESS TAKEN.)

24  
25 (THE NEXT PAGE NUMBER IS 1601.)  
26  
27  
28



1 CASE NUMBER: BC 429385  
2 CASE NAME: TCW VS. GUNDLACH  
3 LOS ANGELES, CALIFORNIA AUGUST 4, 2011  
4 DEPARTMENT 322 HON. CARL J. WEST, JUDGE  
5 APPEARANCES: (AS NOTED ON TITLE PAGE.)  
6 REPORTER: RAQUEL A. RODRIGUEZ, CSR  
7 TIME: B SESSION: 10:35 A.M.  
8  
9

10 THE COURT: IN THE TCW VERSUS GUNDLACH MATTER. 10:39AM  
11 ALL MEMBERS OF OUR JURY ARE PRESENT. AS  
12 ARE ALL COUNSEL.

13 MR. QUINN. YOU MAY CONTINUE YOUR  
14 EXAMINATION OF MR. SANTA ANA.

15 MR. QUINN: THANK YOU, YOUR HONOR. 10:39AM

16  
17 DIRECT EXAMINATION (RESUMED)+  
18 BY MR. QUINN:

19 Q WE WERE TALKING ABOUT THE SPEED WITH WHICH  
20 DOUBLELINE WAS ABLE TO GET ITS SEC REGISTRATION. 10:39AM

21 DO YOU RECALL THAT?

22 A YES.

23 Q IF YOU'D TAKE A LOOK AT EXHIBIT 340.

24 IT'S TRUE, ISN'T IT, THAT DOUBLELINE WAS  
25 ABLE TO GET THAT VERY SPEEDY SEC REGISTRATION -- 10:40AM

26 A I'M SORRY. COULD I READ THIS REAL QUICK.

27 Q LET ME ASK YOU A QUESTION FIRST, AND THEN  
28 WE'LL TURN TO THE DOCUMENT.

1                   IT'S TRUE, ISN'T IT, DOUBLELINE WAS ABLE  
2 TO GET THAT SEC REGISTRATION SO FAST BECAUSE YOU HAD A  
3 HEAD START; YOU ACTUALLY STARTED WORKING ON THAT, USING  
4 TCW INFORMATION WHILE YOU WERE ALL STILL EMPLOYED AT  
5 TCW; ISN'T THAT TRUE?

10:40AM

6                   MR. HELM: LACKS FOUNDATION.

7                   THE COURT: SUSTAINED.

8 BY MR. QUINN:

9                   Q       LET'S TAKE A LOOK AT EXHIBIT 430. AND THIS IS  
10 AN E-MAIL. THE TOP E-MAIL IS FROM YOU TO MR. WARD WITH  
11 A COPY TO BARBARA VAN EVERY.

10:41AM

12                  A       YES.

13                  MR. QUINN: I'D OFFER THIS.

14                  THE COURT: ANY OBJECTION?

15                  MR. HELM: NO OBJECTION.

10:41AM

16                  THE COURT: IT WILL BE ADMITTED.

17  
18                               (EXHIBIT 430 ADMITTED.) +  
19

20                  MR. QUINN: IF WE COULD PUT THIS UP ON THE  
21 SCREEN.

10:41AM

22                  Q       THE BOTTOM E-MAIL HERE IS FROM MR. WARD, AND  
23 WHAT HE SAYS TO YOU, THIS IS NOVEMBER 11, 2009, AND HE  
24 WRITES:

25                               DO EITHER OF YOU HAVE  
26                               COMPREHENSIVE LISTS OF ALL THE  
27                               ACCOUNTS -- SLASH FUNDS MANAGED BY  
28                               THE GROUP? IDEALLY, A LIST OF ALL

10:41AM

1 THE MUTUAL FUNDS, LP'S, CLOSE-END  
2 FUNDS -- THIS IS "EPARATE" --  
3 PROBABLY MEANS SEPARATE --

4 A YES.

5 Q (READING):

10:41AM

6 -- ACCOUNT STRATEGIES, NOT  
7 NECESSARILY INCLUDING CLIENT  
8 DETAIL, CDO'S, ET CETERA. I NEED  
9 TO MAKE SURE I HAVE ALL OUR BASES  
10 COVERED FOR THE FILINGS.

10:42AM

11 DID I READ THAT CORRECTLY?

12 A YES.

13 Q AND YOUR RESPONSE WAS: HOW'S THIS?

14 AND YOU ATTACHED SOMETHING, RIGHT?

15 A YES.

10:42AM

16 Q AND WHAT YOU ATTACHED IS A DOCUMENT WHICH IS  
17 186 PAGES IN LENGTH?

18 A I -- I --

19 Q DO YOU HAVE IT THERE IN FRONT OF YOU?

20 A I'M SORRY. WHAT DOCUMENT?

10:42AM

21 Q EXHIBIT 430.

22 A OH.

23 Q IT CONTINUES ON TO 430-188.

24 A THAT APPEARS TO BE SO, YES.

25 Q SO THAT'S AN ATTACHMENT YOU PROVIDED TO  
26 MR. WARD IN RESPONSE TO HIS REQUEST ON NOVEMBER 11TH,  
27 CORRECT?

10:42AM

28 A I -- I MEAN, I DON'T KNOW. WHEN I SENT HIM

1 THE DOCUMENT, I JUST PULLED SOME INFORMATION OUT OF A  
2 TABLE AND PUT IT INTO A SPREADSHEET AND SENT IT TO HIM.  
3 I DON'T THINK -- THIS IS ACTUALLY A LOT MORE  
4 INFORMATION THAN I REALIZED I SENT. ALL HE ASKED FOR  
5 WAS A LIST OF ACCOUNTS.

10:43AM

6 SO I PROBABLY JUST COPIED THE WHOLE  
7 TABLE.

8 Q ALL THESE PAGES HERE, YOU INCLUDED IN YOUR  
9 RESPONSE, TRUE?

10 A AGAIN, I DON'T KNOW FROM JUST LOOKING AT THIS  
11 DOCUMENT IF THAT'S THE CASE.

10:43AM

12 BUT I DID SEND HIM A SPREADSHEET FULL OF  
13 INFORMATION. I WENT IN, PULLED THE TABLE AND PUT IT IN  
14 A SPREADSHEET AND SENT IT OFF TO HIM.

15 Q YOU SEE, THESE ARE LITTLE NUMBERS IN THE LOWER  
16 RIGHT-HAND CORNER, YOU KNOW, THEY'RE CALLED BATES  
17 NUMBERS. EVERY SINGLE PAGE. OKAY.

10:43AM

18 YOU SEE IT SAYS: DOUBLELINE, DBL, AND  
19 THEN THERE'S A NUMBER THERE, NO. 109?

20 A YES, UH-HUH.

10:44AM

21 Q YOU SEE THAT?

22 A UH-HUH.

23 Q ON THE FIRST PAGE IT SAYS 109?

24 A YEP. YES.

25 Q IT GOES CONSECUTIVELY ALL THE WAY TO THE END  
26 THROUGH 2296, CORRECT?

10:44AM

27 A YEAH. SOME ARE BLANK, BY THE WAY.

28 Q I'M SORRY?

1 A SOME ARE BLANK.

2 Q NOT VERY MANY, ARE THERE?

3 A SOME HAVE VERY LITTLE INFORMATION. IT'S  
4 JUST --

5 Q MOST OF THEM ARE -- MOST OF THEM ARE FULL OF  
6 INFORMATION, CORRECT?

10:44AM

7 A THERE'S -- THERE'S A LOT OF INFORMATION IN  
8 HERE. I MEAN --

9 Q YEAH, THESE ARE -- YOU UNDERSTAND THAT THAT  
10 CONVENTION IS WHEN DOCUMENTS ARE PROVIDED BY DOUBLELINE  
11 IN THE DISCOVERY PROCESS, THEY GIVE THEM TO US; THEY  
12 ARE ALL NUMBERED AND STAMPED CONSECUTIVELY?

10:44AM

13 A I HEARD THE TERM BATES NUMBER. I DIDN'T  
14 REALIZE THAT'S WHAT THIS WAS.

15 Q LOOKING AT THIS, DO YOU HAVE ANY REASON TO  
16 BELIEVE THIS WAS NOT WHAT YOU ATTACHED AND SENT TO  
17 MR. WARD?

10:44AM

18 A I HAVE NO -- NO, I BELIEVE -- IF THAT'S WHAT  
19 YOU SAID, YES.

20 Q I BELIEVE HE WAS ASKING YOU FOR INFORMATION  
21 THAT HE WANTED TO MAKE SURE WE HAVE ALL OUR BASES  
22 COVERED FOR THE FILINGS, RIGHT?

10:45AM

23 A THAT'S WHAT HE SAYS, YES.

24 Q AND YOU WERE RESPONDING TO THAT REQUEST?

25 A YES.

10:45AM

26 Q AND MR. WARD WAS THE ONE WHO YOU KNEW WAS  
27 RESPONSIBLE FOR ORGANIZING ABLE GRAPE AND TAKING CARE  
28 OF THE REGISTRATION, CORRECT?

1 A I FOUND OUT AT SOME POINT, YES.

2 Q I MEAN, YOU WEREN'T SURPRISED THAT HE WAS  
3 ASKING YOU FOR THIS INFORMATION?

4 A NO. I DON'T THINK I WAS.

5 Q SO, TO GET BACK TO WHAT I WAS ASKING YOU  
6 ABOUT, THE NEGOTIATIONS THAT YOU WERE CONTEMPLATING, IF  
7 YOU HAD GIVEN NOTICE IN SEPTEMBER TO TCW, LOOK, YOU  
8 KNOW WE'D LIKE TO NEGOTIATE A DEPARTURE, AND WE'D LIKE  
9 TO BE OUT BY THE END OF MARCH, LET'S START NEGOTIATING  
10 NOW.

10:45AM

10:46AM

11 YOU WOULD NOT HAVE HAD AS MUCH LEVERAGE  
12 IN NEGOTIATING A FEE SPLIT WITH TCW AS YOU WOULD IF YOU  
13 JUST SPRANG IT ON THEM ON MARCH 1, CORRECT?

14 A JEFFREY GUNDLACH DID MAKE AN OFFER TO BUY THE  
15 WHOLE FIRM IN THAT MEETING WITH MR. STERN IN SEPTEMBER.

10:46AM

16 Q THAT WASN'T MY QUESTION.

17 BUT YOU TOLD US MR. STERN SAID THE  
18 FIRM'S NOT FOR SALE, RIGHT?

19 A THAT WAS AT THE BEGINNING OF THE CONVERSATION.  
20 AND THEN LATER IN THE CONVERSATION WITH MR. STERN HE  
21 ACTUALLY -- JEFFREY MADE AN OFFER. HE TOOK OUT A PIECE  
22 OF PAPER AND SCRIBBLED DOWN NOTES AND SAID, I'LL GET  
23 BACK TO YOU.

10:46AM

24 Q OKAY.

25 MY QUESTION REALLY DIDN'T RELATE TO THE  
26 SALE OF THE FIRM.

10:46AM

27 MY QUESTION IS, IF YOU HAD TOLD TCW, IN  
28 SEPTEMBER, LOOK, WE WOULD LIKE TO NEGOTIATE AN AMICABLE

1 DEPARTURE, AND WE'D LIKE -- WE HAVE A TARGET DATE IN  
2 MARCH --

3 ARE YOU WITH ME SO FAR?

4 A YES.

5 Q -- IF YOU HAD DONE THAT, IN THAT NEGOTIATION,  
6 YOU WOULD HAVE MUCH LESS LEVERAGE OVER THE FEE SPLIT ON  
7 THE TCW FUNDS THAN YOU WOULD IF YOU JUST SPRANG IT ON  
8 THEM BY SURPRISE ON MARCH 1, TRUE?

10:46AM

9 A IN ANY NEGOTIATION THERE'S ALWAYS A SHIFT IN  
10 BALANCE IN TERMS OF LEVERAGE.

10:47AM

11 WE ALSO -- TCW ALSO HAD LEVERAGE BECAUSE  
12 THERE'S NO WAY WE COULD HAVE TAKEN THESE FUNDS WITH US.  
13 AND IF WE DID JUST LEAVE THE FIRM, THERE'S NO WAY WE  
14 WOULD HAVE GOTTEN ANOTHER ACCOUNT.

15 Q OKAY.

10:47AM

16 NOT MY QUESTION.

17 MY QUESTION IS, IT'S TRUE, ISN'T IT,  
18 THAT YOU WOULD HAVE HAD LESS LEVERAGE IF YOU GAVE THEM  
19 NOTICE IN SEPTEMBER, TRUE?

20 A YOU COULD ARGUE THAT, YES.

10:47AM

21 Q AND I THINK YOU'VE ALREADY TOLD US THE  
22 MORTGAGE BACK SECURITY BUSINESS, FIXED INCOME, THAT WAS  
23 A HUGE PART OF TCW BUSINESS?

24 A I DON'T THINK I'VE TOLD YOU THAT, BUT YES, IT  
25 WAS A BIG PART OF THE BUSINESS.

10:47AM

26 Q IT'S 60 PERCENT OF THE ASSETS UNDER  
27 MANAGEMENT, ROUGHLY?

28 A ROUGHLY.

1 Q AND ABOUT HALF THE REVENUE OF THE WHOLE  
2 COMPANY?

3 A I DON'T KNOW IF IT WAS THE HALF THE REVENUE.

4 Q YOU'RE SAYING THAT YOU WERE CHIEF OPERATING  
5 OFFICER OF THE GROUP, AND YOU DIDN'T KNOW IT WAS HALF  
6 THE REVENUE OF THE COMPANY?

10:48AM

7 YOU NEVER HEARD THAT?

8 A THERE USED TO BE NUMBERS GET THROWN OUT LIKE  
9 EVERY YEAR AT THE ANNUAL CONFERENCE. I DIDN'T MEMORIZE  
10 THEM, THOUGH.

10:48AM

11 Q AS YOU THINK ABOUT IT, DOES THAT SEEM ABOUT  
12 RIGHT, ROUGHLY?

13 A NO -- I DON'T HAVE ANY RECOLLECTION, ACTUALLY.

14 Q ANYWAY, IF ALL THAT WERE TO DEPART, IF ALL  
15 THAT WERE TO LEAVE TCW SUDDENLY, IN 2010, THAT WOULD  
16 HAVE HAD A DEVASTATING EFFECT ON THE COMPANY.

10:48AM

17 WOULD YOU AGREE WITH THAT?

18 A YES.

19 Q I MEAN, TCW MIGHT NOT SURVIVE, RIGHT?

20 A YES, BUT TCW HAD CONTROL OVER THOSE FUNDS IN  
21 ALL THE CONTRACTS. THEY WERE -- YOU KNOW, THEY WERE  
22 THE ONES IN CONTROL OF ALL THE CONTRACTS.

10:48AM

23 DID YOU SAY "YES," SIR --

24 A YES --

25 Q TCW MIGHT NOT SURVIVE?

10:48AM

26 MR. HELM: CALLS FOR SPECULATION.

27 THE COURT: OVERRULED.

28 YOU CAN ASK HIM THE SAME QUESTION AND



1 FIND OUT THE ANSWER.

2 THE WITNESS: I DIDN'T HEAR YOU -- I DIDN'T  
3 HEAR -- YOU SAY THE DID NOT SURVIVE PART, BUT --  
4 BY MR. QUINN:

5 Q IF ALL THAT BUSINESS LEFT TCW SUDDENLY, TCW  
6 MIGHT NOT SURVIVE, RIGHT? 10:49AM

7 A I HAVE NO WAY OF KNOWING THAT ACTUALLY.

8 Q OKAY.

9 YOU'RE TALKING ABOUT THESE CONTRACTS. I  
10 MEAN, WHAT YOU'RE TELLING US IS THAT TCW HAS CONTRACTS,  
11 AND YOU WOULD HAVE TO NEGOTIATE AND GET TCW'S CONSENT  
12 TO SUB-ADVISE OR NEGOTIATE THOSE CONTRACTS, CORRECT? 10:49AM

13 A YES.

14 Q THAT'S WHAT YOU'RE TELLING US?

15 A YES. 10:49AM

16 Q BUT IF YOU SPRANG THIS ON THEM AND THEY DIDN'T  
17 HAVE A GROUP TO MANAGE THOSE FUNDS, WHAT CHOICE WOULD  
18 THEY HAVE BUT TO ENTER INTO NEW AGREEMENTS WITH YOU OR  
19 TO SUB-ADVISE AND ACCEPT WHATEVER PERCENTAGE YOU  
20 PROPOSE? WHAT CHOICE WOULD THIS HAVE? 10:49AM

21 MR. HELM: LACKS FOUNDATION, YOUR HONOR.

22 THE COURT: SUSTAINED.

23 MR. QUINN: OKAY.

24 Q IN THE FALL OF 2009, RIGHT UP TO DECEMBER 4,  
25 YOU HAD A VERY SENIOR AND RESPONSIBLE POSITION AT TCW,  
26 CORRECT? 10:50AM

27 A YES.

28 Q I MEAN, YOU WERE TOLD US YOU WERE CHIEF

1 OPERATING OFFICER OF THE GROUP?

2 A OF THE GROUP, YES.

3 Q YOU WERE A MANAGING DIRECTOR OF TCW?

4 A YES.

5 Q THAT'S A VERY SENIOR POSITION?

10:50AM

6 A YES.

7 Q YOU REPORTED DIRECTLY TO JEFFREY GUNDLACH?

8 A YES.

9 Q AND YOU HAD A LOT OF PEOPLE WHO REPORTED TO  
10 YOU, EITHER DIRECTLY OR INDIRECTLY?

10:50AM

11 A YES. WELL -- I DON'T KNOW -- A LOT. BUT  
12 THERE WAS COUPLE DOZEN.

13 Q COUPLE DOZEN?

14 A UH-HUH.

15 Q AS A MANAGING DIRECTOR, YOU KNEW YOU WERE AN  
16 OFFICER OF THE CORPORATION?

10:50AM

17 A YES.

18 Q AND YOU KNEW, AS AN OFFICER, YOU OWED CERTAIN  
19 DUTIES TO THE CORPORATION?

20 A YES.

10:50AM

21 Q AND YOU KNEW THAT, AS AN OFFICER, YOU HAD  
22 DUTIES TO THE CORPORATION THAT OTHER EMPLOYEES WHO WERE  
23 NOT OFFICERS DIDN'T HAVE, CORRECT?

24 A YES.

25 Q AND ONE OF THOSE THINGS IS YOU'RE FAMILIAR  
26 WITH THE CONCEPT OF A FIDUCIARY?

10:51AM

27 A YES. I'VE HEARD THE TERMS USED A LOT IN THIS  
28 BUSINESS.

1 Q SO, AS BETWEEN -- WITH RESPECT TO TCW, AS A  
2 VERY SENIOR OFFICER, YOU'RE A FIDUCIARY.

3 YOU KNEW THAT?

4 A YES.

5 Q AND THAT MEANS THAT YOU WERE SUPPOSED TO  
6 ADVANCE TCW'S INTERESTS, CORRECT?

10:51AM

7 A AS A FIDUCIARY?

8 Q YES, SIR?

9 A WHEN I THINK OF THE TERM FIDUCIARY, I THINK OF  
10 IT AS IN TERMS OF THE CLIENTS. THAT'S -- BUT I DO KNOW  
11 THAT I HAD SOME RESPONSIBILITIES AS AN OFFICER TO THE  
12 FIRM AS WELL.

10:51AM

13 Q FIDUCIARY RESPONSIBILITIES?

14 A I DON'T KNOW IF I ASSOCIATED THAT WITH, YOU  
15 KNOW, ONE OF THE ONES -- FIDUCIARY. WHEN I THINK OF  
16 THE TERM FIDUCIARY, I THINK OF ACTUALLY OUR CLIENTS.

10:51AM

17 Q MAYBE I MISHEARD YOU, SIR.

18 I THOUGHT YOU SAID A MOMENT AGO THAT YOU  
19 UNDERSTOOD THAT YOU HAD FIDUCIARY RESPONSIBILITIES AS  
20 AN OFFICER TO THE COMPANY.

10:51AM

21 A AGAIN, I -- I KNOW I HAD RESPONSIBILITIES TO  
22 THE COMPANY. I DON'T KNOW IF THEY WERE FIDUCIARY  
23 RESPONSIBILITIES.

24 Q YOU JUST DON'T KNOW?

25 A THE TERM FIDUCIARY IS NOT SOMETHING I'M NOT  
26 THAT -- I KNOW THE LEGAL DEFINITION TO -- I KNOW TO ME  
27 FIDUCIARY HAS ALWAYS MEANT, YOU KNOW, IT'S -- YOU PUT  
28 THE INTEREST OF THE CLIENT FIRST.

10:52AM

1                   YOU DON'T FRONT-RUN THE CLIENT.

2           Q       YOU KNEW YOU WERE SUPPOSED TO PROMOTE -- AS  
3 SENIOR OFFICER OF TCW, YOU HAD A POSITION OF TRUST,  
4 RIGHT?

5           A       YES. 10:52AM

6           Q       AND YOU KNEW THAT YOU WERE SUPPOSED TO PROMOTE  
7 THE INTERESTS OF THE COMPANY?

8           A       I'M NOT SURE. WE'RE ALWAYS -- I DON'T THINK  
9 YOU PUT THE COMPANY IN FRONT OF THE CLIENT. I THINK  
10 YOU ALWAYS PUT THE CLIENT IN FRONT OF THE COMPANY. 10:52AM

11          Q       I DIDN'T ASK YOU ABOUT THE CLIENT. WE'LL GET  
12 TO THE CLIENT.

13                   I'M TALKING ABOUT YOU AND THE COMPANY,  
14 TCW.

15                   ARE YOU WITH ME? 10:52AM

16          A       YES.

17          Q       SO YOU KNEW THAT YOU WERE SUPPOSED TO -- AS AN  
18 OFFICER, SENIOR OFFICER, YOU KNEW YOU WERE SUPPOSED TO  
19 PROMOTE THE INTERESTS OF THE COMPANY, DIDN'T YOU?

20                   MR. HELM: LACKS FOUNDATION. TO THE EXTENT IT  
21 CALLS FOR LEGAL CONCLUSION, I OBJECT. 10:52AM

22                   THE COURT: OVERRULED.

23                   THE WITNESS: I KNEW I HAD OBLIGATIONS TO THE  
24 COMPANY. YES. I --

25 BY MR. QUINN: 10:53AM

26          Q       THOSE OBLIGATIONS INCLUDED PROMOTING THE  
27 INTERESTS OF THE COMPANY, RIGHT?

28          A       YES.

1 Q ALL RIGHT.

2 A I MEAN, AGAIN, IT -- IT -- I KNOW I HAD  
3 OBLIGATIONS TO THE COMPANY. AND, YES, IF THAT MEANS  
4 PROMOTING THE INTEREST OF THE COMPANY, YEAH, SURE.

5 Q AND CERTAINLY YOU KNEW THAT YOU SHOULDN'T DO  
6 ANYTHING TO INJURE THE COMPANY? 10:53AM

7 A YEAH.

8 Q ALL RIGHT.

9 AND YOU KNEW THAT YOU SHOULDN'T PROMOTE  
10 YOUR OWN PERSONAL INTERESTS, YOUR OWN PERSONAL  
11 INTERESTS, AT THE EXPENSE OF THE COMPANY'S INTERESTS;  
12 YOU KNEW THAT? 10:53AM

13 A I DON'T KNOW IF I KNEW THAT, BUT THAT'S --  
14 SOMETHING I WOULD TAKE INTO CONSIDERATION, YEAH, THAT'S  
15 NOT SOMETHING I WOULD DO. 10:53AM

16 Q TAKE IT INTO CONSIDERATION OR SOMETHING YOU  
17 AGREE WITH?

18 A SOMETHING I AGREE WITH I MEAN.

19 Q YOU DON'T HAVE ANY PROBLEM WITH THE IDEA?

20 A YEAH. 10:53AM

21 Q THAT YOU'RE NOT SUPPOSED -- SUPPOSED TO BE  
22 PROMOTING, AS AN OFFICER OF THE COMPANY, YOU WERE NOT  
23 SUPPOSED TO BE PROMOTING YOUR OWN PERSONAL INTERESTS AT  
24 THE EXPENSE OF THE COMPANY.

25 YOU DON'T HAVE A PROBLEM WITH THAT, DO  
26 YOU? 10:54AM

27 A NO.

28 Q AND, IN FACT, YOU KNEW THAT, AS BETWEEN YOU

1 AND THE COMPANY, YOU'RE SUPPOSED TO PUT YOUR OWN -- PUT  
2 THE COMPANY'S INTERESTS AHEAD OF YOUR OWN PERSONAL  
3 INTERESTS, RIGHT?

4 A THAT -- I'M -- I'M NOT SURE. I MEAN, IF THE  
5 COMPANY WAS DOING SOMETHING WRONG, I WOULDN'T PUT THEIR  
6 INTEREST AHEAD OF MINE --

10:54AM

7 Q IF THE COMPANY IS --

8 A -- IN GENERAL KNOW WHERE YOU'RE GOING, YES.

9 Q YOU MIGHT HAVE A DUTY IF SOMEBODY'S DOING  
10 SOMETHING WRONG TO GO TO THE BOARD OF DIRECTORS, RIGHT?

10:54AM

11 A POSSIBLY, YES.

12 Q ALL RIGHT.

13 BUT YOU DON'T HAVE ANY QUARREL WITH THE  
14 NOTION THAT, AS AN OFFICER, YOU SHOULD BE PUTTING THE  
15 COMPANY'S INTERESTS AHEAD OF YOUR OWN PERSONAL  
16 INTERESTS?

10:54AM

17 A NO. I DON'T HAVE A PROBLEM.

18 Q YOU AGREE WITH THAT?

19 THE COURT: MR. SANTA ANA, CAN YOU EITHER MOVE  
20 UP CLOSER OR TRY TO TALK INTO THE MICROPHONE. YOUR  
21 VOICE IS VERY SOFT. I'M NOT SURE EVERYBODY CAN HEAR  
22 YOU.

10:54AM

23 THE WITNESS: SORRY. I'M ALL THE WAY.

24 THE COURT: OKAY.

25 THE WITNESS: HOW'S THAT?

10:55AM

26 THE COURT: MUCH BETTER.

27 BY MR. QUINN:

28 Q YOU DON'T HAVE ANY PROBLEM WITH THAT CONCEPT?

1 A I FORGOT WHAT THE CONCEPT WAS NOW.

2 Q AGAIN, THAT YOU SHOULDN'T BE -- AS BETWEEN YOU  
3 AND THE COMPANY, YOU SHOULDN'T BE PUTTING YOUR OWN  
4 PERSONAL INTERESTS AHEAD OF THE COMPANY?

5 A NO. 10:55AM

6 Q AND YOU KNEW, AGAIN, AS AN OFFICER, WITH THE  
7 THESE SPECIAL DUTIES YOU'VE TOLD US ABOUT, THAT IF YOU  
8 WERE PLANNING ON TAKING A COURSE OF ACTION, WHILE YOU  
9 WERE A SENIOR OFFICER, WHICH YOU KNEW WOULD HAVE  
10 INJURIOUS EFFECTS POTENTIALLY ON THE COMPANY, THAT 10:55AM  
11 THAT'S SOMETHING THAT YOU SHOULD TELL PEOPLE ABOUT,  
12 CORRECT?

13 A YES.

14 Q YOU SHOULDN'T KEEP THAT A SECRET IF YOU'RE  
15 PLANNING SOMETHING THAT WOULD BE DAMAGING TO THE 10:55AM  
16 COMPANY?

17 A YOU SHOULDN'T -- NO, YOU SHOULD NOT KEEP IT A  
18 SECRET.

19 Q YOU SHOULD SPEAK UP, RIGHT?

20 A YOU SHOULD SAY SOMETHING. 10:55AM

21 Q IF YOU HAVE PLANS, YOU CAN SEE IF WE FALL  
22 THROUGH ON THIS, I HAVE A DUTY TO TELL PEOPLE WE'RE  
23 PLANNING THIS IF IT WILL HAVE AN INJURIOUS EFFECT --  
24 ON -- YOU KNEW THAT?

25 A YES, YOU SHOULD TELL -- 10:56AM

26 Q NOT JUST NECESSARILY THE PEOPLE IN YOUR GROUP  
27 WHO ALSO KNOW ABOUT, BUT TELL PEOPLE LIKE THE CHIEF  
28 FINANCIAL OFFICER, MR. VILLA?

1           A       I GUESS -- HE WAS PART OF THE EXECUTIVE  
2 MANAGEMENT, YEAH. HE COULD BE ONE OF THE PERSONS, YES.

3           Q       OR DAVE DEVITO, THE CHIEF ADMINISTRATIVE  
4 OFFICER?

5           A       YES. 10:56AM

6           Q       OR MARC STERN?

7           A       YES.

8           Q       AT TCW THERE WAS SOME -- IN THE MORTGAGE BACK  
9 SECURITIES GROUP, YOU FOLKS HAD DEVELOPED SOME  
10 PROPRIETARY ANALYTICS COMPUTER PROGRAMS AND THE LIKE? 10:57AM

11          A       PROPRIETARY. IF BY PROPRIETARY YOU MEAN  
12 IN-HOUSE, YES.

13          Q       YEAH, TO TCW.

14          A       YES.

15          Q       ALL RIGHT. 10:57AM

16                   AND THESE WERE DEVELOPED BY, AMONG OTHER  
17 PEOPLE, CASEY MOORE, FAN ZHANG, AND J.P.?

18          A       THEY WERE SOME OF THE PEOPLE, YES. AND  
19 OTHERS.

20          Q       RIGHT. 10:57AM

21                   AND THOSE PEOPLE, THOSE THREE, THEY WERE  
22 ALL RECRUITED TO GO OVER TO DOUBLELINE, CORRECT?

23          A       YES.

24          Q       AND AT DOUBLELINE, YOU ALSO PRETTY QUICKLY HAD  
25 SOME DOUBLELINE PROPRIETARY ANALYTICS, COMPUTER 10:57AM  
26 PROGRAMS, AND THE LIKE, CORRECT?

27          A       YES, WE BUILT SOME STUFF IN-HOUSE AS WELL.

28          Q       THEY WERE DEVELOPED BY THE SAME PEOPLE I JUST



1 NAMED, CASEY MOORE, FAN ZHANG, AND J.P.?

2 A I DON'T KNOW IF J.P. WAS INVOLVED IN ANY  
3 SYSTEMS, PER SE, BUT HE -- HE WAS DOING MORE SPREAD  
4 SHEET WORK. CASEY AND FAN WERE DEVELOPING SYSTEMS,  
5 YES.

10:57AM

6 Q THEY DEVELOPED SYSTEMS WHICH WERE VERY, VERY  
7 SIMILAR TO THE SYSTEMS THEY HAD DEVELOPED AT TCW,  
8 CORRECT?

9 A THERE WOULD BE SOME SIMILARITIES. IT'S PART  
10 OF WHAT WE DO AND HOW WE MANAGE MONEY AND HOW YOU  
11 FILTER BONDS, YES.

10:58AM

12 Q IN FACT, YOU SAID THEY WERE VERY, VERY  
13 SIMILAR, CORRECT?

14 A I DON'T RECALL EVER SAYING VERY, VERY SIMILAR,  
15 BUT THEY SHOULD BE SIMILAR. THERE'S, YOU KNOW, ONLY  
16 CERTAIN WAYS YOU CAN LOOK AT -- AT THE MORTGAGE MARKET.

10:58AM

17 AND, YOU KNOW, WE LIKE TO LOOK AT THE  
18 MARKET A CERTAIN WAY, SO I WOULD EXPECT THEY WOULD BE  
19 VERY SIMILAR.

20 Q WELL, YOU HAD YOUR OWN VERSION OF THE SECURITY  
21 ANALYZER, THE TCW SECURITY ANALYZER; DOUBLELINE HAD ITS  
22 OWN VERSION?

10:58AM

23 A WE HAVE A -- I DON'T RECALL EXACTLY WHAT THE  
24 SECURITY ANALYZERS LOOK LIKE, BUT WE HAVE VERY SIMILAR  
25 FUNCTIONS. AND, YOU KNOW, WE SUBSCRIBE TO A LOT OF  
26 VENDORS THAT WERE THE SAME VENDORS THAT WE USED TO DEAL  
27 WITH THE COMPANY.

10:58AM

28 Q BUT THIS INVOLVES JUST MORE THAN SUBSCRIBING

1 TO THINGS. YOU ACTUALLY CRUNCHED THE NUMBERS, AND YOU  
2 HAVE ANALYTICAL PROBLEMS THAT COULD SLICE AND DICE THE  
3 DATA IN VARIOUS WAYS, CORRECT, YOU DO THAT AT  
4 DOUBLELINE?

5 A I'M NOT SURE HOW MUCH NUMBER CRUNCHING THERE 10:59AM  
6 IS BUT THERE IS AGGREGATING DATA, SO YOU CAN SEE  
7 CERTAIN WAYS AND DECIDE WHETHER YOU WANT TO GO FURTHER  
8 WITH THIS BOND VERSUS THAT BOND, YES.

9 Q YOU APPLY ALGORITHMS TO DATA, RIGHT?

10 A ACTUALLY, I'M VERY SAD. I DON'T KNOW WHAT -- 10:59AM  
11 SORRY. I DON'T KNOW WHAT AN ALGORITHM IS.

12 Q IF WE COULD TAKE A LOOK AT EXHIBIT 260.

13 THIS IS IN EVIDENCE, YOUR HONOR.

14 AND PUT THE FIRST PAGE UP ON THE SCREEN.

15 YOU ARE FAMILIAR WITH THIS DOCUMENT, 10:59AM  
16 ENTITLED TCW M.B.S. INVESTMENT TECHNOLOGY, AREN'T YOU,  
17 SIR?

18 A IT LOOKS FAMILIAR, YES.

19 Q AND YOU SEE THAT IN THE UPPER RIGHT-HAND  
20 CORNER IT SAYS: CONFIDENTIAL MATERIAL NOT FOR 10:59AM  
21 DISTRIBUTION.

