EXHIBIT 83

IN THE UNITED STATES DISTRICT COURT

FOR THE EASTERN DISTRICT OF VIRGINIA

(Alexandria Division)

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BLUE FLAME MEDICAL LLC,	:	
Plaintiff,	:	
v.	:	Civil Action No.
CHAIN BRIDGE BANK, N.A.,	:	1:20-cv-00658
JOHN J. BROUGH and DAVID M.	:	
EVINGER,	:	
Defendants.	:	CONFIDENTIAL
______________________________	:	
CHAIN BRIDGE BANK, N.A.,	:	
Third-Party Plaintiff,	:	
v.	:	
JPMORGAN CHASE BANK, N.A.,	:	
Third-Party Defendant.	:	

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Remote Deposition

Tuesday, April 6, 2021

Videotape deposition via Zoom of SEAN O'MALLEY, a witness herein, called for examination by

02:22:37 about suspicious activity?
02:22:40 A. It's in the report. Do you want me to read it off or --
02:22:45 Q. Maybe just list what the -- when you say the certain actions, I want to know what the certain actions are.
02:22:50 A. Okay. Well, let's look through the report. Placing the hold on the wire transfer so that funds can't go out. That's fairly common. Let me read through the rest. That seems to be the primary point that I agree with. I haven't read it through exhaustively. I'm just scanning, but that's what I see at this point.
02:23:39 Q. As you sit here right now, you can't think of anything else you meant when you say that certain actions Chain Bridge Bank undertook were consistent with a bank concerned about suspicious activity?
02:23:54 A. That's the primary point that I agree with in terms of their actions.
02:24:00 Q. Is another thing a bank that is concerned about suspicious activity might do is to ask its customer for transaction documentation supporting a

02:24:09 wire transfer?

02:24:12 A. What I think you're describing is what we
02:24:15 commonly refer to in industry as -- as anti-money
02:24:18 laundering professionals -- as the RFI process, the
02:24:20 request for information process, where we will go out
02:24:24 to our customers and say we need more information on
02:24:30 certain things, and you have a list of questions that
02:24:32 you submit to them.

02:24:33 Q. Okay. And that's standard industry
02:24:36 practice when a bank has concerns about suspicious
02:24:41 activity?

02:24:42 A. Yes. If you have concerns or questions
02:24:45 that are just not answered with the existing
02:24:47 documentation you may have, you will certainly reach
02:24:50 out, you know, you'll submit an RFI for additional
02:24:53 information to be provided.

02:24:56 Q. Is another thing that a bank concerned
02:24:58 about suspicious activity might do is to speak to
02:25:01 fraud investigators at another bank involved in the
02:25:07 transaction?

02:25:08 A. If you have concerns about a transaction,
02:25:12 it's not that unusual that you'd converse with the

02:46:57 any regulatory requirements, they would be able to maintain the freeze presumably for as long as necessary.

BY MR. MADDEN:

02:47:11 Q. Just give me one second. You have mentioned a couple of times the RFI process. Do I have that right?

02:47:28 A. Yeah, yeah. That's correct.

02:47:30 Q. And can you just -- forgive me if you already have, but if you could just briefly describe what you have in mind when you refer to the RFI process.

02:47:36 A. Sure. The RFI process -- well, it's typically done whenever, you know, an institution has questions, a transaction has hit some alerts, things of that nature. And now they -- you sort of go from the alert stage to the investigation stage.

02:48:04 In the investigation stage -- so it's, okay, now it's hit, you know, typically, a couple of alerts. In my experience, three to seven is probably pretty average in terms of the number of alerts that will typically be hit. And then it will get

02:48:23 escalated to an investigation.
02:48:25 In the investigation process, going
02:48:28 through the facts of the case, an investigator will
02:48:33 determine that more information is required and so
02:48:37 they will put together an RFI. The RFI typically
02:48:40 gets submitted to the customer and it's basically
02:48:44 just asking the customer, you know, please answer
02:48:47 these questions because -- or, you know, respond with
02:48:49 certain documentation that we're looking for because
02:48:53 we have questions that we need answered and we
02:48:56 believe getting this information back will help
02:49:00 answer those questions.
02:49:02 Q. When you say in your experience that three
02:49:04 to seven alerts is probably pretty average in terms
02:49:09 of the number of alerts that will typically be hit,
02:49:11 do you mean average of a transaction that's elevated
02:49:15 to the investigation stage?
02:49:18 A. Yeah.
02:49:18 Q. Okay.
02:49:19 A. It's a transaction that typically gets
02:49:22 elevated to the investigation stage. There are
02:49:23 certain alert types that are more valuable, more

