EXHIBIT 35

UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
(ALEXANDRIA DIVISION)

BLUE FLAME MEDICAL LLC) Civil Action No.
Plaintiff) 1:20-cv-00658 (LMB/IDD)
)
vs.)
)
CHAIN BRIDGE BANK, N.A.,)
JOHN J. BROUGH and)
DAVID M. EVINGER)
Defendants)

CHAIN BRIDGE BANK, N.A.)
Third-Party Plaintiffs)
)
vs.)
)
JPMORGAN CHASE BANK, N.A.)
Third-Party Defendant)

- CONFIDENTIAL PURSUANT TO PROTECTIVE ORDER -
Remote Videotaped Deposition of John Brough
February 2, 2021
9:35 a.m.

Reported by: Bonnie L. Russo
Job No. 4398587

to the transaction. Because money was never deposited into the account.

BY MR. WHITE:

Q. You were listening on Friday when Mr. Evinger repeatedly said that money had been deposited into their account; isn't that correct?

MR. ORSECK: Wow. Objection. Mischaracterizes the testimony.

BY MR. WHITE:

Q. Go ahead.

A. Money was -- the money was not deposited into the client's account.

Q. Where'd it go?

A. It came into the bank's Federal Reserve Bank account, and then it left the bank's Federal Reserve Bank account. It never was deposited into the client's account.

Q. So Mr. Evinger was incorrect when he said that it had been credited to the account when he spoke last week?

MR. ORSECK: Object to form.

It was Mr. White who said that the money was deposited into the customer account during that deposition.

Object to foundation.

MR. WHITE: Objection to the mischaracterization and the speech.

BY MR. WHITE:

Q. You may answer.

A. I -- I have to tell you, Mr. White, I don't recall David saying that the money was deposited into the account.

Q. I believe the word was- - used was "credited."

Are you saying the money was never credited to the Blue Flame Medical account?

A. I'm saying the money was never credited, deposited. I mean it was not deposited into the client's account.

MR. WHITE: Do you want to take a break now, or do you want to keep going?

THE WITNESS: We can take a break now. That's fine.

Q. The source of the money ultimately was indeed an account for the State of California, correct?

A. That is correct.

Q. And that's where Mr. Gula had represented the money was going to come from, correct?

A. That is correct.

Q. As a matter of fact, everything in the header data of the wire was completely consistent with what Mr. Gula had told the bank; isn't that right?

MR. ORSECK: Object to form.

THE WITNESS: As far as we could tell, yes.

MR. WHITE: I'd like the play a later portion starting at 10:30, please.

(Whereupon, the tape was played.)

BY MR. WHITE:

Q. Mr. Brough, who is it who says, "I don't like the smell of this"?

Is that you?

patched Mr. Gula in?
A. I don't recall that.
Q. What do you recall the sequence being from this call with Ms. Schoeppe to the call with Mr. Gula?
A. We concluded our call with Heather. And then -- and then we -- we -- we decided to call Mike Gula to discuss the transaction. Just David and I. Not Heather.
Q. Just the two of you?
A. Yes. Just David and I.
Q. Was there any recording of that phone call?
A. No. There wasn't.
Q. Why not?
A. It wasn't placed on a recorded line at the bank. And it wasn't recorded in any other manner.
Q. There were a number of other phone calls that were recorded in connection with the transact -- this transaction by some method other than the bank's recorded lines; isn't

that correct?
A. After the wire arrived, that's correct.
Q. And how were those recorded, the ones that weren't on the bank's recorded lines?
A. They were recorded on my -- on my phone with a -- with a --
Q. On your --
A. -- recording option on the phone -- on the -- not the phone itself but on a -- like a tape-recording option.
Q. On your cell phone?
A. Yes.
Q. And was it recorded on the phone you were actually using to have the conversation?
A. No. Because those conversations were on David's land line.
Q. And you used a recording function on your cell phone to record at least parts of those calls; is that correct?
A. That's correct.
Q. Why didn't you record this one with

Mr. Gula?
A. Because I was using my cell phone on the call itself.
Q. If you hadn't been using your cell phone, would you have recorded this call, if you can say?
A. I --
MR. ORSECK: Object to form.
THE WITNESS: I can't say. I -- probably not. I mean I -- it's not something that I usually do.
BY MR. WHITE:
Q. How often have you recorded phone conversations on your cell phone while you've been at Chain Bridge Bank?
A. This is the only time I can recall.
Q. So there was never another time when you recorded a phone call other than on a recorded line in connection with your responsibilities at Chain Bridge Bank; is that right?
A. That's correct.

Q. And I take it Mr. Brough's -- or I'm sorry -- Mr. Evinger's line that he was using is not one of these recorded lines?

A. No. It was not one of the recorded lines. The -- the individuals who had their lines recorded were -- were -- were the individuals who were responsible for verifying wire transfers.

And -- and it's -- it was a function of COVID. When everybody's working at their office, there's an option on some individuals' phones to press a button to start recording a call.

But -- but working from home that's not possible. So -- so it was set up so that the people who verify wires just had their calls recorded.

