

IN THE SUPREME COURT OF THE STATE OF NEVADA

SPANISH HEIGHTS ACQUISITION
COMPANY, LLC; SJC VENTURES
HOLDING COMPANY, LLC,

Appellants

vs.

CBC PARTNERS I, LLC; CBC
PARTNERS, LLC; 5148 SPANISH
HEIGHTS, LLC; KENNETH ANTOS
AND SHEILA NEUMAN-ANTOS;
DACIA, LLC

Respondents.

Case No. 82868

Electronically Filed
Nov 10 2021 01:30 p.m.
Elizabeth A. Brown
Clerk of Supreme Court

APPEAL

from a decision in favor of Respondent
entered by the Eighth Judicial District Court, Clark County, Nevada
The Honorable Elizabeth Gonzalez, District Court Judge
District Court Case No. A-20-813439-B

APPELLANTS' APPENDIX VOLUME XV

DATE	DESCRIPTION	VOLUME	PAGES
10/19/2020	Appendix of Exhibits to Defendants/Counterclaimants' Opposition to Plaintiffs' Renewed Application for Temporary Restraining Order and Motion for Preliminary Injunction	III/IV/V/VI	AA0525-1282
12/24/2020	Appendix of Exhibits to Defendants/Counterclaimants' Opposition to Plaintiffs' Renewed Application for Temporary Restraining Order and Motion for	X/XI/XII/XIII/XIV	AA2178-3213

	Preliminary Injunction on Order Shortening Time		
04/29/2021	Case Appeal Statement	XVIII	AA4238-4243
04/09/2020	Complaint	I	AA0001-0010
05/04/2021	Cost Bond on Appeal	XVIII	AA4244-4247
06/04/2021	Court Minutes for Motion to Reconsider	XIX	AA4432
01/11/2021	Court Minutes for Renewed Motion to Dismiss First Amended Complaint as to Dacia, LLC or in the Alternative Motion for Summary Judgment	XVI	AA3589
12/24/2020	Declaration of Alan Hallberg in Support of Defendants/Counterclaimants' Opposition to Plaintiffs' Renewed Application for Temporary Restraining Order and Motion for Preliminary Injunction on Order Shortening Time	X	AA2169-2171
11/09/2020	Declaration of Kenneth M. Antos in Support of Defendants/Counterclaimants' Opposition to Plaintiffs' Renewed Application for Temporary Restraining Order and Motion for Preliminary Injunction	VI	AA1300-1327
12/24/2020	Declaration of Kenneth M. Antos in Support of Defendants/Counterclaimants' Opposition to Plaintiffs' Renewed Application for Temporary Restraining Order and Motion for Preliminary Injunction on Order Shortening Time	X	AA2172-2177
04/27/2020	Defendant CBC Partners I, LLC's Answer to Complaint and	I	AA0022-0045

	Counterclaimants' 5148 Spanish Heights, LLC and CBC Partners I, LLC Counterclaim Against Spanish Heights Acquisition Company, LLC, SJC Ventures, LLC, SJC Ventures Holding Company, LLC, and Jay Bloom		
06/10/2020	Defendants CBC Partners I, LLC, CBC Partners, LLC, and 5148 Spanish Heights, LLC Answer to First Amended Complaint	I	AA0099-0116
09/03/2020	Defendants Sheila Antos and Kenneth Antos, as Trustees for the Kenneth & Sheila Antos Living Trust and the Kenneth M. Antos & Sheila M. Neumann-Antos Trust Answer to First Amended Complaint and Counterclaim	I	AA0136-0160
10/19/2020	Defendants/Counterclaimants' Opposition to Plaintiffs' Renewed Application for Temporary Restraining Order and Motion for Preliminary Injunction	III	AA0513-0524
12/24/2020	Defendants/Counterclaimants' Opposition to Plaintiffs' Renewed Application for Temporary Restraining Order and Motion for Preliminary Injunction on Order Shortening Time	X	AA2145-2168
12/15/2020	Exhibits in Support of Plaintiffs' Renewed Application for Temporary Restraining Order and Motion for Preliminary Injunction on an Order Shortening Time	VIII/IX/X	AA1834-2144
12/10/2020	Exhibits to Renewed Motion to Dismiss First Amended Complaint as to Dacia, LLC or in the Alternative Motion for Summary Judgment	VI/VII/VIII	AA1338-1804

04/06/2021	Findings of Fact and Conclusions of Law	XVIII	AA4165-4185
05/15/2020	First Amended Complaint	I	AA0046-0065
04/29/2021	Notice of Appeal	XVIII	AA4210-4237
04/10/2020	Notice of Entry of Order	I	AA0015-0021
05/29/2020	Notice of Entry of Order	I	AA0085-0090
10/02/2020	Notice of Entry of Order	I	AA0177-0184
11/03/2020	Notice of Entry of Order	VI	AA129-1299
04/20/2021	Notice of Entry of Order	XVIII	AA4186-4209
08/06/2021	Notice of the Bankruptcy Court Finding That Defendants Violated the Stay of Litigation Resulting in Void FFCL	XIX	AA4433-4442
05/18/2021	Opposition to Plaintiffs' Motion to Amend the Court's Findings of Fact, Conclusions of Law, and Order, or Alternatively for Reconsideration	XIX	AA4325-4402
11/03/2020	Order Denying CBC Partners I, LLC and 5148 Spanish Heights, LLC's Motion for Partial Summary Judgment and Denying CBC Partners I, LLC and 5148 Spanish Heights, LLC's Motion for Appointment of Receiver	VI	AA1289-1292
09/29/2020	Order Granting in Part and Denying in Part Motion to Dismiss as to Dacia, LLC	I	AA0172-0176
05/29/2020	Order Granting Plaintiffs' Motion for Preliminary Injunction on a Limited Basis	I	AA0082-0084
05/04/2021	Plaintiffs' Motion to Amend the Court's Findings of Fact, Conclusions of Law, and Order or Alternatively for Reconsideration	XVIII/XIX	AA4248-4324

12/24/2020	Plaintiffs' Opposition to Renewed Motion to Dismiss First Amended Complaint as to Dacia, LLC or in the Alternative Motion for Summary Judgment	XIV/XV/XVI	AA3214-3551
10/07/2020	Plaintiffs' Renewed Application for Temporary Restraining Order and Motion for Preliminary Injunction	I/II/III	AA0185-0512
12/14/2020	Plaintiffs' Renewed Application for Temporary Restraining Order and Motion for Preliminary Injunction on an Order Shortening Time	VIII	AA1805-1833
05/28/2021	Plaintiffs' Reply in Support of Motion to Amend the Court's Findings of Fact, Conclusions of Law, and Order, or Alternatively for Reconsideration	XIX	AA4427-4431
11/02/2020	Plaintiffs' Reply in Support of Renewed Application for Temporary Restraining Order and Motion for Preliminary Injunction	VI	AA1283-1288
01/01/2021	Plaintiffs' Reply in Support of Renewed Application for Temporary Restraining Order and Motion for Preliminary Injunction on an Order Shortening Time	XVI	AA3552-3580
02/01/2021	Preliminary Injunction Hearing and Trial – Day 1	XVI	AA3592-3701
02/01/2021	Preliminary Injunction Hearing and Trial – Day 2	XVI/XVII	AA3702-3967
02/01/2021	Preliminary Injunction Hearing and Trial – Day 3	XVII	AA3968-3981
03/15/2021	Preliminary Injunction Hearing and Trial – Day 4 (Volume I)	XVII/XVIII	AA3982-4054
03/15/2021	Preliminary Injunction Hearing and Trial – Day 4 (Volume II)	XVIII	AA4055-4152
12/10/2020	Renewed Motion to Dismiss First Amended Complaint as to Dacia,	VI	AA1328-1337

	LLC or in the Alternative Motion for Summary Judgment		
01/05/2021	Reply in Support of Renewed Motion to Dismiss First Amended Complaint as to Dacia, LLC or in the Alternative Motion for Summary Judgment	XVI	AA3586-3588
09/28/2020	SJC Ventures Holding Company, LLC, d/b/a SJC Ventures, LLC's Answer to Counterclaim Filed By Kenneth Antos and Sheila Neumann-Antos, as Trustees of the Kenneth & Sheila Antos Living Trust and the Kenneth M. Antos & Sheila M. Neumann-Antos Trust	I	AA0161-0171
07/10/2020	Spanish Heights Acquisition Company, LLC, SJC Ventures, LLC, SJC Ventures Holding Company, LLC, and Jay Bloom's Answer to Counterclaim	I	AA0117-0135
01/12/2021	Stipulation Regarding Legal Issues to Be Decided by the Court at Bifurcated Trial Continuance	XVI	AA3590-3591
05/26/2020	Summons	I	AA0066-0069
05/26/2020	Summons	I	AA0070-0073
05/26/2020	Summons	I	AA0074-0077
05/26/2020	Summons	I	AA0078-0081
06/04/2020	Summons	I	AA0091-0094
06/04/2020	Summons	I	AA0095-0098
04/09/2020	Temporary Restraining Order	I	AA0011-0014
01/05/2021	Temporary Restraining Order	XVI	AA3581-3585
03/22/2021	Transcript of Oral Ruling Re: First Motion to Dismiss Case with Certificate of Service Filed By	XVIII	AA4153-4164

	Michael R. Mushkin on Behalf of 5148 Spanish Heights, LLC		
05/18/2021	Transcript of Oral Ruling Re: Motion for Sanctions for Violation of the Automatic Stay and Related Relief Filed By James D. Greene on Behalf of Spanish Heights Acquisition Company, LLC	XIX	AA4403-4426

CERTIFICATE OF SERVICE

I certify that on the 10th day of November, 2021, this document was electronically filed with the Nevada Supreme Court. Electronic service of the foregoing: **APPELLANTS' OPENING BRIEF** and **VOLUMES I – XIX** of the **APPENDIX** shall be made in accordance with the Master Service List as follows:

Michael R. Mushkin, Esq.
MUSHKIN & COPPEDGE
6070 S. Eastern Avenue, Suite 270
Las Vegas, Nevada 89119
Attorney for Respondents

DATED this 10th day of November, 2021.

/s/ Natalie Vazquez

An Employee of MAIER GUTIERREZ & ASSOCITES

<p style="text-align: right;">page 280</p> <p>1 Q You're just not answering the question</p> <p>2 at all, sir. It's okay. The record will be</p> <p>3 clear.</p> <p>4 A Is there another question?</p> <p>5 Q Yes, there is. We have to get a -- due</p> <p>6 to the nature of your answer, she has to run and</p> <p>7 grab another document.</p> <p>8 So as long as we have the record</p> <p>9 running, I do want to -- I misspoke the rule. The</p> <p>10 depositions on oral examination are under rule 30.</p> <p>11 Those of us that are dinosaurs probably remember a</p> <p>12 day when it was rule 26. And the examination and</p> <p>13 cross-examination are governed by rules, and under</p> <p>14 Nevada law, a business entity must have counsel.</p> <p>15 So the only person that can make the objection is</p> <p>16 done pursuant to C)(2), "Testimony is taken</p> <p>17 subject to any objection. An objection must be</p> <p>18 stated concisely in a nonargumentative and</p> <p>19 nonsuggestive manner. A person may instruct the</p> <p>20 deponent not to answer only when necessary to</p> <p>21 preserve privilege, to enforce a limitation</p> <p>22 ordered by the court, or to present a motion under</p> <p>23 rule 30(d)(3)." And under this rule that person</p> <p>24 is the person representing, and you cannot</p> <p>25 represent yourself under a 30(b)(6). So you don't</p>	<p style="text-align: right;">page 282</p> <p>1 THE COURT REPORTER: Yes.</p> <p>2 BY MR. MUSHKIN:</p> <p>3 Q You filed a complaint in this matter;</p> <p>4 correct? "You" being Spanish Heights Acquisition</p> <p>5 Company and SJC Ventures as plaintiffs. Is that</p> <p>6 correct?</p> <p>7 A By way of counsel, those two entities</p> <p>8 filed the complaint.</p> <p>9 Q And you've sought certain relief in that</p> <p>10 complaint; is that correct?</p> <p>11 A Correct.</p> <p>12 Q And then you filed an amended -- a first</p> <p>13 amended complaint; is that also correct?</p> <p>14 A I believe so, yes. Those entities did</p> <p>15 anyway.</p> <p>16 Q And you have a claim for declaratory</p> <p>17 relief as your first cause of action; is that</p> <p>18 correct?</p> <p>19 A I don't have the complaint in front of</p> <p>20 me.</p> <p>21 Q Do you have any recollection of your</p> <p>22 complaint?</p> <p>23 A Some.</p> <p>24 Q Do you know what your first cause of</p> <p>25 action was?</p>
<p style="text-align: right;">page 281</p> <p>1 get to make objections.</p> <p>2 MS. BARRAZA: So that is not stated in</p> <p>3 the rules that he can't lodge objections.</p> <p>4 (Reporter clarification.)</p> <p>5 MS. BARRAZA: So if there's any case law</p> <p>6 that you have supporting your position, we'll look</p> <p>7 at it, but as of right now, I am not going to</p> <p>8 instruct my client not to lodge any objections he</p> <p>9 sees fit to lodge. If you have any actual</p> <p>10 authority that goes to this specific issue, we'll</p> <p>11 look at it, but for right now, he can feel free to</p> <p>12 lodge his objections.</p> <p>13 MR. MUSHKIN: You can explain it to the</p> <p>14 judge, Counsel.</p> <p>15 MS. BARRAZA: Yeah, feel free.</p> <p>16 THE WITNESS: Maybe step up Mr. Mushkin.</p> <p>17 You've got to stop that.</p> <p>18 MR. MUSHKIN: Give us just a minute.</p> <p>19 (Reporter clarification.)</p> <p>20 THE WITNESS: Can we come off the record</p> <p>21 for a minute. I have a question Danielle. It</p> <p>22 doesn't need to be private, but it doesn't need to</p> <p>23 be part of the record.</p> <p>24 (Discussion off the record.)</p> <p>25 MR. MUSHKIN: Are we back on the record?</p>	<p style="text-align: right;">page 283</p> <p>1 A Not without referencing the complaint</p> <p>2 itself.</p> <p>3 Q Have you ever seen this document before?</p> <p>4 A Yes.</p> <p>5 Q Did you review it before it was filed?</p> <p>6 A Yes.</p> <p>7 Q Let me show you what's the first cause</p> <p>8 of action.</p> <p>9 MS. BARRAZA: Can I just ask a question</p> <p>10 for clarification? Is this the mooted original</p> <p>11 complaint, or is this the amended complaint?</p> <p>12 MR. MUSHKIN: This is the amended</p> <p>13 complaint?</p> <p>14 MS. BARRAZA: Okay. Thanks.</p> <p>15 MR. MUSHKIN: First Amended Complaint.</p> <p>16 MS. BARRAZA: Thanks.</p> <p>17 MR. MUSHKIN: Danielle, can you see the</p> <p>18 document on the screen?</p> <p>19 MS. BARRAZA: Yeah, I see it now.</p> <p>20 Thanks.</p> <p>21 MR. MUSHKIN: Oh, okay.</p> <p>22 MS. BARRAZA: I just didn't look at</p> <p>23 it --</p> <p>24 MR. MUSHKIN: Sorry.</p> <p>25 MS. BARRAZA: -- when you started</p>

