

# EXHIBIT C

1 UNITED STATES OF AMERICA

2 Before the

3 CONSUMER FINANCIAL PROTECTION BUREAU  
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5 In the Matter of :  
6 : Administrative Proceeding  
7 INTEGRITY ADVANCE, LLC : File No. 2015-CFPB-0029  
8 and JAMES R. CARNES, :  
9 Respondent. :

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11 REPORTER'S OFFICIAL TRANSCRIPT OF PROCEEDINGS  
12 HEARING (Volume I of III)

13  
14 Washington, D.C.  
15 Tuesday, July 19, 2016

16 BEFORE:

17 HONORABLE PARLEN L. MCKENNA, ADMINISTRATIVE LAW JUDGE  
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1 **APPEARANCES:**

2 **For the Agency:**

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4 Wendy J. Weinberg, Esquire  
5 Vivian W. Chum, Esquire  
6 Craig A. Cowie, Esquire

7 **For the Respondent:**

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12 Hillary S. Profita, Esquire  
13 Venable, LLP, Washington, D.C. 20004

14 **On Behalf of Mr. Edward Foster**

15 Gerald S. Sachs, Esquire

16 **ALSO PRESENT:**

17 For the Administrative Law Judge:  
18 Heather MacClintock, Esquire  
19 Lauren S. Staiti, Esquire  
20 Sally Gessner, Official Court Reporter

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T A B L E O F C O N T E N T S

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3 OPENING STATEMENTS  
4 By Mr. Wheeler I-9  
By Ms. Baker I-17

5 ENFORCEMENT COUNSEL WITNESSES:  
6 DIRECT CROSS REDIRECT  
Timothy Madsen I-27 I-66 --  
Bruce Andonian I-70 I-82 I-89  
7 James R. Carnes I-93 -- --

8 ENFORCEMENT COUNSEL'S EXHIBITS: ADMITTED INTO EVIDENCE

9 Exhibit No. 15 I-195  
10 Exhibit No. 16 I-198  
11 Exhibit Nos. 17-38 I-208  
12 Exhibit Nos. 39-40 I-208  
13 Exhibit No. 41 I-197  
14 Exhibit No. 42 I-183  
15 Exhibit No. 43 I-190  
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17 Exhibit No. 45 I-160  
18 Exhibit No. 53 I-124  
19 Exhibit No. 54 I-128  
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21 Exhibit No. 85 I-133  
22 Exhibit No. 87 I-177  
23 Exhibit No. 88 I-179  
24 Exhibit No. 91 I-172

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1 time that I was employed there.

2 Q. And who did you talk to about administrative  
3 items like your salary and your benefits?

4 A. It didn't really come up very often.

5 Q. Okay. How would you characterize the  
6 difference in the types of items that you talked to  
7 Mr. Carnes about as opposed to Mr. Foster?

8 A. Well, again I think with Mr. Foster it was  
9 more focused around legal, where we were at, needs  
10 around agreements, or adjustments to language that may  
11 need to be put out on some of our websites or  
12 communications with consumers. With Mr. Carnes we  
13 discussed more around the lead purchases, you know,  
14 what was happening volume-wise and performance of  
15 those.

16 Q. I would like to show you Exhibit 65, the  
17 organizational chart for Integrity Advance. It's  
18 pretty small -- there we go, that's better, can you see  
19 that?

20 A. Yes.

21 Q. If not, there's books --

22 A. No, I'm fine.

23 Q. -- that are next to you that might make it...

24 A. No, I'm fine.

25 Q. So your testimony previously was that you

1 JUDGE McKENNA: They wanted to keep the lawyer  
2 away from the rest of the people?

3 THE WITNESS: Most people try to do that.

4 MS. WEINBERG: Brave of you to make a lawyer  
5 joke in a room full of lawyers.

6 BY MS. WEINBERG:

7 Q. Did Integrity Advance handle its customer  
8 service function directly through the office in which  
9 you worked?

10 MS. BAKER: Objection, foundation.

11 JUDGE McKENNA: State it again.

12 BY MS. WEINBERG:

13 Q. Did Integrity Advance handle its customer  
14 service function, meaning were consumers talked to  
15 directly, and were the applications processed directly  
16 through the office in which you worked?

17 MS. BAKER: Same objection, Your Honor.

18 JUDGE McKENNA: All right. Overruled. Answer  
19 it if you know the answer to it.

20 THE WITNESS: Can you clarify when you say  
21 consumer support? It's very broad.

22 BY MS. WEINBERG:

23 Q. Did Integrity Advance use a call center?

24 A. Yes.

25 Q. To speak directly with its customers?

1 A. Yes.

2 Q. And where was that call center?

3 A. We had one call center there in Overland Park,  
4 Kansas that we used for quite some time. And then,  
5 eventually it was transitioned to a call center in  
6 Delaware, I believe it was.

7 Q. And when did that happen?

8 A. I don't recall the exact year.

9 Q. And what, what activities did the call center  
10 undertake for Integrity Advance?

11 A. Generally they spoke with our consumers as  
12 they, they work the leads that came into the system  
13 that we utilized. They would reach out to the  
14 consumer, they would try to help them with the process  
15 of completing their, their loan.

16 COURT REPORTER: I'm sorry, I didn't hear the  
17 end of that.

18 THE WITNESS: They would work with the  
19 consumers over the phone to help them complete their  
20 loan.

21 JUDGE McKENNA: All right. Now the call  
22 center, were they outgoing calls from the call center  
23 to the lead, or were customers calling into the call  
24 center, or both?

25 THE WITNESS: Both.