Q. When you spoke with Mr. Gula on the 25th, the afternoon of the 25th, did he tell you that -- that Blue Flame was in the process of selling a large volume of N95 masks to the State of California?

A. He told us that -- that Blue Flame was -- was -- was -- was entering into a contract to sell a hundred million masks to the State of California. I -- I think -- I think he did mention they were N95 masks, yeah.

Q. One of the terms that none of us had familiarity with a year ago then. We know now.

I take it you had heard of N95 makes, like everyone else, by that point, right?

A. Yes, I had. That's correct.

Q. And Mr. Gula also told you that he was expecting a wire transfer to Blue Flame for a portion of the purchase price of those masks on that call; isn't that right?

A. Yes. That's correct.

Q. Do you recall him saying that it was 75 percent of the purchase price, or did that detail not come up?

A. That detail may have come up. I know that what he said was that this was the down payment for -- for the purchase of masks.

And he -- he did give a percentage. It -- it -- it -- I think he probably did say it was 75 percent.

Q. And did he tell you that the -- the masks would largely or exclusively perhaps be manufactured in China?

Did he mention that?

A. Yes. He indicated that -- that the masks would be sourced from China.

Q. And that they had a supply contract or supply agreement with the company called Great Health Companion in China?

Did that come up in that call?

A. Yes. Now, whether or not it was -- he -- he said the word "Great Health Companion," I -- I -- I don't know. But he was talking about the relationships that he or John Thomas had with a supplier in China. And -- yeah. Yeah.

Q. Did he mention that over time parts of that amount were going to be wired out to manufacturers or suppliers of N95 masks from

the Chain Bridge Bank account?
A. Yes. He said that.
Q. Do you recall him mentioning the Hakim Unique Internet Company as well, an affiliate of Great Health Companion?
A. Mr. White, I don't recall that name, no. But it's possible that he did. I don't -- I don't -- I don't know.
Q. Do you recall that he told you as well that they had entered into other contracts or than with Great Health Companion?
A. Yes, yes. He did say that they had entered into a number of other contracts, some with foreign countries, some domestically.
Q. And those are contracts to purchase N95 masks that would ultimately be sold to California, correct?
A. Oh, no. I apologize. I misunderstood your question.
Mike said that they had a number of other contracts to sell masks to other entities, both foreign and domestic,

municipalities and such.

MR. WHITE: What is our --

BY MR. WHITE:

Q. I believe you took handwritten notes during this call that were produced to us.

Do I have that right?

A. Yes.

MR. WHITE: I'd like the bring those up for you.

What is the next sequential exhibit number, Greg?

MR. KETCHAM-COLWILL: 73.

MR. WHITE: So this will be marked Plaintiff's Exhibit 73. The Bates Nos. CBB4445 are the last four digits.

And the top line, I believe, if I'm reading it correctly, says: "Blue Flame formed with John Thomas" and the date.

(Deposition Exhibit 73 was marked for identification.)

THE WITNESS: I'm sorry. I don't have that yet.

Is it going to show up in the --

MR. WHITE: I think it is, Mr. Brough. It takes a minute to download.

THE WITNESS: Exhibit 73?

MR. WHITE: Correct.

THE WITNESS: Okay. I have it.

BY MR. WHITE:

Q. Is that your handwriting?

A. It is.

Q. The -- the second dashed entry I believe indicates: 100 million masks sold $450 million State of California.

Am I reading that correctly?

A. Yes. That is correct.

Q. And then "Great Health Companion," the reference to supplier in China?

A. That is correct.

Q. I think the next line reads: "Also have entered into other contracts."

Is that what that says?

A. Yes. That's what that says.

Q. And is that referring to other

contracts with suppliers like Great Health Companion or other contracts to sell, or do you remember?

A. From what I remember, it's other contracts to sell.

Q. What does the next line say?

A. You know, I -- it says: 337 million purchased by.

And I -- I don't know what that is. I don't -- I know he was talking about foreign countries. But it also looks like it might be Baltimore. But I don't -- he -- I think he mentioned Bahrain at some point. I don't know.

Q. So you don't -- you don't remember what that reference is to?

A. Yeah.

Q. I can't read it.

And you can't read it, then we don't have any chance of reading it; is that correct?

A. No. But he was -- he was -- he was talking about other large contracts that they had signed to sell masks to other entities.

Q. Okay. And then the -- the next line appears to be "Mike@BlueFlame" dot something?

A. Agency.

Q. Is that supposed to be an e-mail address or --

A. Yes. Yes. So Mike --

Q. Okay.

A. -- Mike informed us that he was going to be shutting down his -- his political organization -- political consulting organization and -- and going to sell masks full-time and that -- and that the only way to reach him would be through his new e-mail address and his new cell phone number. And -- and so he provided those to us.

Q. And did Mr. Gula tell you at that time that he'd spent the past several weeks building this new company to do PPE supply?

A. He said -- I don't know if he gave a time frame or not. But he said that he had been working with -- with John Thomas to set up the company, yes.

Q. And I think your notes indicate that he had gotten sick of the political fundraising business that he was involved in.