page 284

1 scrolling.
 2 BY MR. MUSHKIN:
 3 Q So this is your first cause of action
 4 relating to the emergency directive; is that
 5 correct?
 6 A **Correct.**
 7 Q Is it fair to say that this cause of
 8 action has been resolved by the court?
 9 A **Yes, I believe, yes.**
 10 Q Now let's go to the second cause of
 11 action. This is CBCI's lack of rights to
 12 foreclose or evict as it admits it sold or no
 13 longer possesses the purported note. Do you see
 14 that?
 15 A **I do.**
 16 Q And is it your -- do you believe that
 17 5148 also has no right to foreclose on the note?
 18 A **Yes.**
 19 Q Why?
 20 A **One, because of the doctrine of merger;**
 21 **two, because the note is not applicable, as we**
 22 **found out it's not a third mortgage, but it's not**
 23 **applicable to this property because it has the**
 24 **pledgor, which was the Antos Trust, has no**
 25 **obligation to secure under a note that it never**

page 285

1 **joined as a borrower nor guarantor; and then**
 2 **three, the one-action rule prevents 5148 from**
 3 **taking any further action beyond its**
 4 **predecessors...**
 5 (Reporter clarification.)
 6 A **Beyond its predecessors' action in**
 7 **taking 49 percent equity interest on April 1st.**
 8 Q So can you tell me what you believe the
 9 merger doctrine is?
 10 MS. BARRAZA: Objection. Calls for
 11 legal conclusion.
 12 You can answer.
 13 A **My understanding of the doctrine of**
 14 **merger is that when an entity takes possession of**
 15 **both a note and an equity position in real**
 16 **property that the equity -- that the interests**
 17 **merge and the equity survives and the note is**
 18 **extinguished as a function of the two interests**
 19 **convening under one entity, which was discussed**
 20 **with CBC initially, which is why they resigned**
 21 **their membership interest, because CBC**
 22 **acknowledged that they could not hold both the**
 23 **equity interest and equitable interest in the real**
 24 **property through SHAC and simultaneously be a**
 25 **lender against the property acting as collateral.**

page 286

1 Q And have you presented any document that
 2 says that?
 3 A **Well, I've entered evidence by way of**
 4 **testimony. I have to go and see if there are**
 5 **emails that corroborate the conversations I had**
 6 **with CBC through Alan Hallberg. But the**
 7 **documents -- the further documents that do**
 8 **corroborate that is the resignation of the**
 9 **membership interest right after the formation of**
 10 **SHAC. That was the reason they resigned the**
 11 **membership interest, because --**
 12 Q That's not true, is it, Mr. Boom?
 13 A **If it weren't true, I wouldn't have said**
 14 **it, Mr. Mushkin.**
 15 Q So you know that the reason that you and
 16 CBC Partners resigned from the LLC was so that the
 17 Antoses could own 100 percent, put the house in a
 18 Nevada taxable event. Isn't that the only reason
 19 it was done?
 20 A **If that were the only reason, as you're**
 21 **proposing, then CBC would have retaken their**
 22 **equity interest after the transaction, as SJC did.**
 23 **That didn't happen, because what you're saying is**
 24 **not true.**
 25 Q Mr. Bloom, here's how --

page 287

1 A **Let me finish my answer.**
 2 **The equity post the transfer to SHAC was**
 3 **51 percent SJC, 49 percent Antos Trust...**
 4 (Reporter clarification.)
 5 A **And 0 percent interest to CBC, precisely**
 6 **because of the issue that CBC raised related to**
 7 **the doctrine of merger. You cannot hold a loan**
 8 **against a property in which you have an equitable**
 9 **interest.**
 10 Q Mr. Bloom, does SJC have an equitable
 11 interest in the 5148 property?
 12 A **Does SJC have an equitable interest?**
 13 **SJC has an indirect equitable interest because it**
 14 **owns 51 percent of an entity that holds an**
 15 **equitable interest in the real property.**
 16 Q In fact, the only one who holds title to
 17 the property is SHAC; correct?
 18 A **Correct.**
 19 Q So the only person that -- the only
 20 entity that would have -- isn't it true that the
 21 only entity that could apply the doctrine of
 22 merger is SHAC?
 23 A **My understanding is the doctrine of**
 24 **merger attaches unless it's specifically waived by**
 25 **the parties to the transaction, which did not**

page 288

1 occur in this case.

2 Q That's not the question that I asked
3 you, sir.

4 A Your question --

5 Q I asked you: Isn't it true that as the
6 equitable owner of the property, SHAC is the only
7 person, the only entity that the doctrine of
8 merger could apply to?

9 A No.

10 Q Tell me how it works then.

11 MS. BARRAZA: Objection. Calls for
12 legal conclusion.

13 You can answer.

14 A CBC as the lender, if they were to take
15 an equitable interest in the property concurrent
16 to their position as a lender, if they ever were a
17 lender to the property, which we discovered is a
18 separate issue, CBC, if they took an equitable
19 position on the property which collateralizes
20 their supposed third mortgage, that would
21 extinguish the third mortgage. But that can't --
22 any bank, any lender, and I'm telling you this
23 from ten years at Manufacturers Hanover, which is
24 now JPMorgan Chase, any lender cannot own an
25 equitable interest in a property that it lends

page 289

1 against simultaneously.

2 Q So you reversed my question. So I'll
3 ask it the way you did. If CBC Partners -- well,
4 in this case it would be CBCI LLC, the lender;
5 correct? They're the lender; correct?

6 A I wasn't even aware there were multiple
7 entities.

8 Q The note says CBCI; correct?

9 A I know them as CBC.

10 Q I'll represent to you that the holder of
11 the note at inception of your transaction was
12 CBCI -- CBC Partners I LLC. You sued them. And
13 isn't it true that if CBCI Partners -- CBC
14 Partners I, LLC obtained title to the 5148
15 property that the doctrine of merger would apply?

16 A I'm only aware of one entity, CBC.
17 That's all I dealt with through Alan Hallberg.
18 But yes, if any entity holds both the note, which
19 is a collateralized obligation against real
20 property, and an equitable position in that
21 property, then that note is extinguished by virtue
22 of the merger of their interest. Whether it's CBC
23 or subsequently 5148. If 5148 -- if CBC held it
24 in some other entity and then transferred the
25 interest to 5148 together with the note to 5148,

page 290

1 then the doctrine of merger would attach upon the
2 completion of those two transfers.

3 Q Has SHAC acquired the note that is
4 currently owned by 5148 LLC?

5 A No.

6 Q And SHAC is the titleholder; correct?

7 A SHAC is the titleholder, and I'm
8 answering assuming that the note you're referring
9 to is the commercial loan to the restaurants.

10 Q And I'm specifically referring to the
11 deed of trust because -- do you understand the
12 doctrine of merger to apply to the note or to
13 apply to the deed of trust?

14 MS. BARRAZA: Objection. Calls for
15 legal conclusion.

16 A To the extent the commercial loan to the
17 restaurant is somehow recognized as a third
18 position mortgage, then the doctrine of merger
19 would attach to the note itself.

20 Q And where did you learn that one,
21 Mr. Bloom?

22 A Obviously, I went to grad school and not
23 law school, and I have ten years experience at
24 JPMorgan Chase.

25 Q Well --

page 291

1 A Three years with the real estate group.

2 Q Respectfully, sir, that is just not what
3 the merger doctrine does. We'll go into that
4 another time, whenever you're ready to really try
5 and resolve this case.

6 But you do realize that you sued CBC
7 Partners I LLC? You see the document, your
8 complaint; right?

9 A Yes, I do.

10 Q And you know that you have not sued CBC
11 Partners; correct?

12 A Until this litigation, I wasn't aware of
13 a distinction on multiple entities. I dealt with
14 Alan Hallberg of CBC, and he never indicated that
15 there were multiple partners.

16 Q Well, and I have just an ancillary
17 question. In your pleading, you name CBCI, LLC,
18 and then you later on in the same header you put
19 CBCI, LLC. Do you make a distinction between the
20 way you've presented it in this complaint?

21 A No. I'm only aware of one CBC.

22 Q And that's the entity that held the
23 note; is that fair?

24 A Correct, and also the entity that took
25 the equity.

<p style="text-align: right;">page 292</p> <p>1 Q And the entity that -- you signed the</p> <p>2 Forbearance Agreement and the Amended Forbearance</p> <p>3 Agreement; correct?</p> <p>4 A Correct.</p> <p>5 Q Now, you saw the assignment of company</p> <p>6 interest; right?</p> <p>7 A By the Antos Trust?</p> <p>8 Q Yes, sir.</p> <p>9 A Yes.</p> <p>10 Q And that went to something called CBC</p> <p>11 Partners, didn't it?</p> <p>12 A To my knowledge, there's only one CBC.</p> <p>13 Q Well, I appreciate to your knowledge,</p> <p>14 but how do you gain that knowledge?</p> <p>15 A In my conversations with Alan Hallberg,</p> <p>16 he only referenced one entity at all --</p> <p>17 Q Have you ever done -- sorry. I didn't</p> <p>18 mean to interrupt you.</p> <p>19 A He only referenced one entity at all</p> <p>20 times in every conversation.</p> <p>21 Q And have you done any inquiry as to the</p> <p>22 names and status of any of these entities?</p> <p>23 A I have not.</p> <p>24 Q All right.</p> <p>25 MS. BARRAZA: So I would just like to</p>	<p style="text-align: right;">page 294</p> <p>1 Q Thanks.</p> <p>2 Let's go to the second cause of action.</p> <p>3 I'm sorry. Let's go to the third cause of action.</p> <p>4 This is that you're alleging the application of</p> <p>5 the one-action rule against CBC Partners I and</p> <p>6 5148; is that correct?</p> <p>7 A Objection. The document speaks for</p> <p>8 itself.</p> <p>9 Yes, that's correct.</p> <p>10 Q Take a look at the fourth cause of</p> <p>11 action. This is your claim doctrine of merger</p> <p>12 against CBCI and 5148; is that correct?</p> <p>13 A Objection. The document speaks for</p> <p>14 itself.</p> <p>15 Yes, that's correct.</p> <p>16 Q Tell me what facts you have to support</p> <p>17 your claim that CBCI and 5148 are subject to the</p> <p>18 doctrine of merger?</p> <p>19 A My understanding is that CBCI was a</p> <p>20 lender against the property -- well, against the</p> <p>21 restaurants, and is alleging that it's against the</p> <p>22 property, converting a commercial loan into third</p> <p>23 position mortgage without the owner of the</p> <p>24 property's consent or participation, at least</p> <p>25 participation. Strike consent. And then</p>
<p style="text-align: right;">page 293</p> <p>1 have the record reflect that the first amended</p> <p>2 complaint indicates that both CBC Partners I and</p> <p>3 CBC Partners, LLC are separately listed as</p> <p>4 defendants in the complaint.</p> <p>5 MR. MUSHKIN: You are correct, they are</p> <p>6 not listed in this cause of action.</p> <p>7 MS. BARRAZA: Correct, and that specific</p> <p>8 second cause of action.</p> <p>9 THE WITNESS: I'd like to clarify. I</p> <p>10 think that second cause of action relates to CBC</p> <p>11 Partners I attempt to foreclose or evict</p> <p>12 subsequent to divesting itself of any equity --</p> <p>13 any interest in the note or equity in the</p> <p>14 property. So CBC Partners I had no interest, and</p> <p>15 then a week later tried to initiate foreclosure</p> <p>16 and eviction under a note it disposed of.</p> <p>17 BY MR. MUSHKIN:</p> <p>18 Q Do you know who is servicing the note on</p> <p>19 behalf of 5148?</p> <p>20 A I do not. It's not my note.</p> <p>21 Q And when you spent those 15 years in the</p> <p>22 financial industry, did you ever hear of a</p> <p>23 servicing company initiating foreclosure on behalf</p> <p>24 of a note?</p> <p>25 A Sure.</p>	<p style="text-align: right;">page 295</p> <p>1 subsequently CBC Partners took on an equitable</p> <p>2 interest in the property concurrent with being a</p> <p>3 lender to the property, again, alleging to be a</p> <p>4 lender against the property.</p> <p>5 And subsequent to that, both interests</p> <p>6 transferred to 5148, so if there were multiple CBC</p> <p>7 entities of which we were unaware, once those</p> <p>8 interest converged after the transfer to 5148,</p> <p>9 then the doctrine of merger would attach there.</p> <p>10 Q What equitable interest did CBC Partners</p> <p>11 I obtain in SHAC, in the title -- excuse me.</p> <p>12 Strike that.</p> <p>13 What equitable interest did CBC Partners</p> <p>14 I, LLC obtain in 5148 property?</p> <p>15 A The Antos Trust -- I see the document</p> <p>16 where the Antos Trust transferred its 49 percent</p> <p>17 interest in the legal owner of the property.</p> <p>18 Q So it's your testimony that the only</p> <p>19 interest that you are alleging is the exercise of</p> <p>20 the 49 percent interest in SHAC?</p> <p>21 A CBC took a 49 percent interest in the</p> <p>22 owner of the property, which gives them an</p> <p>23 equitable in the property, at which time the</p> <p>24 doctrine of merger would attach to the entity that</p> <p>25 owns both the property, the equitable interest in</p>