02:49:29 interesting from an AML perspective, others that are
02:49:37 largely done to comply with certain red flag
02:49:41 guidance, but in and of themselves empirically, in my
02:49:46 experience, are not terribly useful.
02:49:49 Q. Would it be reasonable from a BSA/AML
02:49:52 perspective for a receiving bank that's faced with a
02:49:56 large wire transfer to ask its customer to review any
02:50:01 written agreements supporting the transaction?
02:50:05 A. I believe -- written, like the contract
02:50:10 that was requested, is that what you're asking about?
02:50:14 Q. Sure.
02:50:14 A. That's a reasonable request.
02:50:17 Q. Okay. And why is that a reasonable
02:50:19 request just as a general proposition?
02:50:23 A. The bank, you know, wants to confirm that
02:50:27 the transaction has a factual basis, that there is --
02:50:33 that both, you know, you know that the receiving
02:50:35 party, the beneficiary party is saying, hey, you
02:50:38 know, we're entitled to this. You want to confirm
02:50:40 that there is something provided by the sending party
02:50:47 that also indicates that there is a -- you know,
02:50:50 there is intention to send the wire transfer and so

02:50:56 that's why you'd ask for that sort of information.
02:51:00 Q. In your experience, is it common for a
02:51:02 bank to proceed with a transaction before a customer
02:51:06 has provided the requested information to the bank?
02:51:09 MR. MITCHELL: Object to the form.
02:51:13 THE WITNESS: In standard practice, it is
02:51:15 actually very common to proceed with the transaction
02:51:21 before the information has been provided. The RFI
02:51:25 process is most commonly employed on transactions
02:51:28 that have already occurred.
BY MR. MADDEN:
02:51:34 Q. Okay. What about circumstances in which a
02:51:37 bank has decided to hold a transaction or not to
02:51:42 process a transaction while it seeks information. Is
02:51:46 it typical or atypical for the bank then nevertheless
02:51:50 to proceed before the customer provides the requested
02:51:56 information?
02:51:57 A. So you're asking -- let me see if I'm
02:51:59 understanding you correctly. In the circumstances
02:52:01 where there was a hold in place, is it customary for
02:52:07 the bank to maintain the hold until the questions are
02:52:15 answered?

02:52:16 Q. Yes.
02:52:16 A. Yes, it is typical to maintain the hold until the questions are answered.
02:52:25 Q. Okay. At page 13 of your initial report, DX-116, you write, four lines down, "If, as stated in depositions, Chain Bridge Bank was looking to obtain copies of the contract between Blue Flame Medical and the state of California, the logical contact for that type of information in my opinion would be the customer, Blue Flame Medical."
02:52:52 Do you see that?
02:52:54 A. Yes.
02:52:55 Q. And is that in fact your opinion?
02:52:58 A. That is my opinion. It matches perfectly with what I just described in the RFI process.
02:53:03 Q. Great. And do you know whether on March 25th Chain Bridge Bank did ask Blue Flame Medical to provide it that information?
02:53:13 MR. MITCHELL: Object to form.
02:53:14 THE WITNESS: I don't recall the timing of that request, but I know a request was made from Chain Bridge Bank to Blue Flame Medical for a copy of

03:11:56 Q. On the call we just listened to, PX-68, you heard Ms. Chang explain that a different office, the state treasurer's office, was the one that actually made the transfer, correct?

03:12:09 A. Yeah, right. The one that actually sent the wire transfer.

03:12:14 Q. Right. Is it your opinion that Chain Bridge Bank nevertheless should have treated Ms. Chang's statements about the legitimacy or goodness of the transfer to be conclusive evidence of California's intent?

03:12:31 MR. MITCHELL: Object to the form.

03:12:35 THE WITNESS: In my opinion, based on sort of investigations that we conduct, if we found evidence of this nature, of this sort of voicemail indicating that the wire transfer was intended to be sent confirming the amount, at that point in time, that's -- that would appear to be a valid transfer, yes.