Is that -- am I reading that correctly from later in your notes?

A. Yes. Yes. He was -- he was telling us how he was happy to get out of the business that he was in.

Q. Then there's a "Nonresponsive" piece there.

And this ten next line says: "I will not be reachable after" -- you -- you read it to me.

What does --

A. "I will not" --

Q. -- that say?

A. "I will not be reachable after this. You have my contact into."

And then we asked him about the contracts.

Q. I see.

So his old account info would not be

useable anymore; you'd have to use his new contact information he gave you; is that right?

A. That's correct.

Q. And then what is the last thing you said, the -- the -- read -- read the last line for me.

A. We asked him about the con -- the -- the -- the contracts.

Q. That word is "contracts"?

A. Yes.

Q. Where does it say "contracts"?

A. I'm sorry?

Q. Where does it say "contracts"?

A. Oh, I'm sorry. We asked him about the transaction. It says "transaction."

Q. I see.

A. "Transaction."

Q. Okay. Did you write something in the middle of your conversation with Mr. Gula that had nothing to do with this transaction in your notes here?

A. That was a -- a password that had

recollection of the conversation?
A. That's correct.
Q. Was there ever any follow-up with Mr. Gula by e-mail or phone requesting this information after this initial call?
A. There was. David sent an e-mail following up and, you know, reiterating the fact that we looked forward to receiving the contracts.
Q. After this call with Mr. Gula, did you -- I take it you weren't -- you doubted whether Blue Flame was actually going to receive this wire transfer from California; is that fair?
A. We were skeptical that it would happen.
Q. But the wire in the amount specified from this -- by Mr. Gula -- from the sender specified by Mr. Gula did, in fact, come in the next day is; isn't that correct?
A. The wire did come in, yes.
Q. And it's was from the party he said

it was going to be from, correct, State of California?

A. Yes. From --

MR. ORSECK: Asked and answered. It's a matter of record.

BY MR. WHITE:

Q. And your investigation determined that it was, in fact, a wire for the purchase of N95 masks by the State of California, correct?

A. I -- no. I wouldn't characterize our conclusion in that -- in that -- in that way.

Q. What's your understanding of why California sent $456 million to Blue Flame Medical?

A. Well, what we were able to confirm was that the wire was actually from State of California, and the State of California knew that they had sent it. But we had not verified the -- the purpose of the wire.

Q. You ultimately did verify that the

purpose was to purchase N95 masks from Blue Flame Medical, correct?

A. We -- we -- we were able to, like I said, find out that the -- the wire was actually sent from the State of California, and they knew it.

They -- the -- we also were able to confirm that the State of California was under the impression that the money was going to result in them receiving a hundred million masks.

Q. Exactly as Mr. Gula had said, correct?

A. We had many more unanswered questions after we were able to verify that the State of California sent the money and -- and they knew that they had sent it.

Q. We'll get to that in a minute.

My question is whether the purpose that was confirmed from the State of California was the same as the purpose that Mr. Gula had told you, that being the purpose of paying for

A. Mr. Fitzgerald also was -- was skeptical about whether or not the transaction would happen.

Q. Did Mr. Fitzgerald say anything about how to handle the wire transfer in the event the bank ended up receiving it?

A. I don't recall him instructing us to -- to -- to -- on how to handle the wire, no.

Q. Do you recall Mr. Gula telling -- you going back to your conversation with him.

Do you recall Mr. Gula telling you that, although the masks were going to be manufactured in China, the wires out of the account would all be to domestic accounts?

Did that come up during your call with Mr. Gula?

A. Mr. Gula made it very clear that the masks were going to be purchased from China. So our -- our assumption was that the funds would have to ultimately be wired to China.

Q. My question was: Did he tell you

that the wires out of Chain Bridge Bank account would all be domestic?

A. What he told us was that the ultimate recipients would be in China.

Q. I understand that.

What I'm -- what I'm asking you is did he tell you that all of the wires out of the account to pay for the masks would be domestic during that call?

A. What he told us was that the ultimate recipients of the wires would be companies in China. So it's not unusual for -- when you're sending money abroad, for it to go through multiple banks. But it's all one transaction.

So it goes to a domestic bank, who has a sophisticated international platform. And then it's sent from that -- that bank to -- to a foreign country.

Q. And did he -- my -- my question is, Mr. Brough: Did he tell you that all of the transfers from Chain Bridge Bank would be to such domestic banks; it would not be international transfers --

MR. ORSECK: Object to form.

BY MR. WHITE:

Q. -- out of the account?

MR. ORSECK: Objection. Foundation.

THE WITNESS: What he informed us is that there would be a multistep process. And the first part of the process would be sending money from the bank to a domestic bank. And then the funds would be transferred to China.

BY MR. WHITE:

Q. And I take it you were aware as well or became aware in March of 2020 that the vast majority of personal protective equipment or PPE in the world is manufactured in China; is that right?

Did you know that at the time?

A. Yes. I do recall hearing a lot of controversy about that, yes.

Q. So the fact that the masks ultimately were going to be manufactured in

BY MR. WHITE:

Q. Please answer the question.

MR. ORSECK: Object to form.