<p style="text-align: right;">page 296</p> <p>1 the property, and the note.</p> <p>2 Q So I just want to make sure I understand</p> <p>3 what you're saying. You're saying that by taking</p> <p>4 stock of any amount, in this case 49 percent, in a</p> <p>5 company that has title to a property, that that</p> <p>6 creates the application of the merger doctrine?</p> <p>7 A If that stock is the equity owner of the</p> <p>8 property, then yes.</p> <p>9 Q Well, the stock is not the equitable</p> <p>10 owner of the property, sir.</p> <p>11 A SHAC is the equitable owner of the</p> <p>12 property.</p> <p>13 Q And it's your testimony that by taking</p> <p>14 any amount of stock in SHAC, that extinguishes the</p> <p>15 note?</p> <p>16 A Once you become an owner of the</p> <p>17 property, then yes, you cannot simultaneously be a</p> <p>18 lender against that property. That is why CBC</p> <p>19 forfeited it's original interest in the property</p> <p>20 to begin with.</p> <p>21 I know you don't like the answer,</p> <p>22 because it's not convenient to your narrative.</p> <p>23 Q I've interviewed Mr. Hallberg, and he</p> <p>24 doesn't have any recollection of that, but that's</p> <p>25 a different issue for a different day. I've also</p>	<p style="text-align: right;">page 298</p> <p>1 Q Why have you sued all defendants?</p> <p>2 A Because we want declaratory relief that</p> <p>3 nobody is going to assert that there's a different</p> <p>4 manager of SHAC as the acquisition company, but</p> <p>5 SJC was appointed in the operating agreement as</p> <p>6 the sole and exclusive and irrevocable manager.</p> <p>7 Q The TRO is your sixth cause of action.</p> <p>8 Now, the seventh cause of action has got</p> <p>9 me confused because -- is it your testimony -- is</p> <p>10 it your belief in this cause of action that the</p> <p>11 transfer has not occurred?</p> <p>12 A I think at this point in time the</p> <p>13 transfer from the Antos Trust of their 49 percent</p> <p>14 interest in the property to CBC Partners occurred,</p> <p>15 and CBC Partners transferred that interest to</p> <p>16 5148.</p> <p>17 Q I'm not sure what you just said,</p> <p>18 but what did you mean by that? What are you</p> <p>19 trying to convey? I do not understand what your</p> <p>20 answer was?</p> <p>21 A I don't know any other language besides</p> <p>22 English.</p> <p>23 Q Well, then say it again for me, because</p> <p>24 I didn't understand you. It is breaking up just a</p> <p>25 little bit.</p>
<p style="text-align: right;">page 297</p> <p>1 talked to Mr. Antos about it. They don't know.</p> <p>2 And you took his deposition. None of these guys</p> <p>3 ever mentioned merger, so I don't know where you</p> <p>4 come up with it, but okay. No problem.</p> <p>5 But I want to make sure I understand</p> <p>6 what you're saying is true. So in this case,</p> <p>7 assuming, although it did not happen, but assuming</p> <p>8 that the holder of the note took stock in the LLC,</p> <p>9 of any amount, that would extinguish the note?</p> <p>10 A That was my understanding, and that was</p> <p>11 CBC's understanding at inception of the</p> <p>12 transaction.</p> <p>13 Q Okay. That's your understanding. And</p> <p>14 how did you gain that understanding? Did you do</p> <p>15 any research or anything to come up with this?</p> <p>16 A Well, it's my understanding based on my</p> <p>17 experience with commercial and investment banking</p> <p>18 and three years with the real estate group at</p> <p>19 JPMorgan Chase.</p> <p>20 Q Thank you.</p> <p>21 Now, the fifth cause of action is that</p> <p>22 somehow SJC Ventures is the sole exclusive manager</p> <p>23 of Spanish Heights Acquisition Company, and that's</p> <p>24 against all defendants. Do you see that?</p> <p>25 A I do.</p>	<p style="text-align: right;">page 299</p> <p>1 THE COURT REPORTER: It is.</p> <p>2 THE WITNESS: Okay. Were you able --</p> <p>3 I'm sorry. I'll try and get closer again. Are</p> <p>4 you able to read -- were you able to hear me and</p> <p>5 transcribe what I said?</p> <p>6 (Record read.)</p> <p>7 A CBC transferred that interest to 5148.</p> <p>8 Did you not understand that answer, Mr. Mushkin?</p> <p>9 Q How do you know that CBC transferred</p> <p>10 their interest to 5148?</p> <p>11 A I don't recall if I saw a transfer</p> <p>12 document from CBC to 5148, but I believe that was</p> <p>13 the testimony of Mr. Hallberg.</p> <p>14 Q When did Mr. Hallberg testify to that?</p> <p>15 A I think when we had the injunctive</p> <p>16 relief hearing, but I'd have to go back and check</p> <p>17 the transcript.</p> <p>18 Q Well, I'll represent to you that that is</p> <p>19 incorrect. That CBC Partners is the holder of the</p> <p>20 49 percent interest and 5148 is the holder of the</p> <p>21 note, and CBCI was the prior owner of the note. I</p> <p>22 suppose we'll get to all of that tomorrow.</p> <p>23 But I want to go back to your</p> <p>24 seventh cause of action, because you recite,</p> <p>25 "Pursuant to NRS 30.040, the plaintiffs are</p>

<p style="text-align: right;">page 300</p> <p>1 entitled declaratory relief as to rights, 2 statutes, and legal relations at issue in this 3 matter and a declaration that upon purportedly 4 assigning its membership interest in Spanish 5 Heights to CBC Partners I, defendant the Antos 6 Trust did not agree or waive or exclude the 7 applicability of the merger doctrine, and further, 8 the Antos Trust was provided no consideration for 9 their equitable interest in the property other 10 than the extinguishment of the note under the de 11 facto merger occurring on April 1, 2020." Do you 12 see that paragraph? 13 A I do. 14 Q So is it your allegation that the 15 transfer of the stock to CBC Partners extinguished 16 the note? 17 A Yes. 18 Q And -- 19 A Let me finish my answer. 20 To the extent that the note actually 21 turns out to be a third position mortgage. If the 22 note is not a third position mortgage, then it's 23 not subject to the doctrine of merger because it's 24 not secured by the real property. 25 Q Okay. And you garner this based upon</p>	<p style="text-align: right;">page 302</p> <p>1 fair dealing; is that your claim? 2 MS. BARRAZA: Objection. Calls for a 3 legal conclusion. 4 You can answer. 5 A Yes. 6 Q What other facts do you have to support 7 this claim? 8 A The testimony of the parties, the 9 Forbearance Agreement itself, the plain language 10 of the Forbearance Agreement. 11 Q Your tenth cause of action is for the 12 lack of liability for fireworks. So I just want 13 to understand. Are you still making a claim 14 against Dacia for the September incident? 15 A The claim against Dacia is for the July 16 fireworks that took place at the property that 17 Dacia now owns. A fine levied against a property 18 by association -- a fine levied by a property 19 against an association does not go away just 20 because the owner changes. 21 MR. MUSHKIN: So my understanding, 22 Counsel, and if I'm wrong correct me, the tenth 23 and eleventh causes of action are gone; is that 24 correct? 25 MS. BARRAZA: So I'll have to look at</p>
<p style="text-align: right;">page 301</p> <p>1 your experience; is that correct? 2 A Correct. 3 Q And you don't have any particular 4 authority other than what you know yourself; is 5 that what you're telling us? 6 A Objection. Calls for a legal 7 conclusion. 8 My attorneys will address case law and 9 statute and reasons that's applicable in this 10 case. Beyond my experience. 11 Q The next cause of action is for breach 12 of contract as to the Forbearance Agreement. I 13 believe I asked you if you ever provided any 14 notice of default, and you said to me that you did 15 not; is that correct? 16 A I don't believe there's a letter, formal 17 written notice of default, but when we learned of 18 the breach, we brought it to the attention of CBC, 19 including through these proceedings, and as such, 20 CBC's breach remains to this day. 21 Q And then the last cause of action, the 22 ninth cause of action is for breach of the 23 covenant of good faith and fair dealing, and it's 24 your testimony that by issuing a notice of 25 default, that was a violation of good faith and</p>	<p style="text-align: right;">page 303</p> <p>1 the language in the order, but I don't think 2 that's correct. I'll look at the language in the 3 order, though. 4 MR. MUSHKIN: So here's why I'm -- I 5 want to keep this on the record, because it will 6 be subject to my motion for reconsideration. 7 This cause of action talks about 8 fireworks on July of '19. The court has ruled 9 that you cannot go after Dacia for anything that 10 happened before July 19th. It is uncontroverted 11 that the fireworks were on July 4th. So there are 12 no allegations beyond July of '19. So from my 13 understanding of the court's order, there is now 14 no cause of action against Dacia? 15 MS. BARRAZA: Okay. And then just for 16 the record, the court's order does not state 17 anything about July 2019. 18 MR. MUSHKIN: It does. It says from the 19 date of ownership. 20 MS. BARRAZA: Yeah, exactly, that's what 21 it says. I have the order pulled up. So it 22 doesn't say July. It says the date of ownership. 23 MR. MUSHKIN: Right, July 19th. We know 24 that's the date. We provided the deed, Counsel. 25 Don't play semantics with me.</p>

page 304

1 MS. BARRAZA: No, it's not semantics.
 2 It's not semantics at all. It's what the order
 3 actually says, and the order does not say July.
 4 MR. MUSHKIN: It says date of ownership.
 5 I get it, that that's July 19th. It's
 6 uncontroverted that the event takes place July
 7 4th. That's what she ordered in her minute order.
 8 So you can't sue Dacia for something that happened
 9 before they owned the property.
 10 MS. BARRAZA: Her order states that to
 11 the extent there are events that occurred during
 12 the ownership of Dacia, both -- the tenth,
 13 eleventh, and twelfth causes of action, motion to
 14 dismiss is denied, so --
 15 MR. MUSHKIN: I appreciate that.
 16 BY MR. MUSHKIN:
 17 Q Now I'm trying to understand what action
 18 takes place after July 19th that you're making the
 19 claim against Dacia.
 20 MS. BARRAZA: Asked and answered.
 21 But you can answer.
 22 **A So there are multiple instances of**
 23 **alleged violations throughout July and I don't**
 24 **know the dates for the one subsequent to July,**
 25 **whether or not those dates are subsequent to**

page 305

1 **July 19th. So we would need to go back and review**
 2 **the association's fines assessed and the dates**
 3 **that they were assessed for those fireworks.**
 4 Q Mr. Bloom, you've already testified that
 5 the only time the fireworks went off were July 4th
 6 and September 21st. Are you now telling me there
 7 were fireworks on days other than that?
 8 **A Objection. Misstates testimony. Those**
 9 **dates were for the incendiary device not the**
 10 **fireworks.**
 11 Q You were fined for the incendiary
 12 device; is that correct?
 13 **A Correct.**
 14 Q It was used only twice, July 4th and
 15 July 21st; correct?
 16 **A Not correct.**
 17 Q When else was it used?
 18 **A It was used July 4th and September 21st,**
 19 **the incendiary device.**
 20 Q What did I say?
 21 **A You said July 4th and July 21st.**
 22 Q I'm sorry. July 4th and September 21st.
 23 In your complaint, the only allegation you have is
 24 July of '19. Do you have...
 25 (Reporter clarification.)

page 306

1 Q Mr. Bloom, can you testify to me of an
 2 event that takes place after July 19th involving
 3 the use of an incendiary device that involves
 4 Dacia?
 5 **A Let's be clear on our definitions so**
 6 **you're not playing semantics with us. The**
 7 **incendiary device refers to Michael Rhodes'**
 8 **flamethrower, which was used twice, once in July**
 9 **and once in September. There were also fireworks**
 10 **where there's multiple times for multiple days**
 11 **through the course of July, one of which is**
 12 **July 4th. I don't know what the other dates were**
 13 **that fires fines were assessed for fireworks.**
 14 Q In your complaint, Mr. Bloom, you've
 15 alleged that an incendiary device in July of '19.
 16 You have testified that only on July 4th of '19
 17 was that incendiary device, other than
 18 September 21st. So my question is: Is there any
 19 other action on behalf of Dacia that you claim
 20 that Dacia is somehow responsible for under this
 21 dec relief claim?
 22 **A Objection. Asked and answered.**
 23 **The incendiary device, meaning the**
 24 **flamethrower, was used on those two dates, once in**
 25 **July, once in September. The firework happened on**

page 307

1 **multiple occasions throughout July. I know one of**
 2 **the dates was July 4th. I don't know what other**
 3 **dates there were fireworks in the month of July,**
 4 **so I can't answer whether it was after July 19th.**
 5 Q There is no claim of fireworks in your
 6 complaint, sir.
 7 MS. BARRAZA: So I'm going to object.
 8 This is not --
 9 MR. MUSHKIN: The complaint is about
 10 incendiary device. If you want to object to the
 11 form of my question, you can, Counsel.
 12 MS. BARRAZA: I am going to --
 13 MR. MUSHKIN: But I haven't asked the
 14 question yet.
 15 MS. BARRAZA: I'm going to have my full
 16 objection placed on the record, and my objection
 17 is that this is not -- this is a notice pleading
 18 state, and he doesn't have to specifically put the
 19 word "fireworks" into all of his relevant causes
 20 of action. And if you have any specific
 21 questions, you can proceed, but we are objecting
 22 as to the insinuation that because he did not put
 23 the word "fireworks" in a certain cause of action
 24 he's barred from testifying to that.
 25 **A I'll go ahead and answer. It's on the**

