

Confidential - Subject to Protective Order

Page 1

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

- - -

SHOPKO STORES OPERATING CO.,	:	CASE NO. 8:16-cv-
L.L.C., and SVS TRUCKING,	:	00099 JLS (KESx)
L.L.C.,	:	
Plaintiffs,	:	
	:	
vs.	:	
	:	
BALBOA CAPITAL CORPORATION,	:	
Defendant.	:	

- - -

CONFIDENTIAL - SUBJECT TO PROTECTIVE ORDER
Tuesday, December 13, 2016

- - -

Videotaped deposition of DAVID L. WHITE, held
at MORGAN LEWIS & BOCKIUS, L.L.P., 600 Anton Boulevard,
Suite 1800, Costa Mesa, California, commencing at
approximately 9:27 a.m., before Rosemary Locklear, a
Registered Professional Reporter, Certified Realtime
Reporter and California CSR (#13969).

- - -

GOLKOW TECHNOLOGIES, INC.
877.370.3377 ph | 971.591.5672 Fax
deps@golkow.com

Golkow Technologies, Inc. - 877.370.DEPS

Confidential - Subject to Protective Order

Page 22	Page 24
<p>1 didn't have copies of their books so --</p> <p>2 Q. My question was a little different so listen to</p> <p>3 my question.</p> <p>4 A. Okay.</p> <p>5 Q. In all of your dealings with Shopko over the</p> <p>6 years, did anyone at Shopko tell you that they were</p> <p>7 classifying these leases as capital leases?</p> <p>8 A. These leases are traditionally capital leases.</p> <p>9 I would assume that they would classify them as capital</p> <p>10 leases. I don't have any recollection -- recollection</p> <p>11 as to confirmation about how necessarily they were</p> <p>12 booking them.</p> <p>13 Q. Okay. So if I understand your testimony, you</p> <p>14 assumed that they were -- that they were classified as</p> <p>15 capital leases because of your experience in how a</p> <p>16 company does -- companies do this but you don't recall</p> <p>17 ever having a discussion with anyone at Shopko where</p> <p>18 they told you they were classifying these as capital</p> <p>19 leases.</p> <p>20 Is that your testimony?</p> <p>21 A. I don't recall, no.</p> <p>22 Q. For -- you do understand, I take it, that for</p> <p>23 each of the 13 capital leases at issue in this case,</p> <p>24 Balboa charged Shopko a pro-rata payment for interim</p> <p>25 rent for 89/90th of a quarterly payment.</p>	<p>1 MR. DARCY: No.</p> <p>2 MR. BROWN: I'll restate --</p> <p>3 MR. DARCY: He's going to testifying testify at</p> <p>4 trial. Is it --</p> <p>5 MR. BROWN: I'll restate my question.</p> <p>6 BY MR. BROWN:</p> <p>7 Q. Please look into the camera and explain what the</p> <p>8 business purpose is for Balboa to charge Shopko 89/90ths</p> <p>9 of a quarterly payment as prorated or interim rent for</p> <p>10 each of these 13 leases.</p> <p>11 MR. DARCY: I'm going to object to the form of</p> <p>12 the question.</p> <p>13 You can answer the actual question, but to the</p> <p>14 extent that he directs you to do something like look</p> <p>15 into the camera, you can respond simply to him to answer</p> <p>16 his question.</p> <p>17 THE WITNESS: Okay.</p> <p>18 MR. BROWN: Fair enough. Let's do it</p> <p>19 differently.</p> <p>20 THE WITNESS: Okay.</p> <p>21 BY MR. BROWN:</p> <p>22 Q. Look at me, look into the camera, look wherever</p> <p>23 you would like, answer my question.</p> <p>24 A. Okay. Can you -- do you mind repeating the</p> <p>25 question?</p>
Page 23	Page 25
<p>1 Do you understand that?</p> <p>2 A. I understand that, yeah.</p> <p>3 Q. Okay. And if you would look into the camera and</p> <p>4 explain to the jury in this case what the business</p> <p>5 purpose was for Balboa to charge 89/90ths of a quarterly</p> <p>6 payment to Shopko as interim rent.</p> <p>7 MR. DARCY: I'm going to object the form.</p> <p>8 You don't have the right to direct the witness</p> <p>9 to how to answer the question. So you can --</p> <p>10 MR. BROWN: You can --</p> <p>11 MR. DARCY: If you have a question, ask the</p> <p>12 question but don't direct him to look into the camera.</p> <p>13 MR. BROWN: You can object to the form. If</p> <p>14 you're going to start your coaching and your</p> <p>15 inappropriate speaking objections in the first ten</p> <p>16 minutes of this deposition, it's going to go awfully</p> <p>17 long and we're going to get the Court involved.</p> <p>18 MR. DARCY: Okay. Let's get the Court involved.</p> <p>19 MR. BROWN: I'm perfectly --</p> <p>20 MR. DARCY: Let's get the Court involved, Troy.</p> <p>21 MR. BROWN: I'm perfectly entitled to tell this</p> <p>22 witness in a videotaped deposition who's testifying as a</p> <p>23 30(b)(6) designee for Balboa and his individual capacity</p> <p>24 in a videotaped deposition to tell the jury in response</p> <p>25 to my question what his view is.</p>	<p>1 Q. Sure.</p> <p>2 What is the business purpose for Balboa to</p> <p>3 charge Shopko 89/90ths of a quarterly payment as</p> <p>4 prorated or interim rent for each of the 13 leases at</p> <p>5 issue in this case?</p> <p>6 A. We --</p> <p>7 MR. DARCY: Objection as to form. Foundation.</p> <p>8 BY MR. BROWN:</p> <p>9 Q. You can answer.</p> <p>10 A. Okay. We charged interim rent because that's</p> <p>11 what it was agreed in the contract.</p> <p>12 Q. Was there a business purpose for it other than</p> <p>13 the fact that Balboa believes it was entitled to do so</p> <p>14 in the contract?</p> <p>15 MR. DARCY: Objection. Asked and answered.</p> <p>16 THE WITNESS: The interim rent was charged to</p> <p>17 cover the rent periods and which that rent covered.</p> <p>18 BY MR. BROWN:</p> <p>19 Q. I'm not following. Could you explain that to</p> <p>20 me?</p> <p>21 A. So each interim rent covered a certain time</p> <p>22 period of rental and the interim rent charged covered</p> <p>23 those days of rent for that equipment.</p> <p>24 Q. After Shopko had already received for Shopko's</p> <p>25 11 leases the equipment at issue; correct?</p>