THE WITNESS: When we received the wire -- before we received the wire, we had many questions. When we received the wire, we had more questions.

It was a red flag to us that the account had been opened just the day before. It was a red flag to us that Blue Flame was founded three days before. It was a red flag to us that we were called by JPMorgan. The fact that the wire was for $456 million was a red flag.

So there was a preponderance of Bank Secrecy Act and customer due diligence questions that had not been answered. So when we received notice from the sender to return the wire, we honored that request.

BY MR. WHITE:

Q. You said previously that Reg J governs FedLine transactions, correct?

A. Reg J does govern FedLine transactions. The Bank Secrecy Act also covers wire transfer transactions.

Q. This was a FedLine transaction, correct?

A. It was a FedLine transaction.

Q. So it is governed by Regulation J, correct?

A. It is governed by Regulation J and by the Bank Secrecy Act.

Q. Did you consider the impact of Regulation J at any time during this process in considering the decision to honor the request from the State of California?

MR. ORSECK: Object to form.

THE WITNESS: Our concern was getting answers to all of the questions that we had about the wire transfer.

BY MR. WHITE:

Q. So then you did not consider Regulation J at any point in this process; is that accurate?

MR. ORSECK: Object to form.

THE WITNESS: We considered the impact in the -- our responsibilities under law of the Bank Secrecy Act.

BY MR. WHITE:

Q. So you did not consider Regulation J?

MR. ORSECK: Object to form.

THE WITNESS: We considered all of the questions that we had that were unanswered, and many of these questions coming from customer due diligence and Bank Secrecy Act issues.

MR. WHITE: This is all nonresponsive, and everyone here knows it.

BY MR. WHITE:

Q. Mr. Brough, did you or anyone else consider Regulation J in connection with this decision?

MR. ORSECK: Object to form. Asked and answered.

THE WITNESS: Knowing the importance

of the Bank Secrecy Act and the consequences of not following the Bank Secrecy Act, we had many unanswered questions in regards to this transaction. And they were not answered.

And when we received the instructions to return the wire, we honored that request.

BY MR. WHITE:

Q. None of that has anything to do with Regulation J.

Could you please answer my question about whether Regulation J was considered by you?

MR. ORSECK: Form. Asked and answered.

And this'll be the last time.

MR. WHITE: Until we go to the court. We'll get the court on the line if we need.

MR. ORSECK: Then you should do that.

BY MR. WHITE:

Q. Answer the question.

MR. ORSECK: Object to form.

THE WITNESS: Our concern was our requirements under the Bank Secrecy Act and the questions that we had in regards to all the red flags about the transaction.

And so, when we received the -- the instructions from the State of California to return the wire, we honored that request.

BY MR. WHITE:

Q. Did anyone mention Regulation J during this process?

A. Our conversations resolved around the Bank Secrecy Act and our requirements in regards to wire transfers and how the Bank Secrecy Act applies to those wire transfers.

Q. Did anyone mention Regulation J?

A. The Bank Secrecy Act is one of the many laws and regulations that apply to wire transfers. The Bank Secrecy Act puts a high expectation on banks to monitor transactions and to identify out-of-pattern transactions and to take action when those are identified. And that's what we did.

Q. Did anyone mention Regulation J?

A. Wire transfers are probably the -- one of the most high-risk transactions on the BSA red flag list. Specifically there are red flags noted that large dollar transactions on newly opened accounts, large dollar transactions on newly formed entities.

Just a few days before, FinCEN, the Financial Institution Crime Enforcement Network, I think -- I'm not sure exactly what it stands for -- issued a notice to banks to be on the lookout for COVID-related -- COVID-related suspicious or unusual transactions. So -- so we did that.

I recall seeing that notice from FinCEN. And -- and it was in the back of my mind, it was in the front of my mind, when trying to figure out what we needed to do and the questions that we needed to ask and the questions that we needed to have answered. And none of those questions were answered to our satisfaction.

In the meantime, we received notice from the State of California to return the wire. And so that, along with questions from the State of California and JPMorgan, led us to honor that request.

Q. In the course of --

MR. ORSECK: I --

BY MR. WHITE:

Q. -- these discussions, did anyone mention Regulation J?

MR. ORSECK: Excuse me. I need to take a bathroom break.

MR. WHITE: Of course.

MR. ORSECK: Let's go off the record.

THE VIDEOGRAPHER: Please stand by.
The time now is 2:48 p.m.
We're going off the record.

(A short recess was taken.)

THE VIDEOGRAPHER: The time is 2:59

p.m.

We're going back on the record.

BY MR. WHITE:

Q. Mr. Brough, you're aware that Regulation J is triggered by the acceptance of a Fedwire into Chain Bridge Bank; is that correct?

MR. ORSECK: Object to form.

THE WITNESS: Regulation J would apply to wire transfers received into the bank, yes.

BY MR. WHITE:

Q. Like this one, correct?

A. Yes. Like this one.

Q. Did anyone mention Regulation J in the discussions you had about this wire?

A. I don't specifically recall if we discussed the details of Reg J.

I do know that we did discuss the mechanics of honoring JPMorgan's request to -- to return the wire.