<p style="text-align: right;">page 308</p> <p>1 screen right in front of us. Paragraph 129, 2 "Governor Sisolak's Emergency Directive 0008 3 because it alleges fireworks were set off from and 4 an incendiary device was used at the property." 5 Paragraph 130, "In reality, the property 6 owned by defendant Dacia, same neighborhood as the 7 property at issue, set off fireworks and used an 8 incendiary device in July of 2019." So fireworks 9 is in there. 10 Paragraph 131... 11 (Cross-talk.) 12 (Reporter clarification.) 13 THE WITNESS: When I referenced 14 paragraphs 129 and 130, did you get those? 15 MR. MUSHKIN: That will work. Thank 16 you, Mr. Bloom. 17 BY MR. MUSHKIN: 18 Q Now, what I'm trying to get at -- 19 A I'm not finished with my answer. 20 And in paragraph 131, the third line, it 21 says, "claim an exemption to Governor Sisolak's 22 Emergency Directive 008 based on fireworks." Two 23 lines below that, again based on fireworks. So 24 fireworks is in there four times in three 25 paragraphs, so for you to represent that I never</p>	<p style="text-align: right;">page 310</p> <p>1 of the board of Southern Highlands and a member of 2 the board of Christopher Homes, when a lien or 3 when a fine is assessed against a property, even 4 if that property sells, the fine is not wiped out. 5 The liability for it being assessed is not wiped 6 out. When Michael Rhodes launched fireworks from 7 that property, any fines assessed by the 8 association are assessed against that property, 9 irrespective of who a subsequent owner might 10 become. There are fines against that property. 11 Dacia is now the owner of that property. Dacia is 12 responsible for fines assessed from something that 13 originated from that property, even if it 14 originated after the dates of the transfer. 15 Q What fine, sir? 16 A Liability for the actions. Dacia took 17 ownership -- 18 Q What actions? 19 A Dacia's owner took a board position, and 20 the fines were assessed against my property and 21 not against his property, as a board member, even 22 though the firework emanated from his property. 23 Total abuse of authority from his position as a 24 board member. 25 Q I have no idea what you're talking</p>
<p style="text-align: right;">page 309</p> <p>1 said fireworks is a misstatement of the documents 2 which are plain on their face. 3 Q That's because you're not listening to 4 my question, Mr. Bloom. I'm trying to separate it 5 out into two parts. 6 The incendiary device is the 4th and 7 the 21st; is that correct? 8 A Incendiary device is the 4th of July and 9 the 21st of September. 10 Q Thank you. 11 Are you in your complaint alleging that 12 Dacia is in any way responsible for the incendiary 13 device on the 21st? 14 A On the 21st of? 15 Q September. Sorry. 16 A On the 21st of September, no. 17 Q Thank you. 18 So now let's go to the fireworks. Is it 19 your allegation that Dacia is responsible for the 20 fireworks that were set off by Michael Rhodes? 21 A Yes. 22 Q You believe that Dacia is responsible 23 for the actions of Michael Rhodes? 24 A I believe that, from my understanding, 25 and this understanding comes from being a member</p>	<p style="text-align: right;">page 311</p> <p>1 about, Mr. Bloom. I'm asking you questions about 2 Michael Rhodes. 3 A Yes. 4 Q Michael Rhodes owns an incendiary 5 device, and is it your testimony that somehow 6 Dacia is responsible for Michael Rhodes' actions? 7 A Yes. 8 Q How can Dacia be responsible for Michael 9 Rhodes' actions? 10 A Because fines assessed by an association 11 are assessed against a property, and violations 12 that occur on a property lead to fines assessed 13 against that property, and just because the 14 property subsequently transfers after the 15 occurrence of a violation does not mean the 16 violation goes away because there's a new owner. 17 Q What violation are you -- you lost me, 18 sir. What violation are you talking about? 19 A The July 4th use of a flamethrower and 20 multiple instances of setting off fireworks 21 throughout the month of July from that property. 22 Q Is there some document that shows this? 23 A What do you mean by "this"? 24 Q That somehow there are these other 25 incidents?</p>

<p style="text-align: right;">page 312</p> <p>1 A Yes.</p> <p>2 Q And what fine do you think was on the</p> <p>3 Dacia property? Is it your testimony that there</p> <p>4 was a fine on the Dacia property after July 19th?</p> <p>5 A It's my testimony there were actions</p> <p>6 that emanated from the Dacia property throughout</p> <p>7 the month of July, and I don't have the dates,</p> <p>8 there were multiple instances, but I don't have</p> <p>9 all the dates in front of me, but there are</p> <p>10 actions originating from what's now the Dacia</p> <p>11 property for which any liability is Dacia's.</p> <p>12 Q What incidents can you testify to that</p> <p>13 happened after July 19th?</p> <p>14 A Objection. Asked and answered.</p> <p>15 There were multiple instances of</p> <p>16 fireworks being launched from that property, and I</p> <p>17 don't know the dates from recollection other than</p> <p>18 it was the month of July, on several instances,</p> <p>19 one of which was July 4th, and the violations</p> <p>20 occurred at 5212, I think the property address is,</p> <p>21 which today is Dacia's property, which means Dacia</p> <p>22 has liability for violations occurring on that</p> <p>23 property, even if it's before their ownership. Do</p> <p>24 you understand that?</p> <p>25 Q Well, no, because the court has ruled</p>	<p style="text-align: right;">page 314</p> <p>1 (Reporter clarification.)</p> <p>2 A And Taiwan Davis. He'll have to spell</p> <p>3 his client's name.</p> <p>4 Q Mr. Bloom, I'll represent to you that</p> <p>5 they are referenced, but there has not been a</p> <p>6 document production, so the lien itself has not</p> <p>7 been produced, and the HOA file has not been</p> <p>8 produced. However, I'll leave a blank in your</p> <p>9 deposition, and if you could please put in the</p> <p>10 dates that you think actions took place on the</p> <p>11 Dacia property after July 19th, I would greatly</p> <p>12 appreciate it.</p> <p>13 INFORMATION TO BE SUPPLIED</p> <p>14 _____</p> <p>15 _____</p> <p>16 _____</p> <p>17 BY MR. MUSHKIN:</p> <p>18 Q But at least I do now understand what</p> <p>19 you are saying in this cause of action, that you</p> <p>20 are not seeking liability for the September</p> <p>21 incident across the street for the incendiary</p> <p>22 device, but you think there's liability arising</p> <p>23 out of fireworks set off on the property after</p> <p>24 July 19th. Is that your testimony?</p> <p>25 A My testimony is that I believe there's</p>
<p style="text-align: right;">page 313</p> <p>1 that there is no liability before their</p> <p>2 ownership. So I don't really understand what</p> <p>3 you're taking about. But you can't tell me a</p> <p>4 single date after the 19th?</p> <p>5 A Objection. Asked and answered.</p> <p>6 I don't have the documents in front of</p> <p>7 me for when the association is alleging that the</p> <p>8 fireworks took place. My recollection is it was</p> <p>9 on several instances throughout the month of July.</p> <p>10 Q And do you know what document would</p> <p>11 reflect that?</p> <p>12 A Fines against my property at 5148 for</p> <p>13 the violations that occurred at Dacia's property,</p> <p>14 5212.</p> <p>15 Q Do you have those documents?</p> <p>16 A Yes.</p> <p>17 Q Have you produced them in this case?</p> <p>18 A I don't know where we are in the</p> <p>19 discovery process.</p> <p>20 Q Will you produce them? Please produce</p> <p>21 them.</p> <p>22 A Okay. Actually, you have them in the</p> <p>23 litigation against the association and Taiwan</p> <p>24 Davis.</p> <p>25 Q That's why I'm asking you, sir.</p>	<p style="text-align: right;">page 315</p> <p>1 liability for the incendiary device in July on the</p> <p>2 property as well as fireworks throughout the month</p> <p>3 of July on the property. To the extent that the</p> <p>4 court dismissed those claims subsequent to</p> <p>5 discovery, we'll be revisiting that and</p> <p>6 reopening...</p> <p>7 (Reporter clarification.)</p> <p>8 A We'll be revisiting those.</p> <p>9 Q There's now some pausing in your</p> <p>10 testimony.</p> <p>11 So the eleventh cause of action is</p> <p>12 indemnity, sir. And, again, you talk about the</p> <p>13 July 19th fireworks, July of 2019 fireworks being</p> <p>14 set off on the Dacia property. Same question as</p> <p>15 before. Can you tell me a date that you think</p> <p>16 something took place after July 19th that gives</p> <p>17 rise to this indemnity.</p> <p>18 A Same answer as before.</p> <p>19 Q I'll leave a blank again.</p> <p>20 A I don't --</p> <p>21 Q Oh, I'm sorry.</p> <p>22 A That's fine. Yes, that's fine.</p> <p>23 Q I'll leave a blank again, so if you can</p> <p>24 see if you can find it.</p> <p>25 ///</p>

<p style="text-align: right;">page 316</p> <p>1 INFORMATION TO BE SUPPLIED</p> <p>2 _____</p> <p>3 _____</p> <p>4 _____</p> <p>5 BY MR. MUSHKIN:</p> <p>6 Q Same for the contribution on -- same</p> <p>7 thing, and I'll do the same thing on the</p> <p>8 contribution. Do you have any specific facts</p> <p>9 other than we've already discussed in regards to</p> <p>10 your claim for contribution?</p> <p>11 A None available at the moment, but I</p> <p>12 would reserve the right to amend my answer as more</p> <p>13 information is discovered.</p> <p>14 Q I'll leave a blank again, in case you</p> <p>15 have dates that somehow give rise.</p> <p>16 INFORMATION TO BE SUPPLIED</p> <p>17 _____</p> <p>18 _____</p> <p>19 _____</p> <p>20 BY MR. MUSHKIN:</p> <p>21 Q So there was a counterclaim filed in</p> <p>22 this matter. Are you aware of the counterclaim?</p> <p>23 A I'm aware that there is a counterclaim,</p> <p>24 but not of the substance. I can't recall the</p> <p>25 substance of the counterclaim.</p>	<p style="text-align: right;">page 318</p> <p>1 that the Antoses filed in this matter?</p> <p>2 A I've seen it once, but I don't recall</p> <p>3 the substance of it.</p> <p>4 Q Do you recall the operating agreement?</p> <p>5 A I do.</p> <p>6 Q And let's go -- okay. It's page 19 of</p> <p>7 25 of the pleading. Have you ever seen this</p> <p>8 document before, Mr. Bloom?</p> <p>9 A I'm not sure that I have. I may have.</p> <p>10 If I did, I skimmed it and don't recall its</p> <p>11 contents.</p> <p>12 Q Let's go to page 19 of this document.</p> <p>13 Do you see under paragraph number 6, it says</p> <p>14 operating agreement?</p> <p>15 A I do.</p> <p>16 Q So you answered -- I skipped ahead. So</p> <p>17 do you see that provision, that paragraph 6? It</p> <p>18 sets out A through F of those obligations that</p> <p>19 were recited in the operating agreement. Do you</p> <p>20 see that?</p> <p>21 A Paragraph 6A and B.</p> <p>22 Q Do you recognize those A through F as</p> <p>23 provisions from the operating agreement?</p> <p>24 A I recognize those A through F as</p> <p>25 provisions from the original operating agreement</p>
<p style="text-align: right;">page 317</p> <p>1 I'd just like to reflect in the record</p> <p>2 that we are now nine hours into our seven-hour</p> <p>3 deposition.</p> <p>4 Q We're getting there.</p> <p>5 A Do you have much more, Mr. Mushkin?</p> <p>6 Q No, not very much.</p> <p>7 So you filed an answer to counterclaim</p> <p>8 in this matter; is that correct?</p> <p>9 A I'm not sure. I think there was a</p> <p>10 counterclaim that included me individually, and</p> <p>11 I'm not a claimant, so I'm not quite sure how that</p> <p>12 works. I would normally expect that it would be a</p> <p>13 third-party complaint against a nonparty.</p> <p>14 Q There is a claim against Spanish</p> <p>15 Heights; SJC Ventures, LLC; SJC Ventures Holding</p> <p>16 Company, LLC; Jay Bloom individually.</p> <p>17 Do you know what SJC Ventures Holding</p> <p>18 Company, LLC is?</p> <p>19 A I think SJC Ventures Holding Company is</p> <p>20 the formal legal name of SJC Ventures, same</p> <p>21 entity.</p> <p>22 Q Okay. I just want to make sure of that.</p> <p>23 A More initials for you to try to figure</p> <p>24 out.</p> <p>25 Q Do you recall reading the counterclaim</p>	<p style="text-align: right;">page 319</p> <p>1 as unmodified by subsequent agreement by the</p> <p>2 parties.</p> <p>3 Q Okay. And your answer of paragraph 6 is</p> <p>4 that -- answer in paragraph 6 to the counterclaim,</p> <p>5 including parts A through F, "This paragraph</p> <p>6 references a document that speaks for itself.</p> <p>7 There is no response necessary. To the extent</p> <p>8 that a response is required, counter-defendant is</p> <p>9 without sufficient knowledge or information upon</p> <p>10 which to form a belief as to the truth of the</p> <p>11 allegations contained in said paragraph and</p> <p>12 therefore generally and specifically deny the</p> <p>13 allegations contained therein." Do you see that?</p> <p>14 A No.</p> <p>15 Q Oh. Sorry. I read that to you. Do you</p> <p>16 understand that to be your response?</p> <p>17 A I don't recall the response from memory.</p> <p>18 Q Hang on. We'll go back and forth. I</p> <p>19 guess we're not going to be done so fast after</p> <p>20 all.</p> <p>21 Do you see this document?</p> <p>22 A I do.</p> <p>23 Q Do you see it was filed on your behalf?</p> <p>24 A I do.</p> <p>25 Q Take a look at paragraph 6.</p>

