# EXHIBIT 100

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

Remote Videotaped Deposition of John Brough held through:

Veritext Legal Solutions
1250 I Street, N.W.
Washington, D.C.

Pursuant to Notice, when were present on behalf of the respective parties:



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Beth Sharon, Chain Bridge Bank
David Evinger
Ethan Bearman, Blue Flame Medical, LLC
Bill Gussman
Geoff Bassett, Videographer



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So there are --
Q. And --
A. -- are many different areas in the bank that are involved in -- in processing the transactions through client accounts.
Q. Understood.
As to wire transfers, all of those credits and debits would run through Ms. Ribeiro, through her group; is that correct?
A. That's correct.
Q. Do you have any role in preparing or reviewing the bank's balance sheet?
MR. ORSECK: Object to form.
THE WITNESS: I -- I do, yes.
BY MR. WHITE:
Q. What is that role?
A. Well, I monitor the balance sheet. I look at it every day. I review financial reports at the end of the month. I review the -- the financial reports when they -- before they go to the board of directors.
So I -- I closely monitor the



financial reports of the bank.
Q. Why is the bank's balance sheet something important for you to monitor?
A. Well, the bank relies upon its balance sheet to generate income.
Q. Can you explain what -- does -- does -- let me start over.
Does Chain Bridge Bank have a general ledger account.
Is that terminology accurate?
A. Yes. Yes. Chain Bridge --
Q. What --
A. -- Bank has a general ledger account.
Q. What is Chain Bridge Bank's general ledger account?
A. Chain Bridge Bank's general ledger account is the internal accounting function of the bank.
Q. Do monies that come into or go out of the bank go through the bank's general ledger account?



A. There are entries posted to the general ledger account, yes, for -- for -- for entries that come in and go out of the bank -- for -- for -- I'm sorry -- for -- for money that comes into and goes out of the bank.
Q. Specifically as to wire transfers, do wire transfers come into the bank's general ledger account before being credited to a particular customer account?
A. I -- I don't -- the -- the general ledger account is going to mirror the activity in -- in different various types of -- of cash accounts.
So if we receive a wire into our Fed account, then there'll be a corresponding entry into the general ledger account.
Q. And then, when that money goes into a client account, is there another entry entered into the general ledger account?
MR. ORSECK: Object to form.
THE WITNESS: No, there's not. There's an -- when money -- when money goes



into a client account, there's no entry to the -- to the cash account, but there would be an entry to reflect the deposits increased by that amount.
BY MR. WHITE:
Q. And by "deposits" there you mean the deposit into the client account; is that correct?
A. Correct. If money was to be deposited into a client's account, it would be reflected on the general ledger.
Q. Understood.
A. In -- in the deposit, the liability section of the general ledger.
Q. In connection with your role at the bank, do you interface with the Office of the Comptroller of the Currency or OCC?
A. Yes, I do interacted with the Office of the Controller [sic] of the Currency.
Q. And what is your role in connection with the banks's interactions with OCC?
A. I am the primary contact with the

the $456 million plus wire, if that is put into a zero risk weighted -- account? Is that the right word? Or asset?
What is the right word to use there? Is it asset?
A. If -- if it's -- if it's in -- it depends on what we invest those funds into. So yes, I mean that would be an asset of the bank.
Q. Right.
And at that point assets that have zero risk rating were -- were making -- were returning 0.1 percent per year; is that right?
A. Yes. That's correct.
Q. And the bank was making higher returns on commercial loans, for example, than the return on zero risk weighted assets, correct?
MR. ORSECK: Object to form.
THE WITNESS: Simply answering your question, yes. The -- the -- the yield on commercial loans, which are a hundred percent risk weighted, is higher than the yield on



interest on reserves, which is zero percent risk weighted.
MR. WHITE: Okay.
THE WITNESS: And that -- but that was at that point in time.
BY MR. WHITE:
Q. As of March 25th, 2020, are you familiar with what the bank's reserve requirements were at that point?
A. Yes. I'm familiar with what the banks reserve requirements were at that point.
Q. And what were those requirements at that point?
A. Well, on March 15th, the Fed came out and said that they were going to lower the reserve requirements to -- for banks to zero percent. I'm not sure what date that was effective, but I think it was effective before the end of the month.
Q. How did that affect your ability to manage the bank and its balance sheet?
A. For us it didn't really make much