BY MR. MADDEN:

03:13:01 Q. And that's your opinion on standard practice even in circumstances where you know that

03:13:06 the person leaving the voicemail does not work for
03:13:09 the office that sends and authorizes the wire
03:13:12 transfer?
03:13:13 MR. MITCHELL: Object to the form.
03:13:15 Mischaracterizes the record.
03:13:16 MR. MADDEN: Yep. That's fair. Let me
03:13:17 try again. Thanks.
BY MR. MADDEN:
03:13:20 Q. Is that your opinion on what is standard
03:13:22 practice even in circumstances where you know that
03:13:26 the person leaving the voicemail and providing the
03:13:29 confirmation does not work for the office that sends
03:13:32 the wire transfer?
03:13:36 A. Well, let me provide the answer in this
03:13:39 format. You're basically making a distinction
03:13:45 between things analogously, someone who works in a
03:13:49 wire office versus someone who actually, as you
03:13:53 pointed out, is the one that effectively, you know,
03:14:00 made the request for the purchase or, you know,
03:14:02 agreed to the purchase of the masks.
03:14:06 I would actually regard getting
03:14:08 information from the person who made the agreement

03:14:11 for the masks to supersede any information I'm going
03:14:15 to get from someone working in a wire transfer
03:14:17 office. A wire transfer office employee is just
03:14:19 going to know, yeah, these are the wire instructions,
03:14:22 this is what I sent and that's really all they're
03:14:24 going to be able to confirm to you.
03:14:26 Talking to someone who actually was
03:14:27 involved in the request for the deal, as it were, is
03:14:33 going to be, you know, far more valid as a resource,
03:14:38 in my opinion, based on my experience.
03:14:41 Q. Do you know --
03:14:42 A. Talking to a clerk versus a dealmaker.
03:14:46 You take the dealmaker's word, especially when it's
03:14:49 their deal.
03:14:50 Q. Do you know whether, in the way the
03:14:52 California government is structured, a wire transfer
03:14:56 can be appropriately authorized and sent without the
03:14:59 involvement of the California State Treasurer's
03:15:01 Office?
03:15:02 MR. MITCHELL: Object to the form.
03:15:03 THE WITNESS: I'm not going to speak to
03:15:04 state of California's wire transfer practices.

05:08:02 A. I'd have to look at the exact document to refresh myself as to which sections you're addressing.

05:08:08 Q. Okay. We'll just move on.

05:08:18 In your initial report on page 13, and this is DX-116, you write in the third line of this first full paragraph that, "However, it is very unusual that Chain Bridge Bank did not contact JPMorgan Chase."

05:08:52 Do you see that?

05:08:55 A. Yes.

05:08:56 Q. You understand, though, that Chain Bridge Bank officials spoke with JPMorgan Chase officials multiple times on March 26th, correct?

05:09:06 A. Yes. What I'm referencing here is that their initial contact, as I recall, was with the originator of the wire transfer, state of California, which was not Chain Bridge Bank's customer.

05:09:20 What I'm pointing out is that's very unusual that you would have an institution contact a noncustomer. And, again, according to my recollection of the timeline, contacting the

05:09:33 noncustomer before they even contact the sending
05:09:38 bank.
05:09:39 Q. Okay. So it's a sequencing concern you
05:09:44 have, not that -- you're not concerned that JPMorgan
05:09:47 called the Chain Bridge Bank before Chain Bridge Bank
05:09:50 called JPMorgan, are you?
05:09:51 A. No, no.
05:09:52 MR. MITCHELL: Object to the form.
05:09:55 THE WITNESS: That's fine.
BY MR. MADDEN:
05:09:56 Q. In fact, you understand that the first
05:09:58 contact between JPMorgan and Chain Bridge Bank was
05:10:01 initiated by someone at JPMorgan, correct?
05:10:07 A. Yes, I believe I recall that from
05:10:08 Mr. Korpal's deposition.
05:10:25 Q. Is it your understanding of the record
05:10:29 that JPMorgan Chase initiated the recall of the wire
05:10:33 transfer only because Chain Bridge Bank requested
05:10:37 that it do so?
05:10:39 A. That is what I also recall from
05:10:41 Mr. Korpal's deposition.
05:10:44 Q. And from anywhere else?

answers to our questions.