Q. And do those mechanics have anything

to do with Regulation J?

A. They do. Regulation J provides the mechanism to cancel a wire. And -- and that involves a service message being sent by the -- the originator of the wire and then the receiving bank using a return code, a special FedLine return code, to honor that request.

Q. Regulation J also spells out the circumstances under which the wire can be returned by service message; isn't that correct?

MR. ORSECK: Object to form.

THE WITNESS: That's a -- a legal question. If it's in there, then -- then I believe you.

BY MR. WHITE:

Q. Well, is it your understanding that Regulation J sets out the circumstances by which that can occur?

MR. ORSECK: Object to form. Foundation.

THE WITNESS: It's my understanding

that there are reasons why a wire may be cancelled. And -- and -- and then there's a mechanism to cancel the wire and then a mechanism -- mechanism to return the wire.

BY MR. WHITE:

Q. And Regulation J limits the circumstances under which that can occur; isn't that correct?

MR. ORSECK: Object to form. Foundation.

THE WITNESS: The -- the limited circumstances are really a -- a matter I think that -- that the attorneys need to work out in regards to whether or not the Bank Secrecy Act can be waived in the return of -- of -- of a wire or nonreturn of a wire.

BY MR. WHITE:

Q. Whose decision was it to return the wire?

A. Well, it was the State of California's and JPMorgan's decision to cancel the wire. And we honored that --

Q. You --
A. -- request.
Q. You don't have to honor that request, do you?
A. The FedLine platform is a -- a very serious platform. Any type of transactions that are conducted through it are -- they're done through wire for a reason. And the cancellation of a wire is done for a reason. And it has to be a very good reason.
And JPMorgan is a trusted counterparty. We've never had an issue with JPMorgan in the past. And their request to cancel the wire seemed to us to be a reasonable request in light of all the questions that we had and that they had that hadn't been answered.
Q. My question was: Was Chain Bridge Bank required to honor that request?
MR. ORSECK: Object to form.
THE WITNESS: Chain Bridge Bank -- Chain Bridge Bank is required to conduct due

diligence on transactions before acting. And I feel like we did that here. If we had not returned the wire, then -- then who knows would have what -- who knows what would have happened in regards to the unanswered questions that we had?

BY MR. WHITE:

Q. Was Chain Bridge Bank required to honor JPMorgan's request to recall the wire?

MR. ORSECK: Hold on. We spent the last two hours, Pete, having you ask this witness to interpret what Reg J provides and how it applies. The hole line of questioning is improper. He's doing his best to ask [sic] them. And you're visibly frustrated that he's not a law professor.

You can easily argue what the law provides. And I can argue something different if I want. And this all is entirely improper.

MR. WHITE: That's incorrect.

MR. ORSECK: That --

BY MR. WHITE:

Q. Answer the question.
A. Well, let me answer the question this way: If this -- if we had no questions about the transaction; if JPMorgan had no questions about the transaction; and if the State of California had no questions about the transaction; if this transaction had been for $456,000, which is still a lot of money; and if it -- if everything checked out; and if we received a -- instructions to cancel and return the wire from JPMorgan, we probably would have asked questions of them -- Why are you cancelling this wire? What -- what's wrong here? -- before we returned it.
But -- but that wasn't the case. It was for $456 million. And there were many unanswered questions.
Q. My question is: What is your understanding as to whether or not Chain Bridge Bank had to honor JPMorgan's request?
Either you --
A. Oh.

Q. -- thought that you had to, or you thought they didn't have to, or you don't know.

A. Let me --

MR. ORSECK: Object to form.

THE WITNESS: Let me clarify my answer then.

If it was a totally clean transaction, no -- no issues whatsoever, then we may not have honored their request.

BY MR. WHITE:

Q. So Chain Bridge Bank had the authority not to enter the -- honor the request.

Is that -- is that your understanding?

MR. ORSECK: Object to form.

THE WITNESS: It's my understanding -- it -- sorry.

It's my understanding that, had there been no BSA questions involved, then we could have not honored the request. But because --

BY MR. WHITE:

Q. You made the call --

A. -- there were all of these --

Q. Sorry.

A. But because there were all of these BSA questions that hadn't been answered, then we were going to honor their request, let there be a cool-down period, let -- let all the issues -- let all the questions be answered, and -- and then maybe the transaction does happen.

Q. Chain Bridge Bank had the authority as well to hold the funds while all those questions were answered; isn't that correct?

A. We --

MR. ORSECK: Object to form.

THE WITNESS: We probably would have held the funds had we not received a request to return the funds.

BY MR. WHITE:

Q. So Chain Bridge Bank did have that authority to continue to hold the funds while and answered.

THE WITNESS: I -- I don't know the answer to that question. Because we would have -- we would have engaged counsel to extend that hold greater than the period beyond our funds availability policy.

BY MR. WHITE:

Q. Who made the decision to honor JPMorgan's request to return the funds?

A. It was jointly made by David and I.

Q. And speaking for yourself, why did you honor that request as opposed to holding the funds and getting answers to your questions?

