EXHIBIT 103

CONFIDENTIAL - CHARLES H. GRICE VOL. I
US DISTRICT COURT
FOR THE EASTERN DISTRICT OF VIRGINIA

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

VIDEOTAPE DEPOSITION VIA ZOOM OF:
CHARLES H. GRICE VOLUME I
FRIDAY, APRIL 9, 2021

REPORTED BY:
SILVIA P. WAGE, CCR, CRR, RPR
JOB NO. 4528853

CONFIDENTIAL CHARLES H. GRICE VOL. I

APRIL 9, 2021
7:59 A.M. CENTRAL
Videotape deposition via Zoom of CHARLES GRICE VOLUME I, pursuant to agreement before SILVIA P. WAGE, a Certified Shorthand Reporter, Certified Realtime Reporter, Registered Professional Reporter, and Notary Public for the States of New Jersey, New York and Pennsylvania.

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ALSO PRESENT:

ETHAN BEARMAN, ESQ.
BLUE FLAME MEDICAL LLC

GABRIEL TORRES, ESQ.
JP MORGAN CHASE

JOSHUA GLICK, ESQ.
JP MORGAN CHASE

ROBERT RUDIS
VIDEOGRAPHER

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did not receive sufficient information from Blue Flame Medical as to how they would satisfy the purchase order; am I characterizing your testimony correctly?

A. I'm comfortable with that, yeah.

Q. Did Chain Bridge Bank contact Blue Flame Medical to try to get additional information about how they were going to fill the purchase order?

A. My understanding from the record is they asked twice, once on the phone call with Gula and once in a follow up e mail. They looked forward to receiving the contract.

Q. Is it normal practice for a bank

A. exist.

Q. communications with its customer at that point?

THE STENOGRAPHER: I'm sorry, I wasn't quick enough. There was cross talk.

Q. Is it normal for a bank

A. (INAUDIBLE.)

Q. to cut off all communications with its customers during its due diligence investigation?

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A. I still didn't hear the question, I'm sorry.

Q. Is it normal for a bank to cut off all contact with its customer during a due diligence investigation?

A. I don't see this is cutting anything off. I thought it as a small pause for a few hours while the bank performed the necessary diligence.

Q. If Chain Bridge Bank was interested in obtaining this information from Blue Flame, why did they block all contact with Blue Flame?

MR. MADDEN: Objection to form.

A. Because they wanted as I read the record, it was senior management at the bank wanting to control the conversation to make sure that, basically, the bank wasn't engaged in cross talk with the client so they wouldn't have consistent messaging. It was also to give them time to perform the necessary diligence.

We are talking about we're talking about very few hours, right. We're not talking about a day. We're talking about very few hours. I think Gula comes to the back at 2 o'clock in

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the afternoon on the 26th. So it is not it was the morning of the 26th where there is a pause.

Q. I understand the concern about cross talk.

Did senior management at the bank contact Mr. Gula so that there wouldn't be any cross talk?

MR. MADDEN: Objection to form.

A. They had they had asked Mr. Gula twice just on the documents, right, just on the contracts. He did not provide them.

So I know they could have asked a third or a fourth or a fifth time. I don't know if that would have changed the outcome. But it's important when somebody asks you a question in an urgent situation like this to be responsive.

Q. Well, he was responsive orally during the phone conversation, he told them where the masks were going to come from, didn't he?

A. But that's different. That's telling me kind of where's Waldo. That's giving me some indication of what country they're going to be produced in is one thing.

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I need to be able to see contracts, signed contracts that I can tie off against the size of the transaction.

Q. And why do you

A. So that's why the screen shot the screen shot from Mr. Wong, for example, this is information, but the content of the information is I would argue quite low, right, it's poor. I don't know what this is, right. It's not I can't rely on that. So that's not the kind of information I can show the OCC and back up to the transaction. So it's not it's not zero information. It's just very low quality information.

Q. Why as the beneficiary bank do you need information about the source of supply?

A. Because this transaction is now on the back of Chain Bridge. As the wire arrives to Chain Bridge, a hundred percent of the responsibility of getting this thing correct is on the back and the reputation of Chain Bridge Bank and for Jimmy.