difference. Because we didn't have any problems satisfying our reserve requirement with the cash that we held on hand.
The reason --
Q. Is there an interplay -- I'm sorry. Go ahead.
A. Go ahead. No. I -- I'm done.
Q. Okay. Is there an interplay between the bank's reserve requirements and the capital requirements that you were speaking about previously?
A. No. There's not.
Q. We spoke a little bit earlier about Regulation J. I think you indicated a general familiarity with -- with it and with the fact that it regulates the handling of wire transfers by banks.
Is that an accurate statement?
A. Yes. That's an accurate statement.
Q. And are -- are -- are -- have you ever revere -- reviewed UCC Article 4A?
A. I have since the lawsuit was filed.



Q. Prior to the filing of the lawsuit, had you ever reviewed that, to your knowledge?
A. I wasn't as familiar with the details of 4A at the time, no.
Q. Were you aware -- and this is prior to the filing of the lawsuit -- that Regulation J makes a reference to universal -- Uniform Commercial Code Article 4A?
A. I -- I didn't know that specifically. What I do know is that there are a number of -- of specifically Federal Reserve Bank regulations that will refer to the UCC.
Q. So that's not unusual that a Federal Reserve regulation would refer to the UCC, in your experience; is that right?
A. I know that's the case --
MR. ORSECK: Object to form.
THE WITNESS: -- with -- with regulation CC. It's the case with Reg J. I'm not -- I'm not sure what else it is the case with, to be honest with you.
BY MR. WHITE:

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MR. ORSECK: Object to form.
THE WITNESS: I -- I think it does, doesn't it? I -- maybe I'm wrong. I --
BY MR. WHITE:
Q. And perhaps it -- perhaps you know better.
I -- the initial voice is, "All right. And I think Heather's there."
Do you know is that you, or is that Mr. Evinger?
A. I -- I think what happened was David and I were talking, and we conferenced Heather in. So --
Q. Okay. So there was a -- I'm sorry. Go ahead.
A. So the recording would have started when Heather came on the line.
Q. What do you recall about the conversation you had with David before the recording began?
A. I -- I'm -- I'm being honest with you. I -- I do not know what that -- what that

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call was in reference to. I don't know.
Q. Well, presumably it was in reference to this incoming wire and the -- the account, correct?
A. It -- it could have been. I don't know. It probably -- it -- it probably was, Mr. White. Probably was.
Because I would have received the e-mail, and -- and then we would have seen the e-mail, and we probably would have conferenced Heather in. So yeah, yeah. Probably was.
Q. Which one of you, you or David, said, "What the heck is going on?"
Was that you, or is that Mr. Evinger?
A. Oh, gosh. I don't recall.
Q. That's okay. I don't want to waste your time with that.
During this part of the phone call, Ms. Schoeppe repeats much of the information that was in the e-mail communication regarding the amount of the wire and where it was coming

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from, correct?
A. That's correct.
Q. And she also indicates that some of the money would be wired out but not all of it, correct?
A. That's correct.
Q. I'd like to play you a later portion of this. I want to skip forward a bit, but it's only about 45 seconds. If you -- that's the way I have it set up. It's starting at 2:46.
(Whereupon, the tape was played.)
MR. WHITE: Pause there for a moment, Mr. Brough.
BY MR. WHITE:
Q. Was it you or Mr. Evinger who said, "If this is true, we can't hold that money on our balance sheet"?
A. That was me.
Q. Why did you say that you could not hold that money on your balance sheet?
A. Well, thinking in the interest of

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the client, a deposit that large is -- I mean they -- they -- they should want protection. They should want FDIC insurance or -- or some other measure of protection for -- for a sum of that size.
So -- so that's why we immediately went to those FDI -- full FDIC insurance options, which are CDARS and ICS.
Q. So your only concern here was for protection of the client?
A. That was my primary concern. I mean, it -- like I said, before we had many questions about the transaction. And -- and protecting the interest of the client was certainly one of them.
Q. So it's your testimony that, when you said, "We can't hold that money on our balance sheet," you were not concerned about the impact on the bank; you were concerned about protection of the customer; is that right?
MR. ORSECK: Object to form.