A. Well, JPMorgan, the originator, had -- had requested the funds be returned. And we had no reason not to honor that request.

Q. Did you contact Mr. Gula at any point on March 26th, prior to Chain Bridge Bank returning the funds to JPMorgan and the State of California?

A. Yes, we did.

are handled through some type of a letter of credit.

So perhaps we didn't -- we never accused Mike of the transaction not being legitimate. We were simply asking him many questions about it and expressing our surprise that this was all happening.

Q. Did you tell him, on the 25th when you spoke with him, that there were red flags around this transaction that would cause problems for you in terms of processing it?

Did you tell him that?

MR. ORSECK: Object to form.

THE WITNESS: I don't recall telling him that, no. And I --

BY MR. WHITE:

Q. And why --

A. I think I actually said to him that, you know, "Well, we can handle this. We need to make sure that we put you into fully FDIC insured product." And that's when we talked about ICS and CDARS.

But no. I -- I guess we were a bit surprised that this was coming up and didn't come up when the account was being opened. But, you know, what's done is done. It's unfortunate that he didn't say it then.

Q. Didn't say what then?

A. When he was opening the account with Mariano that he was expecting a $456 million wire.

Q. What makes you think he didn't?

A. Well, that's not what was recorded in our records. When an -- when an account is opened, we ask questions about wire transactions. And --

Q. Didn't he open this contract with --

MR. ORSECK: Wait. Wait. Wait. No. No. No. No. No. You can't interrupt him.

MR. WHITE: He had paused.

BY MR. WHITE:

Q. Go ahead.

You got more to say?

But I think it was maybe five wires, and the total the amount for the month 25 million. So that would be 5 million each.

Q. When you called the California Department of General Services, were you seeking to obtain information from them?

A. I think it was expected to be sharing of information. So, for example, if -- you know, once -- once we were comfortable that they had done their due diligence on the seller, then we would have moved to the next step, but -- but that -- the con -- the -- the telephone conversation didn't last very long at all, maybe three minutes, and -- and -- and that was it.

Q. And the aspect of sharing information about the seller -- the seller, by the way, that's your client, right, Blue Flame Medical?

A. Yes.

Q. You sought to share information with California about your customer; is that

correct?
A. We -- we wanted to find out if the State of California had done their due diligence on the seller.
Q. Why?
A. It's our obligation, under the -- under the laws of the United States and specifically the Bank Secrecy Act, to -- to do our -- our customer due diligence and our transaction monitoring.
Q. Well, your customer due diligence is in connection with opening the account, correct?
A. Oh, no. The ongoing monitoring lasts for the life of the account.
Q. So this was in connection with your monitoring responsibility for the account?
A. Yes.
Q. Correct?
A. Correct. Yes. Correct. Sorry.
Q. Why did you want the State of California to know this information about your

customer?

MR. ORSECK: Object to form. Foundation.

THE WITNESS: It was more us wanting to make sure that they knew who they were transacting business with.

BY MR. WHITE:

Q. Was it your intention to get the State of California to recall the wire?

A. No. That was not our intention.

Q. Why did you tell the bank -- why did you tell the State of California that the company had just been set up?

A. When we asked the State of California if -- if they had done due diligence on the seller, they didn't have any response to that. They -- they indicated that they -- that they didn't know anything about them. And -- I don't know if that's the exact words they used.

But it was pretty clear that -- because we -- we did tell them that the business was formed three days ago, and they didn't know that.

Q. Had they been told something else?

A. I don't -- I don't know what they were told, but they didn't have that piece of information.

Q. If a counterparty bank called you out of the blue as the originating bank and gave you information about your transaction counterparty, as you did with California here, wouldn't you expect their reaction would be to get suspicious about the transaction?

MR. WHITE: Tell you what. I'm going to withdraw that question before you object, Gary.

BY MR. WHITE:

Q. Was your purpose in this call to let the State of California know about the red flags that you had seen in connection with the transaction?

A. I would portray the purpose of our call to simply answer many of the questions that we had about the transaction.

Q. Was the State of California asking you questions about the transaction?

A. Yeah, they -- they did. I don't remember the specific questions that they asked us. But I think they asked us, "Well, you know, what else about this company?"

And that's when we -- so what we told them was that -- that the company had been opened three days before, that the bank account had been opened the day before, and that we knew that one of the principals had -- and actually we told them that both of the principals -- because Mike Gula told us a little about John Thomas -- did not have any experience in providing medical supplies.

Q. Did you tell them that they were lobbyists?

A. I think we did, yeah. I think we did.

Q. You're aware that they are -- neither of them are, in fact, lobbyists, correct?

MR. ORSECK: Object to form.
THE WITNESS: I -- I know that they are political operatives. I mean, for me it's all kind of the same thing: political fund-raiser, lobbyist.
I will tell you that Mike Gula, when he was opening another account with us that I guess is somehow or another tied into all of this -- Redline Strategies is the account -- he did say that it was going to be their lobbying arm. And that was --
BY MR. WHITE:
Q. But you're aware --
A. And that was about --
Q. I'm sorry.
A. -- a week before the -- the transaction.
Q. You're aware that Mr. Gula's business during the time he was the bank's customer for those ten years was as a political fundraiser, correct?
MR. ORSECK: Object to form.

for identification.)

