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UNITED STATES DISTRICT COURT  
FOR THE WESTERN DISTRICT OF MISSOURI

NOSTRUM LABORATORIES, INC., )  
)  
Plaintiff, )  
) Case No.  
vs. ) 4:16-cv-01040-W-ODS  
)  
BALBOA CAPITAL CORPORATION, )  
)  
Defendant. )  
----- )

DEPOSITION OF DONALD F. HANSEN, JR.  
Costa Mesa, California  
Monday, March 5, 2018

Reported by:  
Shari Stellhorn  
CSR No. 2807  
  
Job No. 2834397

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 BALBOA CAPITAL CORPORATION, )  
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 Defendants. )  
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Deposition of DONALD F. HANSEN, JR., taken on behalf of Defendant, at 575 Anton Boulevard, 12th Floor, Costa Mesa, California, beginning at 8:07 a.m. and ending at 9:40 a.m. on Monday, March 5, 2018, before Shari Stellhorn, Certified Shorthand Reporter No. 2807.

1 Q Okay. And what was your general  
2 responsibilities as the V.P. of commercial finance?

3 A Still did some solicitation of businesses,  
4 but I oversaw a team of account executives that  
5 focused on middle market companies.

6 Q Okay. And how long were you in the  
7 position of V.P. of commercial finance?

8 A 18 years.

9 Q So that would take us to 20 --

10 A '13.

11 Q '13, 2013.

12 And did you leave Balboa Capital in 2013?

13 A I did.

14 Q What month, day if you remember, in 2013  
15 but what month?

16 A December 13th, 2013.

17 Q And at that time did you leave to start  
18 your own finance company?

19 A Yes.

20 Q And is that Regents Capital?

21 A Yes.

22 Q And would it be fair to say that Regents  
23 Capital is a competitor of Balboa?

24 A Yes.

25 Q Mr. Hansen, I'm going to ask the court

1 reporter to hand you what's previously been marked  
2 deposition Exhibit 55. If you'll take a moment to  
3 look at that.

4 Mr. Hansen, Deposition Exhibit 55 is an  
5 e-mail from Carlton Asher to you at Regents Capital  
6 dated September 29th, 2014; is that correct?

7 A Correct.

8 Q And, just for the record, it's marked  
9 Confidential and it bears Bates number NLI 0001685.

10 And this is an e-mail from Mr. Asher to you  
11 after you've left Balboa and gone to Regents  
12 Capital; correct?

13 A Correct.

14 Q And he's asking you to confirm Nostrum's  
15 understanding of the master lease Agreement that you  
16 entered into on behalf of Balboa with Nostrum;  
17 correct?

18 MR. ABRAMS: Objection as to form.

19 THE WITNESS: You know, my interpretation  
20 of this e-mail is him rearticulating his  
21 understanding of the agreement and looking for me to  
22 concur.

23 BY MR. DUNN:

24 Q Okay. So by him, you mean you understood  
25 him to be articulating Nostrum's understanding of

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1 the master lease agreement; correct?

2 A Or Carlton.

3 Q Okay. And he was, as you mention, asking  
4 you to confirm that it was what Nostrum refers to as  
5 a capital lease; is that correct?

6 A Yes.

7 Q Okay. And do you recall responding to  
8 Mr. Asher's inquiry about his understanding?

9 A I recall a phone call. I don't recall  
10 responding to this e-mail or having an e-mail in  
11 response to it, but I know that there was a phone  
12 call that we had had.

13 Q Okay. So you're not aware of ever  
14 responding to this in writing; correct?

15 A I don't recall, no.

16 Q But you do recall there was a phone call  
17 subsequent to this e-mail; correct?

18 A Yes.

19 Q And it's your understanding that Nostrum  
20 was asking you to confirm -- let me put it this way.  
21 At least Mr. Asher was asking you to confirm his  
22 understanding that the master lease was a capital  
23 lease, that's what you understood him to be asking;  
24 correct?

25 A Yes, yes.

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1 Q Ask the court reporter to mark Deposition  
2 Exhibit No. 93.

3 (Exhibit 93 was marked for identification  
4 by the court reporter.)

5 BY MR. DUNN:

6 Q If you could, Mr. Hansen, please take a  
7 look at -- this is an excerpt from the deposition of  
8 Mr. Asher. If you could take just a moment and read  
9 lines -- starting on Page 109 through Line 15  
10 through 117 through Line 6, please.

11 A Where did you want me to stop?

12 Q I'm sorry. That is probably a little more  
13 inclusive than it needed to be.

14 If you could take a look at line or  
15 Page 116, start with Line 8, that will get us there  
16 a little faster. I apologize. You can go through  
17 117, 14.

18 A Okay.

19 Q Mr. Hansen, Mr. Asher's testimony confirms  
20 your testimony that there was a follow-up phone  
21 call; correct, concerning his e-mail?

22 A Correct.

23 Q And what was your response to his inquiry  
24 in the e-mail?

25 A That the transactions were operating.

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1 Q Okay. And that it had always been your  
2 understanding that they were operating leases?

3 A Correct.

4 Q And that was your understanding on behalf  
5 of Balboa; correct?

6 A Correct.

7 Q Okay. And it was always your intent that  
8 they it be an operating lease; correct?

9 A Correct.

10 Q And that was your intent on behalf of  
11 Balboa; correct?

12 A Correct.

13 Q Okay. And you believe that the terms of  
14 the master lease reflect that it was an operating  
15 lease; correct?

16 A Correct.

17 Q Okay. Which was consistent with your  
18 understanding and your intent; correct?

19 A Correct.

20 Q Have you had any conversations with  
21 Nostrum's counsel concerning this lawsuit other than  
22 Mr. Asher? We've talked about Mr. Asher. Have you  
23 had any other conversations?

24 A No.

25 Q Have you done any business with Nostrum

1 after opening Regents?

2 A Yes.

3 Q How much?

4 A We did one small transaction, maybe 50,000,  
5 if I recall.

6 Q Okay. And that was a lease?

7 A No.

8 Q Okay. What was that?

9 A It was an equipment finance agreement.

10 Q And that equipment finance agreement, would  
11 that allow Nostrum to be the owner of the equipment  
12 at the end of the agreement term?

13 A They're the owner of the equipment at the  
14 beginning of the term. It was an installment  
15 contract versus a lease.

16 Q So that agreement was purposely different  
17 than the one between Balboa and Nostrum?

18 A It was.

19 Q Just to clean up a little terminology, at  
20 least speaking of your time when you were at Balboa,  
21 Balboa would consider -- would interchangeably refer  
22 to a lease like the Nostrum lease as either a fair  
23 market value lease or an operating lease; right?

24 A Correct.

25 Q And those would be different in Balboa's

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1 terminology from a -- what Nostrum refers to as a  
2 capital lease; correct?

3 A Correct.

4 Q And you understand that a capital lease  
5 would be one in which the lessee owns the property  
6 at the end of the base lease term; correct?

7 A No.

8 Q Okay. I'm sorry. Go ahead.

9 A Capital lease the lessee has the option of  
10 purchasing the equipment at the end, usually through  
11 some sort of bargain residual option, but they don't  
12 immediately -- was there is no immediate transfer of  
13 title.

14 Q Understood.

15 Mr. Hansen, I don't have any further  
16 questions. Thank you for your time.

17  
18 EXAMINATION

19 BY MR. ABRAMS:

20 Q Mr. Hansen, I have a number of questions  
21 for you. My name is Mike Abrams. I represent  
22 Nostrum Laboratories. Thank you for being here.

23 You said that you were deposed one previous  
24 time. That was during tenure at Balboa; is that  
25 correct?

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