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?



A. I think we both said that, didn't we?
Q. There's a -- there's an initial portion -- I can play it again if you want. But there's an initial portion that, as I understand it, talks about a press release from Gavin Newsom --
A. Yeah. That's David.
Q. -- and go -- that's David.
A. That's David.
Q. And then it sounded like a -- it sounded like a different voice to me that said, "Yeah, I know. I don't like the smell of this. It seems like someone has penetrated the state coffers and is raiding the tax."
Who said that?
A. That was David.
Q. That was David as well?
A. Yes. If you want to replay it, I can -- I can confirm that.
MR. WHITE: Can you go to that part? My guess is it's a quarter of the way through.



(Whereupon, the tape was played.)
BY MR. WHITE:
Q. Mr. Brough, that's the part I was asking about. There is a, "Yeah, I know. I don't like the smell of this."
And then, "It seems like someone has penetrated state coffers."
Can you tell who was speaking there?
A. Part of that was me. And then, when it says, "I don't like the smell of this," somebody -- the state coffers thing, that's David.
Q. The state coffers part is David?
A. And the, "I don't like the smell of this."
Q. Okay. And do you -- what did you understand Mr. Evinger to mean when he said that?
MR. ORSECK: Objection. Foundation.
MR. WHITE: The -- actually, let me ask a more specific question.
BY MR. WHITE:



Q. What did you understand Mr. Evinger to mean when it said, "It seems like someone has penetrated the state coffers and is raiding the tax"?
MR. ORSECK: Objection. Foundation.
THE WITNESS: I can't tell you specifically what David was thinking.
I'll tell you that at the time, you know, we had -- we had so many unanswered questions. And one question was the legitimacy of the -- of the whole -- of the wire.
In other words, if you -- if you think back, this was the time of COVID. And people were working from home. And -- and who knows what could have happened.
So -- so that was just one of the many questions that we had.
BY MR. WHITE:
Q. Did you have a concern at that time that someone was raiding the State of California's tax coffers?
A. That certainly was one of the

questions that we wanted to get answered.
Q. And I -- another question you had was about the legitimacy of the wire. And we'll get into more details of it -- this later.
But ultimately you determined that the wire was a legitimate wire meant to be sent by the State of California to Chain -- to Chain Bridge Bank for the benefit of Blue Flame Medical, correct?
MR. ORSECK: Object to form.
THE WITNESS: It is correct that that was one of the many questions that we had. And it is correct that -- that we were able to verify -- or, to the best of our ability, verify that the transaction was -- was -- that the -- the wire itself was an authorized wire.
But we still had many unanswered questions in regards to the -- the transaction.
BY MR. WHITE:
Q. As a matter of fact, more than to the best of your ability.



The State of California informed you that it was an authorized wire, correct?
A. They did inform us that it was an authorized wire. However, we had many other unanswered questions about the transaction.
Q. After this phone call, there was a subsequent call with Mr. Gula, if I have that timing correct; is that right?
A. That is correct.
Q. And did -- did the -- someone from the bank call him, or did he call the bank at that point?
A. We called Mike. David and I called Mike.
Q. I -- I take it -- I think you said you were working remotely.
So you weren't in the same location; is that right?
A. No. We were not.
Q. Do you know if you continued, directly after this conversation with Ms. Schoeppe, on the same line and then just



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

It's just -- it was just a -- it was a -- it was a comment on the fact that there are a lot of unanswered questions, and we need to make sure that we vet the transaction fully.

BY MR. WHITE:

Q. But by "scam" I take it what you're referring to there is the -- what we were referencing earlier, the -- the Nigerian Prince-type scam.

Is that what --

A. Correct.

Q. -- you were concern about?

A. That --

MR. ORSECK: Object to form.

THE WITNESS: That was one of the many things we were worried about, yes.

BY MR. WHITE:

Q. You then state: "In the event we do receive the cash, there is no way we can hold it on our balance sheet."

What did you mean by that?