Q. If Chain Bridge Bank had all of these concerns about this wire that they were told was

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going to come the next day, why didn't they block it?
MR. MADDEN: Objection to the form.
A. I don't know the answer to that question. I just don't know. I don't know if you asked them. I don't recall if you asked them or if they answered it.
Q. If they had all these concerns, should they have blocked it?
MR. MADDEN: Same objection.
A. I, you know, I just that's kind of hypothetical. I don't know. I mean, I don't think honestly, as I read it, I don't know if I even believed it was going to occur given what I had seen that day. You know, I know he describe first of all, it's a brand new business, right. It's just been created. He describes the business. Then he comes in and lobs this bigger surprise, which renders his first kind of prognosis it just cast a lot of doubts on it, right.
So now we have giant wire coming in, which has a lot of very suspicious loose ends. And so the number of questions I have to resolve

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goes up as we go through the 25th, not down. I have more diligence I have to do now than I had to do on the morning of the 25th. You know, I still have an extremely unusual I now on the morning of the 26th, I now have the transaction. So the work has to shift from the hypothetical to the practical of what do we do now, but I find it more complex.
Q. Given the questions that existed prior to the wire transfer, would you have advised Chain Bridge Bank if you were advising them to block the transfer from occurring in the first place?
A. I you know, my inclination would be to say, no, because I would I would want to work with the customer to see if there's a way to make this thing function, is there a way to make this successful.
Q. And how did Chain Bridge Bank work with the customer to make it successful?
A. They said, tell us what's happening, you know, give us your best estimate. And that was wrong. Then we find out about the actual transaction. Then we hear comments and I forget

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which whether it was Bearman or Thomas. I think it was Thomas was confidentially there going to be billions of dollars moving through this account through the next several weeks. This isn't helpful, right.
What you don't want if you're a banker is to be used in to be used in a process where your control and insight into the business is very limited. Nobody wants to be used as a conduit.
And, you know, as I read the record, I got chilled by what it appeared to be, which is these guys are moving very fast. This may not be the good step for Chain Bridge that it was on the morning of the 25th. You know, a certain wire volume, a certain number of wires might be a good match for our risk appetite. Billions of dollars of wires in a short period of time may not fit. This may not be a business we want to get into. We didn't have that decision until the 26th.
Q. Well, I thought you said they could have blocked it on the 25th when they had these concerns.
Didn't you say that?

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A. On the 25th on the 25th, we learned about the California wire transaction. On the 26th, as I understand the record, we started then hearing talk about billions of dollars of wires. So that's not the same thing as $75 million in wires.
Q. You say "we" there.
You're aligning yourself as "we," you and Chain Bridge, correct?
A. Well, I'm you know, culturally I'm a banker, so I'm in the banker's shoes. I don't mean I'm not speaking for Chain Bridge, certainly.
As I look at the facts in this transaction, you know, I'm naturally kind of looking at the facts from the point of view of a banker. So I studied the Chain Bridge record most closely. So that's the "we." I don't mean to imply
Q. It goes to point of view of the banking customer?
MR. MADDEN: Objection to form.
Q. Is that the explanation?
A. No, what I said is true. I studied

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a balance sheet. As you know, the reserve requirements that apply to banks were basically suspended the beginning of March. I just I don't see the urgency and I don't see any evidence that this motivated the actions taken by Chain Bridge at all.

Q. You don't consider all of the e mails that talk about the urgency of not having this on their balance sheet as any evidence that that was a motivation here for Chain Bridge Bank, you don't see that?

A. What I see when I read that is this is kind of the proper implementation planning I would want my team to engage in, if they were confronting a transaction like this. They don't know how real it is. So they want to be ready just in case. And so I saw, you know, kind of reasonable, serious discussions and actions being taken, you know, winding up the ICS, getting the ICS application to Gula. They were taking the steps you would want them to take, but they're still operating with a deficit of information.

So we don't know we just don't know the scale of this shock to the balance

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sheet. We just don't know how long the cash is going to be there. So I just don't share Mr. O'Malley's certainty about the scale of the problem or the constraint this would place on Chain Bridge's behavior.