22 YOU SEE THAT?

23 A YES.

24 Q AND THIS IS SOMETHING THAT YOU ACTUALLY WOULD  
25 USE WHEN YOU'RE AT TCW IN MAKING PRESENTATIONS TO 11:00AM  
26 CLIENTS, CORRECT?

27 A YES.

28 Q AND AS SOMEBODY WHO IS IN THE BUSINESS OF,

1 AMONG OTHER THINGS, MARKETING, INVESTMENT SERVICES,  
2 WHICH IS HIGHLY REGULATED, YOU KNOW, YOU MUST BE  
3 SCRUPULOUSLY HONEST AND ACCURATE IN TALKING TO CLIENTS  
4 ABOUT YOUR CAPABILITIES, CORRECT?

5 A YOU SHOULD ALWAYS BE HONEST TALKING TO YOUR  
6 CLIENTS, YES. 11:00AM

7 Q YOU SHOULDN'T EXAGGERATE AT ALL?

8 A NO, YOU SHOULDN'T -- WELL -- NO -- YOU  
9 SHOULDN'T EXAGGERATE. BUT IF YOU'RE GIVING A MARKETING  
10 SPEECH, EVERYBODY KNOWS IN MARKETING THERE'S CERTAIN 11:00AM  
11 ELEMENT OF MARKETING. THAT'S WHY THEY CALL IT  
12 MARKETING.

13 Q WELL, WHEN YOU WOULD MARKET, ARE YOU TELLING  
14 US THAT YOU WOULD TELL CLIENTS THAT YOU COULD DO THINGS  
15 THAT ACTUALLY YOU COULDN'T DO? 11:00AM

16 A NO. YOU WOULDN'T TELL THEM THAT.

17 Q WOULD YOU TELL CLIENTS THAT YOU HAD  
18 CAPABILITIES THAT YOU REALLY DIDN'T HAVE?

19 A NO.

20 Q AND YOU WOULD -- YOU KNOW THIS WAS WRITTEN BY 11:00AM  
21 DAN KALE, CORRECT?

22 A YEAH, I BELIEVE SO, YES.

23 Q AND YOU TOLD HIM YOU THOUGHT IT WAS TERRIFIC?

24 A I DON'T THINK THAT WORD, BUT PROBABLY  
25 SOMETHING ALONG THOSE LINES, YES. 11:01AM

26 Q YOU PROCEEDED TO USE THIS IN ABOUT 40  
27 DIFFERENT PRESENTATIONS TO CLIENTS?

28 A I DON'T KNOW.

1 Q WHILE WERE YOU AT TCW?

2 A I DON'T KNOW THE EXACT NUMBER, BUT WE USED IT  
3 AT PRESENTATIONS FOR CLIENTS, YES.

4 Q DOZENS?

5 A PROBABLY, YES. 11:01AM

6 Q ALL RIGHT.

7 AND YOU MADE IT A POINT TO, AFTER YOU  
8 PASSED THESE OUT AND SHOWED THEM TO CLIENTS, YOU MADE  
9 IT A POINT TO COLLECT THEM AT THE END OF THE  
10 PRESENTATION, CORRECT? 11:01AM

11 A IF I WAS IN THE PRESENTATION, I MIGHT DO THAT.

12 THERE WERE OCCASIONS WHERE I WASN'T THE  
13 LAST PERSON IN THE ROOM, AND MARC AND PEOPLE WOULD BE  
14 LEFT ON TO THEIR DEVICES TO ASK FOR THEM BACK. BUT  
15 SO -- I WASN'T SURE IF THE MARKET PEOPLE WOULD GET THEM  
16 BACK AT TIMES, BUT -- 11:01AM

17 Q BUT YOU'D CERTAINLY TELL THEM TO?

18 A WE'D ASK THEM FOR THEM.

19 Q IT WAS CERTAINLY YOUR INTENT AFTER YOU PASSED  
20 OUT THIS SUBSCRIPTIONS OF TCW PROPRIETARY ANALYTICS, IT  
21 WAS YOUR INTENT THAT SHOULD ALWAYS BE COLLECTED AND NOT  
22 LEFT WITH CLIENTS, CORRECT? 11:02AM

23 A YEAH. WE WOULD ASK THEM FOR THEM BACK.

24 THERE WERE COUPLE OCCASIONS WHERE, IF A  
25 CLIENT PRESSED, WE MIGHT LET HIM HAVE IT, BUT, BY AND  
26 LARGE, WE WOULD ASK FOR THEM BACK. 11:02AM

27 Q AND THERE WAS SOME OCCASIONS WHERE I'M --  
28 THERE WAS SOME OCCASIONS WHERE YOU WOULD ACTUALLY GIVE

1 CLIENTS COPIES OF SOME OF THE SLIDES, BUT YOU DID SOME  
2 REDACTIONS. SO THE INFORMATION WOULD BE REDACTED?

3 A YES, WE DID THAT AS WELL.

4 Q AND YOU ALSO -- IF WE COULD LOOK AT  
5 EXHIBIT 2128.

11:02AM

6 THIS IS NOT IN EVIDENCE, YET. 2128.

7 CAN YOU IDENTIFY THIS DOCUMENT?

8 A YEAH. IT APPEARS TO BE WHAT IT SAYS ON THE  
9 FRONT, THE CODE OF ETHICS FOR DOUBLELINE.

10 MR. QUINN: WE OFFER THAT, YOUR HONOR.

11:03AM

11 THE COURT: ANY OBJECTION?

12 MR. HELM: NO OBJECTION.

13 THE COURT: ADMITTED.

14  
15 (EXHIBIT 2128 ADMITTED.) +

11:03AM

16  
17 BY MR. QUINN:

18 Q AT DOUBLELINE YOU ALSO HAVE -- YOU HAVE  
19 CONFIDENTIAL AND PROPRIETARY INFORMATION AT DOUBLELINE?

20 A YES. YES.

11:03AM

21 Q AS A MATTER OF POLICY AT DOUBLELINE, YOU  
22 REGARD ALL INFORMATION CONCERNING CLIENTS, THEIR FIRMS,  
23 THEIR FINANCIAL CIRCUMSTANCES, THEIR HOLDINGS, THEIR  
24 TRADING HISTORY, AND THEIR CONTACT INFORMATION, YOU  
25 REGARD ALL THAT AS CONFIDENTIAL AT DOUBLELINE, CORRECT?

11:03AM

26 A I'M NOT SURE WHERE YOU'RE READING FROM.

27 Q LET ME JUST ASK YOU: IS MY STATEMENT TRUE?

28 A WELL, THERE WAS A LOT OF STUFF. CAN YOU

1 REPEAT THAT AGAIN?

2 Q AT DOUBLELINE YOU REGARD ALL INFORMATION  
3 CONCERNING CLIENTS, FINANCIAL CIRCUMSTANCES, HOLDINGS,  
4 CONTACT INFORMATION, TRADING HISTORY, YOU REGARD ALL  
5 THAT AS PRIVATE CLIENT INFORMATION?

11:04AM

6 A FOR THIS DOCUMENT, I'M NOT -- IF YOU'RE SAYING  
7 THAT'S WHAT THIS DOCUMENT SAYS --

8 Q LET'S PUT THE DOCUMENT DOWN AND LET ME ASK  
9 YOU.

10 WHAT'S YOUR -- YOU HAVE A SENIOR  
11 POSITION AT DOUBLELINE?

11:04AM

12 A YES.

13 Q WOULD YOU AGREE ALL THAT INFORMATION THAT I  
14 JUST DESCRIBED, THAT'S PRIVATE CLIENT INFORMATION?

15 A SOME OF THE INFORMATION WE HAVE AT DOUBLELINE  
16 IS PRIVATE CLIENT INFORMATION, YES.

11:04AM

17 Q WHAT I DESCRIBED, THOSE THINGS I LISTED, YOU  
18 WOULD REGARD THOSE THINGS AS PRIVATE --

19 A THAT IS A LONG LIST. CAN YOU REPEAT? I'M  
20 SURE SOME OF THOSE ARE PROBABLY CONFIDENTIAL THINGS WE  
21 WOULD TREAT WITH DISCRETION, YES.

11:04AM

22 Q WELL, DISCRETION OR YOU ACTUALLY TELL PEOPLE,  
23 AS A MATTER OF POLICY, THEY SHOULDN'T BE DISCLOSING ANY  
24 OF THAT INFORMATION OUTSIDE THE COMPANY, CORRECT?

25 A IS THAT WHAT IT SAYS?

11:05AM

26 Q NO --

27 A I DON'T MEMORIZE EVERY SINGLE POLICY. WE HAVE  
28 PROBABLY 20 POLICIES AT DOUBLELINE.

1 THE GENERAL, YOU KNOW, THE GENERAL WAY  
2 WE APPROACH IT IS THAT YOU HAVE TO USE DISCRETION.  
3 THIS IS CLIENT INFORMATION.

4 Q SO I'M A LITTLE CONFUSED.

5 SO EACH EMPLOYEE CAN DECIDE FOR  
6 THEMSELVES WHETHER THEY'RE GOING TO SHARE CLIENT  
7 INFORMATION OUTSIDE THE COMPANY?

11:05AM

8 IS THAT WHAT YOU'RE SAYING?

9 A NO. I THINK -- I THINK, AGAIN, YOU HAVE TO  
10 USE DISCRETION. I MEAN, EVERYONE -- THERE ARE A LOT OF  
11 PEOPLE WHO HAVE ACCESS TO CERTAIN PIECES OF  
12 INFORMATION, WHETHER THERE'S A SITUATION WHERE THEY MAY  
13 HAVE SENSITIVE INFORMATION, THEY'RE TYPICALLY TOLD TO  
14 KEEP IT SENSITIVE.

11:05AM

15 AND YOU HAVE TO OPERATE IN THIS BUSINESS  
16 WITH A SENSE OF -- OR THE ABILITY TO USE DISCRETION.

11:05AM

17 Q IS THIS SOMETHING THAT, AT DOUBLELINE, YOU  
18 KNOW, YOU TELL EMPLOYEES, YOU CAN DECIDE FOR YOURSELF  
19 WHICH ONES, WHEN YOU SHOULD EXERCISE DISCRETION, AND  
20 WHEN NOT WITH RESPECT TO PRIVATE CLIENT INFORMATION?

11:06AM

21 A NO. BUT IF THERE'S SOMETHING THAT IS VERY,  
22 VERY, VERY PRIVATE, CERTAIN INDIVIDUALS ARE PRECLUDED  
23 FROM HAVING ACCESS TO IT.

24 Q OKAY.

25 BUT PRIVATE CLIENT INFORMATION,  
26 INFORMATION CONCERNING A CLIENT'S HOLDINGS, THEIR  
27 FINANCIAL INFORMATION, DON'T YOU PROTECT THAT AT  
28 DOUBLELINE?

11:06AM

1 A I BELIEVE SO, YES.

2 Q AND YOU THINK THAT'S APPROPRIATE AT  
3 DOUBLELINE?

4 A SURE.

5 Q AND YOU ALSO HAVE -- I THINK YOU TOLD US -- 11:06AM  
6 PROPRIETARY TECHNICAL INFORMATION AND TECHNOLOGIES AT  
7 DOUBLELINE?

8 A YES, WE HAVE STUFF WE BUILT IN-HOUSE, YES.

9 Q YOU REGARD THOSE THINGS AS PRIVATE THAT  
10 DOUBLELINE KNOWS? 11:06AM

11 A YES.

12 Q IN OTHER WORDS, IT WOULDN'T BE RIGHT IF  
13 CASEY MOORE WANTED TO GO ON TO HIS NEXT JOB, AS FAR AS  
14 YOU'RE CONCERNED, AS A SENIOR OFFICER AT DOUBLELINE, IT  
15 WOULDN'T BE RIGHT FOR HIM TO TAKE CODE THAT HE HAS 11:06AM  
16 WRITTEN AT DOUBLELINE AND TAKE IT OVER TO PIMCO OR  
17 WAMCO OR ONE OF THESE OTHER CO'S?

18 A NO, IT WOULDN'T. NO, IT WOULDN'T.

19 Q YOU WOULD OBJECT TO THAT?

20 A YES. 11:07AM

21 Q I MEAN, IF HE HAD A HARD DRIVE AND DAY AFTER  
22 DAY WAS DOWNLOADING THINGS ONTO A PORTABLE HARD DRIVE  
23 AND TAKING IT OFF THE PREMISES, THAT IS NOT SOMETHING  
24 THAT YOU WOULD APPROVE OF AT DOUBLELINE, RIGHT?

25 A WE HAVE A MECHANISM OF TAKING INFORMATION OFF 11:07AM  
26 OF OUR SYSTEMS AND TAKING THEM HOME AT NIGHT. EACH  
27 EMPLOYEE HAS A DOUBLELINE LAPTOP -- NOT EACH  
28 EMPLOYEE -- MOST EMPLOYEES HAVE DOUBLELINE LAPTOPS.



1 THOSE WHO NEED THEM, AND DOWNLOAD INFORMATION ONTO  
2 THEIR LAPTOPS AND TAKE THEM HOME.

3 Q ALL RIGHT.

4 SO IT WOULD BE PERFECTLY OKAY IF THEY  
5 WERE GOING TO DOWNLOAD THAT INFORMATION AND TAKE IT  
6 HOME WITH A VIEW -- THE IDEA THAT THIS MIGHT BE USEFUL  
7 IN A NEW BUSINESS, DO YOU THINK THAT WOULD BE OKAY AT  
8 DOUBLELINE?

11:07AM

9 A WHAT KIND OF INFORMATION ARE YOU TALKING  
10 ABOUT?

11:07AM

11 Q INFORMATION ABOUT PRIVATE CLIENT INFORMATION,  
12 OR INFORMATION ABOUT ANALYTICAL PLATFORMS, WOULD BE  
13 THAT PERFECTLY OKAY?

14 A PROBABLY NOT.

15 Q COULD YOU LOOK, PLEASE, AT EXHIBIT 727.

11:08AM

16 YOU WERE ABLE TO GET YOUR ANALYTICAL  
17 PLATFORMS AT DOUBLELINE UP AND RUNNING VERY, VERY  
18 QUICKLY; ISN'T THAT TRUE?

19 A WE WERE ABLE TO GET SOME, SOME RUDIMENTARY  
20 SYSTEMS UP AND RUNNING FAIRLY QUICKLY.

11:08AM

21 Q WERE THERE A SERIES OF -- DO YOU RECALL THAT  
22 THERE WERE A SERIES OF WEBCASTS THAT MR. GUNDLACH AND  
23 OTHER SENIOR PEOPLE, INCLUDING YOURSELF, PARTICIPATED  
24 IN WITH INVESTORS, INTERESTED PARTIES, FINANCIAL  
25 ADVISORS, STARTING, I THINK, THE FIRST ONE WAS  
26 DECEMBER 8TH, 2009? DO YOU RECALL PARTICIPATING IN  
27 THOSE?

11:09AM

28 A I RECALL PARTICIPATING IN ONE CALL.

1 Q OF THOSE CALLS, YOU ONLY LISTENED TO ONE OF  
2 THEM?

3 A MAYBE ONE OR TWO. I DON'T RECALL HOW MANY I  
4 LISTENED TO. I DON'T EVEN RECALL HOW MANY THAT WERE --  
5 I DO RECALL PARTICIPATING IN ONE.

11:09AM

6 THE COURT: DO WE HAVE ANYTHING ON THE SCREEN  
7 RIGHT NOW?

8 MR. QUINN: THERE'S SOMETHING ON MY SCREEN.

9 THE COURT: WELL, YEAH, I THINK MINE IS  
10 DISCONNECTED AGAIN.

11:09AM

11 MR. QUINN: THERE MIGHT BE SOMETHING THAT'S  
12 BECOME UNPLUGGED AT YOUR FEET, MR. SANTA ANA.

13 THE COURT: THERE'S A PLUG DOWN AT YOUR FEET.

14 THE WITNESS: YES, I KNOW. I'VE BEEN TRYING  
15 TO AVOID MOVING TOO CLOSE.

11:09AM

16 THE COURT: SEE IF YOU CAN GET IT PLUGGED BACK  
17 IN.

18 I'VE GOT IT NOW. IT'S BACK IN. I HAVE  
19 AN IMAGE NOW -- BUT NOW IT'S GONE. NOW IT'S ON.

20 THE WITNESS: SORRY.

11:10AM

21 THE COURT: THAT'S ALL RIGHT.

22 BY MR. QUINN:

23 Q DO YOU RECALL ACTUALLY SPEAKING IN ONE OF  
24 THOSE WEBCASTS ON DECEMBER 29TH, 2009, THAT  
25 MR. GUNDLACH TURNED IT TO YOU FOR AN UPDATE ON THE  
26 STATUS OF DOUBLELINE PROPRIETARY SYSTEMS? DO YOU  
27 RECALL THAT?

11:11AM

28 A YES.

1 Q AND YOU ACTUALLY SPOKE?

2 A YES.

3 Q AND IT'S TRUE, ISN'T IT, WHAT YOU SAID WAS  
4 THAT YOU WANTED TO GIVE EVERYONE AN UPDATE ON A  
5 PROPRIETARY SYSTEMS, WHICH IS PROBABLY SOME OF THE MOST 11:11AM  
6 IMPORTANT THINGS THAT YOU WANT TO HEAR ABOUT; THAT'S  
7 WHAT YOU TOLD PEOPLE, CORRECT?

8 A IT SEEMS FAMILIAR, YES.

9 Q AND DO YOU RECALL THAT MR. GUNDLACH THEN WENT  
10 ON TO SPEAK AND SAID, AND SAY, LOOK, WE'RE REPLICATING 11:11AM  
11 THE SYSTEMS THAT WE HAD AT TCW?

12 DO YOU RECALL THAT?

13 A NO, I DON'T RECALL HIM SAYING SOMETHING LIKE  
14 THAT.

15 Q ARE YOU SAYING HE DIDN'T SAY THAT OR YOU JUST 11:11AM  
16 DON'T RECALL ONE WAY OR THE OTHER?

17 A THAT PARTICULAR CALL I SEEM TO REMEMBER BEING  
18 ASKED TO JOIN IT ABOUT 15, 20 MINUTES BEFORE IT  
19 STARTED. AND I WAS SCRAMBLING TO GET INFORMATION FROM  
20 MY TEAM SO I COULD HAVE SOMETHING TO SAY. 11:12AM

21 SO I THINK MOST OF THE TIME I SPENT KIND  
22 OF GOING OVER MY NOTES. AND AFTERWARDS I DON'T  
23 REMEMBER IF I HEARD THAT.

24 Q ALL RIGHT.

25 DID YOU THEN LEAVE, AFTER YOU SPOKE, OR 11:12AM  
26 DID YOU STAY ON TILL THE END OF THE CALL?

27 A I THINK I STAYED ON TO THE END OF THE CALL.

28 Q DO YOU RECALL MR. GUNDLACH SAYING, YOU KNOW,

1 LOOK, IT'S -- TALKING ABOUT THE ANALYTIC PLATFORM.  
2 IT'S KIND OF LIKE ERNEST HEMINGWAY IN THE SUN ALSO  
3 RISES. ONCE YOU'VE WRITTEN THE SUN ALSO RISES ONCE,  
4 YOU CAN WRITE IT AGAIN?

5 DO YOU REMEMBER HIM SAYING THAT?

11:12AM

6 A I DON'T REMEMBER IF I EVER REMEMBER HIM SAYING  
7 IN THE CALL, BUT I HAVE HEARD THAT REFERENCE THROUGHOUT  
8 THE COURSE OF THIS LITIGATION.

9 Q AND DID YOU SAY -- DO YOU RECALL HIM SAYING,  
10 BY ANALOGY, IT'S VERY EASY TO REBUILD A TECHNOLOGY  
11 SYSTEM ONCE YOU KNOW WHAT ALL THE COMPONENTS ARE WHEN  
12 YOU BUILD IT IN THE FIRST PLACE?

11:12AM

13 DO YOU RECALL HIM SAYING THAT RIGHT  
14 AFTER TALKING ABOUT HEMINGWAY AND YOU COULD REWRITE THE  
15 SUN ALSO RISES?

11:13AM

16 A AGAIN, I DON'T RECALL IF IT WAS IN THE CALL --  
17 I RECALL HIM SAYING SOMETHING LIKE THAT, BUT I DON'T  
18 RECALL IF IT'S A RESULT OF BEING ON THE CALL OR THROUGH  
19 THE COURSE OF LITIGATION.

20 Q DID YOU EVER LISTEN TO ANY OF THE OTHER  
21 WEBCASTS?

11:13AM

22 A I THINK I DID.

23 Q DO YOU RECALL, ON A DECEMBER 22ND CALL, THAT  
24 MR. GUNDLACH WAS TALKING ABOUT, YOU KNOW, ONE OF THE  
25 FUNDS WE WERE LOOKING AT, THE SMCF FUNDS, YOU KNOW WHAT  
26 THOSE ARE --

11:13AM

27 A YES.

28 Q -- DIDN'T YOU?

1           A       YES, THOSE ARE THE SMCF FUNDS WERE THE  
2 DISTRESSED FUNDS WE USED TO MANAGE.

3           Q       DO YOU RECALL MR. GUNDLACH SAYING -- TELLING  
4 ALL THE PEOPLE WHO HAD CALLED IN, WE SEE THESE FUNDS;  
5 THEY'RE LIKE OUR CHILDREN. THEY'RE LIKE OUR CHILDREN,  
6 AND WE WANT OUR CHILDREN TO COME HOME TO US.

11:14AM

7                         DO YOU REMEMBER HIM SAYING THAT?

8           A       I DON'T KNOW IF I REMEMBER HIM SAYING THAT OR  
9 IF I REMEMBER HIM READING IT, BUT -- THAT'S -- THAT  
10 SOUNDS FAMILIAR.

11:14AM

11          Q       AND, OF COURSE, MR. GUNDLACH ACTUALLY IS THE  
12 ONE WHO HAD COME UP WITH THE IDEA FOR THESE FUNDS;  
13 ISN'T THAT TRUE?

14          A       YES.

15          Q       AND HE ACTUALLY HAD, SO HE HAD INTIMATE  
16 KNOWLEDGE OF THE FUNDS, RIGHT?

11:14AM

17          A       YES.

18          Q       AND HE KNEW THESE ARE WHAT ARE CALLED CLOSED  
19 FUNDS, RIGHT?

20          A       I --

11:14AM

21                         MR. HELM: LACKS FOUNDATION OF MR. GUNDLACH'S  
22 KNOWLEDGE.

23                         THE COURT: OVERRULED.

24                         THE WITNESS: I WOULD IMAGINE HE DID, YES.

25 BY MR. QUINN:

11:14AM

26          Q       WOULD YOU PLEASE TELL THE JURY WHAT A CLOSED  
27 FUND IS.

28          A       A CLOSED FUND IS WHERE YOU RAISE ASSETS

1 THROUGH A BUNCH OF INVESTORS. THEY HAPPEN TO BE  
2 PARTNERS. WHERE THEIR MONEY IS LOCKED UP FOR SOME  
3 PERIOD OF TIME.

4 Q THAT'S PART OF THE DEAL, THAT MONEY IS LOCKED  
5 UP, RIGHT? 11:15AM

6 A CORRECT.

7 Q AND THE INVESTORS ALL SIGN CONTRACTS THAT THEY  
8 AGREE THAT THEIR MONEY IS LOCKED UP IN THE FUND, RIGHT?

9 A YES.

10 Q AND THAT'S IMPORTANT TO THE STRATEGY. THAT'S 11:15AM  
11 NOT JUST SOMETHING ARBITRARY, OR SO THAT TCW CAN HANG  
12 ON TO THE MONEY. THAT'S IMPORTANT TO THE STRATEGY,  
13 THAT IT'S BEEN DECIDED THAT FOR THIS TYPE OF INVESTMENT  
14 WE NEED THE ABILITY, COMMITMENT FROM INVESTORS, THEY'RE  
15 GOING TO KEEP THEIR MONEY DEPLOYED, RIGHT? 11:15AM

16 A YES.

17 Q THEY SIGN CONTRACTS TO THAT EFFECT, CORRECT?

18 A YES, I BELIEVE SO, YES.

19 Q AND YOU REMEMBER -- DO YOU REMEMBER  
20 MR. GUNDLACH SAYING ABOUT -- IN TALKING ABOUT THESE 11:15AM  
21 FUNDS AND TALKING ABOUT TO THESE INVESTORS, TCW, IN MY  
22 OPINION, IS IN FIDUCIARY BREACH AND, THEREFORE, THESE  
23 LEGAL PREPOSITIONAL PHRASES THAT THEY'RE TRYING TO HIDE  
24 UNDERNEATH HAVE BEEN BLOWN TO HIGH HELL AND, THEREFORE,  
25 WE DON'T CARE WHAT THE DOCUMENTS SAY IN SOME SCHEMED 11:16AM  
26 WAY TO TRY TO SHANGHAI THE FUNDS.

27 DO YOU RECALL MR. GUNDLACH SAYING THAT?

28 A AGAIN, I DON'T RECALL HEARING HIM SAY THAT. I

1 MAY HAVE READ IT, BUT I'VE HEARD THAT PHRASE.

2 Q YOU'RE NOT DENYING THEY HE SAID, WE DON'T CARE  
3 WHAT THE DOCUMENTS SAY --

4 A NO, NO, I DON'T DENY IT.

5 Q AND YOU KNEW HE WAS TELLING INVESTORS, WHO HAD  
6 AGREEMENTS WITH TCW, TO BREACH THEIR AGREEMENTS AND  
7 FORCE, PRESSURE TCW TO CHANGE THE TERMS OF THOSE FUNDS  
8 AND GET THOSE FUNDS OVER TO DOUBLELINE.

11:16AM

9 THAT'S WHAT HE WAS SAYING, RIGHT?

10 MR. HELM: ARGUMENTATIVE. LACKS FOUNDATION.

11:16AM

11 THE COURT: SUSTAINED.

12 BY MR. QUINN:

13 Q WELL, DO YOU RECALL MR. GUNDLACH IN THESE  
14 CALLS, SAYING -- SAYING WE REGARD THESE FUNDS AS OUR  
15 CHILDREN, AND WE WANT OUR CHILDREN TO COME HOME?

11:16AM

16 YOU DO REMEMBER THAT MUCH?

17 A I RECALL AGAIN READING IT OR HEARING IT.

18 Q YOU RECALL HIM TELLING -- SAYING ON THESE  
19 CALLS THAT INVESTORS SHOULD PRESSURE TCW, RIGHT?

20 A AGAIN, I DON'T RECALL. I DON'T RECALL THAT  
21 SPECIFICALLY ACTUALLY.

11:17AM

22 Q WELL, WHETHER OR NOT THOSE SPECIFIC WORDS OR  
23 NOT, YOU DO RECALL THE CONCEPT THAT HE WAS TELLING  
24 INVESTORS THEY SHOULD BRING PRESSURE ONTO TCW, CORRECT?

25 A I RECALL HE HAD A CALL WITH INVESTORS WHERE HE  
26 WAS TALKING TO INVESTORS ABOUT OPTIONS AND THINGS LIKE  
27 THAT. AND THESE PHRASES THAT YOU'RE READING, THEY DO  
28 SOUND FAMILIAR, BUT I DON'T KNOW WHAT HIS INTENTION WAS

11:17AM

1 IN HAVING THESE CALLS.

2 Q NOT HIS INTENTIONS. THE THINGS THAT HE SAID.  
3 HE SAID -- DIDN'T HE SAY: WHAT WE WANT IS THE FUNDS TO  
4 BE MANAGED IN THE MAXIMUM POSSIBLE BENEFIT TO THE  
5 INVESTORS, AND THAT IS DOUBLELINE. SO, IN MY VIEW, WE 11:17AM  
6 CAN PRESSURE TCW WITH LETTERS. WE CAN GO PUBLIC WITH  
7 THE FACT THAT WE ARE UNHAPPY WITH THE WAY THAT TCW IS  
8 HANDLING THE SITUATION.

9 DO YOU RECALL THAT? DO YOU RECALL HIM  
10 SAYING THAT? 11:18AM

11 A AGAIN, I RECALL EITHER READING IT, OR I MAY  
12 HAVE HEARD IT, IF I WAS ON THE CALL, BUT I DO RECALL A  
13 PHRASE LIKE THAT, YES.

14 Q AND UNDER THE CONTRACTS THAT IN FACT  
15 MR. GUNDLACH, WHILE HE WAS AT TCW, HAD ENTERED INTO 11:18AM  
16 THESE INVESTORS, THESE INVESTORS DIDN'T HAVE A RIGHT OR  
17 ABILITY TO PULL THOSE FUNDS OUT AND TAKE THEM TO TCW,  
18 DID THEY?

19 A I'M SORRY. CAN YOU ASK THE QUESTION AGAIN.

20 Q UNDER THE CONTRACTS THAT MR. GUNDLACH HAD 11:18AM  
21 DESIGNED, AND ENTERED INTO WITH INVESTORS WHILE HE WAS  
22 AT TCW, IN THESE CLOSED FUNDS THE INVESTORS DIDN'T HAVE  
23 THE ABILITY TO DO THAT, RIGHT?

24 A NO, THEY DIDN'T HAVE THE ABILITY TO -- I  
25 BELIEVE THEIR -- THEIR MONEY WAS LOCKED UP FOR THREE 11:18AM  
26 YEARS. AND, YOU KNOW, I THINK JEFFREY'S INTENTION WAS  
27 THAT HE WOULD ALWAYS BE MANAGING THOSE PORTFOLIOS.

28 Q ALL RIGHT.



1 AND SO HE SAID: WE DON'T CARE ABOUT  
2 THESE LEGAL PREPOSITIONAL PHRASES.

3 BY THE WAY, THOSE ARE LEGAL  
4 PREPOSITIONAL PHRASES THAT HE WAS INVOLVED IN  
5 APPROVING, PREPARING, AND ENTERING INTO INVESTORS WHILE  
6 HE WAS AT TCW, RIGHT? 11:19AM

7 MR. HELM: LACKS FOUNDATION.

8 THE COURT: SUSTAINED.

9 BY MR. QUINN:

10 Q WELL, I MEAN, YOU KNOW THAT MR. GUNDLACH WAS  
11 INVOLVED IN THE CREATION OF THESE FUNDS, CORRECT? 11:19AM

12 A IN THE CREATION OF THE IDEA BEHIND THE FUNDS,  
13 YES. I DON'T THINK HE WAS INVOLVED IN THE LEGAL  
14 DOCUMENTS.

15 Q ALL RIGHT. 11:19AM

16 WELL, WHAT YOU RECALL HIM SAYING: WE  
17 DON'T CARE WHAT THE DOCUMENTS SAY, IN SOME SCHEMED WAY  
18 TO TRY TO SHANGHAI THE FUNDS.

19 DO YOU RECALL HIM SAYING THAT?

20 A AGAIN, I DON'T RECALL HIM EITHER SAYING -- I  
21 DO RECALL HEARING THAT PHRASE. I DON'T RECALL WHETHER  
22 I READ IT OR HEARD IT. 11:19AM

23 Q I MEAN, YOU SIT HERE NOW, SIR, DO YOU THINK  
24 IT'S -- DO YOU REGARD THAT AS INTERFERING WITH TCW'S  
25 CONTRACTS? 11:19AM

26 MR. HELM: OBJECTION, YOUR HONOR.

27 THE COURT: SUSTAINED.

28

1 BY MR. QUINN:

2 Q WELL, YOU DO KNOW THAT TCW HAD TO END UP  
3 CUTTING ITS FEES BY 75 PERCENT?

4 A I DON'T KNOW IF THAT WAS THE AMOUNT I HEARD  
5 THAT THEY HAD CUT FEES.

11:20AM

6 Q THAT COST TCW'S TENS OF MILLIONS, IF NOT  
7 HUNDREDS OF MILLIONS OF DOLLARS, CORRECT?

8 A I -- I DON'T KNOW HOW MUCH MONEY IT COST TCW.  
9 BUT --

10 Q WELL --

11:20AM

11 A -- IF IT WAS BECAUSE JEFFREY WAS FIRED, RIGHT?  
12 I MEAN, THAT'S WHY THE FUNDS HAD TO BE LIQUIDATED.

13 Q AND MR. GUNDLACH'S STATEMENTS HAD NOTHING TO  
14 DO WITH THIS, RIGHT?

15 A I HAVE NO -- I HAVE NO WAY OF KNOWING.

11:20AM

16 Q YOU DON'T KNOW?

17 A NO.

18 Q AND YOU DO KNOW TCW HAD TO CUT ITS FEES BY  
19 75 PERCENT; YOU KNOW THAT?

20 A I DON'T KNOW WHAT THE AMOUNT WAS.

11:20AM

21 Q ALL RIGHT.

22 YOU KNOW IT WAS A SIGNIFICANT REDUCTION?

23 A ALL I KNOW IS THAT I HEARD THEY CUT THE FEES.

24 Q DO YOU RECALL MR. GUNDLACH TELLING INVESTORS  
25 THAT THERE'S REALLY NOBODY RUNNING THE FUNDS RIGHT NOW?

11:21AM

26 A I DON'T RECALL THAT SPECIFIC COMMENT.

27 Q DO YOU RECALL HIM SAYING THE MANAGER OF THE  
28 SPECIAL MORTGAGE CREDIT ONE AND TWO APPEARS TO BE

1 NOBODY RIGHT NOW?

2 DO YOU RECALL HIM SAYING THAT?

3 A I DON'T RECALL THAT SPECIFIC COMMENT, NO.

4 Q NOW, YOU KNEW THAT TCW -- YOU KNEW THAT  
5 BETWEEN YOU NOW KNOW THAT BETWEEN SEPTEMBER AND  
6 DECEMBER 4 TCW NEGOTIATED A DEAL WITH ANOTHER MORTGAGE  
7 BACK SECURITY MANAGEMENT FIRM; YOU KNOW THAT, CORRECT?

11:21AM

8 A YES.

9 Q AND YOU KNOW THAT FIRM IS MET WEST, RIGHT?

10 A YES. YES.

11:21AM

11 Q AND YOU KNOW THAT ON DECEMBER 4 THEY CAME IN  
12 AND TOOK OVER THE MANAGEMENT OF THESE FUNDS?

13 A YES.

14 WELL, I KNOW THEY TOOK OVER THE  
15 MANAGEMENT OF THE GROUP. I DON'T KNOW IF THEY TOOK  
16 OVER MANAGEMENT OF THE FUNDS.