A. Well, what I meant by that, again,



was similar to the conversation that we had earlier about making sure that we do the right thing for the client and make them fully aware that -- that their deposit -- that the -- the -- the vast amount of their deposit would not be FDIC insured but that we had solutions for that.

Q. So your --

A. And that -- that's why --

Q. Were you finished?

A. That's why it's followed by the ICS and CDARS comment.

Q. So your concern about holding it on the bank's balance sheet was exclusively a concern for the customer's security?

MR. ORSECK: Objection. Asked and answered.

THE WITNESS: Again, as I -- as I had said previously, it was -- that was our primary concern, was the protection of the client.

BY MR. WHITE:



Q. What were the secondary concerns with holding it on your balance sheet?

A. Our secondary concerns were -- were not just balance-sheet related but all sorts of other unanswered questions that we had, all -- all of -- all of them concerns about the transaction.

Q. And what about the ones that were -- the secondary concerns that were balance sheet-related; what were those?

MR. ORSECK: Objection. Foundation.

THE WITNESS: Well, like I said, when I wrote the e-mail, my -- my primary concern was about the client and making sure that they were aware that the deposit would be, for the most part, for the majority -- vast majority, uninsured.

And when a client deposits that size of -- of -- of money, we always make them aware of that. And that's why we have many clients who are in the ICS or CDARS program, so that they can receive full FDIC insurance.



BY MR. WHITE:

Q. Do you know what an ICS shadow account is?

A. I do know what an ICS shadow account is, yes.

Q. What is that?

A. Well, the way -- the way the accounting works is money is deposited into a client's account. And in the event that they are in the ICS program, there's a -- there's a -- there's a benchmark that's set on that account.

So let's just say the benchmark is the FDIC limit of $250,000. So any dollar amount over the 250 is swept into what's called a shadow account. And then that money is sent to the ICS or the CDARS network for placement amongst other banks. So it serves -- it serves that purpose.

It also serves the purpose of when -- when you do that, the client can then have access to that shadow account and see what

their total balance is.
Q. Was an ICS shadow account prepared for Blue Flame Medical?
A. We prepared account opening documents for Blue Flame, but they were not executed.
Q. Were those documents shared with Mr. Gula or others at Blue Flame?
A. I don't think that they were shared with Mr. Gula other than the fact that we -- we would have told him that -- when -- when we explained the program to him, we -- we said that, "There'll be some -- some documents that you'll have to sign to -- to set up the account."
Q. So those are -- an ICS account would have to be signed by the beneficiary of that account, in this case a representative of Blue Flame Medical, to become active; is that right?
A. That's correct.
Q. None of those documents were ever shared with anyone from Blue Flame Medical,



correct?
A. That is correct. But we did instruct them that, if we were to go this route, that there would be documents that would have to be signed.
Q. Your e-mail also mentions that you had told Mike: "We would need to move the money off balance sheet into the ICS program."
Do you see that?
A. Sorry?
Q. Last part of the e-mail?
A. Yes.
Q. Anywhere in this e-mail is there a reference to FDIC insurance?
A. There is not in this e-mail. But when we explained the program to him, I know that we did mention it, yes.
Q. There are multiple references to your balance sheet in this e-mail though; isn't that correct?
A. There -- there -- it looks like it -- the word "balance sheet" -- or the two words



"balance sheet" are used twice.
Q. And the bank's balance sheet doesn't have anything to do with the FDIC insurance limit, does it?
MR. ORSECK: Object to form.
THE WITNESS: I'm not sure exactly what you mean by that question.
BY MR. WHITE:
Q. Well, the FCI -- FDIC insurance limit you referenced is 250,000 per account.
I think you said that previously, correct?
A. That's correct.
Q. That's not a bank balance sheet issue, is it?
MR. ORSECK: Object to form.
THE WITNESS: That is not a bank balance sheet issue, no.
BY MR. WHITE:
Q. But you're not referencing FDIC here; you're representing the bank's balance sheet, correct?