(Whereupon, the tape was played.)

MR. WHITE: Pause there for a moment.

BY MR. WHITE:

Q. Mr. Brough, that's your voice on the call doing most of the talking on your end; is that correct?

A. Yes. That's correct.

Q. How did this call come to be recorded?

A. I recorded it on -- on my -- my phone, my -- you know, an app on the phone.

Q. Where was your phone when you recorded it?

A. I think it was sitting on David's desk.

Q. Did you tell Mr. Evinger that you were going to record the call?

A. I -- I don't remember that I didn't tell him I was going to record the call. I -- I -- I certainly didn't hide it. I took -- you know, I had the recording app out, and I pressed "record." And it was -- it was plainly on his desk.

Q. And -- and it doesn't appear that the recording starts at the beginning of the call.

Why is that?

A. That's because I did -- I was not -- I was not in the off -- in David's office at the beginning of the call.

Q. Did you tell Mr. Korpal that you were recording the call?

A. No, I did not.

Q. Why not?

A. I guess I didn't see the need to tell him.

Q. Well, you're aware that your recorded lines -- your bank policy requires your bank employees to let people know when they're on a recorded line, correct?

MR. ORSECK: Object to form. Foundation.

THE WITNESS: I think that, for the purposes of recording a verification of a wire transfer, then yes, we -- we notify them that just as a courtesy.

BY MR. WHITE:

Q. Did you extend that courtesy to Mr. Korpal?

A. No, I did not.

Q. Was Mr. Korpal in the State of California when you called him?

A. I do not know where Mr. Korpal was.

Q. This transaction was with JPMorgan in the State of California, correct?

MR. ORSECK: Object to form. Foundation.

THE WITNESS: JPMorgan has locations across the country. I -- I don't know which one of their locations handles the relationship with the State of California.

BY MR. WHITE:

Q. Well, you are aware that it violates California law -- California criminal law to they had some type of an agreement with the State of California. That's -- there's -- there's no -- there's no doubt about that.

Whether or not that agreement was obtained by full disclosure, I can't answer that question. If it was, then I doubt that they would have recalled the wire.

BY MR. WHITE:

Q. Did you hear a voicemail left by Fee Chang for Mr. Evinger, Fee Chang of the Department of General Services, confirming that the 450 million was a legitimate wire transfer?

Did you hear that on March 26th?

A. Yes, I did.

Q. So did Mr. Evinger play that for you?

A. Yes, he did.

Q. And in that voicemail, Ms. Chang left a recall number and confirmed that the amount was a legitimate transfer; is that correct?

A. She -- she did acknowledge that it

was a legitimate transfer, which meant to us that the State of California did originate the wire, which -- which was one of our concerns, was one of our questions, one of our many questions.

MR. WHITE: If you could pull up Plaintiff's Exhibit 68. This is another short recording of a phone call.

(Whereupon, the tape was played.)

BY MR. WHITE:

Q. Is that your voice on the call, or is that Mr. Evinger?

A. That's Mr. Evinger's voice.

Q. Did you record that call?

A. Yes, I -- yes, I did. Yes.

Q. And was it the same method of recording with your cell phone?

A. Yes.

Q. Was your cell phone on the table for this one as well, or was it --

A. Yes.

Q. -- in your pocket or somewhere else?

A. Yes, it was. Yes, it was.
Q. Did you have --
MR. ORSECK: I'm sorry. I'm sorry to interrupt.
But Mr. White gave you an either-or question. And so you need to say whether it was in your pocket or on the table or something else.
THE WITNESS: It was on the table.
BY MR. WHITE:
Q. Is this Ms. Fee Chang that you're speaking -- that Mr. Evinger is speaking with here?
A. Yes, it is.
Q. Why didn't you let Ms. Chang know that the call was being recorded?
A. I didn't think it was necessary.
Q. Shortly after this call, did you receive a call from the California State Treasurer's Office?
A. Yes. I -- I don't remember the exact sequence, but -- but Fee did contact the

treasurer's department, and they did call us, yes, at some point.

Q. And was that a call with Mr. Hariri and Ms. Gonzales, Natalie Gonzales?

A. Yes. That's correct.

Q. Were you on that call?

A. I was on most of that call, yes.

Q. Did you record that call?

A. No, I did not record that call.

Q. Why didn't you record that call?

A. I must not have had my phone with me.

Q. And is this the call where you shared information with the State of California regarding the accounts and the identity of the person who opened it?

A. That's correct. Yes.

Q. And I say "you."

I -- I'm assuming that -- did you speak on the call as well, or was it just Mr. Evinger?