11:22AM

17 Q OKAY.

18 AND DID YOU HEAR MR. GUNDLACH REFER TO  
19 THIS GROUP AND THESE CALLS WITH INVESTORS AS JUST A  
20 RANDOM GROUP, A RANDOM CHOSEN FIRM?

11:22AM

21 A I DON'T RECALL THAT SPECIFIC COMMENT.

22 Q DO YOU RECALL HIM MAKING NEGATIVE REMARKS  
23 ABOUT THE MET WEST GROUP?

24 A JEFFREY USED SOME -- SOME HARSH REMARKS --

25 Q I'M SORRY?

11:22AM

26 A JEFFREY USED SOME HARSH REMARKS ON ONE OF THE  
27 CALLS.

28 Q I APOLOGIZE. I'M A LITTLE HARD OF HEARING.

1 A JEFFREY, I THINK, DID USE SOME REMARKS THAT  
2 COULD BE PERCEIVED AS BEING HARSH.

3 Q LIKE SO-AND-SO, TAD RIVELLE WAS IN JUNIOR HIGH  
4 SCHOOL WHEN I STARTED DOING THIS.

5 DO YOU REMEMBER THAT?

11:22AM

6 A I DON'T REMEMBER THAT ONE.

7 Q AND DO YOU RECALL HIM SAYING: WE HAVE 10  
8 TIMES THE NUMBER OF SEASONED INVESTMENT PROFESSIONALS  
9 IN MORTGAGE AT DOUBLELINE THAN ARE NOW EMPLOYED AT TCW?

10 DO YOU RECALL HIM SAYING THAT?

11:23AM

11 A I THINK ACTUALLY I DO RECALL HIM SAYING THAT  
12 ONE, OR READING THAT SOMEWHERE.

13 Q THAT WAS COMPLETELY FALSE; ISN'T THAT TRUE?

14 A I HAVE NO IDEA. I MEAN --

15 Q ISN'T IT TRUE THAT YOU KNOW OVER 22  
16 PROFESSIONALS CAME WITH MET WEST?

11:23AM

17 A I HAVE NO IDEA.

18 Q AND THERE WAS -- NOT EVERYBODY IN THE TCW  
19 MORTGAGE BACK SECURITIES GROUP WENT TO DOUBLELINE,  
20 CORRECT?

11:23AM

21 A NOT EVERYONE, BUT MOST OF THE SENIOR PEOPLE.

22 Q ERIC ARENTSEN?

23 A HE WAS ONE NONTRADING -- SENIOR PERSON WHO  
24 STAYED BEHIND, YES.

25 Q I MEAN, HE WAS A GOOD --

11:23AM

26 A HIS FUNCTION WAS NOT ON THE PORTFOLIO  
27 MANAGEMENT SIDE. HE HAD A MORE ADMINISTRATIVE ROLE.

28 Q BUT DOUBLELINE OFFERED HIM A JOB?

1 A I DON'T KNOW THAT FOR A FACT.

2 Q WELL, WHAT DO YOU BELIEVE?

3 A I HAD HEARD THAT SOMEONE HAD REACHED OUT TO  
4 ERIC, YES.

5 Q OFFERED HIM A JOB? 11:24AM

6 A I DON'T KNOW IF THEY OFFERED A JOB OR NOT.

7 Q DON KALE?

8 A (NO AUDIBLE RESPONSE.)

9 Q DAN KALE?

10 A I'M SORRY. 11:24AM

11 Q SOMEBODY OFFER HIM A JOB?

12 A I BELIEVE LOU LUCIDO TALKED TO DAN.

13 Q HE WAS SOMEBODY YOU HAD HIGH REGARD FOR?

14 A HE'S SOMEONE I ENJOYED WORKING WITH, YES.

15 Q IN DECEMBER YOU SOUND HIM OUT ON THE QT. YOU  
16 ASKED HIM IF THE GROUP WERE TO LEAVE, WOULD YOU BE IN? 11:24AM

17 DO YOU RECALL ASKING HIM THAT?

18 A I DON'T THINK I PHRASED IT EXACTLY THAT WAY.

19 Q HOW DID YOU PHRASE IT?

20 A I -- I SEEM TO RECALL A COUPLE CONVERSATIONS 11:24AM  
21 WITH KALE, WHERE HE COME TO ME ABOUT VARIOUS RUMORS,  
22 AND I TRIED TO ALLAY HIS CONCERNS BY TELLING HIM THAT,  
23 YOU KNOW, WHATEVER HAPPENS, I'D HOPE WE WOULD BE ABLE  
24 TO WORK TOGETHER.

25 I WOULD HOPE JEFFREY WOULD TAKE US WITH 11:24AM  
26 US -- IF THERE WAS SOME SORT OF DEPARTURE.

27 AND HE HAD CONCERNS. I THINK HE  
28 DIDN'T -- AT ONE POINT HE SAID HE WAS THINKING ABOUT

1 BUYING A HOUSE, AND WHETHER OR NOT HE SHOULD PUT IT ON  
2 HOLD, OR SOMETHING TO THAT EFFECT.

3 AND SO I WANTED TO, YOU KNOW, ALLAY HIS  
4 CONCERNS AND LET HIM KNOW THAT -- I LIKED WORKING WITH  
5 DAN.

11:25AM

6 Q SO, IF MR. KALE TESTIFIED, THEN, IN SEPTEMBER,  
7 YOU WENT TO HIM AND SAID: IF THE GROUP WERE TO LEAVE,  
8 WOULD YOU BE WITH US? IF HE TESTIFIED TO THAT, YOU  
9 WOULD SAY THAT IS NOT TRUE?

10 A I DON'T THINK I SAID WOULD YOU BE WITH US. I  
11 THINK I ACTUALLY USED THE WORD, YOU KNOW, IN A  
12 SITUATION, HYPOTHETICALLY, IF THERE WAS SOME SORT OF  
13 DEPARTURE, WOULD YOU WANT TO COME?

11:25AM

14 I SEEM TO RECALL SAYING SOMETHING TO  
15 THAT EFFECT.

11:25AM

16 Q DO YOU RECALL MR. GUNDLACH SAYING, YOU KNOW,  
17 THE ONLY PEOPLE WE LEFT BEHIND AT TCW WERE SOME PEOPLE  
18 WHO HAD GREEN CARD ISSUES, AND ALSO SOME BAD  
19 PERFORMERS? THE ONLY PEOPLE IN THE TCW, M.B.S. GROUP  
20 ARE STILL THERE ARE PEOPLE WE LEFT BEHIND BECAUSE THEY  
21 HAD GREEN CARD ISSUES, OR BAD PERFORMERS?

11:26AM

22 DO YOU RECALL HIM SAYING THAT?

23 A I DON'T RECALL THAT SPECIFIC COMMENT.

24 Q YOU'RE SAYING YOU DON'T RECALL SPECIFICALLY --  
25 ARE YOU DENYING HE SAID THAT IN ONE OF THESE WEBCASTS?

11:26AM

26 A NO, NO. I JUST DON'T RECALL.

27 Q YOU KNOW THERE ARE TRANSCRIPTS OF THESE  
28 WEBCASTS, RIGHT?

1 A SURE.

2 Q YOU'VE SEEN THOSE?

3 A YES.

4 Q HAVE YOU READ THEM TO PREPARE FOR YOUR  
5 TESTIMONY?

11:26AM

6 A NO. ACTUALLY, I DON'T THINK I'VE READ THAT  
7 ONE.

8 Q AS YOU THINK ABOUT IT, YOU KNOW HE SAID THAT,  
9 RIGHT?

10 A I'M -- I'M SURE HE SAID IT. I MEAN --

11:26AM

11 Q YEAH?

12 A -- I'M SURE HE SAID EVERYTHING YOU'RE READING  
13 FROM THE TRANSCRIPT.

14 Q THAT WOULD BE FALSE?

15 A WHAT WOULD BE FALSE?

11:26AM

16 Q THAT THE ONLY PEOPLE LEFT BEHIND ARE THOSE WHO  
17 HAVE GREEN CARD PROBLEMS OR ARE BAD PERFORMERS; THAT  
18 WAS A FALSE STATEMENT, RIGHT?

19 A I WOULDN'T PHRASE IT THAT WAY. I THINK THERE  
20 ARE GOOD PEOPLE AT TCW.

11:26AM

21 Q RIGHT.

22 IN FACT, YOU TRIED TO RECRUIT AT LEAST  
23 MR. KALE AND MR. ARENTSEN, RIGHT?

24 A I DID NOT TRY TO RECRUIT EITHER OF THOSE  
25 GENTLEMEN.

11:27AM

26 Q WELL, THE DOUBLELINE TEAM DID?

27 MR. HELM: LACKS FOUNDATION.

28 THE COURT: SUSTAINED.

1 BY MR. QUINN:

2 Q WAS JONATHAN MARCUS SOMEBODY YOU KNOW?

3 A YES.

4 Q HE STAYED AT TCW?

5 A HE DID.

11:27AM

6 Q DID HE HAVE A GREEN CARD ISSUE?

7 A NOT TO MY KNOWLEDGE, NO.

8 Q WAS HE A BAD PERFORMER?

9 A NO. I DON'T CONSIDER HIM TO BE A BAD

10 PERFORMER.

11:27AM

11 Q HOW ABOUT SEAN PLATER, DO YOU KNOW

12 SEAN PLATER?

13 A I KNOW WHO SEAN PLATER IS, YES.

14 Q DID HE HAVE A GREEN CARD ISSUE?

15 A I DON'T KNOW. I DON'T THINK SO.

11:27AM

16 Q WAS HE A BAD PERFORMER?

17 A HE DIDN'T WORK FOR ME.

18 Q HOW ABOUT LAZARUS SUN?

19 A I KNOW LAZ, YES.

20 Q LAZ HAVE A GREEN CARD ISSUE?

11:27AM

21 A I DON'T KNOW.

22 Q BAD PERFORMER?

23 A HE DIDN'T REPORT TO ME, EITHER.

24 Q HOW ABOUT MELISSA CONN, SHE WAS HERE

25 YESTERDAY, DID SHE HAVE A GREEN CARD ISSUE?

11:28AM

26 A I DON'T THINK SO.

27 Q WAS SHE A BAD PERFORMER?

28 A I WOULDN'T SAY SHE WAS BAD PERFORMER, NO.



1 Q THE TRUTH OF THE MATTER IS THERE WERE A LOT  
2 OF -- A NUMBER OF REALLY GOOD EMPLOYEES IN THE TCW,  
3 M.B.S. GROUP WHO CHOSE TO STAY AT TCW; ISN'T THAT TRUE?

4 A THERE ARE A LOT OF GOOD PEOPLE AT TCW THAT GOT  
5 LEFT BEHIND OR ARE SUFFERING FROM THIS --

11:28AM

6 Q I'M SORRY?

7 A -- FROM THIS -- FROM THIS DISPUTE.

8 Q WELL, THEY HAVE JOBS TODAY, DON'T THEY?

9 A THEY HAVE JOBS.

10 Q ALL RIGHT.

11:28AM

11 A OTHERS WERE PUT IN A POSITION WHERE THEY  
12 WOULDN'T HAVE JOBS.

13 Q ALL RIGHT. BUT IF YOU ALL HAD LEFT IN MARCH  
14 WITH NO NOTICE, DO YOU THINK THERE WOULD BE AN M.B.S.  
15 GROUP AND JOBS FOR THOSE PEOPLE THERE TODAY?

11:28AM

16 MR. HELM: CALLS FOR SPECULATION.

17 THE COURT: SUSTAINED.

18 BY MR. QUINN:

19 Q WELL, IT WOULD NOT BE A TRUE STATEMENT TO TELL  
20 THE INVESTMENT COMMUNITY THAT THE ONLY PEOPLE IN M.B.S.  
21 AT TCW WHO ARE STILL THERE ARE THOSE WITH GREEN CARD  
22 ISSUES AND BAD PERFORMERS; WE CAN AGREE ON THAT, CAN'T  
23 WE, SIR?

11:28AM

24 THAT WOULD NOT BE A TRUE STATEMENT?

25 A THERE ARE SOME PEOPLE THERE --

11:29AM

26 Q SIR?

27 A -- I --

28 Q THAT WOULD NOT BE A TRUE STATEMENT, WOULD IT?

1 A NOT IN MY OPINION, NO.

2 Q IT ALSO WOULD NOT BE A TRUE STATEMENT TO SAY  
3 THAT THE NUMBER OF INVESTMENT PROFESSIONALS IN MORTGAGE  
4 BACK SECURITIES AT DOUBLELINE AS OF DECEMBER 29, 2009  
5 OUTNUMBERS THOSE AT TCW BY TEN TO ONE.

11:29AM

6 THAT WOULD NOT BE A TRUE STATEMENT,  
7 WOULD IT?

8 A I'M SORRY. CAN YOU READ THAT AGAIN?

9 Q IT WOULD NOT BE A TRUE STATEMENT TO SAY, AS OF  
10 DECEMBER 29, 2009, THAT THE NUMBER OF PROFESSIONALS IN  
11 THE MORTGAGE BACK SECURITIES DEPARTMENT AT DOUBLELINE,  
12 OUTNUMBERED THOSE AT TCW BY TEN TO ONE; THAT WOULD BE  
13 FALSE?

11:29AM

14 A I DON'T KNOW WHAT THE EXACT RATIO IS, BUT I  
15 THINK THE INDUSTRY KNOWS THAT DOUBLELINE HAS PROBABLY  
16 MORE MORTGAGE PROFESSIONALS THAN MET WEST. MET WEST  
17 WASN'T REALLY KNOWN FOR THEIR MORTGAGE SPECIALTY.

11:30AM

18 Q DID YOU HEAR MY QUESTION?

19 A I DON'T KNOW -- YOU CITED SPECIFIC RATIO. I  
20 HAVE NO IDEA KNOWING WHAT THAT RATIO IS.

11:30AM

21 Q WHATEVER THE RATIO ACTUALLY IS, YOU KNOW IT  
22 WOULD BE FALSE TO SAY, AS OF DECEMBER 29, THAT THE  
23 NUMBER OF PROFESSIONALS AT DOUBLELINE OUTNUMBERED THOSE  
24 AT TCW BY A FACTOR OF TEN TO ONE, DO YOU KNOW THAT --  
25 RIGHT?

11:30AM

26 MR. HELM: LACKS FOUNDATION, YOUR HONOR.

27 THE COURT: CAN YOU ANSWER THAT QUESTION?

28 THE WITNESS: NO, I CAN'T. I HAVE NO IDEA.

1 THE COURT: OKEY.

2 THE ANSWER IS HE CAN'T. HE HAS NO IDEA.

3 BY MR. QUINN:

4 Q YOU HAVE NO IDEA WHETHER, IN FACT, THERE MIGHT  
5 HAVE BEEN MORE BUT ONCE THE MET WEST PEOPLE CAME OVER  
6 DECEMBER 4, THERE MIGHT HAVE BEEN MORE MORTGAGE BACK  
7 SECURITY PROFESSIONALS AT TCW THAN THERE WERE AT  
8 DOUBLELINE; YOU DON'T KNOW, RIGHT?

11:30AM

9 A NO, AGAIN, THAT WAS ONE OF THE THINGS ABOUT --  
10 OUR BUSINESS IS PEOPLE KNEW TCW WHEN WE WERE THERE, AS  
11 HAVING ONE OF THE HIGHEST NUMBER OF MORTGAGE  
12 PROFESSIONALS IN THE WORLD.

11:31AM

13 MET WEST WASN'T KNOWN FOR THAT.

14 Q WELL, WE'LL GET TO THAT. THAT IS NOT MY  
15 QUESTION.

11:31AM

16 DO YOU KNOW WHETHER OR NOT, AS OF  
17 DECEMBER 29, THERE WERE MORE PROFESSIONALS AT TCW IN  
18 MORTGAGE BACK SECURITIES THAN THERE WERE AT DOUBLELINE?  
19 DO YOU KNOW ONE WAY OR ANOTHER?

20 A I HAVE NO WAY OF KNOWING EXACTLY HOW MANY  
21 PEOPLE ARE AT TCW.

11:31AM

22 Q SO YOU JUST DON'T KNOW?

23 A NO.

24 Q NOW, THIS MET WEST GROUP, THEY WERE -- THAT  
25 WAS A GROUP THAT HAD RECEIVED AWARDS AND RECOGNITION IN  
26 THE INDUSTRY, CORRECT?

11:31AM

27 MR. HELM: LACKS FOUNDATION.

28 THE COURT: SUSTAINED.

1 BY MR. QUINN:

2 Q YOU'VE HEARD OF THE *MORNING STAR* AWARDS?

3 A YES.

4 Q AND TELL THE JURY WHAT THE *MORNING STAR* AWARDS  
5 ARE.

11:31AM

6 A THE *MORNING STAR* AWARDS WERE AWARDED TO  
7 MANAGERS IN VARIOUS FIELDS, VARIOUS INVESTMENT  
8 STRATEGIES FOR EXCELLENCE.

9 Q ALL RIGHT.

10 A AND --

11:32AM

11 Q *MORNING STAR*, THEY'RE WHAT, ADVISORY SERVICE  
12 OR PUBLICATION OF SOME KIND?

13 A BOTH.

14 Q AND THEY IDENTIFY -- THEY GIVE OUT THESE  
15 AWARDS, IDENTIFYING THE GROUPS OR PEOPLE WHO ARE TOPS  
16 IN THEIR CLASS FOR DIFFERENT TYPES OF INVESTMENT  
17 STRATEGIES EVERY YEAR, RIGHT?

11:32AM

18 A YES.

19 Q AND MR. GUNDLACH HAD GOTTEN SUCH AN AWARD,  
20 RIGHT?

11:32AM

21 A YES.

22 Q BY THE WAY, WHEN HE WAS FIRST NOMINATED --  
23 WHAT YEAR DID HE GET IT, DO YOU RECALL?

24 A I BELIEVE IT WAS 2006.

25 Q 2006.

11:32AM

26 WHEN HE WAS NOMINATED FOR THAT, HE WAS  
27 ACTUALLY NOMINATED WITH HIS NO. 2 GUY, A GUY BY THE  
28 NAME AS PHIL BARACH, CORRECT?

1 A I DON'T KNOW -- I DON'T KNOW IF THAT WAS  
2 HOW -- HOW THE NOMINATION OCCURRED.

3 Q ALL RIGHT.

4 BUT, IN ANY EVENT, MR. GUNDLACH GOT THE  
5 AWARD AS FIXED INCOME MANAGER OF THE YEAR, ONE YEAR?

11:32AM

6 A YES.

7 Q AND I THINK HE HAD BEEN NOMINATED ALSO THREE  
8 OR FOUR TIMES?

9 A I THINK HE WAS NOMINATED LIKE FOUR OUT OF FIVE  
10 YEARS, ONE OF THE ONLY MANAGERS TO BE NOMINATED FOUR  
11 OUT OF FIVE YEARS.

11:33AM

12 Q BUT MET WEST WAS, TOO, RIGHT?

13 A I DON'T KNOW THAT.

14 Q MET WEST WAS *MORNING STAR* FIXED INCOME MANAGER  
15 OF THE YEAR 2008; ISN'T THAT TRUE?

11:33AM

16 A I DON'T KNOW IF THAT WAS THE YEAR. I KNOW  
17 THEY WON --

18 Q ALL RIGHT.

19 A -- ONCE.

20 Q YOU KNOW THEY WERE NOMINATED ALSO FOUR --  
21 THREE OR FOUR TIMES?

11:33AM

22 A I DON'T KNOW HOW MANY TIMES THEY WERE  
23 NOMINATED.

24 Q BUT SAME NUMBER OF TIMES AS MR. GUNDLACH?  
25 MR. HELM: LACKS FOUNDATION.

11:33AM

26 THE COURT: SUSTAINED.

27 BY MR. QUINN:

28 Q BUT, ANYWAY, YOU KNOW THIS IS A GROUP WITH

1 A -- THAT'S RECEIVED, BASED ON YOUR FAMILIARITY WITH  
2 THE *MORNING STAR* AWARDS, I MEAN, YOU KNOW THIS IS A  
3 GROUP THAT'S RECEIVED RECOGNITION FOR THEIR OUTSTANDING  
4 WORK IN THE FIXED INCOME AREA, CORRECT?

5 A IN THE FIXED INCOME, YES. NOT MORTGAGE BACK  
6 SECURITIES. 11:33AM

7 Q ALL RIGHT.

8 WELL, I MEAN, YOU KNOW THEY HAVE  
9 EXPERIENCE IN MORTGAGE BACK SECURITIES AS WELL, YOU  
10 KNOW THAT? 11:34AM

11 A I KNOW THEY HAD SOME EXPERIENCE IN MORTGAGE  
12 BACK SECURITIES?

13 Q WOULD IT NOT BE TRUE TO SAY THEY'RE A RANDOM  
14 CHOSEN GROUP?

15 MR. HELM: LACKS FOUNDATION. 11:34AM

16 THE COURT: SUSTAINED.

17 MR. QUINN: IF WE COULD LOOK NOW AT  
18 EXHIBIT 727, WHICH IS, I THINK, BEFORE YOU.

19 Q IS THIS AN E-MAIL EXCHANGE BETWEEN YOU AND A  
20 LARRY SCHWARTZ? 11:34AM

21 A THIS IS.

22 MR. QUINN: I'D OFFER THAT, YOUR HONOR.

23 MR. HELM: NO OBJECTION.

24 THE COURT: DATED JANUARY 4, 2010.

25 IT WILL BE ADMITTED. 11:34AM

26  
27 (EXHIBIT 727 ADMITTED.) +  
28

1 BY MR. QUINN:

2 Q AND MR. SCHWARTZ IS A GENTLEMAN AT SOMETHING  
3 CALLED BLACK ROCK SOLUTIONS?

4 A YES.

5 Q HE WROTE YOU BACK IN DECEMBER OF 2009 HE  
6 WANTED TO TRY TO SET UP A MEETING?

11:34AM

7 A YES, IT LOOKS LIKE IT GOES BACK TO  
8 DECEMBER 18, 2009.

9 Q AND IS HE SOMEBODY -- HE WAS TRYING TO OFFER  
10 YOU SOME SERVICES; BASICALLY, HE WANTED TO GET A  
11 MEETING TO SEE IF HE COULD DO SOME BUSINESS WITH YOU?

11:35AM

12 A YES.

13 Q AND YOU RESPONDED TO HIM. YOU SAID YOU WERE  
14 KIND OF BUSY RIGHT NOW, RIGHT?

15 A VERY BUSY.

11:35AM

16 Q AND YOU SAID: I CONFERRED -- THIS IS  
17 JANUARY 4, 2010. YOU SAY:

18 I CONFERRED WITH MY COLLEAGUES  
19 AND WE'RE ALL VERY BUSY RIGHT NOW.  
20 WE'RE INTERESTED IN SEEING WHAT  
21 YOUR SYSTEMS BRING TO THE TABLE,  
22 BUT WE ARE ALL OPERATING AT MAXIMUM  
23 CAPACITY JUST GETTING OUR LEGACY  
24 SYSTEMS UP AND REBUILT.  
25 DO YOU SEE THAT?

11:35AM

26 A YES.

27 Q WHEN YOU'RE TALKING ABOUT SYSTEMS HERE, YOU'RE  
28 TALKING ABOUT WHAT WE'VE BEEN REFERRING TO AS THE

11:35AM

1 TECHNOLOGY OR THE TECHNICAL PLATFORM?

2 A THE TECH- -- TECH- -- I'M NOT SURE WHAT YOU  
3 MEAN BY TECHNOLOGY. WHAT I'M REFERRING TO IS THE  
4 SYSTEMS THAT WE NEED TO PUT IN PLACE TO FILTER BONDS  
5 AND THINGS OF THAT NATURE.

11:36AM

6 Q AND YOU REFER TO THEM AS LEGACY SYSTEMS?

7 A YES. THINGS WE HAD, YOU KNOW, THINGS WE HAD  
8 KIND OF BEEN USED TO DOING IN THE PAST. WE WOULD NEED  
9 SYSTEMS TO -- TO DO THOSE SAME SORT OF THINGS.

10 Q EXACTLY.

11:36AM

11 AND IF YOU COULD LOOK, PLEASE, AT  
12 EXHIBIT 2117.

13 WHAT IS DOUBLELINE'S FUND TRUST?

14 A THIS IS THE ENTITY THAT -- I GUESS OVERSEES  
15 THE FUNCTION OF OUR MUTUAL FUND COMPLEX, THE DOUBLELINE  
16 MUTUAL FUND COMPLEX.

11:37AM

17 MR. QUINN: I'LL OFFER 2117.

18 THE COURT: ANY OBJECTION?

19 MR. HELM: NO OBJECTION.

20 THE COURT: IT WILL BE ADMITTED.

11:37AM

21  
22 (EXHIBIT 2117 ADMITTED.) +

23  
24 MR. QUINN: AND ALSO 2118. I OFFER 2118 AS  
25 WELL.

11:37AM

26 MR. HELM: NO OBJECTION.

27 THE COURT: ANY OBJECTION?

28 MR. HELM: NO OBJECTION.



1 THE COURT: IT WILL BE ADMITTED.

2  
3 (EXHIBIT 2118 ADMITTED.) +  
4

5 BY MR. QUINN: 11:37AM

6 Q THE FIRST PAGE OF 2117, THIS IS A FORM THAT  
7 YOU FILE WITH THE SEC. IT DESCRIBES YOUR --  
8 DOUBLELINE'S INVESTMENT ADVISORY SERVICES WITH RESPECT  
9 TO THIS MUTUAL FUND, AMONG OTHER THINGS?

10 A I -- I'M NOT THAT FAMILIAR WITH THIS DOCUMENT. 11:37AM  
11 I'M NOT ONE OF THE PEOPLE WHO PUTS THIS TOGETHER.

12 Q BUT YOU KNOW YOU'RE REQUIRED TO MAKE CERTAIN  
13 FILINGS WITH RESPECT TO INVESTMENT ADVISORY SYSTEMS  
14 WITH THE SEC?

15 A YEAH, I KNOW THERE ARE -- FILINGS ARE GOING 11:38AM  
16 AROUND A LOT.

17 Q IF YOU'D TURN, PLEASE, TO PAGE 2117-30.

18 AND IF WE COULD BLOW UP THE SECOND  
19 PARAGRAPH UNDER DOUBLELINE CORE FIXED INCOME FUND.

20 AND WHAT DOUBLELINE SAID IN THIS FILING 11:38AM  
21 WITH THE FEDERAL SEC, IS THAT:

22 DOUBLELINE CORE FIXED INCOME  
23 FUND HAS INVESTMENT OBJECTIVES,  
24 POLICIES AND STRATEGIES  
25 SUBSTANTIALLY SIMILAR IN ALL 11:38AM  
26 MATERIAL RESPECTS TO THOSE EMPLOYED  
27 BY THE TCW CORE FIXED INCOME FUND.  
28 DO YOU SEE THAT?

1 A YES.

2 Q AND IT GOES ON. THE LAST SENTENCE OF THAT  
3 PARAGRAPH SAYS:

4 MR. GUNDLACH INTENDS TO USE  
5 SUBSTANTIALLY THE SAME ANALYTICAL  
6 METHODS FOR THE DOUBLELINE CORE  
7 FIXED INCOME FUND AS WERE USED WHEN  
8 IDENTIFYING POTENTIAL INVESTMENTS  
9 FOR THE TCW CORE FIXED INCOME FUND.

11:39AM

10 DO YOU SEE THAT?

11:39AM

11 A YES.

12 Q AND TCW -- DOUBLELINE, AMENDED THIS FILING TO  
13 DELETE THAT LANGUAGE; ISN'T THAT TRUE?

14 A THAT'S NEWS TO ME. I DIDN'T KNOW THAT.

15 Q TAKE A LOOK AT EXHIBIT 211-A.

11:39AM

16 AND IF YOU TURN TO -- IF YOU TURN TO THE  
17 SAME DISCUSSION, MANAGEMENT OF FUNDS ON -33, IF YOU  
18 LOOK UNDER -- DO YOU SEE -33? YOU SEE THAT PAGE?

19 A YES.

20 Q IF YOU TURN TO THE NEXT PAGE, -34 --

11:40AM

21 A YES.

22 Q -- AND THEN -35 IS BLANK.

23 DO YOU SEE THAT?

24 A YES.

25 Q THIS DOCUMENT WAS AMENDED TO DELETE THAT  
26 LANGUAGE THAT I READ; ISN'T THAT TRUE?

11:40AM

27 A THAT APPEARS TO BE THE CASE, BUT -- I'M --

28 Q ALL RIGHT.

1           A       -- I'M NOT THE PERSON WHO FILES THESE THINGS.  
2 I HAVE NO WAY OF -- THESE ARE JUST PIECES OF PAPER TO  
3 ME. I DON'T KNOW.

4           Q       YOU DON'T KNOW WHETHER THAT LANGUAGE WAS  
5 THOUGHT TO BE SOMETHING THAT WOULDN'T BE GOOD TO SAY  
6 WITH THIS LAWSUIT PENDING? 11:40AM

7                   MR. HELM: LACKS FOUNDATION.

8                   THE COURT: SUSTAINED.

9                   MR. HELM: ARGUMENTATIVE.

10 BY MR. QUINN: 11:40AM

11           Q       YOU DO KNOW THAT, AS OF THE TIME OF THIS  
12 FILING, THE LAWSUIT WAS PENDING, CORRECT?

13                   THE COURT: WHAT WAS THE DATE OF THE FILING?

14                   MR. QUINN: MARCH 5TH, 2010.

15                   THE COURT: ARE WE LOOKING AT 2118 OR 2117? 11:41AM

16                   MR. QUINN: THAT'S 2117.

17                   THE COURT: OKAY.

18                   MR. QUINN: AND THE AMENDMENT WAS ON  
19 MARCH 30TH, 2010.

20                   THE WITNESS: I'M SORRY. 11:41AM

21 BY MR. QUINN:

22           Q       IT'S TRUE THE LAWSUIT WAS PENDING IN MARCH OF  
23 2010?

24           A       THIS LAWSUIT? YES.

25           Q       AT TCW, DID THEY HAVE SOMETHING CALLED  
26 INNOVATION AWARDS? 11:41AM

27           A       YES.

28           Q       THAT'S SOMETHING WHERE YOU TRY TO RECOGNIZE

1 ACHIEVEMENTS BY YOUR COWORKERS WHICH WERE THOUGHT TO BE  
2 REALLY INNOVATIVE AND VALUABLE AND SOMETHING NEW AND  
3 ORIGINAL, CORRECT?

4 A YES.

5 Q AND YOU MADE A INNOVATION AWARD NOMINATION,  
6 DIDN'T YOU? 11:41AM

7 A YES.

8 Q YOU DID THAT MORE THAN ONCE?

9 A I REMEMBER -- I DO REMEMBER DOING IT ONCE. I  
10 DON'T REMEMBER THE SECOND TIME. BUT I REMEMBER FROM MY  
11 DEPOSITION BEING SHOWN A DOCUMENT. IT SHOWED I HAD MY  
12 NAME ON A SECOND ONE, BUT I THINK IT WAS ACTUALLY  
13 WRITTEN BY SOMEONE ELSE. 11:41AM

14 BECAUSE YOU COULD HAVE MULTIPLE  
15 RECOMMENDERS. 11:42AM

16 Q IF YOU LOOK AT EXHIBIT 959, IS IT TRUE THAT  
17 YOU NOMINATED JEFF MAYBERRY AND  
18 JIRAINDIRA PURUSHOTHAMAN?

19 A PURUSHOTHAMAN.

20 Q J.P.?

21 A PURUSHOTHAMAN.

22 Q YOU NOMINATED THOSE TWO MEN FOR INNOVATION  
23 AWARDS, WHICH YOU THOUGHT THEY WERE DESERVING OF THE  
24 M.B.S. DATABASE? 11:42AM

25 A YES.

26 MR. QUINN: I'D OFFER EXHIBIT 959.

27 MR. HELM: NO OBJECTION.

28 THE COURT: IT WILL BE ADMITTED.

1 (EXHIBIT 959 ADMITTED.) +

2

3 BY MR. QUINN:

4 Q WHAT YOU WROTE HERE, THE THIRD PARAGRAPH, IS  
5 THAT:

11:42AM

6

7 THE CENTRALIZATION OF PORTFOLIO  
8 INDEX AND MARKET INFORMATION HAS  
9 CUT THE AMOUNT OF TIME REQUIRED TO  
10 GENERATE CLIENT COMMENTARY BY MORE  
11 THAN 50 PERCENT. AND THE WORKLOAD  
12 CAN BE HANDLED BY FEWER ANALYSTS  
13 BECAUSE OF THIS INNOVATION, THIS  
14 DATABASE.

11:43AM

15

16 THAT'S WHAT YOU WROTE?

17

18 A YES, THAT WAS MY ESTIMATION.

11:43AM

19

20 Q AND IF WE LOOK AT EXHIBIT 1032-1 --

21

22 EXHIBIT 1032. I'M SORRY.

23

24 A I'M SORRY. WHAT?

25

26 Q IF YOU LOOK AT -10, YOU SEE YOUR NOMINATION

27

28 THERE?

11:43AM

29

30 MR. HELM: YOUR HONOR, COULD I JUST HAVE A

31

32 MOMENT?

33

34 MR. QUINN: I'M SORRY.

35

36 THE COURT: ALL RIGHT.

37

38 WE'RE LOOKING AT 103-2, PAGE 10 NOW?

11:43AM

39

40 MR. QUINN: YES.

41

42 MR. HELM: ALL RIGHT.

43

44 MR. QUINN: READY?

1                   -10. OKAY?

2                   MR. HELM: YEAH.

3 BY MR. QUINN:

4           Q       YOU SEE THERE, WHAT WE JUST LOOKED AT,  
5 EXHIBIT 959, YOUR NOMINATION RELATING TO THE DATABASE  
6 FOR MR. MAYBERRY AND MR. -- AND J.P. HAS BEEN INCLUDED  
7 HERE IN THIS COMPENDIUM OF NOMINATIONS FOR DIFFERENT  
8 KINDS OF INNOVATION AWARDS, CORRECT?