MR. ORSECK: Objection. Foundation.
THE WITNESS: I am referencing the fact that there are -- there are two ways you can structure an ICS transaction.
You can structure it so that it is a reciprocal transaction, in which case you receive that same amount of deposits in return from the ICS program; or you can do what's called a one-way sell, in which case you simply just place that money with ICS, and you do not get any deposits in return.
BY MR. WHITE:
Q. What was contemplated here?
A. The one-way sell.
Q. Which would take the asset completely off the bank's balance sheet, correct?
A. Correct.
Q. If you could open Plaintiff's Exhibit 65. It's a March 25, 2020 e-mail from Mr. Gula to you and Mr. Evinger at 6:26 p.m.
A. 65. Okay. I have it.

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Q. Did you tell Mr. Gula that your bank was not in a position to handle a $450 million wire into a company that had been formed three days before when you spoke with him on March 25th?

A. When we spoke --

MR. ORSECK: Object to foundation.

THE WITNESS: When we spoke to Mike the night before, you know, of course the transaction was all new. We had found out about it minutes before. Mike had been a client for ten years, you know. Nothing like this had ever come up.

So it was a very cordial conversation. He'd been a good client at the bank for many years. And -- but, you know, we -- we were all just -- this is true? I mean this -- really? I mean a $456 million wire?

And, you know, he -- he seemed about as surprised as we did, to be honest with you, in regards to what was going on.

BY MR. WHITE:

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Q. Did you --

MR. ORSECK: Are you finished?

THE WITNESS: Yeah. I'm finished.

BY MR. WHITE:

Q. Did you tell Mr. Gula that the fact that Blue Flame Medical was just formed was a red flag that was going to cause a problem for the transaction when you spoke with him on the 25th?

A. Well, I think that we -- we said to him that it was a very unusual transaction, and that's why we were asking him questions about -- about the transaction, about the State of California, about his suppliers, was he versed in international trade.

So, you know, I think it was David who asked him, "Well, do you have an international letter of credit set up to handle this transaction?"

And, you know, he didn't really even know what that was, which was another red flag. Because typically international transactions

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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.

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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?

A. Yes.
When he opened the account with Mariano, he provided wire volumes, which were not consistent with the large transaction that came into his account.
Q. What was the time sequence between then and when Ms. -- I thought he had -- didn't he open the account with Ms. Schoeppe, or was it Mariano?
A. It was with Mariano.
Q. When did he tell Ms. Schoeppe about the wire transaction?
A. After the account was open.
Q. The account opening documents did indicate that there would be wire transfers in the tens of millions of dollars, correct?
A. The individual wires would not be over 10 million. The volume for the month I think was going to be over 10 million.
Q. I think what I had said was 25 million; isn't that correct?
A. I don't recall the exact amounts.



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.



THE WITNESS: Like I said before, I -- I knew that he was a political operative. I mean, we -- we have clients who are lobbyists. We have client -- clients who are political fundraisers.
All the same to me, to be honest with you.
MR. WHITE: One second.
Sorry about that.
BY MR. WHITE:
Q. Could you bring up Plaintiff's Exhibit 28, please.
A. Are we looking for -- did you say 28?
Q. 28, yes.
A. Okay. I have it up. It looks like it's many pages.
Do you want to focus in on a specific area?
Q. The area I want to ask you about starts on page CBB 00663, which is the third page.

A. Okay. I'm on the third page.
Q. That e-mail has I believe the same document about the wire transfer notice into the Blue Flame Medical account ending 7459 in the middle of that page that Claudia Mojica sends to Mike Richardson and others?
A. Yeah.
Q. Do you see that?
A. Yes.
Q. And -- and there appears to be a response to Mr. Richardson's question about forwarding the details of the incoming wire?
A. That's correct.
Q. And then Mr. Richardson responds, and you are added to the chain at this point at 12:29 p.m. on March 26th: "Everyone -- the wire from the State of California was received @ 15 minutes ago. See the details Claudia passed along below. We have the ICS documentation ready and, once we have the instructions from you and David, will be sending Mike Gula -- sending to Mike Gula to



sign so that these funds can be moved off balance sheet. However, the ICS program has a maximum limit of 125 million. Need to have some clarity around how long these funds would be on deposit."
What does the -- the limitation of the ICS program represented by Mr. Richardson here, is that accurate?
A. No. It's not accurate.
Q. What is the accurate -- what's inaccurate about it?
A. Well, two things are inaccurate about it. The limit's actually 150 million. And there's a separate limit for CDARS, which is 50 million.
But ICS is very flexible with its clients. In other words, what they'll do is they'll give you far more than that. What -- what they to is they take the tax ID number of your client, and they run it through their network, and they see how many banks they can place the deposits at.