7 (Pages 22 to 25)

Golkow Technologies, Inc. - 877.370.DEPS

Exhibit C, 4

Confidential - Subject to Protective Order

Page 26	Page 28
<p>1 A. I don't recall when the customer received each 2 type of equipment for 11 different types of leases -- 3 Q. Okay. 4 A. -- or -- 5 Q. Do you have a general understanding that Shopko 6 received the equipment at issue before the commencement 7 date that was identified by Balboa for each of the 8 leases at issue? Do you understand that, generally? 9 A. I -- generally, before the transaction will 10 fund, the customer has to receive the equipment. 11 Q. Okay. 12 A. Yes. 13 Q. And then Balboa elects what date within that 14 opening 90-day period it wants to identify as the date 15 to start running pro-rata rent; correct? 16 A. Correct. 17 Q. And for each of these 13 dates Balboa could 18 pick, according to Balboa's view, if I understand it, 19 anywhere from day 1 to day 89. Is that fair? 20 A. Well, it's not Balboa's view. That's what the 21 contract states. 22 Q. Well, the contract states Balboa can pick any 23 day it wants within the -- 24 A. In the -- 25 Q. -- 1 to 89.</p>	<p>1 question, just tell me you don't understand and I'll try 2 to restate it so you do. Okay? Is that fair? 3 A. Okay. 4 Q. Okay. So let's assume a lease is entered into 5 on August 21st of a date -- of year. Pick a year. 6 Okay? Do you understand? 7 A. Okay. 8 Q. And let's assume October 1 is the start of the 9 next quarter. Would that be fair? 10 A. Okay. If you're referring to a calendar 11 quarter, then yes. 12 Q. Yeah, calendar quarter. 13 Balboa could choose October 1, if it wanted to, 14 under Balboa's view of the contract; correct? 15 MR. DARCY: Objection as to form to the extent 16 it calls for a legal conclusion. 17 THE WITNESS: It's not Balboa's view of the 18 contract, sir; it's that's what the contract says. We 19 can start the base term any time in the following 20 quarter. 21 BY MR. BROWN: 22 Q. Well, then is it a legal conclusion? Are you 23 telling me what your interpretation of the contract is? 24 MR. DARCY: Objection as to form. 25 THE WITNESS: Can you -- can you repeat the</p>
Page 27	Page 29
<p>1 A. -- following quarter. 2 Q. I'm sorry? 3 A. In the following quarter. 4 Q. Right. So if I understand quarters, there are 5 90 days in a quarter; correct? 6 A. Correct. 7 Q. So Balboa could have picked day 1; correct? 8 A. The contract allows us to pick any day in the 9 following quarter. 10 Q. So does that mean Balboa could pick day one? 11 A. Balboa could pick day 1 if we chose. 12 Q. And Balboa could pick the first day of the 13 subsequent start of a quarter; correct? 14 A. We -- 15 MR. DARCY: I'm going to object to form -- 16 THE WITNESS: We could. 17 MR. DARCY: -- to the extent the foundation, I 18 don't know that we've established if we're talking about 19 calendar quarters or are we just talking about 90-day 20 periods? 21 BY MR. BROWN: 22 Q. Mr. White, if you don't understand one of my 23 questions, your attorney can object to form and then you 24 can feel free to tell me, I'm sorry, I don't understand, 25 could you restate it? If you don't understand my</p>	<p>1 question? 2 MR. BROWN: Yeah. 3 BY MR. BROWN: 4 Q. You just told me it's not a legal conclusion; 5 it's what the contract says. So I'm asking you, are you 6 interpreting the contract and telling me what you 7 believe your interpretation of the contract is? 8 MR. DARCY: Objection as to form. 9 THE WITNESS: I'm just telling you what the 10 contract says. 11 MR. BROWN: Okay. 12 THE WITNESS: Uh-huh. 13 BY MR. BROWN: 14 Q. And Balboa has to interpret that contract and 15 decide when to identify the date it's going to pick as a 16 commencement date; correct? 17 MR. DARCY: Objection as to form. 18 THE WITNESS: The contract allows us to pick 19 base term start date any time in the following quarter. 20 MR. BROWN: Right. 21 BY MR. BROWN: 22 Q. You pick that, you, Balboa; correct? 23 A. Balboa has the ability, per the contract, to 24 pick that date, correct. 25 Q. Right. But the customer doesn't pick it;</p>

8 (Pages 26 to 29)