BY MR. MADDEN:

Q. Okay. After Mr. Coffey told Mr. Brough and Mr. Evinger that JPMorgan Chase had enough concerns that it felt it needed to recall the wire, was it then consistent with BSA/AML practices for Chain Bridge Bank to in fact return the wire to JPMorgan Chase?

MR. MITCHELL: Object to the form.

THE WITNESS: Well, again, part of the problem here is that you're getting into the same area that I discuss in my rebuttal report where it sets up a false choice where the position that you're taking is that you need to comply with this regulation.

But as I know from my conversations with the FRB and the OCC jointly on this very topic about compliance risk appetite and compliance risk tolerance, you know, we were sort of -- we were talking about it -- this is when I was at Citigroup -- and the, you know, point came up that you can't -- you know, you can't choose which

06:09:51 regulations you're going to, you know, comply with
06:09:55 and which ones you're not going to comply with. You
06:09:57 need to comply with the regulations and you need to
06:09:58 comply with all of the regulations.
06:10:04 And the question that you're asking again
06:10:08 ignores the Regulation J requirements where the
06:10:14 beneficiary bank has received a payment and it's now
06:10:21 been confirmed by -- I mean, JPMorgan Chase confirmed
06:10:26 with the state of California that it was intended for
06:10:29 Blue Flame Medical. Chain Bridge Bank confirmed with
06:10:33 the state of California it was intended for Blue
06:10:36 Flame Medical. Clearly, the wire transfer was
06:10:38 intended for Blue Flame Medical. And so they had --
06:10:42 they had a right to receive the payment.
06:10:50 I understand that there were concerns on
06:10:53 the parts of JPMorgan Chase. I understand that there
06:10:56 were concerns on behalf of Chain Bridge Bank. That's
06:11:05 why the action I agreed with was putting a hold on
06:11:08 the funds in the account so that they could not be
06:11:10 removed until those questions were addressed, until
06:11:17 answers were known addressing the questions that they
06:11:20 had regarding the transaction. And then, again, an

informed decision can be made.

BY MR. MADDEN:

Q. Okay. When Mr. Coffey told Mr. Brough and Mr. Evinger, "We're going to be recalling those funds, okay? We have enough concerns that we feel we need to call those funds back," is it your opinion that Chain Bridge Bank had to say, no, you can't have them?

MR. MITCHELL: Object to the form.

THE WITNESS: It is my opinion that Chain Bridge Bank should not have agreed with the recall because the funds had already been posted into the account and were on hold there. To initiate a transaction means that you are now going to take funds without consulting the client, without client permission, out of their -- that client's account and send them somewhere based on your decision to do so, ignoring their right to at least have, you know, receipt of the funds even if they were on hold pending, you know, research into questions that, you know, either or both institutions have.

BY MR. MADDEN:

06:13:07 Q. And you say -- you just testified, "It is my opinion that Chain Bridge Bank should not have agreed with the recall," and then you explained why.
06:13:17 My question is just whether -- is it also your opinion that Chain Bridge Bank was required to refuse the recall?
06:13:30 MR. MITCHELL: Objection to form.
06:13:33 THE WITNESS: It is my opinion that complying with the recall would run afoul of their regulatory obligations under Regulation J.
BY MR. MADDEN:
06:13:50 Q. Okay.
06:13:51 A. Again, you know, that's why it's -- my emphasis is on making sure that all of the regulations are complied with.
06:14:01 Q. Right. And I just want to understand what your opinion is. So the answer is yes, in your opinion, Regulation J required Chain Bridge Bank to refuse that recall?
06:14:19 A. Yes.
06:14:21 Q. Okay. Are you offering a legal opinion in this case as to whether or not Chain Bridge Bank's

06:14:27 actions on March 26th violated the terms of
06:14:33 Regulation J?
06:14:37 A. No, I'm not a lawyer. I'm speaking as an
06:14:39 AML practitioner.
06:14:41 Q. And are you offering a legal opinion in
06:14:44 this case as to whether or not Chain Bridge Bank's
06:14:48 actions on March 26th violated the terms of Section
06:14:51 404(a) of UCC Article 4A?
06:14:51 MR. MITCHELL: Object to the form.
06:14:58 THE WITNESS: Again, I'm not offering a
06:15:00 legal opinion. I'm offering the opinion of an AML
06:15:08 practitioner.
BY MR. MADDEN:
06:15:11 Q. Okay. Is it your opinion as an AML
06:15:15 practitioner that Chain Bridge Bank violated
06:15:21 Regulation J on March 26th?
06:15:28 MR. MITCHELL: Object to the form.
06:15:32 THE WITNESS: It is my opinion that Chain
06:15:38 Bridge Bank did not comply with the Regulation J
06:15:50 Section 404.
BY MR. MADDEN:
06:15:53 Q. And that's your opinion as an AML