And because this entity was just formed, I assumed that they weren't participating in any other type of FDIC insurance program, which means that the -- the individual limit for Blue Flame would have been higher than the 150. I can't tell you how much higher, but it would have been higher than 150.
Q. Would it have been as much as 450, 450 million?
A. I -- I can't answer that question.
But what I can tell you is that we had other options to -- to secure that additional amount for him. We could have purchased treasury bills, short-term treasury bills, and held them in custody for him.
Q. Do you know why Mr. Richardson wanted some clarity around how long these funds would be in deposit?
MR. ORSECK: Object to form.
THE WITNESS: I don't know why he was asking for that information.
BY MR. WHITE:



Q. Did you consider contacting Mr. Gula at this point?
A. No, we didn't.
Q. Did there come a time when you were on a phone call with Tim Coffey at JPMorgan?
A. I was on a call with Tim Coffey at some point, yes.
Q. What do you recall about that conversation?
A. There were a number of calls with JPMorgan. They called us first and asked us to hold the funds.
Excuse me. I -- let me just be in general about representatives from JPMorgan. I -- I know there were two: Rakesh and -- and Tim Coffey.
Probably the longer conversation was with Rakesh. And he was -- he was obviously doing due diligence on the transaction and asking us a number of different questions.
We also had a couple of conversations with Tim Coffey. I know I was on

Flame Medical LLC"?
A. Yes. That's the top entry.
Q. You're talking about the one beneath that.
A. I'm talking about the one that's: WT - Blue Flame Medical LLC."
Q. And I see the number for the wire amount there.
What does that line entry indicate?
A. That line entry indicates the -- the -- the incoming wire transfer into our Federal Reserve Bank reserve account.
Q. So the incoming FedLine transfer from JPMorgan from California is reflected there?
A. Correct.
Q. And does that have an effect on the balance that is in the second column to the right?
A. No. It -- it doesn't. There's always an offsetting entry.
So normally, if -- if -- if the



deposit had credited -- if -- if -- if the deposit was made to the account, which it wasn't -- but had it been made to the account, the offsetting entry to that general ledger debit would have been a general ledger credit to a liability account reflecting an increase in the deposit balance of the account.
So it would have been an increase in the liabilities of the bank, the deposit liabilities of the bank. But the --
Q. I see a --
A. But because --
Q. Go ahead?
A. But -- but because the wire did not -- was not deposited into the client's account, that entry posted to the Fed account -- the Fed general ledger account.
Q. I see an offsetting credit as well.
What -- what does that mean?
A. There are two offsetting credits -- or there -- there are two -- two credits there. The first line, so wire transfer return, Blue



Flame Medical LLC, that mirrors what happened to our reserve account.
So when the money left our reserve account, then the general ledger account was credited that night when everything posted.
And the offset to that was the other entry to the debit to the same general ledger account. And that's the third item down, wire transfer return California State Treasurer.
Q. I'm sorry.
What entry would we see if the money had flowed through the normal course to the Blue Flame Medical account?
A. If the -- if the -- if the money was -- was deposited into the client's account, then the offsetting entry on general ledger would have been a credit to a liability account at the bank. And that liability account would be noninterest bearing demand accounts.
Q. And that's different from the credit that's shown here on the general ledger?
A. Yes. The credit that's shown here



is made to the Fed account.
Q. Now --
A. Now -- go ahead. Sorry.
All of these entries are made to the same account. They're all made to the -- to the Federal Reserve Bank general ledger account.
And you can see that up at the top where it says: Title Due From Fed Reserve Bank Interest Bearing.
Q. And would this account -- if the -- if -- if the money had been credited to the Blue Flame Medical account, would this ledger show that information, or would that be somewhere else?
A. It would be on the same ledger. It would be in a different account.
Q. And where would that account be reflected on the document that we have?
A. I'm seeing if it's actually in here. No. It's not in here.
I -- it's -- it's a -- it's a