Golkow Technologies, Inc. - 877.370.DEPS

Exhibit C, 5

Confidential - Subject to Protective Order

Page 30	Page 32
<p>1 correct?</p> <p>2 A. Correct.</p> <p>3 Q. And Balboa can pick any day between 1 and 89, in</p> <p>4 Balboa's view; correct?</p> <p>5 MR. DARCY: Objection as to form. Vague.</p> <p>6 THE WITNESS: Balboa can pick any date in the</p> <p>7 following quarter.</p> <p>8 BY MR. BROWN:</p> <p>9 Q. And in every one of the 13 leases at issue</p> <p>10 Balboa picked day 89. Is that fair?</p> <p>11 MR. DARCY: Objection as to form.</p> <p>12 THE WITNESS: In all of the 13 leases at</p> <p>13 question, Balboa picked a date in the following quarter.</p> <p>14 I don't, you know, have the contracts in front of me.</p> <p>15 BY MR. BROWN:</p> <p>16 Q. So is it your testimony, sitting here right now,</p> <p>17 that you don't know that Balboa picked day 89 so that</p> <p>18 there was an 89/90th payment charged to Shopko --</p> <p>19 A. It's my understanding --</p> <p>20 Q. Let me finish my question and then you can</p> <p>21 finish your answer.</p> <p>22 A. Okay.</p> <p>23 Q. So that there was a charge made by Balboa to</p> <p>24 Shopko of 89/90ths for prorated rent for all 13 leases.</p> <p>25 Do you not know that, sitting here today?</p>	<p>1 identified for?</p> <p>2 A. I reviewed all the documents that the attorneys</p> <p>3 requested that I review in preparation for this --</p> <p>4 Q. Okay.</p> <p>5 A. -- deposition.</p> <p>6 Q. So in preparation for your corporate designee</p> <p>7 testimony, you reviewed documents that your attorneys</p> <p>8 provided you; is that correct?</p> <p>9 A. Correct.</p> <p>10 Q. Okay. What documents were they?</p> <p>11 A. I don't recall the specific documents.</p> <p>12 Q. Do you recall them generally?</p> <p>13 For example, sir, did you recall the -- did you</p> <p>14 review the lease files for each of the 13 leases at</p> <p>15 issue?</p> <p>16 A. In preparation for this deposition, I don't know</p> <p>17 that I reviewed each -- each lease file, no.</p> <p>18 Q. Do you recall any lease file, sitting here</p> <p>19 today, that you specifically reviewed to prepare</p> <p>20 yourself to testify as a designee on behalf of Balboa in</p> <p>21 this case?</p> <p>22 A. Right. I've reviewed the Master Lease, I've</p> <p>23 reviewed, you know, the lease schedules.</p> <p>24 This is a customer I did lots of business with</p> <p>25 and I'm very familiar with the contracts that we did</p>
Page 31	Page 33
<p>1 A. It's my understanding that there was 89/90th</p> <p>2 charged on prorated rent for all the leases.</p> <p>3 Q. Okay. And you're the -- you're the designee for</p> <p>4 Topic 8, which is disclosures of Balboa's intent to</p> <p>5 withdraw 89/90ths of a quarterly payment for each of the</p> <p>6 13 leases. You understand that? We went through that a</p> <p>7 moment ago?</p> <p>8 A. Yes.