06:16:00 practitioner?
06:16:03 A. Yes.
06:16:04 Q. Under -- as you understand them as a
06:16:11 practitioner, can there be circumstances under which
06:16:18 the receiving bank of a wire transfer should not pay
06:16:22 the amount of a payment order that it has accepted to
06:16:26 the intended beneficiary of that order?
06:16:31 MR. MITCHELL: Object to the form.
06:16:35 THE WITNESS: Okay. Let's just parse that
06:16:36 out a little bit first if you don't mind. And you
06:16:39 may need to repeat it. I apologize.
BY MR. MADDEN:
06:16:41 Q. That's okay.
06:16:42 A. You're saying a beneficiary bank that has
06:16:45 already accepted the transaction, yes?
06:16:49 Q. Accepted a payment order, correct.
06:16:51 A. Okay. So they've accepted a payment order
06:16:54 and they have processed it. Is that also part of the
06:16:57 consideration here?
06:16:59 Q. No. My question was can there be
06:17:03 circumstances under which a beneficiary's bank should
06:17:08 not pay the amount of a payment order that it has

06:17:10 accepted to the intended beneficiary of that order?

06:17:15 MR. MITCHELL: Objection to form.

06:17:18 THE WITNESS: Yeah, the problem with that question is "accepted." And if you're -- I think the best way to answer that is that per one of the answers I gave earlier. If, in this case, a wire comes in and the account number and the account name don't match, right? It's automatically going to flag. You're not going to process it through to the customer's account because it's going to require manual intervention to take a look at this before you say, yes, we're going to accept it, no, we're not going to accept it.

06:17:52 If we find that, yes, those don't match and this is not the right account number for it to go to in those circumstances, yes, it will be sent back. Beneficiary banks would also not accept transactions if they were coming from sanctioned jurisdictions.

BY MR. MADDEN:

06:18:17 Q. In the circumstance where the account name is correct and the account number is correct and a wire transfer comes into the beneficiary's bank and, by coming into the beneficiary's bank, is automatically accepted in the Fedwire system; isn't that your understanding?

A. In most cases, again, unless you have some sort of manual stop descriptor or other type of item that hits such as a potential sanctions violation, or if it hits one of the other alerts. You know, obviously in this case you're saying that there is no mismatch between name and account number, so that one's off the table, but there are other rules that would be applied as well.

So if it hits none of those, it typically, yes, goes straight through. So it's a computer-to-computer transaction much as Mr. Baxter describes in his report, which is the vast majority of wire transfer activity.

Q. So my question is just, in the scenario where no automatic stop has interrupted the transaction and it comes into the beneficiary's bank, in your opinion, can there ever be circumstances where the beneficiary's bank should nevertheless not pay the intended beneficiary of that payment order?

06:19:41 MR. MITCHELL: Object to the form.

06:19:42 THE WITNESS: No. It's hard for me to
06:19:43 imagine ones that would be the case. This is a bank
06:19:49 that has done their due diligence on their customer.
06:19:56 They're accepting them. They have an account capable
06:19:58 of receiving funds. All the information matches up.
06:20:03 I can't offhand think of any reason why it would be
06:20:07 sent back or should be or under what circumstances
06:20:11 there could be a rational, you know, reason to do so
06:20:18 barring court order or law enforcement request.

BY MR. MADDEN:

06:20:32 Q. Let's say that a bank knew that its
06:20:35 customer was the beneficiary of a wire transfer that
06:20:40 the originator had paid only because the originator
06:20:45 believed the bank customer to be a foreign prince.
06:20:49 Are you with me so far?

06:20:53 A. Okay. So what role am I playing here?
06:20:57 I'm the beneficiary bank --

06:20:59 Q. Beneficiary bank.

06:21:01 A. I've got a customer that received a
06:21:03 payment because the sender believed that they were
06:21:08 sending it to a prince.