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liability account. It begins with a 2. I don't know it off the top of my head. It's -- all of our different deposit account types have a corresponding general ledger account applied to them. And it would have gone to the -- the business demand general ledger account, there --
Q. So --
A. Increasing --
Q. Go ahead.
A. -- our deposit liabilities.
Q. So if this document alone doesn't answer the question of whether the money was credited to the Blue Flame Medical account, there's another document you -- you would need to look to for that?
Do I have --
MR. ORSECK: Object to --
BY MR. WHITE:
Q. -- that correct?
MR. ORSECK: Object to form.
THE WITNESS: This information shows

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the entry going through the Federal Reserve Bank account. There wasn't an entry that posted to the deposit liabilities account. So there's nothing to show you.
BY MR. WHITE:
Q. But that -- the deposit liabilities account is not included in this -- in this exhibit; is that right?
A. Looks like it -- this -- this covers certain asset accounts. It does not cover any liability accounts.
Q. What is the name of the account that we would need to see in order to confirm that there had not been a deposit of these funds into the Blue Flame Medical account?
A. I --
MR. ORSECK: Object to form. Foundation.
THE WITNESS: I don't have any notes right in front of me. So I can't tell you exactly what it is. But it's going to be something along the lines of business demand

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checking.
BY MR. WHITE:
Q. Business demand checking; that's your best recollection of what the report would be entitled?
A. That's my best understanding, yes, based on the account type that -- that -- that was open for Blue Flame.
Q. And would -- would all business demand checking accounts have their debits and credits in that same ledger?
A. There would not be separate entries. They'd be done in a aggregate. So you'd see one big entry for all the different transactions.
Q. Okay. Thank you.
In your conversation with Mr. Gula at the bank, did you tell him to find a bank that could handle the wire when you spoke with him?
A. When we spoke to him, we did inform him that we were going to be closing the

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account; and that, should he work things out with the State of California, that he should make sure that -- that he sends the funds to a new bank account at another bank.
Q. Did you tell Mr. Gula that he should find a bank that could handle the wire?
A. I don't know if I phrased it that way or not. I do know that I suggested that he approach JPMorgan. Because they were the county -- counterparty to the transaction. So they may be willing to open the account.
Q. Did Chain Bridge Bank close the Blue Flame Medical account at that point?
A. Yes, we did.
Q. Why?
A. We closed the account because of the unusual nature of the transaction and the -- the numerous red flags that -- that had popped up on this transaction.
Q. Did you mention to Mr. Gula when you met with him why the bank had refused to be in contact with him that day --

roll it up -- roll it down? You know, why do you feel like you have to immediately just disappear?

Q. Okay. Thank you.

You -- you mentioned, during your testimony today on a few occasions, that you believed there were red flags presented regarding this transaction; is that accurate?

A. Yes. "Red flags" has come up a lot.

Q. All right. I want to focus your attention on the time period at which JPMorgan told you, Mr. Coffey told you, that it was recalling the wire.

You remember we listened to that phone call?

A. Yes.

Q. As of that point in time, what red flags were on your mind regarding this transaction?

A. There were many. Every -- every -- every few minutes another one would pop up. But I mean just going back to the -- the sheer



size of the wire.

Q. Why was the size of the wire itself a red flag?

A. A wire of $456 million is multiple times larger than any other wire that the bank had received, I -- I think by a multiple of about 22 times. So in other words, the previous largest wires that we got were around $20 million. And so that's -- that's -- that's the biggest red flag right there.

And the fact that it was -- it was sent into -- or I'm sorry -- it was sent to a company that had just opened their bank account the previous day and had -- had opened their business three days before. That's a -- that's a very standard red flag.

There was the red flag that Mike Gula and John Thomas were not in the medical supply business. They were in the political influence business. And that's quite a different profession than medical supplies.