</p> <p>9 Q. Okay. And did you do any prep to be able to</p> <p>10 answer my questions here today --</p> <p>11 MR. DARCY: Objection --</p> <p>12 BY MR. BROWN:</p> <p>13 Q. On that topic?</p> <p>14 MR. DARCY: -- to the extent it calls for</p> <p>15 attorney-client privilege.</p> <p>16 Sir, you can -- you can't disclose any</p> <p>17 conversations you had with your lawyer.</p> <p>18 BY MR. BROWN:</p> <p>19 Q. Did you prepare to testify about that topic?</p> <p>20 A. I met with the attorneys about preparing for</p> <p>21 this deposition.</p> <p>22 Q. Other than speaking with attorneys, did you do</p> <p>23 any independent assessment of the documents at issue so</p> <p>24 that you could educate yourself to testify as a 30(b)(6)</p> <p>25 designee on behalf of Balboa on the topics you've been</p>	<p>1 over time but I don't know that I did independent</p> <p>2 preparation in reference to those -- those documents.</p> <p>3 Q. Okay. And so let's go back to my original</p> <p>4 question. I'm trying to understand.</p> <p>5 In addition or other than Balboa's view that it</p> <p>6 could pick a date in the subsequent quarter as a</p> <p>7 commencement date and then pick some day between 1 and</p> <p>8 89 to identify the prorated rent it was going to charge</p> <p>9 on top of the scheduled quarterly payments, was there</p> <p>10 any business purpose for Balboa doing prorated rent</p> <p>11 other than because you believed you had a right to do it</p> <p>12 under the contract?</p> <p>13 MR. DARCY: Objection as to form.</p> <p>14 BY MR. BROWN:</p> <p>15 Q. You can answer.</p> <p>16 A. Again, it's not my view of the contract. I</p> <p>17 believe the contract says what it says and I believe</p> <p>18 that, I firmly believe that my customer understood what</p> <p>19 they were signing and reviewed all the documents and,</p> <p>20 you know, agreed to all of the interim rent.</p> <p>21 Q. My question was, a business purpose other than</p> <p>22 your belief that it's your right under the contract to</p> <p>23 charge it.</p> <p>24 Is there any other business purpose you can</p> <p>25 testify about today for charging 89/90ths of a quarterly</p>

9 (Pages 30 to 33)

Golkow Technologies, Inc. - 877.370.DEPS

Exhibit C, 6

Donald F. Hansen, Jr.

Page 1

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

- - -

SHOPKO STORES OPERATING CO.,	:	CASE NO. 8:16-cv-
L.L.C., and SVS TRUCKING,	:	00099 JLS (KESx)
L.L.C.,	:	
Plaintiffs,	:	
	:	
vs.	:	
	:	
BALBOA CAPITAL CORPORATION,	:	
Defendant.	:	

- - -

Tuesday, January 17, 2017

- - -

Videotaped deposition of DONALD F. HANSEN, JR., held at MORGAN LEWIS & BOCKIUS, L.L.P., 600 Anton Boulevard, Suite 1800, Costa Mesa, California, commencing at approximately 10:05 a.m., before Rosemary Locklear, a Registered Professional Reporter, Certified Realtime Reporter and California CSR (#13969).

- - -

GOLKOW TECHNOLOGIES, INC.
877.370.3377 ph | 971.591.5672 Fax
deps@golkow.com

Donald F. Hansen, Jr.