11:44AM

9           A       YES.

10           MR. QUINN: I'D OFFER EXHIBIT 1032, YOUR  
11 HONOR.

11:44AM

12           MR. HELM: NO OBJECTION.

13           THE COURT: IT WILL BE ADMITTED.

14

15                               (EXHIBIT 1032 ADMITTED.) +

11:44AM

16

17 BY MR. QUINN:

18           Q       WE SEE SOME OTHER NOMINATIONS HERE ON -9.  
19 THERE'S AN INNOVATION AWARD NOMINATION DONE BY  
20 ERIC ARENTSEN.

11:44AM

21                               DO YOU SEE THAT?

22           A       YES.

23           Q       AND HE NOMINATES YOU, MR. MAYBERRY, AND J.P.?

24           A       YES.

25           Q       AND THIS ALSO IS FOR THE M.B.S. DATABASE?

11:44AM

26           A       IT APPEARS SO, YES.

27           Q       WHAT HE WRITES THERE, IN THE SECOND PARAGRAPH  
28 IS:

1           THERE ARE NO THIRD-PARTY SYSTEMS  
2           OR COMBINATION OF SYSTEMS THAT  
3           OFFER THE SAME SET OF FUNCTIONALITY  
4           FOCUSED ON THE M.B.S. MARKET.

5           DO YOU SEE THAT?

11:45AM

6           A     I DO SEE THAT.

7           Q     THEN IF YOU COULD LOOK AT EXHIBIT 1033.

8                     THESE ARE ANOTHER SET OF INTERNAL TCW  
9           INNOVATION AWARDS FOR INNOVATIVE ACHIEVEMENTS?

10          A     IT APPEARS SO, YES.

11:45AM

11           MR. QUINN: I'D OFFER THAT.

12           MR. HELM: NO OBJECTION.

13           THE COURT: IT WILL BE ADMITTED.

14  
15                     (EXHIBIT 1033 ADMITTED.) +

11:45AM

16  
17   BY MR. QUINN:

18           Q     IF WE LOOK AT 1033-8, THIS IS AN INNOVATION  
19   AWARD FOR THE BWIC BROWSER AND THE IRA, RIGHT?

20           A     YOU'RE LOOKING AT 1033-8?

11:46AM

21           Q     -8 TO -9.

22           A     IT LOOKS LIKE IT'S A -- THEY SEEM TO BE RUN  
23   TOGETHER. IT LOOKS LIKE COUPLE NOMINATIONS ON THE SAME  
24   PAGE.

25           Q     RIGHT. IT SAYS: THE PROBLEM -- IF WE LOOK AT  
26   1033-8, DO YOU SEE THE PAGE, THE PROBLEM?

11:46AM

27           A     YES.

28           Q     IT DESCRIBES THAT. IT SAYS:

1 EVERY DAY THE RMBS TRADING DESK  
2 RECEIVES MULTIPLE BID LISTS OF  
3 BWIC, B-W-I-C, FROM VARIOUS BROKERS  
4 WHICH SOMETIMES NUMBER IN THE  
5 THOUSANDS AND SOMETIMES REQUIRING  
6 COMPETITIVE BIDS WITHIN HOURS.  
7 DO YOU SEE THAT?

11:46AM

8 A YES.

9 Q AND IT SAYS: MANY OF THESE PRE-TRADE  
10 ACTIVITIES --

11:46AM

11 YOU DO THIS PRE-TRADE NUMBER CRUNCHING  
12 ON A DATABASE THAT MR. KALE DESCRIBED TO US.

13 YOU'RE FAMILIAR WITH THAT?

14 A I'M SORRY. I JUST LOST MY SCREEN.

15 IT JUST CAME BACK.

11:47AM

16 WHAT?

17 Q YOU'RE FAMILIAR WITH THIS PRE-TRADE NUMBER  
18 CRUNCHING THAT'S DONE ON THESE 20 MILLION, THIS  
19 DATABASE OF 20 MILLION MORTGAGES?

20 A AT THE OLD COMPANY, YES, THERE WAS SOMETHING  
21 LIKE THAT. YEAH.

11:47AM

22 Q RIGHT.

23 IT SAID THERE, IN THE LAST SENTENCE,  
24 THAT PARAGRAPH:

25 MANY OF THESE PRE-TRADE  
26 ACTIVITIES WERE MANUALLY INTENSIVE  
27 TAKING UP TO FOUR HOURS A DAY AND  
28 NOT PROVIDING SUFFICIENT DATA TO

11:47AM



1 INCORPORATE PROPRIETARY ANALYTICS  
2 IN SUPPORT OF THE RMBS INVESTMENT  
3 PROCESS.

4 DO YOU SEE THAT?

5 A I DO.

11:47AM

6 Q THAT WAS DESCRIBING, IT SAYS THE PROBLEM THAT  
7 THIS SOLVED, RIGHT?

8 A YES.

9 Q IF WE COULD CUT DOWN TO THE LOWER HALF OF THE  
10 PAGE, DESCRIPTION RESULTS OF INNOVATION AND EXECUTION,  
11 AND WHAT'S -- WHAT'S -- NOMINATED FOR INNOVATION AWARD  
12 HERE BY YOUR DEPARTMENT IS THE SO-CALLED IRA OR  
13 INVESTMENT REPORTING IN ANALYTICS?

11:47AM

14 A YES.

15 Q AND SO -- THAT COVERS THE BWIC BROWSER, THE  
16 SECURITY ANALYZER, THE TRADING WIP.

11:48AM

17 YOU SEE THAT?

18 A YES.

19 Q AND BELOW HERE, IT'S -- AT THE BOTTOM IT SAYS:  
20 EXECUTIVE SPONSORSHIP FOR THIS INNOVATION AWARD.

11:48AM

21 IT'S GOT VINCE FIORILLO?

22 A YES, FIORILLO.

23 Q HE'S ONE OF THE PEOPLE WHO WENT TO DOUBLELINE,  
24 RIGHT?

25 A YES.

11:48AM

26 Q IF WE TURN THE PAGE, LOU LUCIDO, ANOTHER  
27 PERSON?

28 A YES.

1 Q AND CRIS SANTA ANA.

2 THAT'S YOU, RIGHT?

3 A YES.

4 Q IF WE COULD LOOK AT EXHIBIT 148, WHICH IS IN  
5 EVIDENCE.

11:48AM

6 IF WE COULD ENLARGE THAT.

7 THIS IS AN E-MAIL TO -- IT'S AN E-MAIL  
8 EXCHANGE BETWEEN YOU AND MR. GUNDLACH BACK IN FEBRUARY  
9 OF 2009.

10 DO YOU SEE THAT?

11:49AM

11 A YES.

12 Q AND YOU CALL HIS ATTENTION TO A -- SOMETHING  
13 CALLED -- A FIRM CALLED MONDRIAN INVESTMENTS.

14 DO YOU SEE THAT?

15 A I WAS DRAWING HIS ATTENTION TO THE FACT THAT  
16 MONDRIAN INVESTMENTS I THINK OUTPERFORMED OUR FUND IN  
17 THIS PARTICULAR REPORT. AND I KNOW JEFFREY IS A BIG  
18 ART FAN. HE'S A BIG MONDRIAN FAN.

11:49AM

19 Q WELL, I MEAN, HE RESPONDS TO THIS BY SAYING:  
20 DOUBLELINE IS A MUCH BETTER NAME.

11:49AM

21 RIGHT?

22 A YES.

23 Q AND I MEAN, BECAUSE OF YOUR ASSOCIATION WITH  
24 MR. GUNDLACH, YOU'RE FAMILIAR YOU KNOW ABOUT HIS  
25 PASSION FOR THIS ARTIST, MONDRIAN, CORRECT --

11:49AM

26 A YES.

27 Q -- WHO WORKED WITH DOUBLELINE'S, CORRECT?

28 A THAT'S CORRECT.

1 Q YOU SAW THIS NAME, MONDRIAN INVESTMENTS, AND  
2 YOU THOUGHT THAT WOULD BE SOMETHING HE'D BE INTERESTED  
3 IN KNOWING ABOUT. IF THERE WAS ANOTHER HEDGE FUND OUT  
4 THERE, THIS ONE IN LONDON, IT WAS CALLED MONDRIAN  
5 INVESTMENT.

11:50AM

6 YOU THOUGHT HE'D BE INTERESTED IN IT?

7 A YEAH.

8 Q AND HE SAID DOUBLELINE IS A MUCH BETTER NAME.

9 LET ME ASK YOU THIS, BEFORE YOU SENT  
10 THIS, HAD HE TALKED TO YOU ABOUT DOUBLELINE?

11:50AM

11 A I DON'T THINK SO, NO. I MEAN, I DIDN'T PUT  
12 ANY CONNECTION -- TO ME -- HE USED THAT WORD DOUBLELINE  
13 A LOT WHEN HE TALKED ABOUT PAINTINGS. SO I DIDN'T PUT  
14 ANY CONNECTION THERE.

15 Q YOU MEAN WHEN YOU SAW THIS, HE SAYS,  
16 DOUBLELINE IS A MUCH BETTER NAME, ARE YOU SAYING YOU  
17 DIDN'T KNOW HE WAS REFERRING TO A NAME FOR A NEW  
18 BUSINESS?

11:50AM

19 A NO. I THINK HE WAS JUST SAYING HE SUGGESTED  
20 THAT DOUBLELINE WOULD BE A BETTER NAME.

11:50AM

21 Q FOR A NEW BUSINESS?

22 A FOR AN INVESTMENT COMPANY.

23 Q AND WE -- WERE YOU AWARE THAT RACHEL CODY HAS  
24 TESTIFIED ABOUT CERTAIN THINGS THAT SHE WAS AWARE OF  
25 THAT WERE HAPPENING BACK IN FEBRUARY OF 2009?

11:51AM

26 HAVE YOU READ ANY OF THE TRANSCRIPT OF  
27 THIS TRIAL?

28 A NO.

1 Q NONE AT ALL?

2 A NO.

3 Q ALL RIGHT.

4 ARE YOU AWARE OF THE TESTIMONY OF  
5 RACHEL CODY THAT, BACK IN FEBRUARY OF 2009, SHE WAS  
6 AWARE OF DISCUSSIONS THAT MR. GUNDLACH AND OTHERS WERE  
7 HAVING AT THAT TIME WITH WAMCO AND ANOTHER BANK CALLED  
8 UBS?

11:51AM

9 A WHAT WAS THAT?

10 Q ARE YOU AWARE OF THAT TESTIMONY?

11:51AM

11 A YEAH, ACTUALLY, I THINK I WAS IN THE COURTROOM  
12 AT THE TIME.

13 Q OH, YOU WERE SITTING OVER HERE, THEN?

14 A YEAH, UH-HUH.

15 Q IS THAT THE FIRST TIME YOU'D EVER HEARD THAT  
16 MR. GUNDLACH HAD BEEN IN DISCUSSIONS WITH WAMCO AND  
17 UBS --

11:51AM

18 A NO.

19 Q -- BACK IN THAT TIMEFRAME?

20 A NO.

11:52AM

21 Q AGAIN, THAT WOULD BE MONTHS BEFORE MR. STERN  
22 RETURNED, RIGHT?

23 A YES.

24 Q AND WERE YOU AWARE -- BY THE WAY, WAS MR. --  
25 BACK IN FEBRUARY OF 2009, WAS MR. GUNDLACH SAYING HE  
26 WAS AFRAID HE WAS GOING TO BE FIRED?

11:52AM

27 A NO.

28 Q WAS MS. VANEVERY SAYING WE'RE AFRAID WE'RE

1 GOING TO BE FIRED? THAT YOU CAN RECALL.

2 A NOT TO MY RECOLLECTION, NO.

3 Q IT'S TRUE, THOUGH, THAT YOU OWE AN AWFUL LOT  
4 IN YOUR PROFESSIONAL CAREER TO MR. GUNDLACH?

5 A THE -- THE MORTGAGE TEAM IS THE ONLY TEAM I'VE  
6 WORKED FOR. 11:52AM

7 Q YOU'VE WORKED WITH HIM SINCE THE 1990'S?

8 A SINCE -- NOT DIRECTLY FOR HIM. BUT I STARTED  
9 WORKING FOR HIM SINCE 2000.

10 Q HE'S THE ONE THAT PROMOTED YOU AT TCW TO  
11 MANAGING DIRECTOR? 11:52AM

12 A YES.

13 Q AND HE'S THE GUY WHO DETERMINED YOUR SALARY?

14 A YES.

15 Q IN 2008 -- 11:53AM

16 A -- AND PHIL BARACH, BOTH.

17 Q I'M SORRY?

18 A HE AND PHIL BARACH BOTH DETERMINED MY  
19 COMPENSATION.

20 Q MR. BARACH AGAIN BEING KIND OF THE NO. 2 GUY  
21 IN THE DEPARTMENT? 11:53AM

22 A THAT'S CORRECT.

23 Q 2008, YOU EARNED OVER \$750,000?

24 A SOUNDS ABOUT RIGHT.

25 Q AND THERE'S BEEN SOME REFERENCES TO BONUSES.  
26 I THINK YOU'VE TOLD US THAT HISTORICALLY BONUSES WERE  
27 ALWAYS PAID IN FEBRUARY, RIGHT? 11:53AM

28 A YES. AROUND FEBRUARY.

1 Q BONUSES IN THE MORTGAGE BACK SECURITIES GROUP  
2 AT TCW, I MEAN COMPARED TO THE SALARY, THEY COULD BE  
3 VERY SUBSTANTIAL; ISN'T THAT TRUE?

4 A YES.

5 Q ALL RIGHT.

11:53AM

6 AND THESE ARE BONUSES THAT FOR MANY  
7 PEOPLE WERE MANY TIMES THEIR SALARY?

8 A FOR SENIOR PEOPLE, YES.

9 Q SO YOU KNOW THIS IS NOT JUST LIKE A BONUS OF  
10 5 PERCENT OR 10 PERCENT. IN YOUR GROUP THE BONUSES  
11 WERE A VERY LARGE ELEMENT OF THE COMPENSATION; IN MANY  
12 CASES MORE THAN THE SALARY ITSELF, CORRECT?

11:53AM

13 A YES.

14 Q AND MR. GUNDLACH WOULD DETERMINE YOUR BONUS AS  
15 WELL, RIGHT?

11:54AM

16 A YES.

17 Q AND OVER AT DOUBLELINE YOU KNOW -- HE  
18 APPOINTED YOU TO THE POSITION OF CHIEF OPERATING  
19 OFFICER AND LATER CHIEF RISK OFFICER?

20 A I -- YEAH, I DON'T KNOW IF IT WAS -- AN  
21 APPOINTMENT, PER SE, BUT THAT'S JUST HOW THE CHIPS  
22 FELL. WE WERE TRYING TO FIGURE OUT WHO WAS GOING TO BE  
23 DOING WHAT.

11:54AM

24 Q RIGHT.

25 YOU WOULDN'T HAVE THOSE JOBS IF  
26 MR. GUNDLACH DIDN'T APPROVE OF IT?

11:54AM

27 A NO. OR MR. BARACH OR JOE GALLIGAN OR ANY OF  
28 THE PRINCIPALS.

1 Q I'D LIKE TO TALK A LITTLE BIT ABOUT YOUR  
2 RELATIONSHIP WITH MR. GUNDLACH. AND IF YOU COULD LOOK,  
3 PLEASE, AT EXHIBIT 2062.

4 THIS IS AN E-MAIL EXCHANGE BETWEEN YOU  
5 AND MR. GUNDLACH?

11:55AM

6 A APPEARS SO, YES.

7 MR. QUINN: I'D OFFER IT.

8 MR. HELM: JUST A SECOND.

9 NO OBJECTION.

10 THE COURT: IT WILL BE ADMITTED.

11:55AM

11  
12 (EXHIBIT 2062 ADMITTED.) +

13  
14 MR. QUINN: IF WE COULD PUT IT UP ON THE  
15 SCREEN. LET'S START WITH THE BOTTOM HALF. IT REALLY  
16 CARRIES OVER TO THE SECOND PAGE. THANK YOU.

11:55AM

17 Q THE BOTTOM E-MAIL IS AN E-MAIL FROM  
18 ERIN FREEMAN.

19 SHE WAS HEAD OF COMMUNICATIONS, RIGHT?

20 A YES.

11:55AM

21 Q AND SHE'S TALKING ABOUT A MISTAKE SOME TYPE OF  
22 SCREWUP ON A CONFERENCE CALL THAT MR. GUNDLACH HAD HAD,  
23 RIGHT?

24 A I HAVEN'T READ IT YET.

25 THAT APPEARS TO BE WHAT IT'S ABOUT.

11:55AM

26 Q WERE YOU HERE FOR MR. REILLY'S TESTIMONY THIS  
27 MORNING?

28 A YES, I WAS.

1 Q RIGHT.

2 SO, DOES THIS APPEAR TO BE -- REFER TO  
3 THE CONFERENCE CALL MISTAKE OR GLITCH, WHATEVER YOU  
4 WANT TO CALL IT, THAT MR. REILLY WAS REFERRING TO?

5 A LET ME -- CAN I TAKE A MOMENT? 11:56AM

6 Q SURE.

7 (PAUSE) +

8  
9 THE WITNESS: OKAY.

10 MR. QUINN: ALL RIGHT. 11:57AM

11 Q IT APPEARS TO BE WHAT MR. REILLY WAS REFERRING  
12 TO?

13 A I DON'T KNOW IF THIS IS THE SPECIFIC INCIDENT.

14 Q SHE SAYS -- ERIN FREEMAN, THE HEAD OF  
15 COMMUNICATIONS SAYS: 11:57AM

16 LET ME FIRST BEGIN BY  
17 APOLOGIZING FOR THE UNACCEPTABLE  
18 SITUATION THAT OCCURRED THIS  
19 AFTERNOON.

20 YOU SEE THAT? 11:57AM

21 A YES.

22 Q THEN THE NEXT E-MAIL UP, ERIN FREEMAN AGAIN  
23 SAYS:

24 ATTACHED PLEASE FIND A LETTER  
25 FROM THE PRESIDENT OF BRITISH  
26 TELECOM TAKING RESPONSIBILITY FOR  
27 TECHNICAL ISSUES ON TODAY'S CALL.

28 DO YOU SEE THAT? 11:57AM



1 A YES.

2 Q AND SHE SAYS:

3 IT APPEARS THAT BT'S OPERATORS  
4 INADVERTENTLY PLACED PETER VILES  
5 INTO THE COMMUNICATION LINE AS  
6 OPPOSED TO THE LIVE CALL LINE AT  
7 THE BEGINNING OF THE WEBCAST.

11:57AM

8 A I SEE THAT, YES.

9 Q YOU SEE THAT?

10 SOMEBODY SAYS, YOU KNOW, INADVERTENTLY  
11 THE CALL WAS PLACED ON MUSIC HOLD.

11:57AM

12 DO YOU SEE THAT?

13 A YES.

14 Q ALL RIGHT.

15 THEN MR. GUNDLACH -- YOU FORWARD THAT TO  
16 MR. GUNDLACH AND YOU WRITE:

11:57AM

17 FOR WHAT IT'S WORTH,  
18 ERIN FREEMAN'S COMMENTS BELOW.  
19 RIGHT?

20 A YES.

11:58AM

21 Q AND HIS RESPONSE TO YOU IS:

22 DO THESE TCW DUMB SHITS HAVE ANY  
23 IDEA HOW BIG AN F-UP THIS IS?  
24 RIGHT?

25 A THAT'S WHAT IT SAYS.

11:58AM

26 Q YOUR RESPONSE TO HIM WAS:

27 I THINK SOME DO, BUT IT WAS  
28 MASKED BY A MASTERFUL RECOVERY. I

1 WILL MAKE SURE THE RIGHT MESSAGE IS  
2 RECEIVED BY ALL.

3 BY MASTERFUL RECOVERY, YOU'RE REFERRING  
4 TO MR. GUNDLACH, RIGHT?

5 A YES. 11:58AM

6 Q YOU'RE TELLING HIM HE DID A MASTERFUL  
7 RECOVERY --

8 A HE DID A GREAT JOB RECOVERING IT, YES.

9 Q EXHIBIT 2091. THIS IS ANOTHER E-MAIL EXCHANGE  
10 BETWEEN YOU AND MR. GUNDLACH AND MS. VANEVERY. 11:58AM

11 SIR, DOES IT APPEAR TO BE AN E-MAIL  
12 EXCHANGE?

13 A I'M SORRY. I WAS READING.

14 IT LOOKS LIKE --

15 Q JUST SO YOU KNOW HERE. I DON'T KNOW IF 11:59AM  
16 ANYBODY'S TOLD YOU. JUST SO YOU KNOW, WE'RE ON A CLOCK  
17 HERE. WE ONLY HAVE A CERTAIN AMOUNT OF TIME TO PRESENT  
18 OUR CASE.

19 DO YOU KNOW THAT? SOMEBODY TOLD YOU  
20 THAT? 11:59AM

21 A YES.

22 THE COURT: MR. QUINN, THAT'S FINE. IF YOU  
23 WANT HIM TO READ SOMETHING, JUST ASK THE QUESTION.

24 MR. QUINN: ALL RIGHT. I OFFER 2091.

25 MR. HELM: NO OBJECTION. 11:59AM

26 THE COURT: IT WILL BE ADMITTED.

27

28 (EXHIBIT 2091 ADMITTED.) +

1 BY MR. QUINN:

2 Q THE SECOND PAGE. WE HAVE THE SAME E-MAILS  
3 FROM ERIN FREEMAN WE JUST LOOKED AT, RIGHT?

4 A YES, IT APPEARS SO.

5 Q IF WE LOOK AT THE BOTTOM, NEW E-MAIL BOTTOM OF  
6 2091-1, JEFFREY GUNDLACH TO YOU AND BARBARA VAN EVERY,  
7 RIGHT?

11:59AM

8 A YES.

9 Q AND HE WRITES TO YOU:

10 IT OCCURRED TO ME WHEN I WAS  
11 DRIVING WEST THAT, OF COURSE, THE  
12 THING GOT SCREWED UP DUE TO THEM  
13 TRYING TO GET VILES --  
14 WHO'S VILES?

12:00PM

15 A HE WAS SOMEONE WHO WORKED IN THE  
16 COMMUNICATIONS DEPARTMENT.

12:00PM

17 Q AT TCW?

18 A YES, TCW.

19 Q HE'S ANOTHER TCW EMPLOYEE?

20 A YES.

12:00PM

21 Q SAYS:

22 THE OPERATOR WAS INCOMPETENT BUT  
23 THE TCW PEOPLE WERE EQUALLY  
24 INCOMPETENT IN THEIR BASIC DECISION  
25 MAKING. WHO THE F CARES IF VILES  
26 IS ON THE CALL. HE ALREADY MISSED  
27 HIS INTRO AND OBVIOUSLY NO ONE  
28 COULD CARE LESS. SO HERE WE ARE,

12:00PM

1 THE CALL UNDERWAY WITH A CRAPPY  
2 START, BUT IT IS NOW UNDERWAY WITH  
3 THE POPE IN CONTROL.

4 WHO'S THE POPE?

5 A JEFFREY'S REFERRING TO HIMSELF AS THE POPE. 12:00PM

6 Q HE WANTED TO DO THAT, RIGHT, HE REFERRED TO  
7 HIMSELF AS THE POPE?

8 A ON OCCASION. IT WAS ONE OF THE RUNNING JOKES  
9 ON THE DESK.

10 Q AND THE GODFATHER, TOO? 12:00PM

11 A I THINK THAT WAS TRUE, TOO, YES.

12 Q (READING):

13 WHAT IS WRONG WITH THESE MORONS  
14 THAT WOULD DO ANYTHING, THAT COULD  
15 EVEN REMOTELY CAUSE A F UP. VILES 12:01PM  
16 SHOULD HAVE SAID, OH, WELL, AND THE  
17 OTHER IDIOTS AT TCW SHOULD HAVE  
18 SAID, JUST STAY AWAY AND NOT TRIED  
19 EVEN TO PATCH HIM IN. IF HE --  
20 THEY, WASN'T, WERE INSISTING ON 12:01PM  
21 BEING PATCHED IN THE BIG SCREWUP  
22 NEVER WOULD HAVE HAPPENED. TCW  
23 EQUALS TOTALLY FRICKIN WORTHLESS.  
24 RIGHT?

25 A THAT'S WHAT IT SAYS. 12:01PM

26 Q NOW, AT THIS POINT HE -- HE'S CHIEF INVESTMENT  
27 OFFICER OF THE COMPANY AND A DIRECTOR AND PRESIDENT OF  
28 THE LARGEST OPERATING SUBSIDIARY AT TCW?

1 A YES.

2 Q HE'S A LEADER OF COMPANY, A COMPANY OF, LIKE  
3 550 PEOPLE WHO LOOK UP TO HIM FOR LEADERSHIP, RIGHT?

4 A YES.

5 Q AND THEN, THE NEXT E-MAIL UP, HE SAYS,

12:01PM

6 IT BEGINS: IT DOESN'T REALLY  
7 MATTER WHAT THESE TCW MINIONS HAVE  
8 TO SAY.

9 AND IT GOES ON, RIGHT?

10 A YES.

12:01PM

11 Q AND THEN WE HAVE YOUR RESPONSE TO ALL THIS AT  
12 THE TOP:

13 PERFECT!

14 THAT WAS YOUR RESPONSE?

15 A THAT APPEARS SO.

12:02PM

16 MR. HELM: COULD HE AGREE WHAT HE WAS SAYING  
17 PERFECT TO, JUST SO HE KNOWS WHAT HE'S SAYING PERFECT  
18 TO?

19 MR. QUINN: PERHAPS THE, YOUR HONOR, THAT THE  
20 JURY COULD LET US KNOW WHEN THEY HAD A CHANCE TO READ  
21 THAT?

12:02PM

22 THE COURT: SURE.

23

24 (PAUSE) +

25

12:02PM

26 THE WITNESS: I'VE READ IT.

27 THE COURT: HAS EVERYBODY HAD A CHANCE TO TAKE  
28 A LOOK AT IT. THIS IS EXHIBIT 2091. YOU'LL HAVE THESE

1 EXHIBITS AVAILABLE TO YOU DURING YOUR DELIBERATIONS.  
2 SO JUST MAKE A NOTE OF IT IF IT'S SOMETHING YOU'RE  
3 CONCERNED ABOUT.

4 MR. QUINN: OKAY.

5 IF FOLKS HAVE HAD A CHANCE, IF WE COULD  
6 LOOK NOW TO EXHIBIT 2063.

12:03PM

7 THE WITNESS: WAS THERE A QUESTION ON THIS?

8 THE COURT: NO QUESTION. WE FINISHED WITH  
9 THAT I, GUESS.

10 MR. QUINN: THIS IS AN E-MAIL EXCHANGE BETWEEN  
11 YOU AND MR. GUNDLACH AND OTHERS?

12:03PM

12 THE WITNESS: 2063?

13 MR. QUINN: 2063.

14 THE WITNESS: OKAY.

15 MR. QUINN: I'D OFFER THAT, YOUR HONOR.

12:03PM

16 MR. HELM: NO OBJECTION.

17 THE COURT: IT WILL BE ADMITTED.

18  
19 (EXHIBIT 2063 ADMITTED.) +

12:04PM

20  
21 BY MR. QUINN:

22 Q YOU WENT ON THE MARFA, MODERN ART VIEWING  
23 TRIP, DIDN'T YOU?

24 A I DID.

25 Q AND DOWN AT THE BOTTOM IS -- IT LOOKS LIKE  
26 KIND OF A WEATHER REPORT OR A PRE TRIP, SOME PRE TRIP  
27 INFORMATION THAT MR. GUNDLACH IS GIVING TO ALL THE  
28 PEOPLE, THE SEVEN PEOPLE WHO WENT, RIGHT?

12:04PM

1 A YES.

2 Q AND ALL THOSE PEOPLE ENDED UP GOING TO  
3 DOUBLELINE, RIGHT?

4 A YES.

5 Q AND --

12:04PM

6 A CLAUD -- CLAUD WAS THERE FOR A VERY SHORT  
7 PERIOD, THOUGH.

8 Q HE WENT BACK TO TCW?

9 A YES.

10 Q AND THIS WAS A TEAM-BUILDING EXERCISE, WAS IT,  
11 SIR?

12:04PM

12 A THIS WAS A BOONDOGGLE YES.

13 Q I'M SORRY?

14 A WHAT WE REFER TO IN OUR BUSINESS AS  
15 BOONDOGGLE.

12:04PM

16 Q VERY GOOD.

17 YOU GOT A PRIVATE JET. YOU FLEW TO THE  
18 HINTERLANDS IN TEXAS. THAT'S BASICALLY WHAT YOU DID?

19 A YEAH, I THINK THAT WAS MY FIRST TRIP. YEAH.

20 Q I'M SORRY?

12:05PM

21 A IT WAS MY FIRST TRIP ON A PRIVATE JET.

22 Q OKAY.

23 THIS WAS PAID FOR BY TCW. IT WAS  
24 CHITTED IN TO TCW; YOU KNOW THAT, DON'T YOU?

25 MR. HELM: LACKS FOUNDATION.

12:05PM

26 THE COURT: SUSTAINED.

27 YOU CAN ASK HIM IF HE KNOWS.

28

1 BY MR. QUINN:

2 Q DO YOU KNOW WHO PAID FOR THIS?

3 A I THINK I DID HEAR AT ONE POINT THAT THEY WERE  
4 GOING TO EXPENSE IT.

5 Q DID YOU HEAR IT JUSTIFIED AS TEAM-BUILDING  
6 EXERCISE?

12:05PM

7 A TEAM -- YEAH, IT WAS A BOONDOGGLE.

8 Q SO WHOSE TEAM? WHOSE TEAM WAS BEING BUILT?

9 A THESE WERE -- THESE WERE PEOPLE, JEFFREY. IT  
10 WAS A SMALL PLANE. IT WASN'T THAT BIG. IT ONLY HOLDS  
11 THIS MANY PEOPLE.

12:05PM

12 IT WAS -- SHORTLY BEFORE JEFFREY'S  
13 BIRTHDAY OR AROUND JEFFREY'S BIRTHDAY. I THINK JEFFREY  
14 FELT CLOSE TO THESE PEOPLE AND HAD SOME INTEREST IN  
15 ART.

12:05PM

16 Q WHOSE TEAM? WHOSE TEAM WAS IT? IS THIS TEAM  
17 BUILDING FOR TCW?

18 A NO. TEAM BUILDING FOR JEFF-- -- JEFFREY.  
19 JEFFREY'S GROUP. JEFFREY WAS HEAD OF THE GROUP.

20 Q WAS IT TEAM BUILDING FOR ABLE GRAPE?

12:06PM

21 A NO.

22 Q PEOPLE WERE ALREADY LOOKING FOR SPACE AT THIS  
23 POINT; ISN'T THAT TRUE?

24 A I DON'T KNOW IF THAT WAS THE CASE.

25 Q YOU KNOW THAT ABLE GRAPE WAS INCORPORATED IN  
26 DELAWARE THREE DAYS -- OCTOBER 23?

12:06PM

27 MR. HELM: LACKS FOUNDATION.

28



1 BY MR. QUINN:

2 Q DO YOU KNOW THAT?

3 A I DON'T KNOW WHEN IT WAS INCORPORATED.

4 Q IN ANY EVENT, YOUR RESPONSE TO THIS IS:  
5 CAN'T WAIT...

12:06PM

6 A RIGHT.

7 Q AND THEN IF WE COULD LOOK AT EXHIBIT 238.

8 IS THIS AN E-MAIL EXCHANGE BETWEEN YOU  
9 AND MR. GUNDLACH?

10 A IT APPEARS SO, YES.

12:06PM

11 MR. QUINN: WE'D OFFER IT.

12 THE COURT: ANY OBJECTION?

13 MR. HELM: NO OBJECTION, YOUR HONOR.

14 THE COURT: IT WILL BE ADMITTED.

15  
16 (EXHIBIT 238 ADMITTED.) +  
17

12:07PM

18 BY MR. QUINN:

19 Q WHAT THIS IS ABOUT IS A -- ONE OF THE  
20 INVESTORS WAS THE UNIVERSITY OF CALIFORNIA REGENTS,  
21 CORRECT?

12:07PM

22 A ONE OF OUR INVESTORS, YES.

23 Q AND SOMEBODY AT UNIVERSITY OF CALIFORNIA  
24 REGENTS WANTED TO TALK TO PHIL BARACH, RIGHT?

25 A I HAVEN'T HAD TIME TO READ IT.

12:07PM

26 Q WELL, DO YOU RECALL THIS EPISODE?

27 A I RECALL SOMETHING -- I MEAN -- AGAIN, NOT  
28 HAVING READ THE WHOLE THING, BUT I THINK THAT I KNOW

1 WHERE THIS IS GOING.

2 Q OKAY.

3 WELL, DO YOU HAVE A RECOLLECTION THAT  
4 THERE WAS SOMEBODY AT THE UNIVERSITY OF CALIFORNIA,  
5 WHICH ONE OF YOUR INVESTORS, WANTED TO TALK TO  
6 PHIL BARACH, THE NO. 2 GUY, TO GET A SENSE ABOUT THE  
7 DEPTH OF THE MANAGEMENT TEAM?

12:07PM

8 IN OTHER WORDS, WHO BESIDES JEFFREY WAS  
9 THERE IN THE M.B.S. GROUP?

10 DO YOU RECALL THAT GENERALLY?

12:07PM

11 A GENERALLY, YES.

12 Q ALL RIGHT.

13 AND MR. GUNDLACH WAS REALLY CONCERNED  
14 THAT SOMEBODY WOULD THINK THAT PHIL BARACH COULD HOLD A  
15 CANDLE TO HIM OR COULD EXECUTE TRADES WHEN HE WASN'T  
16 AROUND, RIGHT?

12:08PM

17 A THAT -- I WOULDN'T CHARACTERIZE IT LIKE THAT.

18 Q WELL, WHAT HE SAYS, IF WE COULD LOOK AT  
19 PAGE 238- --

20 MR. HELM: YOUR HONOR, RELEVANCE, 352.

12:08PM

21 THE COURT: YOU JUST STIPULATED TO ADMIT IT.  
22 SO I DON'T KNOW -- I DON'T KNOW WHAT I'M SUPPOSED TO DO  
23 ABOUT THAT.