<p>1 A Okay.</p> <p>2 Q So what knowledge do you lack to answer</p> <p>3 affirmatively that the operating agreement calls</p> <p>4 for the investor member to perform the following</p> <p>5 items?</p> <p>6 A Lacks subsequent documents being</p> <p>7 referenced in the question as to modifications</p> <p>8 made by the party after the original draft.</p> <p>9 Q Do you have any documents that reflect</p> <p>10 modification?</p> <p>11 A It was modified by the performance of</p> <p>12 the parties, and it may be evidenced by emails</p> <p>13 between CBC and SJC.</p> <p>14 Q Have you produced any of those emails?</p> <p>15 A Same answer as all your other production</p> <p>16 questions. I don't know where we are in the</p> <p>17 discovery process. Put a blank in, and I'll see</p> <p>18 what I can find for you.</p> <p>19 Q Please do.</p> <p>20 INFORMATION TO BE SUPPLIED</p> <p>21 _____</p> <p>22 _____</p> <p>23 _____</p> <p>24 BY MR. MUSHKIN:</p> <p>25 Q And at the time of the filing of this</p>	<p>page 320</p> <p>1 talks about April 16th, 2007.</p> <p>2 Q Right. Now go down to paragraph 7. Do</p> <p>3 you see 7?</p> <p>4 A I do.</p> <p>5 Q Okay. And your response to 7 is that</p> <p>6 you don't have enough information, but then you</p> <p>7 deny it.</p> <p>8 A To the extent a response is required.</p> <p>9 You're asking me about events that occurred in</p> <p>10 2007, ten years before I became involved in this</p> <p>11 property.</p> <p>12 Q You were provided a package of documents</p> <p>13 at closing; correct?</p> <p>14 A Yes.</p> <p>15 Q Part of that was a deed that showed the</p> <p>16 transfer from the Antoses individually to the</p> <p>17 Antos Trust, didn't it?</p> <p>18 A I believe my testimony was that I don't</p> <p>19 recall what documents were included in the closing</p> <p>20 package.</p> <p>21 Q You don't have any reason to --</p> <p>22 A I'm neither admitting nor denying it. I</p> <p>23 just don't recall if that document was part of the</p> <p>24 closing package.</p> <p>25 Q So, but in your response with the court,</p>
<p>page 321</p> <p>1 complaint, what modifications do you believe</p> <p>2 existed?</p> <p>3 A Well, if we can go back to the list of</p> <p>4 requirements, we can adjust them.</p> <p>5 Q \$150,000 funding.</p> <p>6 A Well, that was modified. We discussed</p> <p>7 that. There was a modification to those</p> <p>8 obligations which negated the need for a reserve</p> <p>9 account that was to serve the purpose of paying</p> <p>10 for those obligations throughout the course of the</p> <p>11 year. Because all the obligations were prepaid,</p> <p>12 there was a modification by the parties,</p> <p>13 eliminating the need for the establishment of a</p> <p>14 reserve account.</p> <p>15 Q Even though it recites it again in</p> <p>16 December of '19?</p> <p>17 A Uh-huh, yes.</p> <p>18 Q Okay. So now let's go back to the</p> <p>19 counterclaim. All right. Let's go to paragraph</p> <p>20 7. Paragraph 7 of their counterclaim -- oh,</p> <p>21 sorry. It says on the 7th they transferred their</p> <p>22 interest to --</p> <p>23 A I can't see what you're looking at.</p> <p>24 (Document being displayed virtually.)</p> <p>25 A What I see is page 19 of 25 where it</p>	<p>page 323</p> <p>1 you generally and specifically denied the</p> <p>2 allegation. So you are not specifically denying</p> <p>3 this allegation, you just don't know either way?</p> <p>4 MS. BARRAZA: Objection. The document</p> <p>5 speaks for itself.</p> <p>6 You can answer.</p> <p>7 A To the extent a response was required,</p> <p>8 I'm denying it in the absence of sufficient</p> <p>9 knowledge or information.</p> <p>10 Q But you don't have any information that</p> <p>11 this transfer did not take place, do you?</p> <p>12 A That's a double negative, so let me</p> <p>13 figure out your question. I do not have any</p> <p>14 information that this did not take place. I'm not</p> <p>15 sure how to answer that.</p> <p>16 Q It's a yes or no.</p> <p>17 A Well, I think because of the way you</p> <p>18 phrased the question, they're the same. Yes, I do</p> <p>19 not have any information that it did not, or no, I</p> <p>20 do not have any information that it did not.</p> <p>21 Maybe it would help if you rephrase the question a</p> <p>22 little better.</p> <p>23 Q Do you have any specific knowledge that</p> <p>24 the Antos parties did not -- that the Antoses</p> <p>25 individually did not transfer the property to the</p>

page 324

1 Antos Trust?
 2 **A I do not.**
 3 Q Thank you.
 4 So the answer that you give to paragraph
 5 8 is, again, that the document speaks for itself
 6 and that you specifically deny it, but as a part
 7 of the documents are the reference to the KCI note
 8 dated July 22nd, 2012. So you were aware of that
 9 note; correct?
 10 **A Paragraph 8 you're referring to; yes?**
 11 Q Yes, sir.
 12 **A So on paragraph 8, it references that**
 13 **the Antoses with nonparty KCI Investments entered**
 14 **into a secured promissory note with CBC. So we**
 15 **now know that it's KCI Investments and Preferred**
 16 **Restaurant Brands, and the Antoses only in the**
 17 **capacity of guarantor entered into a promissory**
 18 **note. I doubt that it's secured, given what we've**
 19 **learned in discovery. Well, 2012 is two years**
 20 **before the defective deed of trust was issued. So**
 21 **there's a lot of questions, which --**
 22 Q Sir, it's the same thing.
 23 **A You have to let me finish the answer.**
 24 Q Sir, it's the same thing. You don't
 25 have any --

page 325

1 **A You have to let me finish the answer.**
 2 Q I thought you had.
 3 **A There are a lot of questions that leave**
 4 **me without sufficient information to be able to**
 5 **give you an answer to that question. So to the**
 6 **extent that an answer is required, we'll deny it**
 7 **based on not having sufficient information.**
 8 Q So now I'm asking you a separate
 9 question. You don't have any information that
 10 proves that on June 22nd, the Antoses and KCI did
 11 not enter into a secured promissory note with
 12 CBCI, do you?
 13 **A Can you rephrase the question so there's**
 14 **not a double negative?**
 15 Q Do you have any information that
 16 specifically shows that KCI Investments and the
 17 Antos parties did not enter into a secured
 18 promissory note on June 22nd, 2012?
 19 MS. BARRAZA: Objection. Form.
 20 **A Objection. Ask and answered.**
 21 **Objection. The document speaks for itself.**
 22 **The answer is no.**
 23 Q Same thing with 9. The document that
 24 you signed references the ten modifications to the
 25 note. You, as to paragraph 9, respond that you

page 326

1 generally and specifically deny the allegations.
 2 Isn't it true that the modification references
 3 were contained in the Forbearance Agreement?
 4 MS. BARRAZA: Objection. Document
 5 speaks for itself.
 6 You can answer.
 7 **A Well, it's referenced the documents**
 8 **themselves were requested but never provided.**
 9 Q In paragraph 10, on December 29th of
 10 '14, the deed of trust, assignment of rents,
 11 security agreement, and fixture filings is
 12 recorded, Clark County at a certain document
 13 number. Do you see that paragraph?
 14 **A Yes. I see that paragraph.**
 15 Q You give the same answer again,
 16 generally and specifically denying this
 17 allegation. What information do you have that
 18 allows you to deny this allegation?
 19 **A Give me a second to read the question.**
 20 **So I'm denying that the deed of trust**
 21 **secured the note.**
 22 Q That's not what it says, though, does
 23 it, sir? It just says that a deed of trust and
 24 assignment of rents was reported.
 25 **A On line 3 it continues and says for the**

page 327

1 **purposes of securing the note.**
 2 Q So what you're trying to tell me is that
 3 the deed of trust exists, but it doesn't secure
 4 the note?
 5 MS. BARRAZA: Objection. Misstates
 6 testimony.
 7 You can answer.
 8 **A The deed of trust is defective in its**
 9 **form because the pledgor is not a party to the**
 10 **note being secured.**
 11 Q Okay. Got it.
 12 And do you dispute the numbers contained
 13 in the paragraph?
 14 **A I don't have sufficient information to**
 15 **be able to answer what the obligation is.**
 16 Q You do recall that we went through the
 17 Forbearance Agreement that recited these very
 18 numbers that you signed?
 19 **A Yeah, but the numbers change over time,**
 20 **so --**
 21 Q Well, only by the interest per day?
 22 **A Right. Which means the interest and**
 23 **late charges is an incorrect number, because it's**
 24 **not unchanged. The amount asserted is not**
 25 **unchanged by your client from the time that**

<p style="text-align: right;">page 328</p> <p>1 1,315,105.24 was mentioned at the time the answer 2 was issued. That number is incorrect by 3 definition. 4 Q Where is it wrong? 5 A Are you assert -- unless you're 6 asserting that there's no interest and late 7 charges that accrued -- 8 Q It doesn't say that, sir. 9 A No. 10 Q Read the paragraph. It says the balance 11 due is approximately 5,578,029, 2,935,001.14 for 12 principal, forbearance protection payments of 13 1,326,000, interest and late charges 1,315,000, 14 and interest accruing at the rate of 16.0822 per 15 day from April 1, 2020. That was put in the May 16 evidentiary hearing. You had all those numbers in 17 the very beginning of the case. What number on 18 that page are you disputing? 19 A Okay. I'll accept those numbers in 20 light of how you framed your question. 21 Q Thank you. 22 So I understand what your response is 23 now to paragraph 11. It's not what you pled. You 24 generally and specifically denied. So I assume 25 that now the deed of trust is subordinate to two</p>	<p style="text-align: right;">page 330</p> <p>1 into a forbearance agreement of the note; isn't 2 that correct? 3 A Correct. 4 Q So that should be admit? 5 A Well, the admission would be with the 6 provision that it was based upon the reliance of a 7 material misrepresentation. 8 Q Yeah, that's an affirmative defense. 9 A Let me finish my answer, Mr. Mushkin. 10 Q There wasn't a question, Mr. Bloom. 11 A So that would be -- 12 Q Go to paragraph 14. 13 A "So that would be admit then" would be 14 your testimony, not mine. We can go on for now. 15 Q No, you admitted it. 16 As a part of paragraph 14 -- Mr. Bloom, 17 are you saying you did not execute the document on 18 September 27th? 19 A Pursuant to a misrepresentation that the 20 document secured -- the document related to a 21 third mortgage that we later found did not exist, 22 number 14. 23 Q So 14 says, "As a part of the 24 Forbearance Agreement Antos conveyed the property 25 to SHAC, and SHAC leased the property to SJC.V."</p>
<p style="text-align: right;">page 329</p> <p>1 additional deeds of trust. Do you somehow dispute 2 that if there's a deed of trust it's subordinate 3 to those two? 4 MS. BARRAZA: Objection. Form. 5 A To the extent that there is a valid deed 6 of trust and to the extent that such deed of 7 trust, if it's determined to be valid, is not 8 extinguished by the doctrine of merger, then yes, 9 it would be subordinate to the two additional 10 deeds of trust. 11 Q Thank you. 12 And do you dispute that there was a 13 modification to the deed of trust on July 22nd, 14 '15? 15 A As we sit here today, I'm not sure of 16 the date, but I do acknowledge a modification, 17 subsequent modification. 18 Q A very minor change. 19 Thank you. 20 Let's go to 13. Spanish Heights talks 21 about the September 27th agreement. You 22 specifically deny this. Got to be a mistake. 23 A I don't recall the basis for a specific 24 denial. 25 Q And so in fact, on the 27th, SJC entered</p>	<p style="text-align: right;">page 331</p> <p>1 Do you see that? 2 A I do. 3 Q That's true, isn't it? 4 A The Antoses individually did not/the 5 Antos Trust did. 6 Q So let's look at your answer. And you 7 know that Antos means the Antos parties; right? 8 A Well, if the Antos party are multiple 9 parties, then one did, and one or two did not. 10 Q So let's just take a look at your answer 11 to 15 -- or 14. "Counter-defendant admits the 12 property was conveyed to SHAC, and SHAC leased the 13 property to counter-defendant. As to the 14 remaining allegations in the paragraph, 15 counter-defendant is without sufficient knowledge 16 or information and therefore specifically denies." 17 What other allegations are in the paragraph? 18 MS. BARRAZA: Objection. The document 19 speaks for itself. 20 MR. MUSHKIN: Counsel, you know that's 21 not a valid objection; right. 22 MS. BARRAZA: I will lodge the 23 objections that I see fit. So continue. 24 MR. MUSHKIN: Well, but you do know that 25 there's, like, an article out that that's not a</p>