<p style="text-align: right;">Page 22</p> <p>1 (Exhibit Hansen-4 was marked for 2 identification.) 3 MR. BROWN: We'll mark this. 4 BY MR. BROWN: 5 Q. You can turn your LinkedIn profile over. We'll 6 mark this as Hansen-4. 7 MR. BROWN: I only have three total copies so 8 you'll have to share on that one. 9 BY MR. BROWN: 10 Q. What I've marked as Hansen-4 is a printout from 11 this morning of the Regents Capital website section 12 addressing capital leases. 13 I take it you're familiar with this document? 14 A. I am. 15 Q. And would you represent that, looking at it, it 16 is a fair printout of the Capital Leases section of 17 Regents Capital's website? 18 A. It is. 19 Q. If you turn to the second page of what I've 20 marked under Capital Leases, for marketing purposes, 21 there's a -- there are five essentially bullets or 22 blocks and under -- you see where it says "Lower 23 Financing Costs"? 24 A. Yes. 25 Q. And the start of that reads, lower costs with no</p>	<p style="text-align: right;">Page 24</p> <p>1 BY MR. BROWN: 2 Q. You can answer. 3 MS. BROSAN: I don't know if that information 4 is considered confidential and propriety or not. 5 THE WITNESS: Yeah. I mean, interim rent is a 6 general practice within the industry, from what we've 7 found, so, yeah, we have -- our -- our -- our language 8 includes interim rent. 9 BY MR. BROWN: 10 Q. So we'll go through some documents here. 11 Does your language in Regents Capital's Master 12 Lease Agreement for capital leases allow Regents to pick 13 a commencement date that would allow it to charge 89 14 days of interim rent to a customer prior to a first 15 scheduled quarterly payment? 16 A. The customer allows us to select the 17 commencement date in the language. 18 Q. So if I'm understanding your answer, the answer 19 is -- and I take it you were familiar with the Master 20 Lease Agreement used for capital leases by Balboa when 21 you were its vice-president of commercial financing? 22 A. I am. 23 Q. Does the interim rent provision in the Master 24 Lease Agreement for capital leases for Regents follow a 25 similar general approach, based on your understanding</p>
<p style="text-align: right;">Page 23</p> <p>1 hidden charges, non-utilization fines or fees and fine 2 print. 3 Do you see that? 4 A. I do. 5 Q. What does that refer to? 6 A. Compared to our main competitor, which is 7 generally banks, we don't have significant fees for not 8 using an approved capital line, monthly service charges, 9 et cetera. 10 You know, our main competitors at Regents are 11 banks and banks' practices, from our general opinion, is 12 usually more of a fee-based model than a 13 transactional-based model. 14 Q. In connection with capital leases that are 15 written with customers for commercial clients of Regents 16 Capital, does Regents use a Master Lease Agreement? 17 A. We do. 18 Q. And then does Regents use lease schedules? 19 A. We do. 20 Q. Does Regents have a provision in its Master 21 Lease Agreement as it relates to capital leases that 22 allows Regents to charge prorated rent prior to a first 23 quarterly payment? 24 MS. BROSAN: I'm going to object to the extent 25 it calls for confidential and proprietary information.</p>	<p style="text-align: right;">Page 25</p> <p>1 sitting here today? 2 A. It is similar. 3 Q. Okay. All right. Put that aside. 4 In 2012 and 2013 what -- how would you describe 5 your duties and responsibilities as vice-president of 6 the commercial finance division at Balboa? 7 A. I was directly responsible for most of the 8 credit and debt underwriting and syndication so -- as 9 well as overseeing the sales team and general -- general 10 business flow or transaction flow of transactions within 11 our division. 12 Q. And in 2012, for example, did Mr. White report 13 up through you? 14 A. He did. 15 (Exhibit Hansen-5 was marked for 16 identification.) 17 MR. BROWN: I'll mark this as Hansen-5. 18 You can pass these around, Tiffany. 19 Thank you. 20 BY MR. BROWN: 21 Q. Hansen-5 I see you've flipped through. 22 Do you recognize this as the lawsuit that Balboa 23 filed against you and others as well as Regents Capital 24 in early 2014 after you left the company to form Regents 25 Capital?</p>

7 (Pages 22 to 25)

Donald F. Hansen, Jr.

