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UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

CONSUMER FINANCIAL PROTECTION BUREAU,

Plaintiff,

v.

CASHCALL, INC., WS FUNDING, LLC, DELBERT SERVICES CORPORATION, and J. PAUL REDDAM,

Defendants.

CASE NO.: 2:15-cv-07522-JFW (RAOx)

PLAINTIFF'S EXCERPTED DEPOSITION TESTIMONY OF MARTIN A. WEBB SUPPORTING OPPOSITION TO DEFENDANTS' MOTION FOR SUMMARY JUDGMENT

Date: August 1, 2016
Time: 1:30pm
Court: Hon. John F. Walter
Courtroom 16

EXCERPTED DEPOSITION TESTIMONY OF MARTIN A. WEBB

46:3-17

3 Q. Okay. Did Western Sky ever sell paper to
4 **anyone other than WS Funding and CashCall?**
5 A. No.
6 **Q. Did Western Sky ever keep any of the loans that**
7 **it made?**
8 A. No. Three days.
9 **Q. That's what I meant is the full term.**
10 A. No.
11 **Q. So three days was the maximum length of time**
12 **that Western Sky kept a loan?**
13 A. Correct.
14 **Q. Why was it three days?**
15 A. I don't remember. But at the time there was a
16 regulatory requirement that FDIC had issued about a
17 three-day, and I just don't remember now.

52:1-17

1 **Q. So is it fair to say that this reserve account**
2 **allowed you to know that if you approved a loan on a**
3 **particular day, you had the money to fund it?**
4 A. Correct.
5 **Q. And was the money that went into that reserve**
6 **account deposited there by WS Funding or CashCall?**
7 A. Yes.
8 **Q. All right. And there's a formula here for how**

much is supposed to be in there at any given time. And again, I don't know why this is so tiny, but it says, "Two days' purchased notes calculated on the previous month's daily average."
Do you have any recollection of that formula?
A. I don't remember.
Q. Was there always enough money in that reserve account for you to do business?
A. Yes.

60:4-6
Did WS Funding reimburse Western Sky's marketing expenses?
A. Yes.

69:17-70:16
Q. And how would they review loans made online?
A. Every loan came through their -- that office. They would open up the file on every loan and review for accuracy for the documents that were obtained. And then if everything was in place, they would audit -- or not audit -- they would approve it. Once it was approved, they also funded them from there. In Western Sky Financial we wired the money, so they would do the wiring.
70
Q. At the time that you had two to three employees

working on these loans, what kind of volume of loans were you approving per day?

A. It was a ramp-up phase, so it was very small. I mean, I couldn't give you the exact number, but it would have been under -- it would have been very limited. I can't guess the number.

Q. And I assume they -- well, I don't want to assume. Would they use some kind of software to do the approval process?

A. Yes.

Q. And would they have computers that were connected to a server in Anaheim?

A. They were connected to the Method software system in Anaheim.

73:10-17

Q. Okay. Who designed this web page?

A. Well, it was collaborated with CashCall. The logo -- the staff at Timber Lake came up with the logo, but they did help us create it and host it.

Q. All right. So where it says at the bottom here "Powered by Cogility Software," do you know what that is?

A. I don't know. I don't remember.

75:17-20

17 17 **Q. Was there ever a time when phone inquiries were**
18 **handled by loan agents at CashCall?**
19 A. I believe they were at the start.
20 **Q. Do you know when that changed?**
21 A. No. I don't remember.

96:20-22

20 **Q. Were you the sole owner of Western Sky**
21 **Financial?**
22 A. Yes.

100:9-20

9 **Q. What was the most common reason for loan**
10 **applications getting denied?**
11 A. Income -- no, that wouldn't have been it. It
12 was a combination. I don't know if you could take one
13 out specifically, because generally when you have one
14 reason, it's combined with ten others, because income
15 usually falls length of employment or length of
16 residency or age.
17 I can tell you, though, the reason most people
18 get a payday loan or installment loan: It's
19 convenience. That's probably something you never heard
20 before, but...

105:6-16

Q. Okay. What else -- what other contact did you have with Ms. Callaway besides that representation?

A. I had very little. At one time I went to Washington, DC, to consider and interview PR firms, and she took me to the different firms.

Q. Do you remember when that happened?

A. I don't.

Q. Was it -- was it before the beginning of the arrangement with -- the Western Sky–CashCall arrangement?

A. No. It was after.

DATED: July 11, 2016

Respectfully submitted,

/s/ Owen Martikan

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