<p style="text-align: right;">page 332</p> <p>1 proper objection?</p> <p>2 MS. BARRAZA: You can continue.</p> <p>3 MR. MUSHKIN: Gee, thanks. I consider</p> <p>4 that objection to be coaching your witness, just</p> <p>5 for the record.</p> <p>6 MS. BARRAZA: That's fine.</p> <p>7 MR. MUSHKIN: It's not a valid, and you</p> <p>8 know it.</p> <p>9 MS. BARRAZA: That's fine.</p> <p>10 THE WITNESS: Do you really think I need</p> <p>11 coaching, Mr. Mushkin?</p> <p>12 MR. MUSHKIN: What's that?</p> <p>13 THE WITNESS: Do you really think I need</p> <p>14 coaching?</p> <p>15 MR. MUSHKIN: Oh, you definitely need</p> <p>16 coaching, absolutely.</p> <p>17 BY MR. MUSHKIN:</p> <p>18 Q So I guess this is just merely language</p> <p>19 that was put in here because there's no other</p> <p>20 allegation in 14; is that fair? You admit the two</p> <p>21 allegations in 14; is that fair?</p> <p>22 A To the extent those are the only</p> <p>23 allegations, yes, and the document speaks for</p> <p>24 itself.</p> <p>25 Q In paragraph 15, yes, paragraph 15 is</p>	<p style="text-align: right;">page 334</p> <p>1 Q Thank you.</p> <p>2 Let's take a look at paragraph 17.</p> <p>3 Paragraph 17 is correct; is that also not true?</p> <p>4 A Those representations were true at the</p> <p>5 time and subsequently modified.</p> <p>6 Q And the modification was the extension,</p> <p>7 the forbearance, the Amended Forbearance</p> <p>8 Agreement; is that correct?</p> <p>9 A Together with certain payments to CBCI.</p> <p>10 Q Paragraph 18 sets out some of the</p> <p>11 provisions that were within the Forbearance</p> <p>12 Agreement. Take a minute and read paragraph 18.</p> <p>13 A Okay.</p> <p>14 Q Anything in paragraph 18 that's not true</p> <p>15 as it relates to the original Forbearance</p> <p>16 Agreement?</p> <p>17 MS. BARRAZA: Objection. Form.</p> <p>18 A It's true with relation to the original</p> <p>19 agreement; however, this does not reflect</p> <p>20 subsequent modifications.</p> <p>21 Q So why did you deny it?</p> <p>22 A Because it's not completely</p> <p>23 representative of the agreement. It only</p> <p>24 represents part of the agreement.</p> <p>25 Q Well, it represents the Forbearance</p>
<p style="text-align: right;">page 333</p> <p>1 the same thing. You admit, but then you say, "As</p> <p>2 to the remaining allegations." There's no</p> <p>3 allegation other than the lease in paragraph 15,</p> <p>4 correct, and the consent to lease? Paragraph 15</p> <p>5 is true; is that fair Mr. Bloom?</p> <p>6 MS. BARRAZA: Objection. Form.</p> <p>7 MR. MUSHKIN: What's the objection?</p> <p>8 MS. BARRAZA: Form.</p> <p>9 (Reporter clarification.)</p> <p>10 MR. MUSHKIN: I didn't hear her. I'm</p> <p>11 sorry, Jay.</p> <p>12 THE WITNESS: Not important.</p> <p>13 Paragraph 15, to the extent that there</p> <p>14 are only those two, the allegations would be true.</p> <p>15 So it would be admit.</p> <p>16 BY MR. MUSHKIN:</p> <p>17 Q So let's go to 16. You were aware that</p> <p>18 there was a document in the closing package called</p> <p>19 Consent to Lease; is that correct?</p> <p>20 A Yes.</p> <p>21 Q And paragraph 2 of the Consent to Lease</p> <p>22 contains the language contained in paragraph 16;</p> <p>23 is that correct?</p> <p>24 A To the best of my recollections, without</p> <p>25 having the document in front of me to review, yes.</p>	<p style="text-align: right;">page 335</p> <p>1 Agreement, doesn't it? You're alleging --</p> <p>2 A It represents --</p> <p>3 Q Let my finish my question.</p> <p>4 Your allegation is that there's</p> <p>5 subsequent modifications; correct?</p> <p>6 A Are you finished with your question?</p> <p>7 Q Yes.</p> <p>8 A Yes, there are subsequent modifications</p> <p>9 that are incorporated into the Forbearance</p> <p>10 Agreement which are not reflected in this</p> <p>11 question.</p> <p>12 Q Think about what you just said,</p> <p>13 subsequent modification integrated into the</p> <p>14 Forbearance Agreement. The Forbearance Agreement</p> <p>15 is at a date certain, and at the end of the</p> <p>16 Forbearance Agreement these terms do exist, do</p> <p>17 they not?</p> <p>18 MS. BARRAZA: Objection. Form.</p> <p>19 A At the time the Forbearance Agreement</p> <p>20 was executed, yes.</p> <p>21 Q Thank you.</p> <p>22 A At the time of the complaint, no. I'm</p> <p>23 sorry. I wasn't finished answering.</p> <p>24 At the time of the complaint, no, these</p> <p>25 terms would not exist.</p>

<p style="text-align: right;">page 336</p> <p>1 Q Well, but that's not what the paragraph 2 asks. The paragraph says, "As a part of the 3 Forbearance Agreement," and then it has certain 4 terms. On August 4th of 2017, SHAC was organized, 5 paragraph 19. Paragraph 19 says Counter-defendant 6 is without sufficient knowledge. But you formed 7 SHAC, didn't you? 8 A I did. 9 Q So how is it that you don't know that it 10 was formed on August 4th of 2017? 11 A SHAC was organized with the initial 12 members being SJC, CBC, and the Antoses, and then 13 there was an immediate resignation. So SHAC, 14 although it was organized on that date with those 15 parties, I think it was by the end of that date it 16 was just the Antoses, so -- 17 Q Let take a look a little closer, 18 Mr. Bloom. It's true that on or about August 4th, 19 SHAC was organized with the initial members being 20 SJC, CBC Partners, and Antos. That is a true 21 statement; correct? 22 A That's a statement that is partially 23 reflective of the truth and -- 24 Q Hang on. Hang on. That statement is 25 true; correct? Let's look at the next paragraph.</p>	<p style="text-align: right;">page 338</p> <p>1 representation, I'll accept it to the extent that 2 I'd qualify it with the pledges do not include 3 SJC, as SJC is not a signatory of the Pledge 4 Agreement. 5 Q But you don't deny that the language is 6 contained in the Pledge Agreement? 7 A As discussed earlier, the legacy 8 language is incorporated... 9 (Reporter clarification.) 10 A In parts of the Pledge Agreement, 11 omitted in other parts of the Pledge Agreement, 12 and is not present in other agreements that we've 13 discussed during the course of this litigation. 14 Q So in the next paragraph it talks about 15 "SJC Ventures has done none of the required acts 16 to fulfill its obligations under the operating 17 agreement and pledge agreements." Do you see 18 that? 19 A I do see that. 20 Q Do you know what your response was? 21 A What was the response? 22 Q Well, your typical "The document speaks 23 for itself," but "To the extent a response is 24 required, counter-defendant is without sufficient 25 knowledge or information upon which to form a</p>
<p style="text-align: right;">page 337</p> <p>1 "On or about August 9th, CBC Partners resigned." 2 Do you see that? 3 A Yes. 4 Q That's also true, isn't it? 5 A Without having the papers in front of me 6 to substantiate the dates, on or about August 9th, 7 yes. 8 Q Thank you. 9 Paragraph 21 relates to the 100 percent 10 pledge, and you denied this allegation; is that 11 correct? 12 A Correct. 13 Q And I know I've asked you, so I'm not 14 going to go into whether you have a document or 15 anything like that. All right. That one's fine. 16 Item 24. So 24 says, "In addition to 17 pledging membership interest, the pledgors agree 18 not to sell, assign, or by operation authorize, 19 dispose of, or grant any option with respect to 20 the pledged collateral." Do you see paragraph 24? 21 A I do see paragraph 24. 22 Q And that is language that comes directly 23 from the agreement, is it not? 24 MS. BARRAZA: Objection. Form. 25 A I don't -- if that's your</p>	<p style="text-align: right;">page 339</p> <p>1 belief as to the truth of the allegations 2 contained in said paragraph and thereof generally 3 and specifically deny the allegations contained 4 therein." I'm sorry. I read you the wrong 5 paragraph. 6 Answering paragraph 25, 7 "Counter-defendant denies the allegations and 8 denies that it was required to act at all under 9 the Pledge Agreement, as it did not execute the 10 Pledge Agreement." 11 I understand your response to the Pledge 12 Agreement, but I do not understand your response 13 as to the operating agreement. Is it your 14 testimony that you were not required to act under 15 the operating agreement? 16 A Paragraph 25 alleges that SJC Ventures 17 has done none of the required acts. I'm denying 18 that allegation. 19 Q Thank you. 20 I just have one more to go through, and 21 that's the answer to the counterclaim of CBC. 22 A I'd just like to enter into the record 23 that we've now passed ten hours into a seven-hour 24 deposition. So I'm hoping when I say you just 25 have one more it is actually just one more.</p>

<p>1 Q Just one more.</p> <p>2 Do you see that document?</p> <p>3 A I do.</p> <p>4 Q Where is my counterclaim?</p> <p>5 A I am without sufficient knowledge or</p> <p>6 information to know where your counterclaim is.</p> <p>7 Q Oh, I know.</p> <p>8 I'm just going to try to cut to the</p> <p>9 actual -- Mr. Bloom, is it your testimony that</p> <p>10 SHAC has fully performed the Forbearance</p> <p>11 Agreement?</p> <p>12 A To the extent that it has obligations in</p> <p>13 the Forbearance Agreement, those obligations that</p> <p>14 actually exist, yes.</p> <p>15 Q And is it that you're saying -- your</p> <p>16 statement would be the same for SJC?</p> <p>17 A Yes, statement is the same.</p> <p>18 Q Now, it's kind of interesting, because</p> <p>19 you're the plaintiff in this case and you sued</p> <p>20 under these very contracts. You understand that?</p> <p>21 A I do.</p> <p>22 Q So by what right do you stay in this</p> <p>23 property if not pursuant to the contracts that we</p> <p>24 refer to as the closing package?</p> <p>25 MS. BARRAZA: Objection. Form.</p>	<p>page 340</p> <p>1 (The videoconference deposition was</p> <p>2 concluded at 3:11 p.m.)</p> <p>3</p> <p>4</p> <p>5</p> <p>6</p> <p>7</p> <p>8</p> <p>9</p> <p>10</p> <p>11</p> <p>12</p> <p>13</p> <p>14</p> <p>15</p> <p>16</p> <p>17</p> <p>18</p> <p>19</p> <p>20</p> <p>21</p> <p>22</p> <p>23</p> <p>24</p> <p>25</p> <p>page 342</p>
<p>page 341</p> <p>1 A Just because your client breached and</p> <p>2 committed material omissions, that does not negate</p> <p>3 the rights that I have under the contract, given</p> <p>4 my performance under the contract for -- and when</p> <p>5 I say "my," I mean SJC and SHAC's performance</p> <p>6 under -- its actual obligations under the</p> <p>7 agreements.</p> <p>8 Q And the actual obligations include the</p> <p>9 retirement of this debt, doesn't it?</p> <p>10 A It does not.</p> <p>11 Q It was disclosed in the very beginning</p> <p>12 that KCI was the maker of the note; right?</p> <p>13 A It was represented that -- KCI was one</p> <p>14 of the makers of the note.</p> <p>15 Q Thank you very much.</p> <p>16 A It was represented there was a third</p> <p>17 mortgage.</p> <p>18 I'm sorry. I'm not finished with my</p> <p>19 answer.</p> <p>20 It was represented as an obligation of</p> <p>21 the Antos Trust, which it turned out not to be the</p> <p>22 case. There was no third mortgage.</p> <p>23 Was that your final question?</p> <p>24 MR. MUSHKIN: I'm done. Thank you very</p> <p>25 much, Mr. Bloom.</p>	<p>page 343</p> <p>1 CERTIFICATE OF WITNESS</p> <p>2 PAGE LINE CHANGE REASON</p> <p>3</p> <p>4</p> <p>5</p> <p>6</p> <p>7</p> <p>8</p> <p>9</p> <p>10</p> <p>11</p> <p>12</p> <p>13 I, Jay Bloom, deponent herein, do hereby</p> <p>14 certify and declare under the penalty of perjury</p> <p>15 that the within and foregoing transcription,</p> <p>16 including my corrections reflected above, is a</p> <p>17 true and correct transcription of my testimony</p> <p>18 contained therein; that I have read, corrected,</p> <p>19 and hereby affix my signature to said deposition.</p> <p>20 Executed this ____ day of _____, 2020,</p> <p>21 at _____.</p> <p>22 (City/State)</p> <p>23</p> <p>24</p> <p>25 Jay Bloom, Deponent</p> <p>CERTIFICATE OF REPORTER</p>

page 344

1
2 STATE OF NEVADA)
3) SS.
4 COUNTY OF CLARK)
5
6 I, Cari M. Inkenbrandt, a Certified
7 Court Reporter duly licensed by the State of
8 Nevada, do hereby certify:
9 That I reported the deposition of Jay
10 Bloom, commencing on November 5, 2020;
11 That prior to being deposed, the witness
12 was duly sworn by me to testify to the truth;
13 That I thereafter transcribed my said
14 stenographic notes into written form;
15 That the typewritten transcript is a
16 complete, true, and accurate transcription of my
17 said stenographic notes;
18 I further certify that pursuant to FRCP
19 Rule 30(3)(1) that the signature of the deponent:
20 ____X____ was requested by the witness or
21 party before completion of the deposition;
22 _____ was not requested by the
23 deponent or a party before the completion of the
24 deposition.
25 I further certify that I am not a

page 345


1 relative or employee of counsel or of any of the
2 parties involved in the proceeding.
3 IN WITNESS WHEREOF, I have hereunto set
4 my hand in my office in the County of Clark, State
5 of Nevada, this 9th day of November 2020.
6
7 
8
9
10 Cari Michele Inkenbrandt, RPR, CCR #939
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

EXHIBIT 2

EXHIBIT 2

MUSHKIN & COPPEDGE

Michael R. Mushkin, Esq.
L. Joe Coppedge, Esq.
Mark C. Hafer, Esq.*

*of counsel

6070 South Eastern Avenue
Suite 270
Las Vegas, Nevada 89119

Telephone 702.454.3333
Facsimile 702.386.4979

April 3, 2020

Via Certified Mail
& USPS

Jay Bloom, Manager
SJC Ventures, LLC
c/o Maier Gutierrez & Associates
8816 Spanish Ridge Avenue
Las Vegas, NV 89148

Via Certified Mail
& USPS

Jay Bloom, Manager
SJC Ventures, LLC
5148 Spanish Heights Drive
Las Vegas, NV 89148

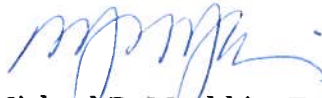
Re: Notice to Vacate
5148 Spanish Heights Drive, Las Vegas, NV 89148

Dear Mr. Bloom:

As you are aware, CBC Partners I, LLC, (CBCI) has exercised their rights pursuant to the Pledge Agreement and having received the Assignment of Company and Membership Interests of Spanish Heights Acquisition Company, LLC (SHAC) from the Kenneth & Sheila Antos Living Trust, CBC Partners, LLC (CBCP) is now the owner of SHAC. This letter shall serve as notice for SJC Ventures, LLC (SJCVC) to vacate the premises located at 5148 Spanish Heights Drive, Las Vegas, NV 89148. SHAC is also the owner of certain fixtures, furniture, equipment and appliances on property. The inspection recently performed and the failure to provide proof of repairs contracted for; show that significant damage to the property has occurred.