Page 62	Page 64
<p>1 Q. Is it your understanding that that's standard 2 industry practice? 3 MR. BROWN: Objection to form. 4 THE WITNESS: Yes. 5 BY MR. DARCY: 6 Q. You've been in the industry for how long? 7 A. 22 years. 8 Q. All on the sales side of the business? 9 A. Yes. 10 Q. And during that period, can you estimate, 11 ballpark, how many capital leases you've had occasion to 12 negotiate? 13 A. Thousands. 14 Q. And in that -- in those 22 years, have you had 15 opportunity to see your competitors' documentation? 16 A. Yes. 17 Q. And in your competitors' documentation do you 18 see interim rent or pro-rata rent provisions? 19 MR. BROWN: Objection to form. 20 THE WITNESS: I do. 21 BY MR. DARCY: 22 Q. And you see those even in capital leases? 23 A. Yes. 24 Q. Did it strike you as unusual or odd that Balboa 25 Capital Corporation would charge Shopko pro-rata or</p>	<p>1 customers that objected to pro-rata or interim rent? 2 MR. BROWN: Objection to form. 3 THE WITNESS: Our standard, if it was during the 4 documentation phase prior to executing a transaction, we 5 would amend documentation to eliminate the interim rent 6 provision, which would necessitate repricing the 7 transaction, you know, based upon the initial 8 assumptions made inclusive of interim rent. 9 If it was post funding of the transaction, we 10 would review the documentation and go line by line with 11 the client articulating the interim rent provision in 12 the document. 13 BY MR. DARCY: 14 Q. So if they objected at the document -- during 15 the documentation phase, you said you would -- it was 16 your regular and ordinary practice to reprice the 17 transaction; correct? 18 A. Yeah. If the -- if they were not going to be 19 conducive to having interim rent charged, that was an 20 economic component of the transaction so we would have 21 to adjust the payment or term, et cetera, to, you know, 22 reset the transaction without the interim expectation. 23 Q. So when you say "adjust the payment," so you 24 might adjust the lease rate, for example? 25 A. Correct.</p>
Page 63	Page 65
<p>1 interim rent in the transaction that's at issue in this 2 litigation? 3 MR. BROWN: Objection to form. 4 THE WITNESS: No. 5 BY MR. DARCY: 6 Q. Did you consider it to be deceptive or tricky 7 that they charged pro-rata or interim rent in this 8 particular transaction? 9 MR. BROWN: Objection to form. 10 THE WITNESS: No. 11 BY MR. DARCY: 12 Q. And, in fact, had Regents been faced with the 13 same business opportunity, it would have charged, based 14 on its custom and business and practice, interim or 15 pro-rata rent to Shopko; correct? 16 MR. BROWN: Objection. 17 MS. BROSAN: Objection. Calls for -- 18 MR. BROWN: Calls for speculation. 19 MS. BROSAN: Same objection. 20 THE WITNESS: It could have been considered. 21 BY MR. DARCY: 22 Q. When you worked at Balboa, did prospective 23 customers ever object to interim or pro-rata rent? 24 A. Yes. 25 Q. Okay. And what did Balboa do in response to</p>	<p>1 Q. Could you change the -- would you or was it your 2 custom and practice to change the end-of-term option? 3 MR. BROWN: Objection to form. 4 THE WITNESS: If it were a way to recast the 5 transaction to everybody's satisfaction, you can do that 6 as well. 7 MR. DARCY: Okay. 8 BY MR. DARCY: 9 Q. So, for example, you could make it a 10 fixed-purchase option of a certain dollar amount or you 11 might make it an FMV option; correct? 12 MR. BROWN: Object. 13 BY MR. DARCY: 14 Q. Is that correct? 15 MR. BROWN: Object. Sorry. Objection to form. 16 THE WITNESS: Correct. 17 BY MR. DARCY: 18 Q. When I say "FMV," do you have an understanding 19 of what I mean? 20 A. Fair-market-value residual. 21 Q. What's a debt rate? 22 A. Depends on the context but, you know, in -- on 23 my level of responsibility at the time of this 24 transaction, if I were talking about debt rate, I would 25 be referring to the cost of funds from the identified</p>

17 (Pages 62 to 65)


From: Don Hansen <donfh@balboacapital.com>
Sent: Tuesday, August 14, 2012 12:03 PM
To: Bee B. Le <beebl@balboacapital.com>; David L. White <davidlw@balboacapital.com>
Cc: Sophia Fields <sophiaf@balboacapital.com>; Robert J. Rasmussen <robertjr@balboacapital.com>
Subject: RE: Shopko 001 - Interim Invoice
Attach: Interest Settlement Calc.xls

Actually, I think this is quite an easy fix.