24 GO AHEAD, MR. QUINN.

25 MR. HELM: RIGHT.

12:08PM

26 THE COURT: GO AHEAD, MR. QUINN.

27 MR. QUINN: PAGE 238-2 THERE'S AN E-MAIL IN  
28 THE MIDDLE FROM JEFFREY GUNDLACH TO YOU ABOUT

1 U.C. REGENTS FOLLOW-UP CALL.

2 Q DO YOU SEE THAT?

3 A YES. IN THE MIDDLE, YES.

4 Q HE WRITES TO YOU:

5 I WANT YOU ON THIS CALL AND I 12:08PM  
6 WANT IT UNDERSTOOD THAT THE TRUTH  
7 OF MY PRIMARY ROLE IS TO BE  
8 COMMUNICATED. I DO NOT WANT SOME  
9 "OH, NO" PROBLEM. PHIL CAN DO  
10 JEFFREY'S JOB: LIE BEING TOLD. 12:09PM  
11 WHAT IS SAID IN THE CALL MUST BE  
12 CONSISTENT WITH MY MESSAGE GIVEN TO  
13 A SIMILAR QUESTION WHICH YOU HEARD  
14 ME GIVE. YOU CAN SAY THAT PHIL'S  
15 VOICE MOST USED TO CARRY OUT THE 12:09PM  
16 BATTLE PLAN THAT THE GENERAL LAID  
17 DOWN BY WORKING THE TEAM AND  
18 LEADING ON A PRO TEM BASIS WHEN I'M  
19 NOT AROUND. BUT PHIL'S VOICE IS  
20 NOT NEARLY ON A PAR WITH MINE WHEN 12:09PM  
21 I AM AT THE HELM AND CERTAINLY NOT  
22 THE SAME ON DEVELOPING STRATEGY.  
23 PHIL IS GREAT IN THE PRO TEM ROLE,  
24 YOU CAN SAY, BUT HE ISN'T THE  
25 ANSWER TO THE GENERAL. SOMETHING 12:09PM  
26 LIKE THAT, YES?  
27 DO YOU SEE THAT?

28 A YES.

1 Q AND YOU RESPOND:

2 I HAVE NO PROBLEM MAKING SURE  
3 THE TRUTH IS TOLD, EXCLAMATION  
4 MARK. I KNOW THE DRILL.  
5 YOU GO ON, RIGHT?

12:09PM

6 A YES.

7 Q AND THEN HE RESPONDS TO IT -- I MEAN, YOU SAY  
8 SOMETHING LIKE -- IN YOUR E-MAIL YOU SAY SOMETHING LIKE  
9 THAT.

10 YOU MENTIONED THAT JOEL WAS THIRD  
11 IN CHARGE AND IMPLIED THAT JOEL HAS  
12 THE AUTHORITY TO AUTHORIZE TRADES?  
13 I KNOW YOU MENTION JOEL COULD  
14 ALLOCATE TRADES WHEN YOU WERE IN  
15 CHINA, BUT ARE YOU OKAY WITH MAKING  
16 THAT STATEMENT?  
17 DO YOU SEE THAT?

12:09PM

18 A YES.

19 Q AND HE RESPONDS:

20 NO. I'M NOT OK WITH IT. IT'S A  
21 LIE. THERE IS NO "THIRD IN CHARGE"  
22 AND I DO NOT THINK IT IS OK FOR  
23 JOEL TO ALLOCATE SMCF TRADES. OF  
24 COURSE, PHIL WILL "GILD THE LILY"  
25 REGARDING HIS IMPORTANCE --

12:10PM

26 NOW PHIL, AGAIN BARACH, NO. 2 GUY, NO. 2  
27 GUY HE'S WORKED FOR -- AS OF THIS TIME THEY WORKED  
28 TOGETHER 15 YEARS OR MORE.

12:10PM

1 A PROBABLY MORE.

2 Q (READING):

3 OF COURSE, PHIL WILL "GILD THE  
4 LILY" REGARDING HIS IMPORTANCE AT  
5 EVERY OPPORTUNITY AS HE HAS A  
6 PROVEN TRACK RECORD OF DOING.  
7 THERE NEEDS TO BE ELABORATION ON  
8 THE ISSUE OF EXACTLY HOW BIG THE  
9 GAP IS BETWEEN THE GENERAL AND THE  
10 CORPORAL --

12:10PM

12:10PM

11 YOU UNDERSTOOD THERE HE'S THE GENERAL  
12 AND PHIL BARACH, THE NO. 2, IS A CORPORAL, RIGHT?

13 A THAT APPEARS TO BE WHAT HE'S SAYING.

14 Q (READING):

15 -- IN THESE QUESTIONS IT MUST BE  
16 THE TRUTH. EXCLAMATION MARK. YOU  
17 KNOW THE TRUTH, AND I'M LOOKING TO  
18 YOU TO MAKE SURE THE TRUTH IS TOLD.  
19 FOR PHIL TO SAY "JEG --  
20 THAT'S MR. GUNDLACH, RIGHT?

12:11PM

12:11PM

21 A YES.

22 Q (READING):

23 -- PULLS THE TRADES ON -- PULLS THE  
24 TRIGGER ON TRADES WHEN HE IS HERE  
25 AND PAB --  
26 MEANING MR. BARACH, RIGHT?

12:11PM

27 A YES.

28 Q (READING):

1 -- PULLS THE TRIGGER ON TRADES WHEN  
2 JEG IS NOT HERE AND OTHERWISE IT IS  
3 AN EQUAL CONTRIBUTION" IS, AS YOU  
4 KNOW, UTTERLY UNTRUE.

5 I NEED THE MESSAGE TO BE: THE  
6 TRUTH.

7 CAN YOU DO IT? BE HONEST.

8 RIGHT?

9 A YES.

10 Q AND YOUR RESPONSE IS:

11 MOST DEFINITELY. WITH YOUR  
12 SUPPORT AND BACKING I CAN DO  
13 ANYTHING.

14 I STAND CORRECTED ON JD  
15 ALLOCATING TRADES. HE QUICKLY  
16 ASSUMED THAT ROLE AND I THOUGHT I  
17 HAD OVERHEARD YOU GIVE THE OK.  
18 NEXT TIME I WILL CK WITH YOU FIRST.  
19 RIGHT?

20 A YES.

21 Q AND THEN HE RESPONDS TO YOU. I WON'T READ ALL  
22 OF IT, BUT THE SECOND TO LAST PARAGRAPH RESPONSE IS, HE  
23 SAYS:

24 WE NEED TO TELL THE TRUTH, ALL  
25 THE TIME, EVERYTIME, INDIFFERENT TO  
26 THE DAMAGE THAT MIGHT BE DONE TO  
27 EGOS OR ORGANIZATIONAL CONSTRUCTS  
28 WHETHER THEY BE THOSE OF OUR

12:11PM

12:11PM

12:11PM

12:12PM

12:12PM

1 ENEMIES OR THOSE MOST DEAR TO US  
2 PERSONALLY.

3 WHO IS HE REFERRING TO AS HIS ENEMIES,  
4 DO YOU KNOW?

5 MR. HELM: LACKS FOUNDATION. 12:12PM

6 THE COURT: SUSTAINED.

7 MR. QUINN: DO YOU KNOW?

8 Q DO YOU HAVE AN UNDERSTANDING?

9 A NO, I DON'T.

10 MR. HELM: SAME OBJECTION. 12:12PM

11 BY MR. QUINN:

12 Q SO FAR AS YOU KNOW, DID MR. GUNDLACH EVER TELL  
13 HIS PARTNER, MR. BARACH, THAT HE'S -- WILL "GILD THE  
14 LILY" REGARDING HIS IMPORTANCE AT EVERY OPPORTUNITY?

15 A HE'S NEVER TOLD HIM THAT. HE HAS TOLD HIM HE  
16 THINKS PHIL COULD HEAD UP ANY OTHER FIXED INCOME  
17 COMPANY IN THE WORLD. 12:12PM

18 Q AND THEN UP AT THE TOP, YOUR RESPONSE TO THIS  
19 LAST COMMENT IS:

20 MUSIC TO MY EARS. 12:13PM

21 RIGHT? DO YOU SEE THAT?

22 A YES.

23 Q AND THE TRUTH IS, MR. SANTA ANA, YOU WOULD DO  
24 ANYTHING THAT MR. GUNDLACH TOLD YOU TO DO; ISN'T THAT  
25 TRUE? 12:13PM

26 MR. HELM: ARGUMENTATIVE.

27 THE COURT: SUSTAINED.

28 YOU CAN REPHRASE IT.

1 BY MR. QUINN:

2 Q DID YOU FOLLOW HIS INSTRUCTIONS HERE WHAT HE  
3 TOLD YOU TO DO?

4 A WHICH INSTRUCTIONS? THE --

5 Q HE TOLD YOU ABOUT THE MESSAGE THAT NEEDED TO  
6 BE DELIVERED TO THE UNIVERSITY OF CALIFORNIA REGENTS,  
7 THAT, YOU KNOW PHIL'S THE CORPORAL, HE'S THE GENERAL,  
8 JOEL CAN'T ALLOCATE TRADE.

12:13PM

9 ALL THAT. DID YOU DO WHAT HE ASKED YOU  
10 TO DO?

12:13PM

11 A THE -- THE GENERAL MESSAGE THAT I REMEMBER  
12 DELIVERING FROM THE RESPONSE, TO RESPOND TO THIS  
13 E-MAIL, HE WANTED ME TO TAKE PHIL ASIDE TO LET HIM KNOW  
14 THERE'S CERTAIN THINGS THAT PHIL SHOULDN'T PROBABLY BE  
15 TALKING ABOUT.

12:14PM

16 THAT, YOU KNOW, THAT WHEN WE GO OUT AND  
17 SELL THE GROUP, YOU KNOW, IT WAS THAT JEFFREY WAS HEAD  
18 OF THE GROUP. AS THOSE TWO -- TWO HEADS.

19 Q WE CAN READ THIS. MY QUESTION IS: DID YOU DO  
20 WHAT HE TOLD YOU TO DO?

12:14PM

21 A DID I TALK TO PHIL? YES.

22 Q ALL RIGHT.

23 CAN YOU IDENTIFY ONE THING THAT  
24 MR. GUNDLACH EVER ASKED YOU TO DO THAT YOU HAVE NOT  
25 DONE?

12:14PM

26 A EVER?

27 Q YES.

28 A PROBABLY. I'VE BEEN CHEWED OUT A NUMBER OF



1 TIMES.

2 Q CAN YOU THINK OF ANY INSTRUCTIONS HE GAVE YOU  
3 THAT YOU DELIBERATELY DID NOT DO?

4 A DELIBERATELY? I DON'T KNOW WHY I WOULD  
5 DELIBERATELY IGNORE INSTRUCTIONS FROM MY BOSS. 12:14PM

6 Q BECAUSE YOU WOULD ALWAYS DO WHAT MR. GUNDLACH  
7 ASKED TO YOU DO, RIGHT?

8 MR. HELM: ARGUMENTATIVE, YOUR HONOR.

9 THE COURT: SUSTAINED.

10 BY MR. QUINN: 12:15PM

11 Q WELL, START ON SEPTEMBER 3RD, THAT MORNING,  
12 HE'S TOLD YOU TO START COPYING INFORMATION, RIGHT?

13 A HE SAID TO START MAKING SOME BACKUP OF SOME  
14 PIECES OF INFORMATION.

15 Q AND DAY AFTER DAY AFTER DAY BETWEEN THEN AND 12:15PM  
16 THE TIME YOU WERE CONFRONTED ON DECEMBER 4TH, THAT'S  
17 WHAT YOU DID?

18 A ON MOST DAYS, MOST BUSINESS DAYS THERE WAS AN  
19 AUTOMATED PROCESS THAT WE NEEDED TO MAKE BACKUPS, YES.

20 Q ALL RIGHT. 12:15PM

21 THEN AT DOUBLELINE MR. GUNDLACH STARTED  
22 TO MAKE COMMENTS ABOUT WHAT YOU HAD DONE AND YOUR  
23 BEHAVIOR AT TCW, AND YOU FELT LIKE YOU WERE -- YOU  
24 STARTED TO MAKE -- STARTED TO MAKE COMMENTS ABOUT YOU  
25 AND YOUR BEHAVIOR AND THIS ACTIVITY AT TCW -- 12:15PM

26 THE COURT: MR. QUINN, WOULD THIS BE A GOOD  
27 POINT?

28 MR. QUINN: IF I COULD JUST FINISH THIS.

1 THE COURT: SURE. GO AHEAD, THAT'S FINE.

2 BY MR. QUINN:

3 Q -- AND YOU FELT LIKE HE HAD PUT YOU OUT ON A  
4 LIMB?

5 A THERE WERE CERTAIN COMMENTS THAT HE MADE THAT 12:16PM  
6 MADE ME FEEL -- THAT WERE UNCOMFORTABLE AND A LITTLE  
7 UPSET.

8 Q OUT ON A LIMB?

9 A YEAH. I MEAN, THAT'S ONE WAY OF PUTTING IT,  
10 YEAH. 12:16PM

11 Q THAT'S YOU HOW YOU PUT IT?

12 A YEAH.

13 MR. QUINN: OKAY.

14 THE COURT: LET'S TAKE OUR NEXT RECESS.

15 20 MINUTES, LADIES AND GENTLEMEN. WE'LL 12:16PM  
16 COME BACK JUST PAST 25 MINUTES.

17

18 (PROCEEDINGS HELD OUTSIDE THE PRESENCE OF THE JURY.) +

19

20 THE COURT: WE'RE OUT OF THE PRESENCE OF THE 12:17PM  
21 JURY.

22 ANY MATTERS ANYBODY WANTS TO TAKE UP?

23 MR. QUINN: I DON'T THINK SO.

24 THE COURT: WILL MR. SANTA ANA BE THE REST OF  
25 THE DAY? 12:17PM

26 MR. QUINN: I'M GOING TO FINISH UP WITHIN AN  
27 HOUR.

28 THE COURT: OKAY. THAT'S PROBABLY THE REST OF

1 THE DAY BY THE TIME WE HAVE SOME CROSS.

2 ALL RIGHT.

3

4 (RECESS.)

5

6

7

8

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1 CASE NUMBER: BC429385  
2 CASE NAME: TRUST COMPANY OF THE WEST VS.  
3 JEFFREY GUNDLACH, ET AL  
4 LOS ANGELES, THURSDAY, AUGUST 4, 2011  
5 CALIFORNIA  
6 DEPARTMENT 322 HON. CARL J. WEST, JUDGE  
7 APPEARANCES: (AS HERETOFORE NOTED.)  
8 REPORTER: WENDY OILLATAGUERRE, CSR #10978  
9 TIME: 12:40 P.M.

10

11

12

(THE FOLLOWING PROCEEDINGS

13

WERE HELD IN OPEN COURT IN

14

THE PRESENCE OF THE JURY:)

15

12:41PM

16

THE COURT: ALL RIGHT. ALL MEMBERS OF THE

17

JURY ARE PRESENT, AS ARE COUNSEL.

18

MR. QUINN, YOU MAY CONTINUE YOUR DIRECT

19

EXAMINATION OF MR. SANTA ANA.

20

MR. QUINN: THANK YOU, YOUR HONOR.

12:41PM

21

22

23

DIRECT EXAMINATION (RESUMED)

24

BY MR. QUINN:

25

Q. MR. SANTA ANA, WE'VE HEARD ABOUT A MEETING

12:41PM

26

THAT TOOK PLACE, WITH I THINK YOU AND SIX OF YOUR

27

COLLEAGUES, WITH MR. STERN, THE AFTERNOON OF

28

SEPTEMBER 3.

1 DO YOU RECALL THAT?

2 A. YES, I DO.

3 Q. AND THERE CAME A POINT IN THAT MEETING WHERE  
4 EVERYBODY RAISED -- THERE WAS A SHOW OF HANDS.

5 MR. GUNDLACH TURNED TO ALL OF YOU AND SAID, IF I'M  
6 FIRED, OR IF I LEAVE, HOW MANY OF YOU WILL LEAVE WITH  
7 ME? AND EVERYBODY RAISED THEIR HAND, CORRECT?

12:41PM

8 A. I THINK HE JUST SAID, IF I'M FIRED, HOW MANY  
9 OF YOU WILL LEAVE WITH ME?

10 Q. AND PRIOR TO THAT MEETING, THERE HAD BEEN A  
11 SERIES OF MEETINGS THAT MR. GUNDLACH HAD HAD WITH YOU  
12 AND THE OTHERS WHO WERE IN THAT MEETING, RIGHT?

12:42PM

13 A. I DON'T RECALL A SERIES OF MEETINGS; I RECALL  
14 A CONVERSATION OUT AT THE DESK.

15 Q. YOU RECALL A CONVERSATION AT THE DESK.

12:42PM

16 DO YOU KNOW WHETHER MR. GUNDLACH MET  
17 WITH THE OTHER PEOPLE WHO WERE IN THAT MEETING IN  
18 ADVANCE OF THAT?

19 A. I DON'T RECALL, NO.

20 Q. YOU JUST DON'T RECALL ONE WAY OR THE OTHER; IT  
21 MIGHT HAVE HAPPENED, MIGHT NOT, YOU JUST ARE NOT -- YOU  
22 DON'T KNOW?

12:42PM

23 A. THE ONLY THING I RECALL IS JEFFREY TALKING  
24 ABOUT A MEETING WITH STERN OUT AT THE DESK. AND I  
25 THINK THE MEETING HAPPENED SHORTLY AFTER THAT.

12:42PM

26 Q. ALL RIGHT.

27 AND YOU ACTUALLY MAY HAVE PRACTICED  
28 RAISING YOUR HANDS BEFORE THE MEETING, RIGHT?

1 A. I DON'T RECALL. I DON'T REMEMBER THAT.

2 Q. WELL, LET'S -- WHY DON'T YOU TAKE A LOOK AT  
3 YOUR DEPOSITION. THIS WOULD BE PAGE 119.

4 THE COURT: IT'S 119?

5 MR. QUINN: YES, 119.

12:43PM

6 Q. AND TAKE A LOOK AT LINES 13 TO 17.

7 AND MY QUESTION TO YOU IS, DO YOU RECALL  
8 NOW THAT YOU MAY HAVE ACTUALLY PRACTICED RAISING YOUR  
9 HANDS?

10 A. I'M SORRY. WHERE ARE YOU LOOKING?

12:43PM

11 Q.. PAGE 119 --

12 A. UH-HUH.

13 Q. -- LINES 13 TO 17? JUST READ THAT TO  
14 YOURSELF.

15 AND DO YOU RECALL NOW THAT YOU MAY HAVE  
16 ACTUALLY -- YOU ALL MAY HAVE ACTUALLY PRACTICED RAISING  
17 YOUR HANDS, IN ADVANCE OF THE SEPTEMBER 3 MEETING WITH  
18 MR. STERN?

12:43PM

19 A. NO, I DON'T RECALL THAT.

20 MR. QUINN: I'D REQUEST PERMISSION TO READ  
21 THIS, YOUR HONOR.

12:44PM

22 THE COURT: YOU MAY.

23 MR. QUINN: 119, LINES 13 TO 17.

24 THE COURT: ANY OBJECTION?

25 MR. HELM: NO OBJECTION, YOUR HONOR.

12:44PM

26 THE COURT: GO AHEAD.

27 MR. QUINN: (READING):

28 "Q AND YOU PRACTICED THAT.

1           YOU AGREED THAT YOU WOULD DO  
2           THAT PRIOR TO THE MEETING,  
3           RIGHT?

4           "THE WITNESS: I DON'T RECALL.  
5           IT MAY HAVE BEEN. I DON'T  
6           RECALL. I DON'T RECALL."

12:44PM

7           AND MR. GUNDLACH BEGAN THIS MEETING BY  
8           ASKING MR. STERN IF MR. OUDEA -- YOU KNOW WHO MR. OUDEA  
9           IS?

10          A.     OUDEA.

12:44PM

11                     I DON'T KNOW WHO HE IS. I'VE HEARD THE  
12           NAME.

13          Q.     BUT YOU KNOW, OR KNEW, THAT HE WAS CHAIRMAN OF  
14           SOCIETE GENERALE IN PARIS?

15          A.     I KNEW HE WAS A HIGH RANKING SOCIETE GENERALE  
16           EMPLOYEE.

12:44PM

17          Q.     ALL RIGHT.

18                     AND MR. GUNDLACH ASKED MR. STERN WHETHER  
19           MR. OUDEA WAS COMING TO LOS ANGELES TO FIRE HIM, RIGHT?

20          A.     YES. I DON'T REMEMBER HIM PHRASING IT EXACTLY  
21           THAT WAY; BUT I DO REMEMBER JEFFREY ASKING MR. STERN IF  
22           HE WAS BEING FIRED.

12:45PM

23          Q.     WELL, SPECIFICALLY, DO YOU RECALL THAT  
24           MR. STERN -- MR. GUNDLACH BEGAN THE MEETING BY ASKING,  
25           IS MR. OUDEA COMING FROM PARIS TO FIRE ME?

12:45PM

26                     DO YOU RECALL THAT?

27          A.     I DON'T RECALL HIM BEGINNING THE MEETING THAT  
28           WAY, NO.

1 Q. DO YOU RECALL HIM ASKING THAT QUESTION? DO  
2 YOU RECALL MR. GUNDLACH ASKING THAT QUESTION?

3 A. AGAIN, THE WAY I REMEMBER IT.

4 Q. SIR, IF YOU WOULD LISTEN TO MY QUESTION,  
5 PLEASE.

12:45PM

6 YES OR NO? DO YOU RECALL MR. GUNDLACH  
7 ASKING IF MR. OUDEA WAS COMING TO LOS ANGELES TO FIRE  
8 HIM?

9 A. I DON'T RECALL THAT.

10 Q. MAY HAVE HAPPENED. MAY NOT HAVE HAPPENED; YOU  
11 ARE JUST NOT SURE?

12:45PM

12 A. AGAIN, ALL I KNOW IS, JEFFREY ASKED.

13 Q. SIR, DO YOU RECALL THAT, ONE WAY OR THE OTHER?

14 A. I DON'T RECALL IT BEING PHRASED THAT WAY.

15 Q. WHAT IS A TRACK RECORD? WHEN YOU TALK ABOUT  
16 THE TRACK RECORD OF FUND MANAGERS, WHAT IS THAT?

12:46PM

17 A. OVER TIME, AND WHEN YOU ARE MANAGING  
18 PORTFOLIOS, YOU HAVE PERFORMANCE ON A MONTHLY BASIS,  
19 VARIOUS PORTFOLIOS. THEY ARE THEN ROLLED UP INTO A  
20 COMPOSITE, AND THOSE COMPOSITES BECOME YOUR TRACK  
21 RECORD FOR THAT SPECIFIC STRATEGY.

12:46PM

22 Q. SO IN OTHER WORDS, THAT PERMITS YOU TO BE ABLE  
23 TO SAY, FOR EXAMPLE, OVER THE LAST FIVE YEARS, OVER THE  
24 LAST 10 YEARS, WE HAVE AVERAGED A RETURN OF SIX  
25 PERCENT, SEVEN PERCENT, WHATEVER IT IS, RIGHT?

12:46PM

26 A. YES, WHATEVER YOUR RETURNS ARE.

27 Q. AND THAT'S A TRACK RECORD, RIGHT?

28 A. YES.



1 Q. AND THOSE ARE COMMONLY USED IN YOUR INDUSTRY,  
2 CORRECT?

3 A. YES.

4 Q. AND I WOULD ASSUME IF YOU HAVE A GOOD TRACK  
5 RECORD, IT'S IMPORTANT TO BE ABLE TO TELL PEOPLE WHAT  
6 YOUR TRACK RECORD IS?

12:46PM

7 A. YES.

8 Q. AND MAYBE NOT SO IMPORTANT, IF YOU DON'T HAVE  
9 A GOOD TRACK RECORD; BUT AT LEAST IF IT'S GOOD, YOU  
10 MIGHT BE ABLE TO TELL PEOPLE ABOUT IT?

12:47PM

11 A. THAT'S RIGHT.

12 Q. AND IF YOU LEAVE -- IF SOMEBODY IN YOUR LINE  
13 OF WORK, WHO MANAGES PORTFOLIOS, LEAVES ONE FIRM AND  
14 MOVES TO ANOTHER, AND THEY WANT TO USE THEIR HISTORICAL  
15 TRACK RECORD AT THEIR OLD FIRM, YOU KNOW THERE ARE  
16 CERTAIN REQUIREMENTS THAT APPLY TO THAT, RIGHT?

12:47PM

17 MR. HELM: LACKS FOUNDATION.

18 THE COURT: YOU CAN ASK HIM IF HE KNOWS THAT;  
19 AND IF HE DOES, HE CAN TELL US ABOUT THAT.

20 MR. QUINN: RIGHT.

12:47PM

21 Q. DO YOU KNOW THAT TO BE TRUE?

22 A. I KNOW THERE ARE REQUIREMENTS.

23 Q. AND AMONG THOSE REQUIREMENTS ARE IF YOU GO  
24 FROM ONE INVESTMENT MANAGEMENT FIRM TO ANOTHER, AND YOU  
25 WANT TO BE ABLE TO COUNT YOUR TRACK RECORD AT THE OLD  
26 FIRM AT YOUR NEW FIRM, YOU'VE GOT TO HAVE CERTAIN  
27 RECORDS WITH YOU ABOUT THE TRADES THAT YOU DID AT THE  
28 OLD FIRM, CORRECT?

12:47PM

1 A. THAT, I DON'T KNOW.

2 Q. YOU DON'T KNOW WHETHER THERE'S ANY REQUIREMENT  
3 OF HAVING RECORDS?

4 A. THE ONLY THING I SEEM TO KNOW IS THAT YOU NEED  
5 STATEMENTS -- THERE MAY BE MULTIPLE REQUIREMENTS.

12:48PM

6 THE THING THAT STICKS OUT TO ME IS THAT  
7 YOU NEED CLIENT STATEMENTS.

8 Q. CLIENT STATEMENTS.

9 AND IS IT YOUR UNDERSTANDING THAT YOU --  
10 THAT THE CLIENT STATEMENTS WOULD REFLECT THE TRADES?

12:48PM

11 A. I DON'T KNOW IF THE TRADES ARE -- HAVE TO BE  
12 PART OF THE STATEMENTS. I THINK YOU NEED CLIENT  
13 STATEMENTS THAT HAVE PERFORMANCE ON THEM.

14 Q. ISN'T IT TRUE, SIR, THAT IF YOU ARE GOING TO  
15 USE YOUR PREVIOUS TRACK RECORD AT YOUR NEW FIRM, THAT  
16 YOU ACTUALLY HAVE TO HAVE RECORDS OF THE PURCHASES AND  
17 SALES THAT YOU DID AT YOUR OLD FIRM THAT SUPPORT THAT  
18 TRACK RECORD? THAT'S REQUIRED, CORRECT?

12:48PM

19 MR. HELM: LACKS FOUNDATION.

20 THE COURT: SUSTAINED.

12:49PM

21 I THINK IT'S BEEN ASKED AND ANSWERED,  
22 TOO.

23 HE SAID HE DIDN'T KNOW, MR. QUINN.

24 SO --

25 Q. BY MR. QUINN: YOU'VE TOLD US THAT YOU SAW --  
26 YOU ASKED LYDIA POMPA -- WE SAW YOUR DEPOSITION -- TO  
27 COPY ALL THE TRADE TICKET OR TRADE ORDER BOOKS, ALL  
28 THESE RED BINDERS, RIGHT?

12:49PM

1 A. YES.

2 Q. AND WE SAW IN YOUR DEPOSITION WHERE YOU SAID  
3 YOU SAW MR. GUNDLACH TAKING THEM OUT OF THE BUILDING  
4 TWO AT A TIME?

5 A. YES.

12:49PM

6 Q. AND WAS IT YOUR UNDERSTANDING THAT HE WAS  
7 DOING THAT SO THAT HE COULD USE HIS TCW TRACK RECORD AT  
8 DOUBLELINE?

9 MR. HELM: LACKS FOUNDATION.

10 MR. QUINN: YOUR UNDERSTANDING.

12:49PM

11 THE COURT: I'LL ALLOW HIM TO ANSWER.

12 THE WITNESS: THAT WAS NOT MY UNDERSTANDING,  
13 NO.

14 I DIDN'T KNOW -- I DON'T KNOW OF THE  
15 SPECIFIC PURPOSE.

12:49PM

16 Q. BY MR. QUINN: YOU DON'T KNOW WHAT HIS PURPOSE  
17 WAS?

18 A. NO, I DON'T.

19 Q. HE ASKED YOU TO HAVE IT DONE, DIDN'T HE?

20 A. YES.

12:50PM

21 Q. HAD HE EVER ASKED YOU TO COPY ALL THE TRADE  
22 TICKET BINDERS PREVIOUSLY?

23 A. NO.

24 Q. SO THIS WAS THE FIRST TIME HE ASKED YOU TO DO  
25 THIS?

12:50PM

26 A. YES.

27 Q. AND DID YOU ASK HIM, WHY ARE WE COPYING -- WHY  
28 DO YOU WANT ME TO HAVE LYDIA POMPA COPY ALL OF THESE

1 TRADE ORDER BINDERS? DID YOU ASK?

2 A. DID I ASK JEFFREY?

3 Q. YES.

4 A. NO.

5 Q. WAS IT YOUR UNDERSTANDING -- YOU HAVE TOLD US  
6 THAT YOU THINK THAT YOU NEED CLIENT STATEMENTS IN ORDER  
7 TO BE ABLE TO USE THE TRACK RECORD.

12:50PM

8 DO YOU HAVE ANY UNDERSTANDING WHETHER OR  
9 NOT, IF YOU HAD THOSE TRADE TICKET BINDERS AND TRADE  
10 ORDER BINDERS, THAT WOULD SUFFICE IN ORDER TO BE ABLE  
11 TO USE THE TCW TRACK RECORD AT A NEW FIRM, DO YOU KNOW?

12:51PM

12 A. I DON'T KNOW THAT, NO.

13 Q. TO THIS DAY, HAVE YOU EVER ASKED MR. GUNDLACH,  
14 GEE, WHY DID YOU ASK ME TO HAVE LYDIA POMPA COPY ALL  
15 THOSE BINDERS?

12:51PM

16 A. I HAVEN'T, NO.

17 Q. HAVE YOU ASKED ANYBODY THAT?

18 A. NO.

19 Q. SO SITTING HERE NOW, THIS IS WHAT, THIS IS  
20 ALMOST TWO YEARS LATER; YOU STILL HAVE NO IDEA WHY YOU  
21 GAVE LYDIA POMPA THIS ASSIGNMENT?

12:51PM

22 A. I HAVE A SUSPICION. I MEAN, I HAVE AN IDEA,  
23 YES; BUT I DIDN'T ASK ANYONE.

24 Q. SO TWO YEARS LATER -- AND THIS IS SOMETHING  
25 THAT YOU HAVE BEEN ASKED ABOUT BEFORE IN YOUR  
26 DEPOSITION, RIGHT?

12:51PM

27 A. YES.

28 Q. AND YOU NEVER ASKED MR. GUNDLACH, TO THIS DAY,

1 WHY HE ASKED YOU TO DO THAT?

2 A. NOT TO MY RECOLLECTION, NO.

3 Q. IF WE COULD TAKE A LOOK AT EXHIBIT 291.

4 IS THIS AN E-MAIL EXCHANGE BETWEEN YOU  
5 AND JP?

12:52PM

6 A. YES.

7 MR. QUINN: I'D OFFER THIS, YOUR HONOR.

8 MR. HELM: NO OBJECTION, YOUR HONOR.

9 THE COURT: IT WILL BE ADMITTED.

10

12:52PM

11 (EXHIBIT 291 ADMITTED.)

12

13 Q. BY MR. QUINN: AND THIS E-MAIL EXCHANGE BEGINS  
14 WITH AN E-MAIL FROM JP TO YOU, WITH A QUOTE FOR TWO  
15 DIFFERENT HARD DRIVES OF DIFFERENT CAPACITIES.

12:52PM

16 DO YOU SEE THAT, UP ON THE TOP OF PAGE  
17 3?

18 A. TOP OF PAGE 3?

19 Q. 291-3, DO YOU SEE UP AT THE TOP, JP WRITES  
20 YOU, AND THERE'S INFORMATION ABOUT A 500 GIGABYTE, AN  
21 EXTERNAL HARD DRIVE, AND A 320 GIGABYTE.

12:53PM

22 DO YOU SEE THAT?

23 A. YES.

24 Q. AND HE ASKED YOU WHICH ONE YOU PREFER?

25 A. YES.

12:53PM

26 Q. AND YOUR RESPONSE THEN, ON THE NEXT PAGE IS,  
27 THE BIGGER ONE?

28 A. YES.

1 MY UNDERSTANDING IS, MEMORY IS CHEAP, SO  
2 WHY NOT.

3 Q. GET THE BIGGER ONE.

4 BUT YOU HAD ALSO DETERMINED THAT YOU  
5 NEEDED THE BIGGER ONE IN ORDER TO DOWNLOAD ALL THE  
6 INFORMATION THAT MR. GUNDLACH HAD ASKED YOU TO  
7 DOWNLOAD?

12:53PM

8 A. YES. WE NEEDED THE INFORMATION -- WE NEEDED  
9 SOMETHING TO MAKE BACKUPS OF THE INFORMATION JEFFREY  
10 HAD REQUESTED.

12:53PM

11 Q. AND THIS WAS ACTUALLY -- AND HE ENDED UP  
12 GETTING -- AND JP ENDED UP GETTING THAT LARGER HARD  
13 DRIVE, CORRECT?