The number of masks and the dollar



amount of the transactions didn't match up with press releases from the State of California.

So I think it was before we called Mike -- or that evening. I'm not sure when it was -- we looked up any press releases from the State of California. We did find one that had been issued a couple days before that mentioned that $30 million had been allocated for the purchase of a million masks and the hiring of nurses and the purchase of ventilators. And that was a press release issued by Governor Newsom.

But there was nothing about this transaction, which would have been 20 times larger.

Q. Mr. -- sorry.

Mr. Brough, by the -- by the time that JPMorgan recalled the wire, you knew the transaction was larger than that, right, than one you'd read about?

A. Oh, yes. Definitely. Oh, yeah. We -- we knew about that on the -- the 25th.



Q. So far as you're aware, did Mr. Gula, at the time he opened the account on the 25th, let anybody at the bank know that he was expecting a wire of more than $450 million?

A. No, he did not.

Q. Was that a red flag, in your mind?

A. Yes. That's --

Q. Why?

A. Well, he knew at the time that he was going to be receiving a wire of $456 million. And when asked about -- when -- in order to open the account, we asked that question, you know: What are your anticipated wire volumes?

And he gave us an answer. And it was nowhere near $450 million. As a matter of fact, I think the average wire size was going to be about 5 million.

Q. Were you aware of this as of the time that JPMorgan recalled the wire?

In other words, did you know what Mr. Gula had said to Mariano Castagnello at the

time of the account opening?
A. We -- we knew that Heather didn't find out about the dollar amount of the transaction until after the account was open.
Q. Why is that a red flag?
A. Because it's inconsistent with the activity that's -- that's -- that's being -- being expected by the client.
We always ask that question when we open an account. We put it into our platform. And if the volumes are greater than that, then that's always a red flag.
Q. Let me ask a more direct question.
If you are aware that a new customer is not forthcoming with what you consider to be important information that the bank is requesting, does that, all else equal, give you cause to question the customer's integrity?
MR. WHITE: Object to leading.
THE WITNESS: I would -- I would agree with that, yes. It has to go with whether or not we can -- we can rely on what



they tell us in the future.
BY MR. ORSECK:
Q. You testified earlier today -- and I think we've seen documents -- that you and Mr. Evinger asked Mr. Gula for certain document -- documents to back up the transaction when you spoke to him on the afternoon of the 25th, correct?
A. That is correct.
Q. And Mr. Evinger sent him a follow-up e-mail making that request?
A. Yes. We asked in the telephone call. And then David sent a follow-up e-mail.
Q. Did Mr. Gula provide the requested information?
A. Mr. Gula never supplied the requested information.
Q. Was that, to you, a red flag?
A. Yes. That certainly was a red flag. Absolutely.
Q. Is the -- do you know whether the failure to provide requested information to a



bank is referenced as an indicator of potentially suspicious activity in the Bank Secrecy Act?
A. I do not know if that is specifically in the Bank Secrecy Act. I do not know the answer to that. I do know that it would qualify as a red flag.
Q. You also testified to your impression, during your conversation with Natalie Gonzales and Mark Hariri on the 26th, that they seemed surprised to learn that Mr. Thomas and Mr. Gula had just open the account or just opened the business and did not have prior experience in this field.
Am I -- am I correctly characterizing your testimony?
A. Yes. They were surprised. They were very surprised.
Q. Did you didn't infer one way or the other from their surprise whether anyone at Blue Flame had advised California officials of those facts?



A. I assumed that, if the people who were responsible for sending the wire didn't know about the -- the recipient of the wire, then yes, that's a red flag.
MR. WHITE: Objection to the assumption.
BY MR. ORSECK:
Q. Why -- why would it be a red flag that they didn't know those facts?
A. I think, with the transaction of $456 million, everybody who's involved in that transaction is going to know the legitimacy of the transaction.
Q. What do you mean by that?
A. I mean they're going to know whether or not the -- the purchaser -- I'm sorry -- the seller of the product is legitimate, they've been vetted and -- and been approved and gone through that due diligence process.
And -- yeah. It was a surprise to hear that they didn't know that the company had been formed three -- three days ago.