- 1) We don't want to bill the client for any more than 89 days. We will not be able to explain well why the interim payment is greater than a regular payment. We should move the interim rent commencement date forward -(toward the date that we actually released funds) 7-29-12 would be 89 days.
- 2) The prefund interest settlement (to cover the float) is overstated on the transmittal. See attached spread.

These two fixes I believe resolve this one.

- DH

 Description: Don Hansen
Balboa Capital Corporation
http://www.balboacapital.com/tutorials/signature.js?signature.js
a <http://www.balboacapital.com>





From: Bee B. Le
Sent: Tuesday, August 14, 2012 8:43 AM
To: David L. White; Don Hansen
Cc: Sophia Fields; Robert J. Rasmussen
Subject: RE: Shopko 001 - Interim Invoice

There is no change that can be made unless the non-recourse installment note is re-done.

Interim is billed from 07/19/12 to 10/26/12 (100 days). The interim rent amount is \$44,363.13 (\$39,926.84 / 90 * 100) and is the max that can be billed unless the commence date is moved further out which requires the changing of the non-recourse installment note which will change the proceeds received from the D/S – a refund will need to be made to them.

Let me know what you want to do soon. I have a full schedule today. I worked on this deal until 8:15 pm last so I want to move forward with working on other tasks.

Thanks,
Bee



Bee B. Le
Balboa Capital Corporation
Controller
Accounting
tel. 949-553-3461
fax. 949-399-3161
beebl@balboacapital.com
<http://www.balboacapital.com>

usemap="#MicrosoftOfficeMap0"><http://www.balboacapital.com>





From: Robert J. Rasmussen
Sent: Monday, August 13, 2012 9:51 PM
To: David L. White
Cc: Bee B. Le; Sophia Fields; Don Hansen
Subject: Re: Shopko 001 - Interim Invoice

Please ensure there is alignment first thing Tuesday morning.

Hansen #9

From: Don Hansen <donfh@balboacapital.com>
Sent: Tuesday, August 28, 2012 9:18 PM
To: David L. White <davidlw@balboacapital.com>
Subject: RE: SHOPKO STORES OPERATING CO., LLC - 171984-004

Hogs get fat and pigs get slaughtered.

Why rock the boat for 2k?

On Aug 28, 2012, at 6:13 PM, "David L. White" <davidlw@balboacapital.com> wrote:

Don,

What do you think? This was the titled vehicle deal. So technically the trucks were not delivered when we funded. Should we bill for prefund interim?

-DW

<!--[if vml]-->
David L. White
Balboa Capital Corporation
Senior Account Executive
Commercial Finance Division
tel. 949-399-6372
fax. 949-224-2772
davidlw@balboacapital.com
http://www.balboacapital.com

From: Bee B. Le
Sent: Tuesday, August 28, 2012 5:51 PM
To: David L. White
Cc: Don Hansen
Subject: RE: SHOPKO STORES OPERATING CO., LLC - 171984-004

David,

Based on the prefunding date and the commence date, there is a prefunding period from 08/15/12 to 08/25/12 plus a 89 days of interim rent for the period from 08/26/12 to 11/24/12. Prefunding interest will be $21,883.67/90 \times 10 = \$2,451.32$ and interim rent will be $21,883.67/90 \times 89 = \$21,640.52$.

Let me know if you want to invoice for prefunding.

Thanks,
Bee

-----Original Message-----

From: David L. White
Sent: Monday, August 27, 2012 10:10 AM
To: Bee B. Le
Cc: Jeanette O. Huynh; Don Hansen
Subject: RE: SHOPKO STORES OPERATING CO., LLC - 171984-004

Attached is the interested settlement calc for the 004 deal that just funded today.

THanks!

David L. White
Balboa Capital Corporation
Senior Account Executive
Commercial Finance Division
tel. 949-399-6372
fax. 949-224-2772
davidlw@balboacapital.com
http://www.balboacapital.com

-----Original Message-----

From: Bee B. Le
Sent: Thursday, August 23, 2012 9:04 AM
To: David L. White
Subject: RE: SHOPKO STORES OPERATING CO., LLC - 171984-002

The due date in the system is 09/12/12 for the interim rent. Not sure why the notification shows 09/21/12, however

#10