14 A. ACTUALLY, I DON'T KNOW IF HE DID OR NOT; BUT I  
15 ASSUME SO.

12:54PM

16 Q. RIGHT.

17 AND DO WE HAVE THAT EXHIBIT 2119? I  
18 THINK THE CLERK MIGHT HAVE IT.

19 THE COURT: IS THIS --

20 MR. QUINN: IT'S THE HARD DRIVE.

12:54PM

21 THE COURT: IT'S THE THING IN THE POCKET.

22 MR. QUINN: AND MAY I CONTINUE TO ASK  
23 QUESTIONS?

24 THE COURT: SURE.

25 WE'RE GOING TO DIG IT OUT OF OUR BOX OF  
26 STUFF.

12:54PM

27 Q. BY MR. QUINN: YOU AND MR. MAYBERRY AND JP  
28 PASSED AROUND THIS HARD DRIVE BETWEEN THE THREE OF YOU,

1 RIGHT?

2 A. YES.

3 Q. AND YOU ALL DOWNLOADED THINGS ONTO IT?

4 A. I CAN'T SAY.

5 I KNOW JEFF MAYBERRY DID. I DON'T KNOW  
6 ABOUT JP.

12:54PM

7 Q. THANK YOU.

8 MR. QUINN: MAY I APPROACH, YOUR HONOR?

9 THE COURT: YES, YOU MAY.

10 Q. BY MR. QUINN: THIS IS EXHIBIT 2119. I'D ASK  
11 YOU TO TAKE A LOOK AT THAT, AND TELL US WHETHER THAT  
12 APPEARS TO YOU TO BE THE HARD DRIVE THAT YOU USED FOR  
13 THIS PURPOSE?

12:54PM

14 A. IT LOOKS SIMILAR.

15 MR. QUINN: WE'D OFFER THAT, YOUR HONOR.

12:55PM

16 THE COURT: I THOUGHT IT WAS ALREADY ADMITTED.

17 IT WOULD BE ADMITTED, IF THERE'S NO  
18 OBJECTION.

19 MR. HELM: NO OBJECTION.

12:55PM

21 (EXHIBIT 2119 ADMITTED.)

22  
23 Q. BY MR. QUINN: AND COULD YOU TAKE A LOOK,  
24 PLEASE, AT EXHIBIT 10221 -- 10221.

25 THE COURT: THAT SOUNDS LIKE --

12:55PM

26 MR. QUINN: 1022. MY APOLOGIES. 1022.

27 Q. DOES THIS APPEAR TO BE A PRINTOUT OF THE  
28 DIRECTORY OF THAT EXTERNAL HARD DRIVE THAT YOU AND JP

1 AND MR. MAYBERRY WERE USING?

2 A. SORRY. I DIDN'T BRING MY GLASSES.

3 THIS -- I CAN'T TELL FOR SURE; BUT THESE  
4 FILE FOLDER NAMES LOOK FAMILIAR, YES.

5 Q. AND DO YOU SEE, FOR EXAMPLE, IN THAT MIDDLE  
6 COLUMN, THERE'S ONE THAT SAYS, THE FOURTH ITEM DOWN  
7 SAYS CSA.

12:56PM

8 A. YES.

9 Q. THAT'S YOUR INITIALS?

10 A. YES.

12:56PM

11 MR. QUINN: WE'D OFFER THIS.

12 THE COURT: ANY OBJECTION?

13 MR. HELM: NO OBJECTION, YOUR HONOR.

14 THE COURT: IT WILL BE ADMITTED.

15

12:56PM

16 (EXHIBIT 1022 ADMITTED.)

17

18 Q. BY MR. QUINN: AND IF WE COULD LOOK AT 1022-A,  
19 YOUR HONOR, I WILL REPRESENT THAT THIS IS A MORE  
20 LEGIBLE COLOR COPY OF THE SAME DOCUMENT.

12:56PM

21 AND WE'D OFFER THAT, AS WELL.

22 THE COURT: AS -- EVERYBODY HAS IT?

23 MR. HELM: NO OBJECTION, YOUR HONOR.

24 THE COURT: IT WILL BE ADMITTED.

25

12:57PM

26 (EXHIBIT 1022-A ADMITTED.)

27

28 Q. BY MR. QUINN: WHAT IS A HARD DRIVE DIRECTORY?



1 WHAT DOES THAT SHOW?

2 A. A HARD DRIVE DIRECTORY SHOWS A LIST OF FILES  
3 AND FOLDERS THAT ARE ALL IN THE DEVICE.

4 Q. ALL RIGHT.

5 AND THE COST OF THIS HARD DRIVE, YOU  
6 ACTUALLY TURNED IT IN TO TCW; TCW ENDED UP PAYING FOR  
7 THIS HARD DRIVE THAT YOU USED TO DOWNLOAD THE TCW  
8 INFORMATION?

12:57PM

9 A. WE EXPENSED IT, YES.

10 Q. NOW, JUST JUMPING FORWARD.

12:58PM

11 IN THE FALL OF 2010, JP, WHO HAD BEEN  
12 WORKING -- JP HAD BEEN WORKING AT DOUBLELINE IN 2010,  
13 CORRECT?

14 A. YES.

15 Q. AND HE WAS TERMINATED BY DOUBLELINE IN THE  
16 FALL OF 2010?

12:58PM

17 A. I DON'T REMEMBER EXACTLY WHAT DATE IT WAS.

18 Q. YOU KNOW THAT HE HAD A -- WHILE HE WAS AT  
19 DOUBLELINE, HE HAD A WESTERN DIGITAL EXTERNAL DRIVE?

20 A. I DIDN'T KNOW THAT.

12:58PM

21 Q. WHY WAS HE TERMINATED?

22 MR. HELM: LACKS FOUNDATION.

23 MR. QUINN: DO YOU KNOW?

24 THE COURT: WHEN WE GET AN OBJECTION, I'LL TRY  
25 AND RULE ON IT.

12:58PM

26 YOU CHANGE THE QUESTION, AND WE'LL MOVE  
27 ON.

28 MR. QUINN: MY APOLOGIES.

1 THE COURT: OTHERWISE, HE FEELS LEFT OUT.  
2 SO I'LL DO IT, AND YOU CAN REPHRASE THE  
3 QUESTION.

4 GO AHEAD.

5 MR. QUINN: ALL RIGHT. 12:58PM

6 Q. DO YOU KNOW WHY JP WAS TERMINATED?

7 A. I DON'T THINK I KNOW THE SPECIFICS.

8 I HAVE AN IDEA.

9 Q. WELL, WHAT'S YOUR UNDERSTANDING AS TO WHY JP  
10 WAS TERMINATED? 12:59PM

11 MR. HELM: LACKS FOUNDATION, YOUR HONOR.

12 ALSO, WE SHOULD ESTABLISH WHETHER IT  
13 CAME FROM COUNSEL OR SOMEONE ELSE.

14 THE COURT: WELL, WHAT'S THE SOURCE OF YOUR  
15 INFORMATION, SIR? 12:59PM

16 THE WITNESS: COUNSEL AND -- WELL, ACTUALLY, I  
17 CAN'T SAY THAT. I THINK IT WAS COUNSEL, ACTUALLY.

18 THE COURT: YOU CAN'T TALK ABOUT WHAT YOUR  
19 LAWYER TOLD YOU. BUT IF SOMEBODY ELSE TOLD YOU  
20 SOMETHING, THEN YOU CAN TELL US. 12:59PM

21 THE WITNESS: I DON'T BELIEVE --

22 Q. BY MR. QUINN: WELL, IN THE FALL OF 2010, WHAT  
23 WAS YOUR POSITION AT DOUBLELINE?

24 A. CHIEF RISK OFFICER.

25 Q. AND DID JP REPORT TO YOU DIRECTLY OR  
26 INDIRECTLY? 12:59PM

27 A. INDIRECTLY.

28 HE REPORTED TO JEFF MAYBERRY.

1 Q. ALL RIGHT.

2 AND THEN JEFF MAYBERRY REPORTED TO YOU?

3 A. YES.

4 Q. AND IT'S YOUR TESTIMONY THAT HE WAS

5 TERMINATED; AND THE ONLY WAY YOU KNOW WHY HE WAS

12:59PM

6 TERMINATED IS BECAUSE A LAWYER TOLD YOU; IS THAT YOUR  
7 TESTIMONY?

8 A. YES. I HAVE AN IDEA WHY HE WAS FIRED. THE  
9 ATTORNEYS GAVE ME SOME INFORMATION.

10 TO THIS DAY, I STILL DON'T THINK I HAVE  
11 THE FULL STORY.

01:00PM

12 Q. WELL, WHAT PART OF THE STORY DO YOU HAVE THAT  
13 YOU LEARNED FROM SOMEBODY OTHER THAN A LAWYER, ABOUT  
14 YOUR SUBORDINATE BEING TERMINATED?

15 A. I THINK ACTUALLY I MAY HAVE SOME INFORMATION I  
16 DID GET FROM JP.

01:00PM

17 I THINK HE SUGGESTED AT ONE POINT, HE  
18 HAD A DRIVE OR SOMETHING THAT HE SENT BACK, AND GOT  
19 WIPED, OR SOMETHING TO THAT EFFECT.

20 Q. A WESTERN DIGITAL HARD DRIVE, CORRECT?

01:00PM

21 A. I DON'T KNOW IF HE SPECIFIED.

22 Q. WELL, WHATEVER THE MAKE WAS, IT'S A HARD DRIVE  
23 THAT HE HAD BROUGHT OVER FROM TCW, THAT HAD TCW  
24 INFORMATION ON IT, AND IT GOT WIPED, CORRECT?

25 MR. HELM: LACKS FOUNDATION, YOUR HONOR.

01:01PM

26 THE COURT: SUSTAINED.

27 Q. BY MR. QUINN: DO YOU KNOW FROM ANY SOURCE,  
28 OTHER THAN A LAWYER, WHETHER JP HAD A DRIVE WITH TCW

1 INFORMATION ON IT, THAT GOT WIPED, AND CAUSED HIM TO BE  
2 TERMINATED, IN THE FALL OF 2010?

3 A. I DO THINK JP DID SAY THAT HE HAD SOME  
4 INFORMATION ON A HARD DRIVE THAT HE WIPED, THAT HE --  
5 OR NOT HE PERSONALLY WIPED -- SOMEHOW GOT ERASED, OR 01:01PM  
6 SOMETHING TO THAT EFFECT. I THINK HE DID TELL ME THAT,  
7 YES.

8 Q. DID HE TELL YOU HE SENT IT BACK TO THE  
9 MANUFACTURER TO HAVE IT WIPED?

10 A. YES, I THINK HE DID. 01:01PM

11 Q. AND THIS WAS IN THE FALL OF 2010?

12 A. AGAIN, I DON'T REMEMBER.

13 MR. HELM: VAGUE AS TO WHAT THE "THIS" IS.

14 THE COURT: SUSTAINED.

15 ARE YOU TALKING ABOUT JP'S TERMINATION,  
16 OR WHEN HE SENT IT BACK? 01:02PM

17 MR. QUINN: WHEN HE SENT IT BACK AND HAD IT  
18 WIPED, HAD THE TCW DATA WIPED.

19 MR. HELM: LACKS FOUNDATION.

20 THE COURT: SUSTAINED. 01:02PM

21 Q. BY MR. QUINN: DO YOU KNOW -- DID JP TELL YOU  
22 WHEN HE SENT THE DRIVE BACK TO THE MANUFACTURER TO HAVE  
23 IT WIPED?

24 A. I DON'T BELIEVE HE TOLD ME WHEN, NO. I DON'T  
25 KNOW THE SPECIFICS. 01:02PM

26 ALL I KNOW IS, HE HAD SOMETHING HE  
27 SHOULD HAVE TURNED IN, DIDN'T TURN IT IN. SOMETHING  
28 HAPPENED WITH WHAT HE'D DONE WITH IT, AND CAUSED THE

1 SITUATION WHICH LED TO HIS TERMINATION.

2 Q. DO YOU KNOW -- I MEAN, IS IT TRUE THAT JP WAS  
3 NOT EVEN TOLD HE HAD A DUTY TO PRESERVE ANY EVIDENCE,  
4 UNTIL SEPTEMBER OF 2010; THAT NOBODY TOLD HIM THAT?

5 A. DO I KNOW THAT? 01:02PM

6 Q. YEAH.

7 A. I DON'T BELIEVE THAT'S CORRECT.

8 I BELIEVE THERE WAS A MEMO THAT WENT OUT  
9 RIGHT AFTER THE LITIGATION WAS FILED.

10 Q. WELL, DO YOU KNOW WHETHER HE TESTIFIED THAT 01:03PM  
11 NOBODY TOLD HIM HE HAD A DUTY TO PRESERVE EVIDENCE, AS  
12 OF -- UNTIL SEPTEMBER 2010?

13 MR. HELM: RELEVANCE.

14 THE COURT: SUSTAINED.

15 Q. BY MR. QUINN: I'M GOING TO GO BACK TO THAT -- 01:03PM  
16 TO THE DRIVE THAT YOU PASSED AROUND WITH JEFF MAYBERRY  
17 AND JP.

18 IS THAT THE DRIVE THAT -- DID YOU GET  
19 THAT DRIVE ON DECEMBER 4TH, FROM MS. TALAMANTES?

20 A. I DID. 01:03PM

21 Q. AND YOU HAD ACTUALLY DRIVEN HOME.

22 AFTER YOU WERE ESCORTED TO YOUR CAR, YOU  
23 DROVE HOME TO YOUR HOME IN MANHATTAN BEACH, CORRECT?

24 A. THAT'S CORRECT.

25 Q. AND THEN YOU TURNED AROUND AND CAME BACK? 01:03PM

26 A. I DID.

27 Q. AND YOU CAME BACK BECAUSE YOU KNEW THAT HARD  
28 DRIVE WAS STILL THERE, RIGHT?

1           A.    NO.    I THINK I CAME BACK BECAUSE I GOT A CALL  
2 FROM JOE GALLIGAN, SUGGESTING THAT, YOU KNOW, A BUNCH  
3 OF PEOPLE WERE DOWNSTAIRS, AND I SHOULD COME BACK.

4           Q.    YOU WANTED TO GET THAT HARD DRIVE BACK, DIDN'T  
5 YOU?

01:04PM

6           A.    I DID.

7           Q.    AND YOU TOLD PEOPLE THAT?

8           A.    I DON'T RECALL TELLING ANYONE AT THE  
9 RESTAURANT THAT I WANTED IT BACK.

10          Q.    WELL, HOW DID ANYBODY LEARN -- HOW DID ANYBODY  
11 LEARN YOU WANTED IT BACK? DO YOU HAVE ANY THEORY OR  
12 IDEA?

01:04PM

13          MR. HELM:   LACKS FOUNDATION.   CALLS FOR  
14 SPECULATION.

15          THE COURT:   OVERRULED.

01:04PM

16                   GO AHEAD.

17          THE WITNESS:   I DON'T KNOW EXACTLY HOW IT GOT  
18 BACK THERE.   IT WAS A FLASH DRIVE THAT A LOT OF PEOPLE  
19 KNEW ABOUT.   I DON'T KNOW.

20                   SOMEONE MAY HAVE BEEN TRYING TO HELP ME.  
21 I DON'T KNOW.

01:04PM

22          Q.    BY MR. QUINN:   WELL, IS IT YOUR TESTIMONY THAT  
23 YOU TOLD NO ONE THAT YOU WANTED TO GET THAT FLASH DRIVE  
24 OFF THE FLOOR?   IS THAT YOUR TESTIMONY?

25          A.    I DO NOT RECALL TELLING ANYONE TO GET THAT  
26 FLASH DRIVE OFF THE FLOOR.

01:05PM

27          Q.    WHEN YOU GOT THE DRIVE BACK FROM  
28 MS. TALAMANTES, THAT WAS AT THE CURB ON NINTH STREET,

1 AT YOUR CAR?

2 A. THAT'S CORRECT.

3 Q. AND SHE GAVE IT TO YOU?

4 A. YES.

5 Q. AND YOU HUGGED HER?

01:05PM

6 A. YES.

7 Q. AND YOU SAID TO HER, YOU HAVE NO IDEA WHAT  
8 THIS MEANS TO ME?

9 A. I DON'T RECALL THOSE WORDS SPECIFICALLY, BUT I  
10 REMEMBER HUGGING HER, AND BEING THANKFUL. PEOPLE THERE  
11 WERE BEING VERY SUPPORTIVE. AND I REMEMBER BEING  
12 RELIEVED, NOW THAT I HAD THE FLASH DRIVE IN MY  
13 POSSESSION.

01:05PM

14 Q. CAN YOU DENY -- CAN YOU DENY THAT YOU TOLD  
15 HER, YOU HAVE NO IDEA WHAT THIS MEANS TO ME?

01:05PM

16 A. CAN I DENY IT?

17 Q. YES, SIR.

18 A. NO.

19 Q. LET'S TAKE A LOOK AT EXHIBIT 476.

20 FIRST, ACTUALLY, IF WE COULD LOOK AT  
21 1022A-10. 1022A-10. THAT'S THE ENHANCED COLOR COPY OF  
22 THE HARD DRIVE DIRECTORY THAT WAS JUST ADMITTED.

01:06PM

23 A. - 10?

24 Q. - 10, YES.

25 AND DO YOU SEE, IN THAT SECOND COLUMN ON  
26 THE RIGHT-HAND SIDE, A FILE AT THE BOTTOM CALLED TASK  
27 LIST, DASH, NEW MDB?

01:06PM

28 A. I DO.

1 Q. AND DO YOU KNOW WHAT THAT IS?

2 A. THAT LOOKS LIKE THE TASK DATABASE THAT JEFF  
3 MAYBERRY BUILT.

4 Q. AND THAT WAS DOWNLOADED TO THE HARD DRIVE,  
5 CORRECT?

01:07PM

6 A. I BELIEVE SO, YES.

7 Q. AND IF WE COULD NOW LOOK AT EXHIBIT 476.

8 YOU JUST SAID FLASH DRIVE.

9 DID YOU MEAN FLASH DRIVE OR THE EXTERNAL  
10 HARD DRIVE?

01:07PM

11 A. THE DRIVE.

12 Q. THE HARD DRIVE?

13 A. YES.

14 Q. THANKS.

15 LOOK AT 476.

01:07PM

16 IS THIS AN E-MAIL EXCHANGE BETWEEN YOU  
17 AND MR. MAYBERRY?

18 A. YES.

19 MR. QUINN: I'D OFFER THIS.

20 THE COURT: ANY OBJECTION?

01:07PM

21 MR. HELM: JUST ONE SECOND.

22 NO OBJECTION.

23 THE COURT: IT WOULD BE ADMITTED.

24

25 (EXHIBIT 476 ADMITTED.)

01:07PM

26

27 Q. BY MR. QUINN: AND IF WE COULD LOOK AT THE  
28 FIRST E-MAIL, PLEASE.



1                   THIS IS AN E-MAIL FROM MR. MAYBERRY TO  
2 SEVERAL PEOPLE. HE SAYS, SUBJECT MATTER, TASK  
3 DATABASE.

4                   DO YOU SEE THAT?

5           A.     YES.

01:08PM

6           Q.     AND HE WRITES -- AND THIS IS NOVEMBER 20,  
7 2009. HE WRITES (READING):

8                   AS YEAR END APPROACHES AND  
9                   EVERYONE TAKES VACATION TIME, IT  
10                   BECOMES MORE IMPERATIVE THAT WE  
11                   INSURE THAT ALL TASKS ARE COVERED  
12                   BY THE OTHER ANALYSTS. FOR THIS  
13                   REASON, AND ADDITIONALLY, FOR  
14                   BUSINESS CONTINUITY PLANNING.

01:08PM

15                   CAN EVERYONE SPEND SOME TIME BEFORE  
16                   THE END OF NOVEMBER TO MAKE SURE  
17                   THAT ALL OF THEIR REGULAR AND  
18                   REPETITIVE TASKS ARE CORRECTLY  
19                   REFLECTED IN A TASK DATABASE.

01:08PM

20                   LET ME KNOW IF HAVE YOU ANY  
21                   QUESTIONS. THANKS.

01:08PM

22  
23                   AND YOU RESPOND TO THAT, "GREAT IDEA!" I'M  
24 SURE IT'S TOTALLY OUTDATED.

25           A.     YES.

01:08PM

26           Q.     THIS WAS WHAT MAYBERRY WROTE HERE.

27                   THIS IDEA OF THE END OF THE YEAR, WE  
28 NEED TO UPDATE THINGS; THAT WAS COMPLETED BOGUS, RIGHT?

1 MR. HELM: LACKS FOUNDATION, AND  
2 ARGUMENTATIVE.

3 THE WITNESS: I'M SORRY?

4 THE COURT: I'LL SUSTAIN IT.

5 YOU CAN REPHRASE THE QUESTION.

01:08PM

6 Q. BY MR. QUINN: YOU UNDERSTOOD THAT THIS WAS A  
7 COVER, TO GET YOUR COWORKERS INVOLVED UNWITTINGLY IN  
8 UPDATING THIS DATABASE WHICH YOU WERE STEALING, RIGHT?

9 A. STEALING?

10 I WOULD NOT PHRASE IT THAT WAY.

01:09PM

11 Q. HOW WOULD YOU PHRASE IT, SIR?

12 A. THERE WAS INFORMATION THAT JEFFREY REQUESTED.  
13 ONE OF THE THINGS HE SAID WAS THAT WE SHOULD BE  
14 PREPARED.

15 THIS GOES BACK TO THE MEETING, OR THE  
16 MEETING OUT ON THE DESK, JUST BEFORE THE MEETING WITH  
17 STERN. HE ASKED FOR SOME INFORMATION. HE SAID WE  
18 SHOULD BE PREPARED.

01:09PM

19 THIS WAS -- THIS, TO ME, HAD A DUAL  
20 PURPOSE. THIS WAS A DATABASE. IT WAS OUTDATED. IT  
21 WAS SOMETHING WE RECREATED TO -- WE USED TO TRACK TASKS  
22 WITHIN THE GROUP. IT WAS SOMETHING THAT WOULD BE  
23 USEFUL AT TCW.

01:09PM

24 Q. WELL, IF YOU TOLD THE PEOPLE ON THIS -- YOUR  
25 COWORKERS, LIKE FIFI HUANG AND AUDREY -- I WON'T EVEN  
26 TRY, TJIPTOKESUMA?

01:10PM

27 A. TJIPTOKESUMA.

28 Q. MELISSA CONN. IF YOU TOLD THEM, WE WANT YOU

1 TO UPDATE THIS DATABASE, BECAUSE WE'RE BACKING IT UP AT  
2 JEFFREY GUNDLACH'S INSTRUCTIONS, SO THAT WE CAN HAVE IT  
3 FOR A NEW BUSINESS -- IF YOU HAD TOLD THEM THAT,  
4 THERE'S NO WAY YOU WOULD HAVE GOTTEN THEIR COOPERATION  
5 IN UPDATING THIS; ISN'T THAT TRUE?

01:10PM

6 A. WE DON'T NEED TO TELL THEM THAT, BECAUSE  
7 AGAIN, THIS WAS GETTING SOME INFORMATION, BEING  
8 PREPARED.

9 THERE WAS A MEETING WITH MARC STERN. HE  
10 SUGGESTED JEFFREY WASN'T BEING FIRED.

01:10PM

11 BUT THERE WAS ALWAYS IN THE BACK OF OUR  
12 MIND THAT JEFFREY COULD BE FIRED, AND WE NEEDED TO BE  
13 PREPARED FOR WHATEVER THINGS THAT JEFFREY WAS WORKING  
14 ON, OR --

15 Q. SO ARE YOU SAYING THAT THIS ISN'T A COVER,  
16 THIS ISN'T A COVER -- THIS WASN'T JUST SOMETHING YOU  
17 WERE TELLING YOUR COWORKERS SO THAT THEY WOULD HELP YOU  
18 ASSEMBLE THE MOST CURRENT INFORMATION?

01:10PM

19 A. THE INFORMATION, IF IT HAD BEEN GATHERED FOR  
20 THIS PARTICULAR FUNCTION, THIS TASK DATABASE, COULD  
21 HAVE BEEN AVAILABLE, OR COULD HAVE BEEN USEFUL IF WE  
22 HAD SOME SORT OF NEGOTIATED SEPARATION, SURE.

01:11PM

23 Q. SO YOU SAID SOMETHING I WANTED TO FOLLOW UP  
24 ON.

25 YOU SAID THAT YOU ARE ALWAYS CONCERNED  
26 THAT MR. GUNDLACH IS GOING TO BE FIRED, RIGHT? YOU  
27 ALWAYS THOUGHT THAT WAS LOOMING OVER YOU; IS THAT TRUE?

01:11PM

28 A. THERE WAS ALWAYS --

1 Q. SIR, IS THAT TRUE? DURING THE TIME PERIOD  
2 SEPTEMBER, OCTOBER, NOVEMBER, DECEMBER, THIS WAS  
3 SOMETHING THAT WAS ALWAYS LOOMING OVER YOU, THAT YOU  
4 WERE AFRAID THAT MR. GUNDLACH AND MS. VANEVERY WERE  
5 GOING TO BE FIRED; IS THAT TRUE?

01:11PM

6 A. I DIDN'T THINK ANYTHING ABOUT MS. VANEVERY.

7 Q. IN FACT, THERE WERE NEVER ANY RUMORS THAT  
8 MS. VANEVERY WAS GOING TO BE FIRED; ISN'T THAT TRUE?

9 A. I DON'T RECALL HEARING RUMORS ABOUT  
10 MS. VANEVERY BEING FIRED, NO.

01:11PM

11 Q. SO LET'S JUST FOCUS NOW ON MR. GUNDLACH.

12 IS IT YOUR TESTIMONY THAT DURING THAT  
13 ENTIRE PERIOD, RIGHT UP TO DECEMBER 4, THIS THREAT OF  
14 MR. GUNDLACH BEING FIRED WAS ALWAYS LOOMING, AND IT WAS  
15 ALWAYS SOMETHING THAT WAS IN YOUR MIND?

01:12PM

16 A. THERE WAS ALWAYS A CHANCE THAT IT'S POSSIBLE  
17 THAT MR. STERN WAS LYING IN THAT SEPTEMBER 3RD MEETING.

18 Q. WELL, MY QUESTION WAS, WAS THAT SOMETHING THAT  
19 YOU WERE ALWAYS WORRIED ABOUT DURING THAT TIME PERIOD,  
20 THAT MR. GUNDLACH'S POTENTIALLY ON THE VERGE OF BEING  
21 FIRED?

01:12PM

22 A. I DON'T THINK IT WAS THAT CRITICAL. I THINK  
23 IT WAS PROBABLY JUST IN THE BACK OF MY MIND. IT WASN'T  
24 SOMETHING THAT WE THOUGHT WOULD HAPPEN.

25 WE'D BE GROWING THE BUSINESS. A LOT OF  
26 THESE FUNDS WERE LOCKED UP, IF YOU WILL.

01:12PM

27 THEY ACTUALLY -- WE THOUGHT THE  
28 POSSIBILITY, BECAUSE JEFFREY WAS A KEY MAN IN A LOT OF

1 THESE FUNDS, THAT THE POSSIBILITY OF HIM BEING FIRED  
2 WAS ACTUALLY FAIRLY SMALL.

3 Q. SO WERE YOU WORRIED ABOUT IT, OR NOT?

4 A. WE WERE WORRIED ABOUT IT, BECAUSE THERE WAS  
5 ALWAYS THE POSSIBILITY THAT MARC STERN COULD BE LYING  
6 TO US.

01:13PM

7 Q. ISN'T IT TRUE THAT MR. GUNDLACH, IN THAT FIRST  
8 WEBCAST WITH INVESTORS ON DECEMBER 8TH, TOLD THEM THAT  
9 HE WAS SHOCKED, TAKEN COMPLETELY BY SURPRISE, THAT HE  
10 WAS FIRED? DIDN'T HE SAY THAT?

01:13PM

11 A. IT WAS A SURPRISE.

12 Q. SIR, DID HE SAY THAT?

13 A. I DON'T REMEMBER -- I WAS SURPRISED THAT  
14 JEFFREY WAS FIRED.

15 Q. LET'S TAKE A LOOK AT EXHIBIT 451 -- I'M  
16 SORRY -- YEAH, 451.

01:13PM

17 AND BEFORE YOU LOOK AT THAT, LET ME ASK  
18 YOU, TCW HAD A CLIENT DATABASE CALLED TED, T-E-D?

19 A. YES.

20 Q. AND IT HAD SOME SOCIAL SECURITY NUMBERS FOR  
21 SOME PCS CLIENTS?

01:13PM

22 A. I WAS NOT AWARE OF THAT.

23 Q. DO YOU KNOW WHETHER IT HAD SOCIAL SECURITY  
24 NUMBERS FOR SOME PCS CLIENTS?

25 A. I WAS NOT AWARE OF THAT.

01:14PM

26 Q. DO YOU KNOW ONE WAY OR ANOTHER?

27 A. NO, I DON'T.

28 Q. WHAT'S A PCS CLIENT?

1 A. THAT WAS A PRIVATE CLIENT.

2 Q. SOME OF THOSE ARE INDIVIDUALS?

3 A. YES.

4 Q. AND THE SARATOGA, WE'VE HEARD ABOUT THE  
5 SARATOGA, OR THE AVENUE DATABASE AND THE TED DATABASE,  
6 THEY ALL CONTAINED A LOT OF PRIVATE CLIENT INFORMATION,  
7 CORRECT?

01:14PM

8 A. YES.

9 Q. IF WE COULD LOOK AT EXHIBIT 451.

10 THIS IS AN E-MAIL FROM BARBARA VANEVERY  
11 TO NATALIE MORA.

01:14PM

12 SHE'S MR. GUNDLACH'S SECRETARY?

13 A. YES.

14 Q. AND LYDIA POMPA, AND YOU, RIGHT?

15 A. YES.

01:14PM

16 Q. AND THE SUBJECT IS CLIENT LISTS, RIGHT?

17 A. YES.

18 Q. AND THIS IS DATED NOVEMBER 17TH. IT SAYS,  
19 (READING):

20 NATALIE AND LYDIA:

01:15PM

21 I HAVE MADE AN EXCEL  
22 SPREADSHEET TEMPLATE FOR CLIENT  
23 INFORMATION THAT EVERYONE WILL  
24 HAVE ACCESS TO, GOING FORWARD.  
25 I THINK THIS WILL BE HELPFUL IN  
26 CASE SOMEONE IS TRAVELING OR  
27 OUT SICK. BOTH OF YOU WILL BE  
28 ABLE TO EASILY ACCESS CLIENT

01:15PM

1 INFORMATION FROM THE SAME  
2 CENTRALIZED DATABASE. I  
3 WOULD LIKE YOU BOTH TO  
4 COORDINATE INPUTTING THE  
5 INFORMATION FROM YOUR 01:15PM  
6 ROLODEX, FILES, FROM  
7 SARATOGA OR TED,  
8 ETCETERA. THERE ARE FOUR  
9 SHEETS. I BELIEVE MOST OF  
10 YOUR INPUTS WILL BE IN THE 01:15PM  
11 INSTITUTIONAL TAB. I HAVE  
12 SOME FA RETAIL DATA FROM  
13 JEFFREY'S CALLS THAT I WOULD  
14 LIKE ADDED TO THE RETAIL TAB.  
15 IF YOU HAVE CONSULTANT 01:15PM  
16 INFORMATION, IT WOULD BE  
17 HELPFUL TO HAVE THAT, AS WELL.  
18 IF HAVE YOU ANY SUGGESTIONS  
19 AS TO ADDING OTHER COLUMNS OF  
20 INFORMATION, LET'S DISCUSS. I 01:15PM  
21 HAVE SAVED THIS FILE UNDER  
22 G/BARB/CLIENTLIST. YOU CAN  
23 KEEP IT THERE, OR SAVE IT IN A  
24 MUTUALLY AGREED UPON SPOT ON  
25 THE G DRIVE SO WE CAN ALL ACCESS. 01:16PM  
26 I APPRECIATE YOU FILLING THE  
27 INFORMATION THAT YOU HAVE. IT  
28 DOESN'T NECESSARILY HAVE TO BE

1                   ALPHABETICAL. WE CAN SORT IT  
2                   LATER.

3                   DO YOU SEE THAT?

4                   MR. HELM: YOUR HONOR, I OBJECT TO THE TONE IN  
5 WHICH THIS WAS READ. DO WE NEED HAVE THAT --

01:16PM

6                   THE COURT: OVERRULED.

7                   DO YOU HAVE A QUESTION ABOUT WHAT YOU  
8 JUST READ, MR. QUINN?

9                   MR. QUINN: RIGHT.

10                  MR. BRIAN: I THOUGHT MAYBE HE WAS AUDITIONING  
11 OR SOMETHING, YOUR HONOR.

01:16PM

12                  Q. BY MR. QUINN: AND YOU FORWARDED THAT E-MAIL,  
13 WITHOUT COMMENT, TO JP, CORRECT?

14                  A. I BELIEVE SO, YES.

15                  THE COURT: TO JP? IS THAT WHAT YOU SAID?

01:16PM

16                  MR. QUINN: YES -- I SAID JP.

17                  Q. AND BEFORE WE TURN TO THAT, ON EXHIBIT 451,  
18 THAT WE'RE LOOKING AT, MR. GUNDLACH IS COPIED ON THAT,  
19 RIGHT?

20                  A. YES.

01:17PM

21                  Q. AND YOU FORWARDED THAT -- THAT'S 1202, RIGHT,  
22 1202?

23                  THE COURT: WAIT A MINUTE. I'M LOOKING AT  
24 EXHIBIT 451.

25                                 NOW WE'RE GOING TO 1202, A DIFFERENT  
26 EXHIBIT?

01:17PM

27                  MR. QUINN: WE WERE AT 451.

28                                 WE'RE GOING TO A NEW EXHIBIT 1202.



1 THE COURT: ALL RIGHT.

2 MR. QUINN: IN EXHIBIT 1202, YOU FORWARD THAT  
3 WITHOUT COMMENT TO JP, RIGHT?

4 THE WITNESS: YES.

5 MR. QUINN: AND WE'D OFFER THAT, YOUR HONOR. 01:17PM

6 MR. HELM: NO OBJECTION.

7 MR. QUINN: IF WE COULD PUT THAT ON THE  
8 SCREEN.

9 THE COURT: IT WOULD BE ADMITTED.

10 01:17PM

11 (EXHIBIT 1202 ADMITTED.)

