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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) DEPOSITION TESTIMONY OF MARTIN A. WEBB (JUNE 22, 2016) IN SUPPORT OF DEFENDANTS' REPLY IN SUPPORT OF THEIR MOTION FOR SUMMARY JUDGMENT Hearing Date: August 1, 2016 Time: 1:30 p.m. Place: Courtroom 16 Judge: Hon. John F. Walter Pre-Trial Conf.: September 9, 2016 Trial: September 27, 2016

26:20 Q. Okay. Do you know how often underwriting
26:21 guidelines changed during 2011?
26:22 A. No, I don't. It could change daily. There was
26:23 not a set time.
26:24 Q. Okay. And what would govern when it changed?
26:25 A. It changed based on when I decided there was
27:1 some collaborated effort between CashCall and myself;
27:2 however, it only changed ever upon my decision and
27:3 agreement. But example would be when a new loan product

38:21 Q. All right. So while you were the president of
38:22 Western Dakota Bank, you had some other lending
38:23 businesses as well; is that right?
38:24 A. Yes.
38:25 Q. Okay. Can you tell me what those were, going
39:1 from the oldest to the last.
39:2 A. I can't remember all, but I can tell you --
39:3 Q. Okay.
39:4 A. -- some that I do.
39:5 The oldest that we started was a company called
39:6 High Country -- High Country Ventures and Red River
39:7 Enterprises, I believe. They were operational -- they
39:8 were short-term payday loans that were operational for
39:9 approximately 30 to 40 days.
39:10 Q. Operational -- the businesses were only
39:11 operational, or the loans --
39:12 A. Correct.
39:13 Q. Okay. What happened to that?

39:14 A. They were set up similar to what Western Sky,
39:15 but -- where I sold the paper to try to generate -- let
39:16 me back up.
39:17 The oldest was a company called Lakota Cash.
39:18 It was a company formed to make short-term loans. It
39:19 did not sell any paper. So I started the other
39:20 companies to raise, basically, venture capital to grow
39:21 Lakota Cash. So what happened with the other two is we
39:22 were lending, and at the end of 30 days it was obvious I
39:23 could not control what they were doing, it wasn't my
39:24 product, and I terminated the agreement.
39:25 MR. UMHOFER: Could you specify who "they" is?
40:1 THE WITNESS: I don't remember the names. It
40:2 was under High Country and Red River -- High Country
40:3 Ventures and Red River Enterprises.
40:4 BY MR. MARTIKAN:
40:5 Q. So let me ask you a couple questions about
40:6 that.
40:7 So High Country Ventures is an entity that you
40:8 set up; is that right?
40:9 A. Correct.
40:10 Q. And High Country Ventures started selling paper
40:11 to another company?
40:12 A. Correct.
40:13 Q. Do you remember what that company was?
40:14 A. No, I don't.
40:15 Q. Do you remember where they were?
40:16 A. One of them was in -- yeah, one of them was in

40:17 Las Vegas, and the other one was in Park City, Utah.
40:18 Q. Were there any other companies that
40:19 High Country Ventures sold paper to?
40:20 A. No.
40:21 Q. And how about Red River Enterprises? Was that
40:22 a company you set up?
40:23 A. Yes.
40:24 Q. And where did Red River --
40:25 A. That one -- Red River was Las Vegas;
41:1 High Country was Park City.
41:2 Q. Ah, okay. And were they set up as two
41:3 different entities to split up the two separate buyers
41:4 of paper?
41:5 A. Correct. Accounting purposes.
41:6 Q. And was that paper installment loans?
41:7 A. It was short-term payday loans.
41:8 Q. Oh, I'm sorry. Payday loans.
41:9 A. Yes.
41:10 Q. And were they payday loans with tribal law
41:11 provisions in them?
41:12 A. Yes.

69:6 Q. Now, at the time you started Western Sky, you
69:7 had -- some of your other businesses were still up and
69:8 running; right?
69:9 A. Correct.
69:10 Q. Did you have any of the same employees working
69:11 for both businesses, or were these dedicated Western Sky

69:12 employees?
69:13 A. They were dedicated Western Sky.
69:14 Q. Do you remember what their -- what they did?
69:15 A. Originally, they reviewed, audited and approved
69:16 loans.
69:17 Q. And how would they review loans made online?
69:18 A. Every loan came through their -- that office.
69:19 They would open up the file on every loan and review for
69:20 accuracy for the documents that were obtained. And then
69:21 if everything was in place, they would audit -- or not
69:22 audit -- they would approve it. Once it was approved,
69:23 they also funded them from there. In Western Sky
69:24 Financial we wired the money, so they would do the
69:25 wiring.

80:11 Q. Were you aware that usury is a crime under the
80:12 Cheyenne River Sioux Tribe law?
80:13 A. I'm aware it's not a crime. I'm aware they
80:14 don't have a usury law.
80:15 Q. And what's your information -- your source of
80:16 information?
80:17 A. I also know they passed the Uniform Commercial
80:18 Code in order to make it coincide with South Dakota so
80:19 they could actually encourage lenders to operate on the
80:20 reservation. And when they did that, that did away with
80:21 any usury law.
80:22 I'm also aware that the bank's numerous
80:23 business, even the bank we loaned to, the tribal

80:24 entities and their interest was significantly higher.

80:25 Q. And what's the source of that information that

81:1 you just told me?

81:2 A. I've actually seen the commercial code from

81:3 corporate legal counsel. I've also researched it and

81:4 documented it. I've also had personal verification from

81:5 tribal councilmen that passed that code.

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