My client appreciates these difficult times and would like to accommodate a reasonable plan for SJCVC to vacate. Please feel free to contact the undersigned to discuss a plan to vacate and the inventory of items owned by SHAC.

Sincerely,



Michael R. Mushkin, Esq.

MRM:klf
cc: CBC Partners I, LLC

EXHIBIT 3

EXHIBIT 3

TRAN

DISTRICT COURT
CLARK COUNTY, NEVADA
* * * * *

SPANISH HEIGHTS ACQUISITION)
COMPANY LLC,)
)
Plaintiffs,)
)
vs.)
)
CBC PARTNERS I LLC,)
)
)
Defendant.)
)
AND RELATED PARTIES)

CASE NO. A-20-813439-B
DEPT NO. XI

**TRANSCRIPT OF
PROCEEDINGS**

BEFORE THE HONORABLE ELIZABETH GONZALEZ, DISTRICT COURT JUDGE
THURSDAY, MAY 14, 2020

**HEARING RE: PLAINTIFFS' APPLICATION FOR TEMPORARY
RESTRAINING ORDER AND MOTION FOR PRELIMINARY
INJUNCTION ON ORDER SHORTENING TIME**

APPEARANCES:

FOR THE PLAINTIFFS: JOSEPH A. GUTIERREZ, ESQ.
DANIELLE J. BARRAZA, ESQ.

FOR CBC PARTNERS I: MICHAEL R. MUSHKIN, ESQ.

RECORDED BY: JILL HAWKINS, COURT RECORDER
TRANSCRIBED BY: JD REPORTING, INC.

I N D E X

Opening statement for the Plaintiff by Mr. Gutierrez	6
Opening statement for the Defense by Mr. Mushkin	7
Closing argument for the Plaintiffs by Mr. Gutierrez	253
Closing argument for the Defense by Mr. Mushkin	256
Rebuttal argument for the Plaintiffs by Mr. Gutierrez	269

W I T N E S S E S

WITNESSES FOR THE PLAINTIFFS:

JAY BLOOM

Direct Examination by Mr. Gutierrez	22
Cross-Examination by Mr. Mushkin	68
Redirect Examination by Mr. Gutierrez	210
Recross-Examination by Mr. Mushkin	215

ALAN HALLBERG

Direct Examination by Mr. Gutierrez	217
Cross-Examination by Mr. Mushkin	223
Redirect Examination by Mr. Gutierrez	233
Recross-Examination by Mr. Mushkin	236

WITNESSES FOR THE DEFENSE:

DAVID HODGMAN

Direct Examination by Mr. Mushkin	240
Cross-Examination by Mr. Gutierrez	242

WITNESSES FOR THE DEFENSE (CONTINUED):

KENNETH M. ANTOS

Direct Examination by Mr. Mushkin	246
Cross-Examination by Mr. Gutierrez	247
Redirect Examination by Mr. Mushkin	249
Recross-Examination by Mr. Gutierrez	252

E X H I B I T S

DEFENSE EXHIBITS ADMITTED:

A-W	21
X	52
AA	55
CC	48
EE	47
FF	133
II	65
OO	186
PP	187

1 **LAS VEGAS, CLARK COUNTY, NEVADA, MAY 14, 2020, 9:24 A.M.**

2 * * * * *

3 THE COURT: So I've got two motions that were filed
4 yesterday. There's a motion for a protective order and a
5 motion to quash subpoena. Does anybody want to discuss either
6 of those before we start?

7 MR. GUTIERREZ: You've already sent out a minute
8 order, Judge. So they're moot I believe.

9 THE COURT: Only on the subpoena issue. So if
10 that's -- if it's all covered by both of these steps -- because
11 I read them, and it seemed like there was still a lingering
12 issue, but we'll deal with it if it comes up.

13 MR. MUSHKIN: Whatever you want, Judge.

14 THE COURT: Okay. So do you guys.

15 All right. I'm going to go drink some more coffee,
16 and you guys let me know when we're ready to start.

17 (Proceedings recessed at 9:25 a.m., until 9:26 a.m.)

18 MR. MUSHKIN: Well, if we can't make it work --

19 THE COURT: We can make it work.

20 MR. MUSHKIN: -- we don't want to waste judicial
21 time. I can have my client listen in, and --

22 THE COURT: Can he listen until we fix it?

23 MR. MUSHKIN: That was my point.

24 THE COURT: Perfect. Okay. So we'll have him listen
25 while we wait for IT.

1 (Pause in the proceedings.)

2 MR. MUSHKIN: And the first witness is here.

3 THE COURT: But we're going to do opening statements
4 first.

5 MR. MUSHKIN: Yes, ma'am.

6 THE COURT: Would anyone like to make an opening
7 statement?

8 MR. GUTIERREZ: Good morning, Your Honor.

9 MR. MUSHKIN: Oh, one second, Judge. Let me get him
10 on the line.

11 THE COURT: You know you can't move the chairs. Once
12 you get in the chairs, they've got to stay where they are.
13 They've got the blue stickers on them. Dan measured carefully.
14 I mean, he was really into --

15 MR. MUSHKIN: I gave me the rules.

16 (Pause in the proceedings.)

17 MR. MUSHKIN: Mr. Hallberg, I have now put you on
18 speaker phone. They're going to try and get BlueJeans up here
19 in a while.

20 Your Honor, I'm just going to place him next to the
21 speaker in case he -- or the mic in case he has to speak.

22 THE COURT: Okay. We hope he doesn't.

23 Mr. Gutierrez, you wanted to make an opening
24 statement.

25 MR. GUTIERREZ: Good morning, Your Honor.

1 THE COURT: Good morning again.

2 **OPENING STATEMENT FOR PLAINTIFFS**

3 MR. GUTIERREZ: Your Honor, Joseph Gutierrez on
4 behalf of Spanish Heights Acquisition Company. Danielle
5 Barraza with me today and also on behalf of SJC Ventures. With
6 me is Jay Bloom as manager of both entities.

7 MR. BLOOM: Good morning.

8 MR. GUTIERREZ: Your Honor, briefly this is our
9 motion for preliminary injunction that we are seeking in
10 extension to the temporary restraining order to expire at the
11 time of the governor's moratorium.

12 Specifically, we've laid out arguments in our
13 pleadings, Your Honor, and in our TRO argument that this is a
14 clear foreclosure attempt on behalf of the defendants to
15 foreclose on property owned by Spanish Heights Acquisition
16 Company, which we call SHAC, and to evict a tenant which is SJC
17 Ventures as part of a lease agreement that is set to expire in
18 2023.

19 So it's our position, Your Honor, that the governor's
20 directive that no exception applies here. The governor's
21 directive should be interpreted on its face, and this TRO
22 should be extended as a preliminary injunction to the time to
23 if and when the governor's directive is dissolved, which we
24 don't know.

25 Additional, Your Honor, the other point we want to

1 raise today and show is that we've come to learn that CBC
2 Partners, the defendant, has sold their note, and so we believe
3 there's a [indiscernible] issue with standing. So we don't
4 believe that CBC even has standing to foreclose or to challenge
5 some of the issues in the governor's directive. So we'll be
6 putting evidence on that as well.

7 THE COURT: All right.

8 MR. GUTIERREZ: Thank you, Your Honor.

9 THE COURT: Thank you.

10 Mr. Mushkin.

11 MR. MUSHKIN: May I take this off while I speak?

12 THE COURT: As long as you stay there.

13 MR. MUSHKIN: I am not going anywhere.

14 THE COURT: Because you are more than 6 feet away
15 from everybody at the podium.

16 MR. MUSHKIN: I'm not going anywhere, Judge.

17 THE COURT: As someone that's been trying to speak
18 through a face covering for six weeks, I can tell you it's not
19 easy.

20 MR. MUSHKIN: It's not.

21 **OPENING STATEMENT FOR DEFENDANT**

22 MR. MUSHKIN: Your Honor, as you can see from our
23 pleadings, we are diametrically opposed. What the record will
24 show in this case is that there is no eviction. There is no
25 foreclosure. There were notices sent. What the record will

1 show is that all of the obligations are fully matured and that
2 there is no continuing lease. That lease was terminated. In
3 addition, it was fully matured. The termination comes by
4 contract right. The full maturation columns by way of an
5 amended document on amendment to the forbearance agreement,
6 which we'll show you.

7 Interestingly enough, there's another document called
8 a pledge agreement, and I want to point this out to the Court
9 because the TRO was obtained under a rather strange
10 circumstance. A hearing was requested, but none was had, and
11 the defense was never heard. And I understand the Court
12 wanting evidence and extending it; that's a different
13 circumstance. But the initial granting of this should not
14 be --

15 THE COURT: Not by me.

16 MR. MUSHKIN: Not by you.

17 THE COURT: By somebody else. Yes.

18 MR. MUSHKIN: But, yes, Your Honor. Not by you. And
19 there's other circumstances behind that, but not by you.

20 It is without a clear statement pursuant to the rule,
21 and I would point to the two declarations by Mr. Bloom that
22 never set forth the specific facts that support an injunction.
23 And better yet, Judge, what are they trying to enjoin? Are
24 they trying to enjoin the right to give a notice, or they're
25 trying to enjoin an eviction or a foreclosure action that

1 doesn't exist.

2 Your Honor, we ask you to take judicial notice of
3 some other cases. I'll go into them at greater length, but you
4 will find a pattern here, Judge, a pattern of
5 misrepresentation, a pattern of a lack of candor, and quite
6 frankly, Judge, at the end of all of this, we will try and
7 determine that this is a vexatious litigant.

8 The contract obligations are very clear, and for
9 Mr. Bloom to file a declaration that says that a hundred
10 percent of the interest in SHAC is not pledged for the
11 performance of the obligations that have fully matured is not
12 only misleading, it is false. It is an intentional
13 misrepresentation to this Court. The documents say it over and
14 over. Mr. Bloom confirms it both on behalf of SHAC and on
15 behalf of SJC Ventures.

16 THE COURT: Hold on a second, Mr. Mushkin.

17 (Pause in the proceedings.)

18 THE COURT: Sorry. I parked in the wrong spot
19 because somebody was in my spot, and now it's creating drama.

20 MR. MUSHKIN: That pledge agreement calls for CBC, my
21 client, to be able to obtain by its own acts -- there's
22 actually even a power of attorney provided so that upon default
23 or maturation they can take over the stock of SHAC. Notice was
24 given. Mr. Antos, the 49 percent owner understood the
25 obligations, transferred his interest over. Mr. Bloom ignored.

1 Now, when the bailiff interrupted you, I was about to
2 go back to a specific document. It is a letter dated March
3 16th, Judge, and it's quite important because the March 16
4 document is to put the plaintiff on notice that they have not
5 performed various obligations under the documents. It is not
6 an eviction. It is not a foreclosure. It is a request for
7 information and performance. There is nothing in that March
8 16th letter that is covered by any of the directives of the
9 governor. Yet the plaintiff submits an order that wants all of
10 these notices rescinded.

11 Now, at the end of this hearing, Your Honor, I'm
12 going to ask you to dissolve the TRO nunc pro tunc because I
13 want my notices to bind. There has been no evictions
14 proceeding begun. There has been no foreclosure proceeding
15 begun, but there have been a series of notices that I have
16 every right to give because everything is matured. The statute
17 says I have to give that notice 30 days before I can foreclose.
18 And at some point in time, the directives, either through the
19 courts, as we saw from Wisconsin, or by their release, will --
20 these emergency directives will go away. All right. So that
21 March 16th letter should have never been the subject of a
22 TRO. It should've never been in any way affected by any of
23 this claim of emergency directives 008.

24 Now, let's go back to those documents, the pledge
25 document. Well, Judge, there's a note. There's a deed of

1 trust, and there's even more.

2 Could I have my demonstrative exhibit, please. I
3 thought I had it over here.

4 So there's a -- there's some undisputed facts here.
5 There's a first mortgage on this property, and that first
6 mortgage is to City National Bank, and that first mortgage has
7 a balance of \$3,240,000, and that monthly payment on that is
8 \$19,181.04.

9 The second mortgage on this property is to Northern
10 Trust. It's a HELOC. It's for \$599,000, and there might be
11 some change on there, but I'm rounding to the thousand. The
12 payment is \$3,084.86.

13 The third mortgage starts out as a commercial loan.

14 THE COURT: Can we stop for a second.

15 MR. MUSHKIN: Yes, you bet.

16 THE COURT: Yes, Jill.

17 THE COURT RECORDER: So the question is first of all
18 who is the witness? Is that Kenneth Antos or is it --

19 MR. MUSHKIN: Kenneth Antos is one witness. He is --
20 and the man on the phone is Alan Hallberg.

21 THE COURT RECORDER: Mr. Hallberg. Right.

22 MR. MUSHKIN: And he's my client.

23 THE COURT RECORDER: And who's David?

24 MR. MUSHKIN: David, there are several of the
25 declarants. We filed declarations, and I have the declarants

1 listening in in case the Court wants their testimony as -- or
2 further on the declarations. So there's some of the declarants
3 that might be listening in.

4 THE COURT: Okay. So I'm not reading the
5 declarations because this is an evidentiary hearing. There
6 maybe a chance that you want to offer those, but at this point
7 I haven't read them because this is an evidentiary hearing.

8 MR. MUSHKIN: Well --

9 THE COURT: I understand. I haven't read them yet.

10 MR. MUSHKIN: Okay.

11 THE COURT: There may be an objection to me reading
12 them, which is why I don't read them ahead of time.

13 THE COURT RECORDER: Okay. So the problem is going
14 to be they're all on the same link, and --

15 THE COURT: They have to go one after the other.
16 They can't all be on at the same time; correct?

17 THE COURT RECORDER: Well, they can, but the problem
18 is, is if the exclusionary rule applies, then the witness can't
19 be on there.

20 THE COURT: Does anybody want to invoke the
21 exclusionary rule after I finish opening statements?

22 MR. GUTIERREZ: Yes, Your Honor. We would invoke
23 that.

24 THE COURT: Okay. So --

25 THE COURT RECORDER: So they're going to have to have

1 a different link.