Q. You see any evidence that they contacted Mr. Gula to find out about this information about how long the money would remain in the account?

A. I don't remember if he shared that information. So I I'm just foggy on what, if anything, Gula provided. But, as I said a few minutes ago, the most important information the bank needed was the contracts. They needed to be able to look at the vendor contracts and assess the reality of Blue Flame Medical purchasing a hundred million N95s. That's an essential hurdle that has to be cleared.

Q. Are you saying if that hurdle was not cleared, they would face sanction from the OCC if they allowed this transaction to go into Blue Flame Medical's account?

A. You know, there's so many parts of this, Mr. White. I don't know if that would have

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caused an enforcement action. I think if they never obtained it, they would be criticized, certainly, for flying blind on a transaction.

Q. It's normal in the process of diligence in a transaction like this for a customer to be in regular or a bank, sorry, to be in regular contact with its customer; isn't that correct?

A. I really don't know if there's a practice or a rule about that. I think typically well, this is not typical in the slightest. But, you know, in my experience, we want to keep our customers close. This is extraordinary. You know, you've got extenuating circumstances given that the birth of Blue Flame was just on the heels of the arrival of this wire. So I've never seen this combination of facts before.

Q. Did Chain Bridge Bank act like it wanted to keep this customer Blue Flame Medical close?

A. I think so, yes. I mean, the difficulty is keeping somebody close during the second or third week of the COVID pandemic is sort of an kind of oxymoron. I don't want

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anybody in my office, right. I don't know if you went to any bank branches

Q. I did.

A. on the 25th or 26th of March you did?

Q. Yes.

A. Well, I did not. I am not that brave. The protocols of the rules just weren't in place yet. We didn't have the habits. But my recollection is my clients didn't want to see me. My clients didn't want to see their clients. We were everybody was standing down and most of us were staying home.

Q. Alright. I take it you're not giving your expert opinion on that issue?

A. No, I'm giving you my personal experience.

Q. Okay. Is it normal for a bank conducting a BSA diligence investigation to cut off contact with its own customer and at the same time contact directly the client of its counterparty bank; is that normal in a BSA investigation?

A. I

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MR. MADDEN: Objection to form to form.

A. I reject the characterization as cutting off. This is a pause. It's a few hour pause in the conversation. You know, they met with Gula off and on throughout the bank met with Gula on and off throughout the 25th. They resumed meeting early in the afternoon of the 26th. I just don't see that as a cutoff.

Evinger and Brough hunkered down and wanted to control the messaging with Gula. Perfectly reasonable and it lasted a few hours. So, I guess, I just reject the characterization that this was a cutting off. I don't know if

Q. Okay. Is that sort is that sort of pause normal?

A. Sure. It's normal in particular with the new client. I have to go through an exercise with a new customer of trying to assess, you know, can I work with them or do I understand how they work and can we find a way to work together.

And so the 25th was dedicated for pulling in information from Mr. Gula. The 26th was trying to make sense the morning of the

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26th I'm trying to make sense of the information that he provided.

The afternoon of the 26th the bank came to the determination it appears that the risk of this relationship was not consistent with the bank's appetite, which is a decision that really only the bank can make and I support that decision. So the termination of the account relationships related to Red Line and Blue Flame on the afternoon of the 26th, I think, was perfectly reasonable given what they had just experienced in the 24 hours prior.

Q. Is it also normal for a bank to contact the counterparty to the wire transfer directly as opposed to their banking counterparty; is that normal?

MR. MADDEN: Objection, objection to form.

A. Yes, sir. I talk to originators of wires routinely to try to understand what the transaction represented. So, if I'm in the receiving bank, I need to understand. My one early source of information is my client, right, the beneficiary. That for a large transaction

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with this many kind of suspicious characteristics, that's not sufficient. I want to look at more information. So I'm going to, basically, square that information against other information.

So the other information banks routinely gather is, you know, web search, Internet information, Google hits, news about the originator, you know, trying to build a profile for what does this originator do. So is what I can learn about it match what my customer has told me they do.