12

13 Q. BY MR. QUINN: NOW, WHAT MS. VANEVERY WROTE  
14 HERE ABOUT THIS IDEA OF PUTTING ALL THIS DATA IN  
15 SARATOGA, AVENUE, TED, IN THIS NEW DATABASE, AND  
16 ASKING PEOPLE TO HELP OUT, THAT ALSO WAS A COMPLETE  
17 COVER; ISN'T THAT TRUE?

18 A. I WOULD SAY NOT A COMPLETE COVER.

19 THERE WERE ALSO BUSINESS PURPOSES FOR  
20 THIS, AS WELL. 01:18PM

21 Q. THE PURPOSE OF THIS WAS TO GET OTHER PEOPLE TO  
22 HELP IN YOUR DOWNLOADING, COPYING, AND ASSEMBLING OF  
23 PRIVATE CLIENT INFORMATION; ISN'T THAT TRUE?

24 A. THIS WAS -- AGAIN, THIS SPECIFIC REQUEST, IF I  
25 REMEMBER CORRECTLY, WAS RELATED TO A SITUATION WHERE  
26 JEFFREY HAD GONE TO NEW YORK WITH BARB, AND WAS UPSET  
27 ABOUT THE INFORMATION. SO SHE SENT THIS E-MAIL, AS A  
28 RESULT, TO TRY TO SOLVE THAT POTENTIAL PROBLEM. 01:18PM

1                   WAS THAT THE ONLY REASON? PROBABLY NOT.  
2 NO. WE HAD ALREADY STARTED LOOKING AT OTHER OPTIONS,  
3 AND AS I TESTIFIED IN THE PAST, JEFFREY WAS LOOKING AT,  
4 AND ONE OF THE THINGS HE ASKED FOR WERE CONTACTS.

5           Q. SO YOU WOULD AGREE, AT LEAST IN PART, AT LEAST  
6 IN PART, THE PURPOSE OF THIS WAS TO GET OTHER TCW  
7 EMPLOYEES, WITHOUT KNOWING IT, TO HELP YOU IN THIS  
8 ACTIVITY THAT YOU WERE INVOLVED IN AT MR. GUNDLACH'S  
9 REQUEST? 01:19PM

10          A. AGAIN, THIS WAS -- I THINK THIS HAD, AGAIN, A  
11 DUAL PURPOSE, OR TRYING TO KILL TWO BIRDS WITH ONE  
12 STONE. 01:19PM

13                   WE WERE, AT THIS POINT IN TIME, IN  
14 NOVEMBER. THERE WAS I THINK, ALREADY, YOU KNOW, IDEAS  
15 OF SOME SORT OF NEGOTIATED SEPARATION. AND I THINK  
16 THIS COULD HAVE BEEN USED FOR EITHER. 01:19PM

17                   DID I KNOW THAT THIS COULD HAVE BEEN  
18 USED FOR THIS OTHER THING? ABSOLUTELY, ABSOLUTELY.

19          Q. TAKE A LOOK AT EXHIBIT 454.

20                   THIS IS AN E-MAIL TO YOU FROM JP? 01:20PM

21          A. YES.

22                   MR. QUINN: I'D OFFER IT.

23                   THE COURT: ANY OBJECTION?

24                   MR. HELM: NO OBJECTION.

25                   THE COURT: IT WILL BE ADMITTED. 01:20PM

26

27                   (EXHIBIT 454 ADMITTED.)

28 //

1 Q. BY MR. QUINN: AND THE SUBJECT OF THIS IS  
2 CONTACT LIST?

3 A. YES.

4 Q. AND WHAT JP WRITES, HERE'S AS MUCH DATA AS I  
5 COULD EXTRACT FROM THE DATABASE. IF THEY HAVE ANY  
6 ISSUES WITH THE DATA, LET ME KNOW. I CAN LOOK INTO IT.

01:20PM

7 DO YOU SEE THAT?

8 A. YES.

9 Q. AND HE HAD EXTRACTED INFORMATION FROM THAT  
10 SARATOGA DATABASE?

01:20PM

11 A. I THINK ACTUALLY I GAVE HIM THE DRIVE, AND --  
12 WHICH CONTAINED THAT INFORMATION, AND HE WENT AND TRIED  
13 TO USE IT TO FILL IN THE SPREADSHEET.

14 Q. ALL RIGHT. AND IF WE LOOK AT THE DIRECTORY TO  
15 THE HARD DRIVE, EXHIBIT 1022-A-3, WE'LL SEE THERE IN  
16 THE LEFT-HAND COLUMN, CONTACTS.

01:21PM

17 DO YOU SEE THAT?

18 A. YES.

19 Q. JUST ABOVE YOUR NAME, CSA?

20 A. YES.

01:21PM

21 Q. NOW, AMONG THE THINGS THAT -- OH, IF WE CAN GO  
22 BACK TO THAT 1022-A.

23 IN THE MIDDLE OF THE PAGE, WHERE IT SAYS  
24 CONTACTS, THOSE ARE THE ACTUAL CONTACT FILES, CORRECT?  
25 IT SAYS CONTACTS LDB, CONTACT LIST.

01:21PM

26 THOSE ARE THE ACTUAL FILES, CORRECT?

27 A. I DON'T KNOW FOR SURE.

28 Q. ALL RIGHT.

1 A. I SUSPECT THEY ARE.

2 Q. IN ADDITION TO CLIENT CONTACTS, MR. GUNDLACH  
3 HAD INSTRUCTED YOU, ON SEPTEMBER 30, TO DOWNLOAD CLIENT  
4 CONTRACTS, OR SOMETHING CALLED IMAS CORRECT?

5 MR. HELM: SEPTEMBER 30? 01:22PM

6 MR. QUINN: SEPTEMBER 3.

7 THE WITNESS: YES.

8 THAT WAS ONE OF THE ITEMS LOOKS LIKE WE  
9 SHOULD HAVE BACKUPS.

10 Q. BY MR. QUINN: WHAT ARE IMAS? 01:22PM

11 A. INVESTMENT MANAGEMENT AGREEMENTS.

12 Q. THAT'S AN AGREEMENT BETWEEN TCW AND THE  
13 CLIENT, RIGHT?

14 A. THAT'S CORRECT.

15 Q. AND THOSE SOMETIMES CONTAIN PRIVATE CLIENT  
16 INFORMATION? 01:22PM

17 A. IT MIGHT HAVE SOME -- THEY PROBABLY HAVE SOME  
18 PRIVATE CLIENT INFORMATION.

19 Q. LIKE TAX IDENTIFICATION NUMBERS?

20 A. POSSIBLY, YES, I THINK THEY DO. 01:23PM

21 Q. FOR INDIVIDUALS, SOCIAL SECURITY NUMBERS?

22 A. THAT, I'M NOT SURE OF.

23 MOST OF OUR CLIENTS WERE INSTITUTIONAL  
24 CLIENTS. I DON'T KNOW HOW THE RETAIL SIDE OF THINGS --

25 Q. WELL, YOU DID HAVE SOME INDIVIDUAL CLIENTS? 01:23PM

26 A. WE HAD SOME -- WE DID HAVE SOME HIGH NET WORTH  
27 INDIVIDUALS, BUT I DON'T KNOW HOW THE CONTRACTS APPLIED  
28 TO THEM.

1 Q. AND SOMETIMES THERE'S BANK ACCOUNT NUMBERS AND  
2 WIRE INSTRUCTIONS IN THE IMAS?

3 A. YES.

4 Q. AND INFORMATION ABOUT THE AMOUNT OF MONEY  
5 THAT'S INVESTED, AND THE STRATEGY?

01:23PM

6 A. YEAH, THE FUNDING IS USUALLY IN THERE.

7 Q. AND THE AUTHORIZED CONTACTS, AND THE PERSONS  
8 AT THE CLIENT WHO ARE AUTHORIZED TO MAKE DECISIONS?

9 A. THOSE ARE ALL VERY FAMILIAR ITEMS, YES.

10 Q. AND THE CONTRACT TERMS THAT TCW HAD AGREED TO,  
11 THOSE WILL BE SET FORTH THERE?

01:23PM

12 A. BOTH THE CLIENT AND TCW AGREED TO, YES.

13 Q. AND THOSE TERMS CAN VARY FROM CLIENT TO  
14 CLIENT, DEAL TO DEAL, RIGHT?

15 A. SOMEWHAT; BUT THEY USUALLY ARE PRETTY SIMILAR.

01:24PM

16 Q. BUT SOMETIMES THERE ARE SPECIAL FEE DEALS THAT  
17 TCW WILL NEGOTIATE WITH. AND WHEN THEY DO THAT, THIS  
18 WILL BE IMAS, RIGHT?

19 A. THEY ARE USUALLY AN ADDENDUM TO THE IMA.

20 Q. AND SOMETIMES THERE'S CONFIDENTIALITY  
21 AGREEMENTS IN THERE?

01:24PM

22 A. THERE MAY BE A CONFIDENTIALITY CLAUSE. I  
23 DON'T RECALL.

24 Q. BUT ANYWAY, YOU DOWNLOADED IT ONTO THAT  
25 EXTERNAL DRIVE, TCW -- THESE IMAS, RIGHT?

01:24PM

26 A. YES. YES, I DID.

27 Q. YOU TOOK THIS HARD DRIVE HOME ON DECEMBER 2ND,  
28 2009?

1           A.     THE IDEA WAS, I WOULD TAKE IT HOME EVERY  
2 NIGHT.

3           Q.     AND ON DECEMBER 2ND, 2009, YOU PLUGGED IT INTO  
4 YOUR HOME COMPUTER?

5           A.     I DON'T RECALL THAT SPECIFICALLY.   MAYBE  
6 THE -- I DON'T RECALL SPECIFICALLY, NO.

01:24PM

7           Q.     YOU JUST CAN'T -- YOU CAN'T DENY THAT?

8           A.     I CAN'T DENY THAT, NO.

9                     I DON'T THINK IT WOULD HAVE BEEN MY HOME  
10 COMPUTER.   IT WAS PROBABLY A LAPTOP.

01:25PM

11                    IF I DID, I DON'T RECALL.

12          Q.     DID YOU HAVE A HOME COMPUTER?

13          A.     YES, I DID.

14          Q.     SO I'D LIKE TO TALK AGAIN ABOUT TEAM BUILDING,  
15 THINGS THAT MR. GUNDLACH DID OR ORGANIZED DURING THAT  
16 TIME PERIOD IN THE FALL, WHEN YOU WERE ENGAGED IN THESE  
17 ACTIVITIES.

01:25PM

18                    YOU HAD THIS DINNER AT MELISSE, RIGHT?

19          A.     YES.

20          Q.     AND THE BILL ON THAT WAS WHAT?   \$13,000?

01:25PM

21          A.     I DON'T REMEMBER IT BEING THAT HIGH, BUT I  
22 KNOW IT WAS OVER -- I SEEM TO RECALL IT WAS OVER 10- OR  
23 11-.

24          Q.     IF YOU WOULD LOOK AND SEE IF THIS REFRESHES  
25 YOUR RECOLLECTION, EXHIBIT 1748.

01:26PM

26                    YOU ARE ACTUALLY THE ONE WHO EXPENSED  
27 THIS, AREN'T YOU?

28          A.     YES.

1 Q. AND LOOKING AT THAT, DOES THAT REFRESH YOUR  
2 RECOLLECTION AS TO HOW MUCH THAT DINNER COSTS?

3 A. YES, IT DOES.

4 I GUESS IT MAY BE, WITHOUT THE TIP, IT  
5 WAS PROBABLY 10- OR 11-. 01:26PM

6 Q. ALL RIGHT.

7 AND ALL TOGETHER THERE, WHAT YOU CHITTED  
8 IN, WAS WHAT?

9 A. SIR?

10 Q. WHAT YOU CHITTED IN, WHAT YOU EXPENSED, WHAT 01:26PM  
11 HOW MUCH, THE TOTAL?

12 A. \$13,266.75.

13 Q. AND THAT'S A DINNER THAT TOOK PLACE ON WHAT,  
14 ON OCTOBER 7TH, 2009 -- I'M SORRY, OCTOBER 26TH, 2009?

15 THE COURT: WAIT. HOW DO YOU GET THAT FROM 01:26PM  
16 THIS? WHAT WE HAVE ON THE SCREEN, WE CAN'T SEE ANY  
17 DATES LIKE THAT.

18 MR. QUINN: RIGHT.

19 I'D OFFER THAT, YOUR HONOR, EXHIBIT  
20 1748. 01:27PM

21 THE COURT: ANY OBJECTION?

22 MR. HELM: BEYOND RELEVANCE, YOUR HONOR, 352.

23 THE COURT: IT WILL BE ADMITTED.

24  
25 (EXHIBIT 1748 ADMITTED.) 01:27PM  
26

27 Q. BY MR. QUINN: SO THIS INDICATES THAT THE DATE  
28 HERE IS ACTUALLY OCTOBER 7TH, 2009?

1 A. THAT'S WHAT IT APPEARS, YES.

2 Q. AND THEN IF WE COULD LOOK AT 2102.

3 THIS IS E-MAIL EXCHANGE BETWEEN YOU AND  
4 A DUKE HEGER?

5 A. YES.

01:28PM

6 MR. QUINN: WE'D OFFER THIS, YOUR HONOR.

7 THE COURT: IT'S AN E-MAIL THAT APPEARS TO BE  
8 DATED 10-26-09.

9 ANY OBJECTION?

10 MR. HELM: SAME OBJECTION. RELEVANCE, 352,  
11 YOUR HONOR.

01:28PM

12 THE COURT: JUST A MOMENT.

13 YOU CAN LAY SOME FOUNDATION FOR IT, AND  
14 I'LL DECIDE. I CAN'T TELL WHAT IT IS.

15 Q. BY MR. QUINN: SO THIS IS AN E-MAIL EXCHANGE  
16 BETWEEN YOU AND MR. HEGER, CORRECT?

01:29PM

17 A. YES.

18 Q. AND AMONG OTHER THINGS, YOU ARE TALKING ABOUT  
19 BEVERAGES THAT YOU HAVE, VERY, VERY EXPENSIVE  
20 BEVERAGES, WHICH YOU HAVE JUST ENJOYED WITH  
21 MR. GUNDLACH?

01:29PM

22 MR. HELM: RELEVANCE, YOUR HONOR.

23 THE COURT: I'LL SUSTAIN IT.

24 YOU NEED TO LAY SOME FOUNDATION. I  
25 DON'T KNOW WHO MR. HEGER IS. I DON'T KNOW ANYTHING  
26 WE'RE TALKING ABOUT HERE; SO WITHOUT JUST READING IT,  
27 MAYBE FIND OUT WHAT WE'RE TALKING ABOUT.

01:29PM

28 Q. BY MR. QUINN: WHO IS MR. HEGER?



1 A. DUKE IS A GENTLEMAN THAT WORKS AT TCW.

2 Q. AND IN THIS EXCHANGE, YOU ARE TALKING ABOUT --  
3 I MEAN, HE'S SEEING A BOTTLE OF WINE THAT MR. GUNDLACH  
4 HAD, AND YOU ARE TALKING ABOUT SOMETHING THAT YOU HAVE  
5 JUST DONE WITH MR. GUNDLACH, CORRECT?

01:30PM

6 IF YOU LOOK AT THE TOP OF PAGE 2102-2;  
7 2102-2?

8 A. YES.

9 Q. ALL RIGHT.

10 MR. QUINN: AND, YOUR HONOR, I'D OFFER. AND I  
11 THINK IT'S GOING TO BECOME APPARENT.

01:30PM

12 THE COURT: I DON'T SEE ANY RELEVANCE.

13 FOR NOW, I'LL SUSTAIN THE OBJECTION.

14 MR. QUINN: ALL RIGHT.

15 WELL, ABLE GRAPE, IF WE CAN SHOW 363,  
16 THIS IS IN EVIDENCE. 363.

01:30PM

17 AND IF WE COULD GO TO THE LAST PAGE OF  
18 THAT.

19 I MEAN, ABLE GRAPE WAS ORGANIZED ON  
20 OCTOBER 23, 2009.

01:31PM

21 Q. IF YOU LOOK AT PAGE DASH -- IT'S ON THE  
22 SCREEN. IT'S 363-6?

23 AND I'M JUST CALLING YOUR ATTENTION --  
24 DO YOU SEE THE DATE THERE, OCTOBER 23, 2009, AS THE  
25 DATE OF THE ORGANIZATION OF ABLE GRAPE BACK IN  
26 DELAWARE?

01:31PM

27 A. THAT'S WHAT THIS APPEARS TO BE.

28 Q. AND YOU AND MR. GUNDLACH HAD A CELEBRATION

1 THREE DAYS LATER; ISN'T THAT TRUE?

2 A. I THINK THE -- WHAT YOU ARE SHOWING WAS THE  
3 WINE THAT WAS -- WHAT YOU ARE TALKING ABOUT WAS SOME  
4 WINE THAT WAS SHARED BETWEEN SEVERAL PEOPLE WITHIN THE  
5 GROUP.

01:31PM

6 I DON'T REMEMBER WHAT SPECIFIC FUNCTION  
7 THAT E-MAIL YOU REFERRED TO EARLIER WAS; BUT AT THE  
8 TIME, I DON'T BELIEVE I KNEW WHAT ABLE GRAPE EVEN WAS.  
9 AND I'M NOT SURE WHEN I LEARNED OF IT.

10 Q. I UNDERSTAND.

01:32PM

11 BUT THERE WAS SOME TYPE OF CELEBRATION  
12 THAT WEEKEND, RIGHT?

13 I MEAN, IF YOU GO BACK TO EXHIBIT 2102,  
14 THE E-MAIL EXCHANGE WITH MR. HEGER, AND LOOK AT 2102-2,  
15 THAT'S DATED ON A MONDAY, RIGHT? OCTOBER 26TH, MONDAY?

01:32PM

16 A. YES.

17 Q. AND YOU ARE TELLING HIM THAT THIS PAST  
18 WEEKEND, YOU HAD HAD TWO BOTTLES OF PETRAS?

19 A. I THINK THAT WAS THE -- I BELIEVE THAT WAS THE  
20 MARTHA TRIP. I THINK JEFFREY BROUGHT TWO BOTTLES OF  
21 PETRAS ON THE MARTHA TRIP.

01:32PM

22 MR. HELM: OBJECTION, RELEVANCE TO ALL OF  
23 THIS.

24 THE COURT: I DON'T KNOW WHERE WE'RE GOING.

25 THE WITNESS: THERE WAS A LOT OF GOOD WINE ON  
26 THAT WEEKEND.

01:32PM

27 Q. BY MR. QUINN: IF IT DOESN'T COST HUNDREDS OF  
28 MILLIONS -- PETRAS WINE COSTS THOUSANDS OF DOLLARS A

1 BOTTLE, TRUE?

2 MR. HELM: RELEVANCE, YOUR HONOR.

3 THE COURT: IS THIS SOMETHING YOU KNOW,  
4 MR. QUINN?

5 MR. QUINN: I'M ASKING HIM, IS THAT TRUE? 01:33PM

6 THE COURT: WELL, LET'S ASK HIM A QUESTION.

7 Q. BY MR. QUINN: SIR, ISN'T IT TRUE THAT PETRAS  
8 WINE, IT'S A VERY FAMOUS FRENCH WINE, IT COSTS  
9 THOUSANDS OF DOLLARS A BOTTLE, CORRECT?

10 MR. HELM: RELEVANCE, YOUR HONOR. 01:33PM

11 THE COURT: WE'LL -- IT COSTS A LOT OF MONEY,  
12 RIGHT?

13 THE WITNESS: YES, IT'S VERY EXPENSIVE.

14 THE COURT: I WANT TO KNOW THE RELEVANCE.

15 AND I WANT TO KNOW WHAT THE TIMETABLE  
16 IS, WHAT WE'RE TALKING ABOUT HERE, AND WHY WE'RE INTO  
17 THIS. 01:33PM

18 MR. QUINN: SHALL WE GO SIDEBAR, YOUR HONOR?

19 THE COURT: YEAH. COME ON UP.

20 01:33PM

21 (THE FOLLOWING PROCEEDINGS  
22 WERE HELD AT SIDEBAR.)

23

24 THE COURT: IF YOU HAVE GOT EVIDENCE THAT IT  
25 WAS EXPENSED AND PAID FOR BY TCW, MAYBE IT GOES TO YOUR  
26 BREACH OF FIDUCIARY DUTY CLAIM. 01:34PM

27 THE E-MAIL YOU'VE GOT UP THERE WAS TO  
28 SAY IT WAS TO CELEBRATE HIS BIRTHDAY. HE SAYS HE

1 THINKS IT WAS PART OF THE MARTHA TRIP.

2 I DON'T KNOW WHAT IT IS, BUT WHAT ARE  
3 YOU TRYING TO DO WITH IT? SO WHAT?

4 MR. QUINN: YOUR HONOR, WE HAVE A DIFFERENT  
5 THEORY.

01:34PM

6 MR. GUNDLACH HAS TESTIFIED THAT HE HAD  
7 NEVER DONE ANYTHING LIKE THIS BEFORE. HE'D NEVER DONE  
8 ANY TEAM BUILDING.

9 THE COURT: ARE YOU GOING TO CALL  
10 MR. GUNDLACH?

01:34PM

11 MR. QUINN: OF COURSE.

12 THE COURT: WELL, THEN, YOU JUST ASK  
13 MR. GUNDLACH ALL THESE QUESTIONS.

14 ASKING THIS MAN, IF HE KNOWS NOTHING  
15 ABOUT IT, AND CAN'T TESTIFY ABOUT IT, WHAT IS THIS  
16 GOING TO DO?

01:34PM

17 MR. QUINN: WELL, I'M GOING TO ESTABLISH THAT  
18 IT HAPPENED, YOUR HONOR. THIS IS A TEAM BUILDING  
19 ACTIVITY, BUT IT'S A TEAM BUILDING --

20 THE COURT: IS IT THE MARTHA TRIP? IS THAT  
21 WHERE THEY DRANK THIS WINE?

01:34PM

22 MR. QUINN: I DON'T KNOW, BUT I DON'T THINK IT  
23 MATTERS.

24 MR. GUNDLACH IS LINING THESE PEOPLE UP.  
25 HE'S BUYING THEIR LOYALTY. HE'S REWARDING THEM FOR  
26 DOING WHAT HE'S ASKED THEM TO DO, PUTTING THEIR NECKS  
27 ON THE LINE TO STEAL.

01:34PM

28 HE'D NEVER DONE ANYTHING LIKE THIS

1 BEFORE. HE'S CURRYING FAVOR WITH THEM.

2 THE COURT: THE POINT IS, YOU CAN ASK THE  
3 QUESTION. YOU CAN'T TESTIFY YOURSELF.

4 AND IF THE WITNESS SAYS, I DON'T KNOW,  
5 OR THAT'S NOT WHAT IT WAS FOR, THEN YOU ARE GOING TO  
6 HAVE TO GO TO GUNDLACH. AND YOU CAN MAKE WHATEVER  
7 ARGUMENTS AND DRAW WHATEVER INFERENCES YOU WILL FROM  
8 THE PEOPLE'S DENIALS, BUT YOU CAN'T REPEATEDLY KEEP  
9 TESTIFYING ON YOUR OWN TO GET WHATEVER YOU WANT FOR THE  
10 JURY WITH NO ANSWER. AND I SEE THAT.

11 YOU KNOW, YOU JUST HAVE TO ASK HIM  
12 QUESTIONS. IF HE ANSWERS, FINE.

13 I'VE GIVEN YOU AS MUCH LEEWAY AS YOU  
14 WANT, BUT THINGS -- THIS THING, THE E-MAIL ITSELF SAYS  
15 IT WAS A BIRTHDAY CELEBRATION. YOU IGNORE THAT, AND  
16 YOU ARGUE OTHER THINGS. BUT THE BOTTOM LINE IS, YOU  
17 CAN DRAW WHATEVER INFERENCES FROM THEIR DENIALS, OR  
18 FROM THEIR NOT KNOWING ANYTHING ABOUT IT; BUT YOU CAN'T  
19 JUST KEEP GOING ON ABOUT THINGS THAT DON'T FIT YOUR --  
20 IF THE TESTIMONY DOESN'T FIT YOUR PARADIGM, THERE'S  
21 NOTHING I CAN DO ABOUT IT.

22 MR. QUINN: I UNDERSTAND THAT.

23 SOMETIMES A DENIAL IS GOOD ENOUGH FOR  
24 ME.

25 THE COURT: IF HE DENIES IT, THAT'S THE END OF  
26 IT.

27 AND HE SEEMS TO HAVE DONE THAT. HE SAYS  
28 HE DIDN'T KNOW -- ASK QUESTIONS, BUT I JUST DON'T WANT

01:35PM

01:35PM

01:35PM

01:36PM

01:36PM

1 TO KEEP BEATING A DEAD HORSE ON THIS.

2 MR. QUINN: I APOLOGIZE, YOUR HONOR.

3 THE COURT: YOU DON'T HAVE TO APOLOGIZE. IT'S  
4 PART OF THE DEAL.

5

01:36PM

6

(THE FOLLOWING PROCEEDINGS

7

WERE HELD IN OPEN COURT IN

8

THE PRESENCE OF THE JURY:)

9

10 Q. BY MR. QUINN: HAD YOU EVER ENJOYED PETRAS  
11 WINE WITH MR. GUNDLACH, BEFORE OCTOBER 20TH -- THIS  
12 WEEKEND OF OCTOBER 23?

01:36PM

13 A. I'M NOT SURE. I DON'T BELIEVE SO.

14 Q. IF YOU WOULD LOOK AT 1804. 1804.

15 AND BEFORE WE GET INTO THE DOCUMENT, LET  
16 ME ASK YOU, MR. SANTA ANA, IN MID NOVEMBER, DID  
17 MR. GUNDLACH ASK YOU AND MR. MAYBERRY TO COME OVER TO  
18 HIS WEST SIDE OFFICE TO SMOKE HAVANA CIGARS, HAVE  
19 EXOTIC TWO-LAYER CHEESES COMPRISED OF A MORNING MILKING  
20 AND AN AFTERNOON MILKING, AND MULTI-HUNDRED-DOLLAR  
21 WINES?

01:37PM

22 MR. HELM: OBJECTION, RELEVANCE, YOUR HONOR.

23 THE COURT: OVERRULED.

24 THE WITNESS: SORRY. CAN YOU ASK THE QUESTION  
25 AGAIN?

01:38PM

26 Q. BY MR. QUINN: YEAH.

27 DID HE INVITE YOU OVER TO ENJOY THIS?

28 A. YES.

1 Q. AND IF YOU LOOK AT 1804, IS THIS AN E-MAIL  
2 EXCHANGE BETWEEN YOU AND MR. GUNDLACH AND MR. MAYBERRY?

3 A. YES.

4 MR. QUINN: I'D OFFER IT.

5 MR. HELM: RELEVANCE, YOUR HONOR. 01:38PM

6 THE COURT: I CAN'T READ IT.

7 WHAT EXHIBIT NUMBER IS IT?

8 MR. QUINN: 1804.

9 MR. HELM: 352.

10 THE COURT: OVERRULED. 01:39PM

11 I'LL ADMIT IT.

12  
13 (EXHIBIT 1804 ADMITTED.)

14  
15 Q. BY MR. QUINN: SO IF WE COULD PLACE THIS UP ON  
16 THE SCREEN. 01:39PM

17 WHAT'S -- WE START ON THE SECOND PAGE AT  
18 THE TOP, MR. GUNDLACH HAS FORWARDED TO YOU SOME SALES  
19 INFORMATION FOR SOME 1982 CHATEAU CERTAN DE MAY WHICH  
20 HE HAS PURCHASED AT \$329 A BOTTLE? 01:40PM

21 DO YOU SEE THAT?

22 A. THAT'S NOT WHAT'S ON THE SCREEN.

23 Q. IT'S DOWN ON THE BOTTOM, THE BOTTOM HALF.

24 HE'S FORWARDED WHAT LOOKS LIKE A -- HE'S  
25 ORDERED SOME WINE. 01:40PM

26 DO YOU SEE THAT?

27 A. YES.

28 Q. AND HE FORWARDS, UP AT THE TOP, HE SAYS

1 (READING) :

2 SO NOW WE ARE UP TO 8  
3 BOTTLES. HALF WAY THERE.  
4 THESE ARE "THE CHEAP SEATS,"  
5 BUT PARKER RATED THIS AT 97  
6 POINTS, ET CETERA.

01:40PM

7 DO YOU SEE THAT?

8 A. YES.

9 Q. AND THEN IN THE BOTTOM OF THE FIRST PAGE, YOU  
10 RESPOND (READING) :

01:40PM

11 MY, MY, MY...NOW YOU'RE  
12 GETTING SERIOUS! SOME OF  
13 THE BEST LOCKERS I'VE SEEN  
14 DIDN'T HAVE WINES LIKE THESE  
15 IN THEM.

01:41PM

16 DO YOU SEE THAT?

17 A. YES.

18 Q. AND MR. MAYBERRY RESPONDS THEN, AFTER THAT,  
19 WARM UP BOTTLES AT \$829! AMAZING?

20 DO YOU SEE THAT?

01:41PM

21 THE COURT: 329.

22 MR. QUINN: 329.

23 THE COURT: CLOSE ENOUGH. WE'RE TALKING BIG  
24 NUMBERS HERE.

25 MR. QUINN: \$329.

01:41PM

26 DO YOU SEE THAT?

27 THE WITNESS: YES.

28 Q. SO WHAT MR. GUNDLACH IS SAYING, THESE ARE JUST



1 GOING TO BE THE WARM UP BOTTLES. THESE ARE THE \$329.  
2 WHEN YOU AND MAYBERRY COME OVER TO MY PLACE, THESE ARE  
3 GOING TO BE THE WARM UP BOTTLES?

4 THE COURT: MR. QUINN, REMEMBER THE  
5 QUESTIONING CONCEPT HERE. IT'S A NICE STORY, BUT --

01:41PM

6 Q. BY MR. QUINN: I MEAN, THAT'S WHAT YOU  
7 UNDERSTOOD THESE WERE, THE WARM UP BOTTLES?

8 A. THERE WAS ACTUALLY TWO BOTTLES OF WINE THAT  
9 NIGHT. ONE WAS THIS BOTTLE, \$329 BOTTLE OF WINE, AND  
10 ANOTHER BOTTLE THAT I THINK I MAY HAVE BROUGHT, WHICH  
11 WAS MUCH, MUCH LESS; BUT THERE WERE NO CUBAN CIGARS.

01:41PM

12 Q. WELL, WHAT HE SAYS IS, IN THE NEXT EMAIL, HE  
13 SAYS, (READING):

14 HOW ABOUT A LITTLE WINE  
15 AND CHEESE AND SAUSAGE AND  
16 PORT AND CUBAN CIGAR (I HAVE  
17 THE BEST VINTAGE OF THE 20TH  
18 CENTURY, RATED 100 POINTS)  
19 LATE AFTERNOON  
20 ART-APPRECIATION EVENT AT THE  
21 WATERGARDEN SOME WARM LATE  
22 AFTERNOON SOON (LIKE, MAYBE  
23 FRIDAY?!?!)

01:42PM

24 DO YOU SEE THAT?

25 A. YES.

01:42PM

26 Q. AND THEN HE SAYS, (READING):

27 CRIS CAN BRING THE  
28 TRUFFLES AND A CALIFORNIA

1 "CONTENDER" FOR THE WINE  
2 COMPARISON.

3 WHICH I GUESS YOU DID?

4 A. YEP.

5 Q. AND MAYBERRY SAYS, I'M IN, ANY TIME, ANYWHERE,  
6 RIGHT?

01:42PM

7 A. YES.

8 Q. AND THEN MR. GUNDLACH GIVES HIM ADVICE. HE  
9 ASKS, IS IT YOU OR MAYBERRY -- I GUESS MAYBERRY, TO GET  
10 THE CHEESE, INCLUDING THE SPECIAL CHEESE WITH TWO  
11 LAYERS, A MORNING MILKING AND AN AFTERNOON MILKING.  
12 NEVER HEARD OF SUCH A THING.

01:42PM

13 A. YEAH, THAT'S WHAT HE ASKED.

14 Q. AND HE SAID KEEP THIS THE DOWN LOW, BY THE  
15 WAY. THIS IS ANYTHING BUT A COME ONE, COME ALL, EVENT.  
16 SO PLEASE KEEP IT ON THE DOWN LOW, RIGHT?

01:43PM

17 A. YES.

18 Q. HAD HE EVER INVITED YOU AND MAYBERRY OVER FOR  
19 WINES, CIGARS AND CHEESE LIKE THIS BEFORE?

20 A. FIRST EVER.

01:43PM

21 Q. AND THIS IS IN THE MIDDLE OF THE PERIOD WHERE  
22 YOU ARE FOLLOWING HIS INSTRUCTIONS, RIGHT; ABOUT  
23 COLLECTING INFORMATION, CORRECT?

24 A. HIS INSTRUCTIONS WERE BACK IN SEPTEMBER. THIS  
25 WAS MONTHS LATER.

01:43PM

26 Q. DID IT OCCUR TO YOU THAT HE WAS THANKING YOU?

27 A. NO, NOT AT ALL.

28 JEFFREY WAS THERE TO SHOW US HIS ART.

1 Q. I'M SORRY, SIR?

2 A. JEFFREY WAS THERE TO SHOW US HIS ART.

3 Q. IN PREPARING THAT PRO FORMA THAT WE LOOKED AT  
4 THIS MORNING, YOU ACTUALLY -- YOU INCORPORATED  
5 INFORMATION YOU GOT FROM TCW EMPLOYEES IN PREPARING  
6 THAT ABLE GRAPE PRO FORMA, RIGHT?