A. I recall us both speaking.

Q. Did you relay the information that had been relayed to you by Mr. Gula the day before?
A. I -- you mean in regards to where the supplies were coming from or -- let me answer the question directly.
We did not discuss everything that Mike Gula brought up, no. I mean --
Q. Did you --
A. Well --
Q. -- mention that -- oh, I'm sorry.
A. What we might have discussed -- what we might have discussed was the dollar amount of the transaction and the -- the number of masks. But I don't know if -- if they brought that up or if we brought that up. But -- but we did discuss that, I'm sure.
Q. Did you let them know that the information the bank had received from Mr. Gula so far had been corroborated?
A. Well, we had not yet received the contract or information from Mr. Gula. So

there was nothing to corroborate the actual transaction.

Q. Well, there was $456 million to corroborate the transaction by that point, wasn't there?

A. That's true. There was that.

Q. And there was their statement about what it was for, correct?

MR. ORSECK: Object to form.

I think we've covered this.

THE WITNESS: That was one of the many questions that we had. And there was -- it was -- I don't even know if we had discussion. I mean it really wasn't an issue because the dollar amount of wire was so large to begin with.

But I don't think we talked about down payments or -- maybe we did, 75 percent down, 25 percent to follow. I don't know.

BY MR. WHITE:

Q. Did you express concern to Mr. Hariri and Ms. Gonzales about Mr. Gula or

Mr. Thomas?

A. No. No. We didn't express concern. We did express that they had -- to our knowledge, they had no experience in medical supplies and that this was -- that their profession was in the political world.

Q. And why did you let the California representatives know about that?

A. Well, I -- I thought it was relevant information that we find out if they -- if they knew -- whether or not they knew the information that we had about the seller of the masks.

Q. Did you express any concerns, in words or substance, about fraud in connection with this transaction to Mr. Hariri or Ms. Gonzales?

A. No, we did not.

Q. I take it you were no longer concerned that the transaction was a scam at this point; is that right?

A. Well, there are many different types

of scams. We were comfortable that it wasn't a scam related to somebody who was trying to infiltrate their -- their network or the -- the -- the coffers of the State of California. The -- that -- that obviously didn't happen.

I mean the transaction was -- was actually processed knowingly by the State of California.

Q. How did Mr. Hariri and Ms. Gonzales react to the information that you shared with them?

A. They were very surprised.

Q. What did they tell you?

A. They -- they told us that -- that they didn't really know anything about Blue Flame and that this was all a surprise, that -- that they didn't have experience in the medical supply business, and that they were political operatives and not -- not a Fortune 500 company that usually is involved in transactions of this size.

Q. Were they under the impression that

it was a Fortune 500 company?

A. I'm not sure what impression they were under.

Q. Do you know whether Mr. Hariri or -- or Ms. Gonzales were involved in the diligence of the transaction for the State of California with Blue Flame?

A. I do not know.

Q. Do you know whether they were the counterparties that -- were among the counterparties that Mr. Gula or Mr. Thomas were dealing with in the State of California?

A. I did not know who -- other than Michael Wong, I did not know who Mike Gula and John Thomas who had -- had communicated with in the -- in the State of -- of California.

We did start off our search with Michael Wong.

Q. Did Mr. Hariri or Ms. Gonzales indicate that they had dealt directly with representatives of Blue Flame during the contracting process?

A. They did not make that statement.
Q. Did you indicate or Mr. Evinger indicate during this call that Chain Bridge Bank would be happy to return the wire?
A. I think that we did say that -- that -- we were discussing options, and one of the options -- we would cooperate if -- if it came to them cancelling the wire transfer.
Q. Why did you say that?
A. Well, we wanted to make sure that they understood that we were going to be cooperative and not resist that -- that option.
Q. Given that Blue Flame Medical was your customer, why would you want to be cooperative with a request to return a wire that was meant to be sent to them?
A. We still had many unanswered questions. And had we been able to get satisfactory answers to all those questions, then we would not have returned the wire.
Q. What were the remaining questions that you needed satisfactory answers to in

order to not return the wire?
A. All part of the due diligence process: copies of the contracts, copies of purchase orders from suppliers, the more details on how they were going to execute the -- the -- and who they were going to send the money to. More questions to answers about the -- the -- the founders of Blue Flame; their expertise in the areas; did the State of California -- the people who made the decision to purchase the masks and the State of California, were they aware of -- of the details of Blue Flame.
Those are just some of the questions that we had.
Q. Why didn't you conflact [sic] -- contact Blue Flame to get this information on March 26th before returning the wire?
A. Well, by that time I think it was pretty obvious that -- that many of these questions could not be answered, especially in short order. And obviously California and

JPMorgan had questions.

So when we received the request or the instructions to return the wire, we honored those instructions.

Q. Well, I think you said you weren't concerned at that point about whether there was an agreement and what the terms to the agreement were between Blue Flame Medical and the State of California, correct?

MR. ORSECK: Objection. Misstates testimony.

THE WITNESS: No. I don't think that's what I said. Because we never saw the contract, and we never received comfort that the people who made the decision to execute the contract understood all the details that -- of -- of Blue Flame.

BY MR. WHITE:

Q. After the conversation with Mr. Hariri and Ms. Gonzales, you have a subsequent conversation with Mr. Korpal; is that correct?