And then if doubts persist, again, in particular, against the backdrop of an extremely large transaction, I am free to call the originator.

Q. So the ordinary course would be to gather information from your own client, that's a normal thing to do, correct?

A. Right, as was done here.

Q. And to gather information from public sources, Google searches and so on about both parties to the transaction, correct?

A. Correct. And, you know, J.P.

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Morgan's version of this was to go to the early warning system software, which is a risk scoring methodology. But it's effectively doing the same thing. It's searching for public source information and trying to risk rate or identify doubts that may exist from certain customers.

So when you see I forget if it's Coffey or Korpal who says, you know, one of the difficult aspects of this transaction was the lack of sort of Internet presence at all. So you can't do that public source search for a brand new company that has no track record.

But these are the the normal step is to first go to my customer and then go to public source or proprietary software systems and then to the extent that doubts persist, which, you know, was going to happen when have extremely large wire transaction like this, if you feel it's appropriate, call up the originator.

Q. The ordinary next step would be to go to the originator's bank, wouldn't it?

A. Sometimes but not always. I've done both. I've gone I've done physical site visits to the originator. I've, certainly,

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contacted the counterparty, the other bank to try to understand what they understand. So it depends on it depends on protocols and time and the availability of people.

Q. Have you contacted an originator directly without letting the corresponding bank know?

A. Certainly.

Q. How often does that happen?

A. So I am now the Chief Compliance Officer for a bank in New York that does regular wire transfers with a bank in California. And I'd say once month to month I direct bank employees in New York to call originators in California to understand what a transaction represents.

And the reason for that is we have a couple of customers who are involved in one's in import/export and one is in real estate development. And both of these customers are fall into this trap of not being transparent. So when we ask the customer, our customer, what is this inbound wire that you're receiving from this company out in the West Coast, the answer we get

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is vague, like, it's from another trading company or in one case we were told, this represents money from a church.

And so we called the church and we learned that it took a few calls. We learned that the church, in fact, was a real estate developer. So the customer had lied to us about the nature of the relationship and the nature of their counterparty. So this happens routinely. Customers sometimes don't tell you the truth. And that's why you have to use, you know, alternative methods to try to obtain information.

Q. Did you let the bank in California know that you were going to be contacting the customer directly before you did so?

A. We did after we had this example that I just told you about where our customer said it was a church and when we called their customer we learned it wasn't a church but it was a real estate developer. We shared that information. Because, again, we've got a relationship with the bank, right. The beneficiary and the originating bank have a relationship and that relationship is important because sometimes their due diligence

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can be directly helpful to our due diligence obligations and vice versa.

Q. Are you saying that the other folks we've talked to in this area you said it's very unusual to contact the originating bank's customer directly as a beneficiary bank.

Are you saying they're wrong?

A. Yes, to the extent that I understand what they're saying, I think, they're incorrect.

Q. Okay. Are you aware that California ultimately after this transaction was cancelled wired over a half million dollars half a billion dollars to a Chinese company that had never made masks before and is now in receipt of those masks? Are you aware of that?

A. I did not know that, no.

Q. Now, are you aware of that, are you saying that that's a transaction that should not have been allowed to occur?

A. I don't know. I don't know the facts on that transaction and how it unfolded. I know the facts in this transaction.

Can I put in a request for a very short? Can we do two or three minutes or

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five minutes or whatever

Q. You can do that?

A. you will allow?

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

A. Okay, thank you.

THE VIDEOGRAPHER: We are going off the record at 3:22. This marks the end of Media Unit No. 6.

(Recess taken 3:22 to 3:30 p.m. Central.)

THE VIDEOGRAPHER: We are back on the record at 3:30. This marks the beginning of Media Unit No. 7.

Q. Mr. Grice, for a bank the size of Chain Bridge in March of 2020, can a deposit the size of the one that was sent here be a concern with regard to the bank's capital reserves?

A. I don't opine on that. I don't offer an opinion on it.

Q. Do you know? You said you were a bank this size.

A. Sure. But I don't do, you know, balance sheet analysis. That's not my expertise. It's not that's not what I do.