01:44PM

7 A. YES.

8 Q. YOU GOT, FROM MR. KALE, YOU GOT SOME COSTS  
9 RELATING TO TECHNOLOGY.

10 THIS IS EXHIBIT 963.

01:44PM

11 YOU ASKED HIM FOR SOME COST INFORMATION  
12 FOR TECHNOLOGY?

13 A. THAT'S CORRECT.

14 Q. AND YOU INCORPORATED THAT IN HERE?

15 A. THAT'S CORRECT.

01:44PM

16 Q. AND THERE'S ANOTHER COWORKER?

17 A. SUE VANDERWALDER.

18 Q. VANDERWATER?

19 AND YOU ASKED HER SOME INFORMATION ABOUT  
20 DATA FEEDS, HOW MUCH THOSE COST, CORRECT?

01:44PM

21 A. THAT INFORMATION, I THINK I ALREADY HAD,  
22 ACTUALLY.

23 Q. WELL, YOU DID ASK HER FOR SOME INFORMATION,  
24 TRUE?

25 A. SUBSEQUENTLY I ASKED HER FOR AN UPDATED  
26 SPREADSHEET, BUT I HAD ALREADY HAD THAT SPREADSHEET  
27 BEFORE.

01:44PM

28 Q. RIGHT. BUT WHEN YOU ASKED HER FOR THIS AND

1 MR. KALE FOR THIS, YOU DIDN'T TELL THEM THE PURPOSE YOU  
2 WERE USING THIS DATA FOR, CORRECT?

3 A. NO.

4 Q. AND YOU ALSO ASKED MR. LUCIDO FOR SOME  
5 EMPLOYEE COMPENSATION INFORMATION?

6 A. LOU ACTUALLY OFFERED THAT UP TO ME.

7 THERE WAS SOMETHING THAT HE AND I WERE  
8 WORKING TOGETHER ON, AND TRYING TO JOIN AT THE TIME.  
9 IT WAS A JOINING OF THE CMBS GROUP AND MBS GROUP; SO WE  
10 SHARED INFORMATION FREELY.

11 Q. SO YOU ASKED HIM FOR SOME SALARY -- TCW SALARY  
12 INFORMATION, GOT IT FROM HIM, AND YOU USED THAT IN THE  
13 PRO FORMA, ALSO?

14 A. YEAH. OCTOBER IS USUALLY WHEN THE SALARIES  
15 ARE DETERMINED.

16 Q. JUST JUMPING AHEAD.

17 WHILE YOU WERE AT DOUBLELINE, YOU  
18 ACTUALLY SAW ONE OF THE DOUBLELINE EXECUTIVES ON THE  
19 TRADING FLOOR WITH A TCW DOCUMENT; ISN'T THAT TRUE?

20 A. I DID.

21 Q. AND WHEN WAS IT THAT YOU SAW THAT?

22 A. I DON'T RECALL SPECIFICALLY.

23 Q. WAS IT IN 2010?

24 A. I BELIEVE SO, YES.

25 Q. THE FIRST HALF OF 2010?

26 A. I THINK IT WAS -- I DON'T RECALL EXACTLY.

27 Q. BUT YOU SAW HIM -- THIS WAS AN EXECUTIVE BY  
28 THE NAME OF JOEL DAMIANI?

01:45PM

01:45PM

01:45PM

01:45PM

01:45PM

1 A. YES.

2 Q. AND YOU SAW HIM WITH A TCW REPORT, CORRECT?

3 A. I SAW HIM WITH WHAT LOOKED LIKE AN OLD TCW  
4 EXECUTIVE SUMMARY.

5 Q. IF WE COULD TAKE A LOOK AT 505.

01:46PM

6 NOW, IS THIS AN E-MAIL EXCHANGE BETWEEN  
7 YOU AND GREG WARD?

8 MR. HELM: COULD I HAVE A MINUTE, YOUR HONOR?  
9 I NEED TO JUST GET THIS.

10 Q. BY MR. QUINN: IS THIS AN E-MAIL EXCHANGE  
11 BETWEEN YOU AND GREG WARD?

01:47PM

12 A. YES, IT IS.

13 MR. QUINN: I'D LIKE TO OFFER IT.

14 THE COURT: MR. HELM, HAVE YOU HAD A CHANCE TO  
15 TAKE A LOOK AT IT?

01:47PM

16 MR. HELM: JUST A SECOND, YOUR HONOR, IF I  
17 COULD.

18

19 (PAUSE IN PROCEEDINGS)

20

01:47PM

21 MR. HELM: NO OBJECTION, YOUR HONOR.

22 THE COURT: IT WILL BE ADMITTED.

23

24 (EXHIBIT 505 ADMITTED.)

25

01:47PM

26 Q. BY MR. QUINN: AND IF WE COULD LOOK AT THE  
27 SECOND PAGE, MR. WARD WRITES AN E-MAIL TO YOU ON  
28 DECEMBER 1.

1 HE SAYS CRIS, HERE'S THE FLOOR PLAN.  
2 WE'RE ONLY INTERESTED IN TAKING THE FULL FLOOR, NOT THE  
3 HALF. IT SAYS, SOME GOOD UPDATES COMING OUT OF THE  
4 MEETINGS TODAY, AND AN INCREASING SENSE THAT WE WILL  
5 NEED THE FINANCIAL PROJECTIONS SOONER RATHER THAN  
6 LATER, RIGHT?

01:48PM

7 A. YES.

8 Q. AND THAT'S WHAT YOU WERE WORKING ON, CORRECT?

9 A. THAT WOULD BE THE PRO FORMA, YES.

10 Q. AND THEN ON THE FIRST PAGE, YOU WRITE, SOUNDS  
11 GOOD, DO YOU KNOW WHEN THE CURRENT TENANTS WILL BE OUT?

01:48PM

12 DO YOU SEE THAT?

13 A. YES.

14 Q. AND THEN YOU FOLLOW UP, I JUST NOTICED THEY'RE  
15 TARGETING A TENANT VACATE SOMETIME AS EARLY AS JANUARY,  
16 BUT WE WOULDN'T BE MOVING IN UNTIL THE END OF MARCH.  
17 IS THAT RIGHT?

01:48PM

18 DO YOU SEE THAT?

19 A. YES.

20 Q. AND THEN HE -- GREG WARD RESPONDS, YES, YOU  
21 ARE RIGHT, THOUGH WE COULD GET IN SOONER THAN MARCH 31  
22 IN A REAL PINCH, RIGHT?

01:48PM

23 A. THAT'S CORRECT.

24 Q. NOW, YOU DON'T KNOW IF YOU EVER, YOURSELF  
25 PERSONALLY, NEGOTIATED THAT CONTRACT WITH MR. GUNDLACH,  
26 DO YOU? A CONTRACT BETWEEN YOU AND HIM, REGARDING YOUR  
27 EMPLOYMENT?

01:49PM

28 A. MY EMPLOYMENT? A CONTRACT REGARDING MY

1 EMPLOYMENT? NO.

2 Q. SO YOU DON'T KNOW IF YOU NEGOTIATED SUCH A  
3 CONTRACT WITH HIM, TRUE?

4 A. NO.

5 Q. IS MY STATEMENT CORRECT? WE'VE GOT A DOUBLE  
6 NEGATIVE.

01:49PM

7 IS MY STATEMENT CORRECT?

8 A. YES.

9 Q. JUST BEFORE THE LAST BREAK, YOU TOLD US THAT  
10 AT DOUBLELINE, YOU WERE UPSET BY SOME COMMENTS THAT  
11 MR. GUNDLACH MADE ABOUT YOU, WHICH YOU THOUGHT PUT YOU  
12 OUT ON A LIMB.

01:49PM

13 DO YOU RECALL THAT?

14 A. YES.

15 Q. AND THAT UPSET YOU, BECAUSE YOU KNEW THAT YOU  
16 WERE ONLY DOING WHAT MR. GUNDLACH HAD ASKED YOU TO DO,  
17 CORRECT?

01:50PM

18 A. IF YOU ARE REFERRING TO THE DOWNLOADING, YES.  
19 THE DOWNLOADING BEGAN, BASED ON INSTRUCTIONS FROM  
20 MR. GUNDLACH.

01:50PM

21 AS TIME WENT ALONG, THINGS CHANGED.

22 Q. AND AS YOU PUT IT, HE WAS THE DRIVER BEHIND  
23 ALL OF THIS, RIGHT?

24 A. YES. HE WAS THE ONE WORKING ON COMING UP WITH  
25 SOME SORT OF NEGOTIATED SEPARATION.

01:50PM

26 Q. AND IF MR. GUNDLACH WOULD DENY THAT HE  
27 INSTRUCTED YOU TO DO THIS, DENY THAT HE KNEW IT WAS  
28 GOING ON, THAT WOULD BE COMPLETELY FALSE, CORRECT?

1 A. I'M SORRY. CAN YOU REPEAT THAT?

2 Q. IF MR. GUNDLACH WERE TO DENY THAT HE  
3 INSTRUCTED YOU TO DO THESE THINGS, AND DENY THAT HE  
4 KNEW THIS WAS GOING ON, THAT WOULD BE COMPLETELY FALSE?

5 MR. HELM: COMPOUND.

01:50PM

6 THE COURT: YOU CAN ANSWER THE QUESTION.

7 THE WITNESS: COMPLETELY FALSE?

8 HE ASKED US TO START DOING THOSE  
9 DOWNLOADS -- OR DOING BACKUPS, NOT DOWNLOADS. HE ASKED  
10 FOR US TO START LOOKING ON BACKING UP CERTAIN PIECES OF  
11 INFORMATION, BACK ON SEPTEMBER 3RD, AROUND THE TIME  
12 THAT WE HEARD RUMORS THAT HE WAS GOING TO BE FIRED.  
13 AND THAT WE NEED -- SUBSEQUENT TO THAT, WE HAD TO HAVE  
14 A MEETING WITH MR. STERN TO TALK ABOUT THE INSTABILITY  
15 IN THE FIRM.

01:51PM

16 Q. BY MR. QUINN: AND WHAT YOU HAVE JUST SAID IS  
17 THE TRUTH, THAT HE HAD TOLD YOU THAT, RIGHT?

18 A. YES.

19 Q. AND YOU DIDN'T APPRECIATE COMMENTS HE MADE  
20 THAT YOU THOUGHT LEFT YOU OUT ON A LIMB?

01:51PM

21 A. THERE WAS A PARTICULAR --

22 Q. SIR, YES OR NO? YOU DIDN'T APPRECIATE IT?

23 A. I DIDN'T APPRECIATE A SPECIFIC COMMENT THAT HE  
24 HAD MADE.

25 Q.. NOTHING FURTHER.

01:51PM

26 THE COURT: ALL RIGHT.

27 CROSS-EXAMINATION?

28 MR. HELM: YES, YOUR HONOR.



1 MR. BRIAN: YOUR HONOR, WITH THE COURT'S  
2 PERMISSION, I'M GOING TO SWITCH PLACES WITH MY  
3 COLLEAGUE.

4 THE COURT: THAT'S FINE.

5 OKAY, MR. HELM. YOU MAY PROCEED. 01:53PM

6 MR. QUINN: THANK YOU.

7 MR. HELM: THANK YOU, YOUR HONOR.

8  
9  
10 CROSS-EXAMINATION 01:53PM

11 BY MR. HELM:

12 Q. HOW OLD ARE YOU, MR. SANTA ANA?

13 A. I'M 45 YEARS OLD.

14 Q. WHERE DID YOU GROW UP?

15 A. I GREW UP IN SALINAS, CALIFORNIA. 01:53PM

16 Q. AND WHAT DID YOUR PARENTS DO?

17 A. MY DAD STARTED OFF AS A FARM WORKER, AND  
18 WORKED HIS WAY UP -- ENDED UP WORKING AS A MACHINIST  
19 AND A MECHANIC, AS WELL.

20 Q. AND THIS WAS IN SALINAS? 01:53PM

21 A. YES.

22 Q. AND WHAT ABOUT YOUR MOM?

23 A. MY MOTHER WAS A FACTORY LINE WORKER, AND SHE  
24 WORKED FOR SMUCKERS COMPANY FOR 20-PLUS YEARS.

25 Q. DID YOU HAVE ANY BROTHERS AND SISTERS GROWING  
26 UP? 01:53PM

27 A. I DID. I HAD TWO BROTHERS AND ONE SISTER.

28 Q. DID YOU ATTEND COLLEGE?

1 A. I DID.

2 Q. WHERE DID YOU GO?

3 A. I ATTENDED THE LOCAL JUNIOR COLLEGE, AND  
4 GOT -- HAD GRADES THAT PUT ME IN A POSITION TO TRANSFER  
5 TO UCLA.

01:54PM

6 Q. AND DID YOU PROCEED THEN TO TRANSFER TO UCLA?

7 A. I DID.

8 Q. WHAT DID YOU STUDY THERE?

9 A. I STUDIED ECONOMICS.

10 Q. AND DID YOU RECEIVE A DEGREE IN UCLA?

01:54PM

11 A. I DID.

12 Q. WHEN WAS THAT?

13 A. 1991, I GOT A DEGREE THERE.

14 Q. HOW DID YOU PAY FOR COLLEGE?

15 A. I PAID FOR COLLEGE MYSELF, WORKING, WHILE I  
16 WAS IN SCHOOL, SOMETIMES 30 HOURS A WEEK.

01:54PM

17 Q. WHAT KIND OF JOBS DID YOU HAVE?

18 A. I HAD JOBS WORKING AS A ACCOUNTING ASSISTANT,  
19 PAYROLL CLERK, THINGS OF THAT NATURE.

20 I HAD A JOB STUFFING VENDING MACHINES,  
21 AND A FEW OTHER ODD JOBS HERE AND THERE.

01:54PM

22 Q. DID YOU WORK IN THE SUMMERS?

23 A. YES.

24 Q. WHERE DID YOU WORK?

25 A. SOME SUMMERS, I HAD -- ALL THE WAY THROUGH  
26 COLLEGE, I'D WORK IN THE LETTUCE FIELDS. I'D WORKED  
27 SELLING CARS ONE SUMMER.

01:54PM

28 AND ONE SUMMER, I THINK I STAYED IN LOS

1 ANGELES.

2 Q. AND WERE YOU THE FIRST PERSON IN YOUR FAMILY  
3 TO ATTEND COLLEGE?

4 A. YES, I WAS.

5 Q. AND WHERE DO YOU LIVE NOW?

01:55PM

6 A. I LIVE IN MANHATTAN BEACH.

7 Q. AND WHO DO YOU LIVE WITH?

8 A. I LIVE WITH MY LOVELY WIFE AND TWO BEAUTIFUL  
9 DAUGHTERS.

10 Q. HOW OLD ARE YOUR DAUGHTERS?

01:55PM

11 A. SIX AND FOUR.

12 Q. AND DID YOU OBTAIN WORK AFTER COLLEGE?

13 A. I DID.

14 Q. WHERE DID YOU FIRST WORK AFTER COLLEGE?

15 A. MY FIRST JOB OUT OF COLLEGE WAS WORKING FOR AN  
16 ACCOUNTANT, DOING SOME BOOKS, NONPROFIT TYPE STUFF.

01:55PM

17 AND THEN I BECAME AN ACCOUNTING MANAGER  
18 AT AN INSTITUTIONAL PHARMACY.

19 Q. AND WHERE DID YOU GO AFTER THAT?

20 A. AFTER AMCARE, I WENT TO TCW IN DECEMBER OF  
21 '94.

01:55PM

22 Q. AND WHAT POSITION DID YOU HAVE AT TCW, WHEN  
23 YOU FIRST STARTED THERE?

24 A. I WAS THE OPERATIONS SUPERVISOR.

25 Q. AND WHAT DID THAT ENTAIL? WHAT  
26 RESPONSIBILITIES DID YOU HAVE?

01:55PM

27 A. THAT JOB, IN THAT JOB, I WAS RESPONSIBLE FOR  
28 MANAGING, SUPERVISING A TEAM OF FUND ACCOUNTANTS AND

1 ADMINISTRATORS WHO WOULD RECONCILE ACCOUNTS, REPORT  
2 PERFORMANCE, RECONCILE OUTSTANDING ITEMS WITH RESPECT  
3 TO CASH DISCREPANCIES, AND HELPING IN SELLING TRADES.

4 Q. WAS THIS A BACK OFFICE FUNCTION OR A FUND  
5 MANAGEMENT FUNCTION?

01:56PM

6 A. THIS WAS A BACK OFFICE FUNCTION.

7 Q. AND HOW LONG WERE YOU IN THAT JOB?

8 A. I WAS IN THAT JOB, I THINK, FOR ABOUT A YEAR.

9 Q. AND WHAT DID YOU DO NEXT?

10 A. THEN I BECAME -- I WAS PROMOTED TO OPERATIONS  
11 MANAGER.

01:56PM

12 Q. AND WHAT WERE YOUR RESPONSIBILITIES IN THAT  
13 POSITION?

14 A. THE RESPONSIBILITIES WERE FAIRLY SIMILAR, JUST  
15 MORE PEOPLE TO SUPERVISE.

01:56PM

16 Q. WERE YOU PROMOTED, AT SOME LATER TIME, TO  
17 ANOTHER JOB?

18 A. YES. ABOUT A YEAR LATER, I WAS PROMOTED TO  
19 ASSISTANT VICE PRESIDENT, WHERE I WAS RESPONSIBLE FOR  
20 AN EVEN LARGER GROUP.

01:56PM

21 Q. AND HOW LONG WERE YOU IN THAT POSITION?

22 A. I WAS IN THAT POSITION FOR PROBABLY A YEAR,  
23 YEAR AND A HALF.

24 Q. AND WHAT DID YOU DO NEXT? DID YOU HAVE  
25 ANOTHER JOB AT TCW?

01:57PM

26 A. I WAS THEN PROMOTED TO VICE PRESIDENT, WHERE I  
27 WAS RESPONSIBLE FOR THE -- NOT ONLY THE MORTGAGE GROUP,  
28 BUT ALSO THE HIGH YIELD GROUP, WHERE WE HAD TWO TEAMS.

1 Q. AND WERE YOU PROMOTED AFTER THAT?

2 A. YES. I WAS PROMOTED TO SENIOR VICE PRESIDENT,  
3 AFTER TAKING A JOB WORKING IN JEFFREY GUNDLACH'S GROUP  
4 IN 2000.

5 Q. WELL, WHAT WAS -- WHEN DID YOU FIRST GO TO THE  
6 MORTGAGE-BACKED SECURITIES GROUP? 01:57PM

7 A. IN 2000.

8 Q. AND WHAT WAS YOUR POSITION THEN?

9 A. WHEN I WAS IN THE MORTGAGE GROUP, I STARTED  
10 OFF VICE PRESIDENT, AND WAS PROMOTED TO SENIOR VICE  
11 PRESIDENT. 01:57PM

12 Q. WHAT WERE YOUR RESPONSIBILITIES WHEN YOU FIRST  
13 WENT TO THE MORTGAGE-BACKED SECURITIES GROUP?

14 A. MY RESPONSIBILITIES WHEN I FIRST WENT TO THE  
15 MORTGAGE-BACKED GROUP WAS TO MANAGE THE ANALYSTS AND  
16 HELP OUT WITH SOME OF THE CASH TRADING. 01:57PM

17 Q. AND WERE THERE ANY OTHER RESPONSIBILITIES YOU  
18 HAD?

19 A. LOOKING AT PORTFOLIOS, HELPING ANALYZE  
20 PORTFOLIOS, BUILDING TOOLS FOR THE PORTFOLIO MANAGERS  
21 TO USE IN DISSECTING PORTFOLIOS. 01:57PM

22 Q. WHEN YOU FIRST CAME TO THE MBS GROUP, WHOM DID  
23 YOU REPORT TO?

24 A. ERIC ARENTSEN AND SAM OSBORNE.

25 Q. AND WHEN YOU WERE PROMOTED TO SENIOR VICE  
26 PRESIDENT, HOW DID YOUR JOB CHANGE AT THAT POINT? 01:58PM

27 A. WHEN I WAS PROMOTED TO SENIOR VICE PRESIDENT,  
28 I JUST HAD A BROADER ROLE, MORE ANALYSTS TO MANAGE.

1 THE GROUP WAS GROWING, AND THE ASSETS WERE GROWING  
2 SUBSTANTIALLY.

3 Q. AND HOW LONG DID YOU SERVE IN THAT POSITION,  
4 AS SENIOR VICE PRESIDENT?

5 A. I WANT TO SAY, THREE OR FOUR YEARS. 01:58PM

6 Q. SO THAT WAS FROM WHEN TO WHEN, ROUGHLY?

7 A. THAT WAS LIKE 2003 TO 2000 -- MAYBE LATER.  
8 2004 TO 2006ISH, I THINK.

9 Q. AND WHAT WAS YOUR NEXT POSITION? AFTER YOU  
10 WERE SENIOR VICE PRESIDENT, WERE YOU PROMOTED? 01:58PM

11 A. I WAS PROMOTED TO SENIOR VICE PRESIDENT --  
12 SORRY, TO MANAGING DIRECTOR IN 2008, I BELIEVE.

13 Q. AND WHO DID YOU REPORT TO WHEN YOU BECAME A  
14 MANAGING DIRECTOR?

15 A. WHEN I BECAME MANAGING DIRECTOR, I ALREADY 01:59PM  
16 BEGAN REPORTING TO JEFFREY GUNDLACH AND PHIL BARACH.

17 Q. JEFFREY GUNDLACH AND PHIL BARACH?

18 A. YES.

19 Q. DID YOU HAVE PEOPLE REPORTING TO YOU AT THAT  
20 TIME? 01:59PM

21 A. YES. I HAD PROBABLY A DOZEN PEOPLE OR SO.

22 Q. AND WERE ADDITIONAL RESPONSIBILITIES ADDED TO  
23 YOU, AFTER YOU BECAME MANAGING DIRECTOR?

24 A. YES. I WAS -- AS MANAGING DIRECTOR, I HAD A  
25 MUCH BROADER ROLE WITHIN THE GROUP. I STARTED DOING 01:59PM  
26 SOME LIGHT TRADING; ALSO WORKING WITH OTHER GROUPS, AS  
27 WELL.

28 Q. AND WHAT WAS YOUR FINAL POSITION AT TCW, AT

1 THE TIME YOU WERE FIRED?

2 A. MY FINAL POSITION WAS CHIEF OPERATING OFFICER  
3 FOR THE GROUP.

4 Q. AND THAT'S FOR THE MORTGAGE-BACKED SECURITIES  
5 GROUP?

01:59PM

6 A. THAT WAS FOR THE COMBINED MORTGAGE-BACKED AND  
7 COMMERCIAL MORTGAGE-BACKED.

8 Q. AND WHAT WERE YOUR RESPONSIBILITIES AS CHIEF  
9 OPERATING OFFICER?

10 A. AS CHIEF OPERATING OFFICER OF THE GROUP, I HAD  
11 BECOME ESSENTIALLY THE INFORMATION HUB FOR BOTH GROUPS.  
12 I WAS RESPONSIBLE FOR DAY-TO-DAY OPERATIONS AT BOTH  
13 GROUPS, WHICH INCLUDED RISK MANAGEMENT, ANALYTICS,  
14 TECHNOLOGY; ALL THOSE AREAS.

02:00PM

15 Q. AND WHEN YOU WERE THE CHIEF OPERATING OFFICER  
16 OF THE GROUP, WAS THIS A NINE-TO-FIVE JOB, OR DID YOU  
17 WORK AFTER HOURS? WHAT KIND OF HOURS DID YOU KEEP?

02:00PM

18 A. I PRETTY MUCH WORKED WHEREVER YOU HAD A  
19 BLACKBERRY; WHICH WAS AS LONG AS YOU HAD YOUR  
20 BLACKBERRY, YOU WERE CONSTANTLY CHECKING IT.

02:00PM

21 Q. NOW, YOU SAID THAT YOU REPORTED TO ERIC  
22 ARENTSEN AT SOME POINT; IS THAT CORRECT?

23 A. THAT'S CORRECT.

24 Q. AND THAT WAS WHEN YOU FIRST BECAME VICE  
25 PRESIDENT, I THINK YOU SAID?

02:00PM

26 A. THAT'S CORRECT.

27 Q. NOW, AT THAT POINT, HOW DID YOUR COMPENSATION  
28 COMPARE TO HIS?

1 A. I'M SURE IT WAS A FRACTION OF HIS.

2 Q. AND BY THE TIME YOU LEFT TCW, YOU WERE CHIEF  
3 OPERATING OFFICER OF THE MBS GROUP; IS THAT RIGHT?

4 A. THAT'S CORRECT.

5 Q. HOW DID YOUR ROLE COMPARE TO MR. ARENTSEN'S AT  
6 THAT TIME WHEN YOU LEFT?

02:01PM

7 A. WE WERE BOTH MANAGING DIRECTORS; BUT AS CHIEF  
8 OPERATING OFFICER, MY ROLE WAS MUCH BROADER.

9 Q. AND HOW DID YOUR COMPENSATION COMPARE TO HIS?

10 A. I THINK AT THAT TIME MY COMPENSATION WAS  
11 PROBABLY A LITTLE MORE THAN HIS.

02:01PM

12 Q. DID YOU EVER HAVE ENCOUNTERS WITH  
13 MR. ARENTSEN, AS YOU WERE WORKING YOUR WAY THROUGH TCW,  
14 THAT SUGGESTED ANYTHING TO YOU ABOUT HIS FEELINGS  
15 TOWARDS YOU?

02:01PM

16 A. YES. I THINK PROBABLY LESS THAN A YEAR AFTER  
17 I JOINED THE GROUP, THERE WAS A SITUATION WHERE I WAS  
18 WORKING LATE ONE EVENING. IT WAS AROUND 6 O'CLOCK AT  
19 NIGHT. I GOT A CALL OUT ON THE TRADING DESK FROM  
20 MR. ARENTSEN WHERE HE STARTED SCREAMING AT ME, YELLING  
21 AT ME, TELLING ME I WAS TRYING TO STEAL HIS JOB. AND  
22 IT GOT TO THE POINT WHERE HE LITERALLY TOLD ME THAT I  
23 WAS BEING LAZY, BECAUSE I WOULDN'T GO OVER THERE AND  
24 TALK TO HIM.

02:01PM

25 I REMINDED HIM THAT HE CALLED ME. SO I  
26 HUNG UP THE PHONE, AND WALKED OVER TO HIS OFFICE TO  
27 CONFRONT HIM ABOUT THE MATTER. AND I LET HIM KNOW THAT  
28 IT WAS THE MOST EMBARRASSING AND DEMEANING COMMENT

02:02PM



1 ANYBODY HAS EVER MADE TO ME, IN MY PROFESSIONAL CAREER.

2 Q. AND HOW DID HE REACT?

3 A. HE THEN SEEMED TO BE CONTRITE. SAID SORRY.  
4 HE APOLOGIZED. HE SAID HE WAS TAKING HIS FRUSTRATION  
5 OUT ON ME BECAUSE HISTORICALLY, HE FELT ALIENATED FROM 02:02PM  
6 THE GROUP, AND THAT THE SPOT OUT ON THE TRADING DESK,  
7 WHERE I HAPPENED TO BE SITTING, HE THOUGHT HE WAS  
8 ENTITLED TO; BUT THAT SOMEHOW, THE OTHER PORTFOLIO  
9 MANAGERS IN THE GROUP WERE SOMEHOW KEEPING HIM FROM  
10 THAT ROLE. 02:02PM

11 Q. AND HOW DID YOUR RELATIONSHIP FARE WITH HIM  
12 AFTER THAT ENCOUNTER? WHAT KIND OF RELATIONSHIP DID  
13 YOU HAVE WITH HIM.

14 A. IT WAS UP AND DOWN. WE HAD -- I THINK HE  
15 ACTUALLY ACCUSED ME OF STEALING HIS JOB, ONE OTHER 02:03PM  
16 TIME.

17 THERE WERE A COUPLE OF OTHER OCCASIONS  
18 WHERE HE HAD OUTBURSTS THAT MADE SOME OF THE ANALYSTS  
19 UNCOMFORTABLE, THAT -- AT THAT POINT, THROUGHOUT THE  
20 NEXT FEW YEARS, IT WAS PRETTY TAME. 02:03PM

21 Q. AND WHAT WAS HIS RELATIONSHIP WITH THE REST OF  
22 THE GROUP, DURING THE TIME YOU WERE THERE?

23 A. ERIC ALWAYS HAD KIND OF AN UNUSUAL ROLE. HE  
24 WAS LARGELY ADMINISTRATIVE. HE WAS ASSIGNED TO  
25 BASICALLY SPECIAL PROJECTS. 02:03PM

26 ON OCCASION, HE WOULD ALSO GO AND TALK  
27 TO CLIENTS.

28 MR. HELM: YOUR HONOR, I'M GOING TO MOVE TO

1 ANOTHER TOPIC.

2 THE COURT: WE CAN TAKE OUR RECESS.

3 LADIES AND GENTLEMEN, WE'LL RECESS FOR  
4 THE WEEKEND. WE'LL COME BACK MONDAY MORNING AT 8:30.

5 PLEASE RECALL THE ADMONITIONS. YOU ARE  
6 NOT DO DISCUSS THE MATTER AMONG YOURSELVES OR WITH  
7 ANYONE ELSE, OR FORM ANY OPINIONS OR CONCLUSIONS  
8 CONCERNING ANY ASPECT OF THE CASE, UNTIL YOU HAVE HEARD  
9 ALL THE EVIDENCE, AND IT'S BEEN SUBMITTED TO YOU.

10 I WANT TO THANK YOU ALL AGAIN FOR THE  
11 PROMPTNESS WITH WHICH YOU GET HERE IN THE MORNING. I  
12 THINK WE'RE ROLLING RIGHT ALONG. BY ALL INDICATIONS,  
13 WE ARE AHEAD OF SCHEDULE, AND WE'RE NOT GOING TO TAKE  
14 AS LONG AS WE HAD ORIGINALLY ESTIMATED.

15 SO HAVE A NICE WEEKEND, WE'LL SEE YOU ON  
16 MONDAY MORNING.

17  
18 (AT 2:04 P.M. THE JURY WAS  
19 EXCUSED, AND THE FOLLOWING  
20 PROCEEDINGS WERE HELD:)

21  
22 THE COURT: MR. SANTA ANA, YOU ARE EXCUSED.  
23 WE'LL SEE YOU MONDAY MORNING, TOO, AT 8:30.

24  
25 (WITNESS LEAVES THE COURTROOM)

26  
27 THE COURT: ALL RIGHT. WE'RE OUT OF PRESENCE  
28 OF THE JURY.

1 ARE THERE ANY MATTERS ANYBODY WANTS TO  
2 TAKE UP?

3 MR. QUINN: YOUR HONOR, JUST TO -- WE'RE GOING  
4 TO HOPE -- I HOPE WE'LL ABLE TO GET YOU THE JEFFREY  
5 GUNDLACH DEPOSITION DESIGNATIONS. WE'VE GIVEN THEM TO  
6 MUNGER, TOLLES, AND I KNOW THEY ARE WORKING ON THEM,  
7 AND THEY'LL GET THEM DONE AS SOON AS THEY CAN.

02:05PM

8 THE COURT: WELL, THAT'S PROBABLY PRETTY  
9 SUBSTANTIAL.

10 AND ALL I CAN SAY IS THAT ANY OF THESE  
11 NOTEBOOKS THAT YOU WANT ME TO LOOK AT OVER THE WEEKEND,  
12 YOU NEED TO HAVE IN THIS COURTROOM BY 3 O'CLOCK  
13 TOMORROW AFTERNOON.

02:05PM

14 I HAVE HEARINGS IN THE MORNING. I HAVE  
15 HEARINGS IN THE AFTERNOON, BUT WHEN I FINISH THOSE  
16 HEARINGS, I'M GOING TO TRY TO GET ON THE FREEWAY AND  
17 GET OUT OF TOWN. SO IF I DON'T HAVE THEM, I CAN'T WORK  
18 ON THEM.

02:05PM

19 ANYTHING ELSE?

20 MR. MADISON: YOUR HONOR, CAN I JUST INQUIRE,  
21 DID THE COURT RECEIVE IN CAMERA THE DECLARATION OF  
22 ASSETS AND LIABILITIES THAT YOU ASKED?

02:05PM

23 THE COURT: NOT THAT I'M AWARE OF.

24 MR. MADISON: WE WILL HAVE MR. GUNDLACH --

25 THE COURT: HE'LL BE HERE FIRST OF THE WEEK?

02:06PM

26 MR. MADISON: I DON'T KNOW IF IT'S THE FIRST  
27 OF THE WEEK, BUT I EXPECT IT WILL BE NEXT WEEK, FOR  
28 SURE.

1 MR. HELM: WE'VE BEEN CONTACTING HIS DIVORCE  
2 COUNSEL TODAY, YOUR HONOR, I THINK WE SHOULD BE IN A  
3 POSITION TO GET IT TO YOU ON MONDAY, I HOPE.

4 THE COURT: OKAY.

5 MR. MADISON: IF WE COULD ASK, IT WILL BE  
6 DONE.

7 THE COURT: I'M NOT GOING TO GIVE IT TO YOU,  
8 MR. MADISON. IT'S FOR THE COURT'S IN-CAMERA  
9 INSPECTION.

10 SO I THINK, IDEALLY, IF YOU CAN GET IT HERE  
11 BY 3 O'CLOCK TOMORROW, ALONG WITH EVERYTHING ELSE YOU  
12 WANT ME TO LOOK AT, I'LL DO THAT.

13 MR. HELM: THANK YOU.

14 MR. QUINN: HAVE A NICE WEEKEND.

15 THE COURT: AND THANK YOU ALL. I REALLY DO  
16 FEEL WE'RE MOVING RIGHT ALONG. I HOPE YOU ALL ARE  
17 ACCUSTOMED OR GETTING USED TO THE 8:30 TO 2:00, BUT I  
18 THINK IT'S AN EFFICIENT WAY TO KEEP GOING.

19 MR. BRIAN: IT WAS TOUGH THE FIRST DAY OR TWO,  
20 BUT NOW THAT WE'VE FIGURED OUT THE EATING SITUATION.

21 MR. QUINN: YOU'VE JUST GOT TO GIVE UP GETTING  
22 OUT A WORKOUT IN IN THE MORNING; THAT'S ALL.

23 THE COURT: HAVE A NICE WEEKEND.

24  
25 (AT 2:07 P.M. AN ADJOURNMENT  
26 WAS TAKEN UNTIL MONDAY,  
27 AUGUST 8TH, 2011 AT 8:30 A.M.)

28 //

02:06PM

02:06PM

02:06PM

02:06PM

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