2 MR. MUSHKIN: So let me see if I can help.

3 THE COURT: Well, hold on. Let Jill finish.

4 THE COURT RECORDER: Let me finish. One second,
5 please. And because the exhibits are going to be displayed,
6 you can't have anybody on the video with the exhibits. You
7 can't do both.

8 MR. MUSHKIN: So, Mr. Hallberg, can you hear what's
9 going on okay?

10 MR. HALLBERG: Not a hundred percent. I'm getting
11 maybe 60, 70 percent.

12 MR. MUSHKIN: So all I would care to have is
13 Mr. Hallberg put on as soon as he can be put on. And if you
14 have to drop his video to post a exhibit, then he'll just have
15 audio. Will that work?

16 THE COURT: I don't know.

17 UNIDENTIFIED SPEAKER: Technically, yes, that works.
18 He won't be able to see the document.

19 MR. MUSHKIN: He doesn't need to. He's got them
20 separately.

21 UNIDENTIFIED SPEAKER: Then that will work. We can
22 also let the people know we're going to move them real quickly.
23 And I can move the other people off.

24 THE COURT: Okay. Well, he has to finish his
25 opening, and then I ask a question. And then Mr. Gutierrez has

1 said he's going to say, yes, I want the exclusionary rule
2 invoked, and then we'll have to drop everybody.

3 (Pause in the proceedings.)

4 THE COURT: All right. Mr. Mushkin, if you would
5 finish or opening statement, please.

6 MR. MUSHKIN: Okay. I believe where I left off,
7 Judge, is there is a third mortgage on the property.

8 THE COURT: With a variable total?

9 MR. MUSHKIN: With a variable total?

10 THE COURT: That's what you said. It was one, and
11 then it was different.

12 MR. MUSHKIN: No, I don't --

13 THE COURT: Third mortgage.

14 MR. MUSHKIN: Third mortgage, Judge. Sorry. Don't
15 confuse me. Thank you.

16 THE COURT: Just give me the third mortgage.

17 MR. MUSHKIN: Yes, ma'am.

18 THE COURT: I've already gotten a HELOC, and I've
19 done the first mortgage.

20 MR. MUSHKIN: HELOC. It's third mortgage. And I
21 didn't get to the number. The principal balance of the third
22 mortgage is \$2,935,001.14. And that mortgage has a contract
23 rate, not default rate -- that may become relevant later,
24 Judge -- a contract rate of \$33,187.50.

25 Now, in addition to that, there is something in the

1 documents that you will see called advanced notes. And that's
2 because in the course of the 30 months that Mr. Bloom has been
3 living in this house -- well, it's now 32 months, but the 30
4 months covered by the contracts, the forbearance agreement, the
5 amended forbearance agreement, the pledge agreement, things of
6 that nature, during that period of time, Mr. Bloom paid plus or
7 minus 8,000 --

8 Wait. I've got to get to the other one. Sorry,
9 Judge.

10 -- \$8,560.42 per month. My client paid as advances,
11 pursuant to the forbearance and agreements, my client paid
12 \$22,265 a month, paid out-of-pocket advances pursuant to the
13 agreement. Those advances and other advances that were
14 acknowledged at the beginning of the forbearance agreement,
15 approximately 397,000 worth leave an advance note balance as of
16 March 31st of \$1,326,744.55. That's important because that is
17 due March 31st. No foreclosure, no -- that is due. That's
18 an advance note that Mr. Bloom enjoyed the benefit of for the
19 30 months that he lived in the house.

20 There's also accrued interest of \$1,058,000. There
21 are current taxes due in the amount of \$51,000. And to the
22 best of my knowledge, there's two months of HOA dues that are
23 due now; however, as a part of the advance was 12,000 and
24 change that was to cure an HOA foreclosure that Mr. Bloom
25 allowed to happen within the 30 months. The cure took place in

1 January of 2019.

2 Your Honor, I go through these facts because in order
3 to be successful on a motion for preliminary injunction, the
4 plaintiff has the burden of proof. And they must show you that
5 they are irreparably harmed. I do not believe they'll be able
6 to do that. They must show you that there's some likelihood of
7 success on the merits of their claims, and if we look to their
8 complaint and the merits of their claims, there simply is none.

9 I asked you to take judicial notice of some cases
10 because you will see this pattern happen twice on the last two
11 residents of this plaintiff. And then I referenced three
12 defamation cases because I think they are important to show
13 pattern as well.

14 When Mr. Bloom doesn't get his way, he takes immense
15 amount of effort to punish people, and that's what this
16 litigation is. It's a preemptive strike. Because in January
17 or February he advised Mr. Hallberg that he wasn't going to
18 have the money to pay what was due. And by March, everybody
19 had said enough, and the matter was turned over to me.
20 There'll be some interesting revelations about that as well.

21 Your Honor, the evidence that we're going to present
22 to you is not only the contracts and the various documents, but
23 we're also going to show you through Mr. Bloom's testimony the
24 misrepresentations, through Mr. Hallberg's and Mr. Antos's
25 testimony the whole scheme of why this was put into an LLC and

1 why this was done to allow CBC to collect their assets easily.

2 And then there will be a series of declarations
3 regarding the HOA liens; Mr. Bloom's son being extremely
4 dangerous in the neighborhood, doesn't have a driver's license,
5 isn't driving with a person there. There'll be all of that to
6 show you why the declaration -- emergency declaration 008 does
7 not apply to this case. But even if it did apply, Judge,
8 there's no eviction. There is no foreclosure pending. So it
9 does not apply.

10 Finally, what we're going to ask you to do is to deny
11 the motion and award us attorney's fees for having to do this,
12 for having to come before you under these circumstances when
13 nothing is pending.

14 (Pause in the proceedings.)

15 MR. MUSHKIN: Your Honor, what you will see
16 unequivocally from this evidence, it is consistent that
17 Mr. Bloom wants the benefit of the contracts without the burden
18 of performance. That's what you're going to see. That's what
19 the evidence will show. If after all the evidence, Judge, for
20 some strange reason you believe that this injunction should
21 issue or that the TRO should be extended for any period of
22 time, I wanted the Court to be clear on what it takes per month
23 to service the obligations on this house. And that is
24 \$19,181.04 for City National, \$3,084 for Northern Trust.

25 33,187 for CBC. I will often refer to CBC I, slash,

1 5148 Spanish Heights, which is the transferee of the note and
2 deed of trust that was done to create a separate interest on
3 the note and deed of trust because there's additional
4 collateral. And that's the last thing I want to talk about.

5 Not only did Mr. Bloom pledge a hundred percent of
6 his stock in SHAC, Mr. Bloom entered into a security agreement
7 and pledged payment from his \$2 billion default judgment. So
8 the notion that he did not pledge his stock in SHAC is belied
9 by the documents. It's belied by the witnesses, and it's
10 belied by the security agreement that is additional collateral
11 for performance. I would suggest to the Court that when we're
12 done today you will realize that Mr. Bloom has not been honest
13 with the Court.

14 And I thank the Court for your time.

15 THE COURT: Thank you. Does anyone wish to invoke
16 the exclusionary rule?

17 MR. GUTIERREZ: Good morning, Your Honor. Joseph
18 Gutierrez on behalf of the plaintiffs. Yes, we would invoke
19 the exclusionary rule.

20 THE COURT: Okay.

21 MR. MUSHKIN: May I be heard before you apply the
22 rule, Judge?

23 THE COURT: Yes.

24 MR. MUSHKIN: Before we came today, the Court said
25 are we going to do declarations or witnesses? We said both.

1 THE COURT: Uh-huh.

2 MR. MUSHKIN: I have provided to counsel the
3 declarations in advance.

4 THE COURT: I saw they were filed. I just didn't
5 read them.

6 MR. MUSHKIN: And I just want the Court to know, just
7 because technically I don't know what it means, but those
8 declarations really just identify the documents.

9 THE COURT: Okay.

10 MR. MUSHKIN: The only one that's substantive is
11 perhaps Mr. Hodgman, who is the next-door neighbor. And
12 because it acknowledges the fireworks issue. So just so the
13 Court knows, they're very brief in the extent of those
14 declarations.

15 THE COURT: Well, first I got to see if there's an
16 objection before you offer them. I haven't got to that point
17 yet.

18 So the exclusionary rule is imposed. That does not
19 mean your witness cannot still participate on the video as a
20 observer, but when I get to the point of having to have a
21 witness use the video link, I'm going to have to kick him off
22 to use the video link for somebody else if he's not the one
23 testifying. Okay?

24 MR. MUSHKIN: Yes. Yes. Thank you.

25 THE COURT: All right. Your first witness,

1 Mr. Gutierrez.

2 MR. MUSHKIN: Thank you, Your Honor. Your Honor,
3 we'll be calling Jay Bloom at this time.

4 THE COURT: Mr. Bloom, if you would come to the
5 witness stand, please.

6 Jill, is it okay for him to go to the witness stand?

7 THE COURT RECORDER: Yes.

8 THE COURT: Okay. And, sir, I notice you have books
9 with you.

10 Can you tell me what those are, Mr. Gutierrez?

11 MR. GUTIERREZ: Yes, Your Honor. Mr. Bloom has
12 copies of the joint exhibits that we'll be going through.

13 THE COURT: Okay.

14 MR. GUTIERREZ: Counsel and I have agreed to, for the
15 record, the exhibits are numbered Exhibit A through --

16 THE COURT: Double W.

17 MR. MUSHKIN: Double W.

18 And counsel and I have agreed for the admissibility
19 of Exhibits A through W.

20 Is that correct?

21 THE COURT: A through single W?

22 MR. GUTIERREZ: Through single W.

23 THE COURT: Is that correct, Mr. Mushkin?

24 MR. MUSHKIN: Yes.

25 THE COURT: A through single W will be admitted at.

1 (Joint Exhibit Number(s) A-W admitted.)

2 THE COURT: Are there any others to which you
3 stipulate, Mr. Munchkin or Mr. Gutierrez?

4 MR. MUSHKIN: Not at this time?

5 THE COURT: Okay.

6 MR. GUTIERREZ: But I believe we've stipulated to the
7 authenticity of the remaining exhibits.

8 Is that correct?

9 MR. MUSHKIN: That's correct. We're not arguing
10 authenticity.

11 MR. GUTIERREZ: Okay.

12 THE COURT: Okay. So were only on relevance and --
13 okay.

14 Sir, if you'd raise your right hand so we can swear
15 you in, through the mask.

16 **JAY BLOOM**

17 [having been called as a witness and being first duly sworn,
18 testified as follows:]

19 THE CLERK: Thank you. Please be seated. Please
20 state and spell your name for the record.

21 THE WITNESS: Jay Bloom. J-a-y, B-l-o-o-m.

22 Can you hear me okay through the mask?

23 THE COURT RECORDER: It's a little difficult, but.

24 THE COURT: We've been dealing with it for six weeks.
25 So.

1 THE WITNESS: Would you prefer I keep the mask on
2 or --

3 THE COURT: Yeah. It's better to keep it on.

4 THE WITNESS: Okay.

5 MR. GUTIERREZ: Maybe just lean forward, Mr. Bloom,
6 into the microphone.

7 THE COURT: All right.

8 THE WITNESS: Okay.

9 THE COURT: You're up, Mr. Gutierrez.

10 MR. GUTIERREZ: Thank you, Your Honor.

11 DIRECT EXAMINATION

12 BY MR. GUTIERREZ:

13 Q Mr. Bloom, where are you currently employed?

14 A I'm employed with Pegasus Group Holdings.

15 Q And can you --

16 MR. MUSHKIN: Your Honor, I can't -- I cannot hear
17 nor understand him. So he has to be louder or closer to the
18 mike.

19 THE COURT: Ramsey, can you help them move that mic.

20 THE MARSHAL: That mic doesn't move, Your Honor.

21 THE WITNESS: That mic is screwed into the desk.

22 THE COURT: Can we move the chair?

23 THE WITNESS: I am already against the table.

24 (Pause in the proceedings.)

25 THE COURT: I can hear him just fine. Do you want

1 the headphones, Mr. Mushkin? Mr. Mushkin, you've got to put
2 your mask back on. Do you want the headphones? I actually had
3 Steve Peek wear them the other day at a hearing.

4 MR. MUSHKIN: You better get them for me, and don't
5 tell my wife.

6 THE COURT: We won't tell your wife, although there
7 is a video record?

8 MR. MUSHKIN: Yeah, okay. Everything is a record.
9 I'll listen in real close.

10 THE COURT: Okay. Hold on a second while we get him
11 the headphones.

12 MR. MUSHKIN: No. No. That's all right. I'll do
13 the best I can. If I really can't hear --

14 THE COURT: Well, give us a second. Ramsey is --

15 MR. MUSHKIN: -- I'll move over to that chair over
16 there.

17 THE COURT: As long as it has a blue sticker on it.

18 MR. MUSHKIN: It has a blue sticker on it, that one
19 over there. I'll get closer.

20 THE COURT: Ramsey, give him the headphones and see
21 if they work.

22 Mr. Mushkin, we are all getting of an age where
23 sometimes we have to use assistance of some sort.

24 Put your mask back on.

25 MR. MUSHKIN: I don't think I can. Okay. I did.

1 THE COURT: All right. Can you hear us better,
2 Mr. Mushkin?

3 MR. MUSHKIN: Let's see.

4 THE COURT: Okay. Mr. Bloom, if you can --

5 THE WITNESS: Yes.

6 THE COURT: Okay. If we could keep going.

7 MR. GUTIERREZ: Thank you, Your Honor.

8 THE COURT: Pegasus Holding Group.

9 MR. GUTIERREZ: Yes.

10 THE WITNESS: Pegasus Group Holdings.

11 THE COURT: Okay.

12 BY MR. GUTIERREZ:

13 Q And, Mr. Bloom, tell us what Pegasus Holding Group
14 is.

15 A Pegasus Group Holdings is developing and owns a
16 340 megawatt solar facility in Arizona which it uses to power a
17 hyper scale data center.

18 Q Okay. And, Mr. Bloom, can you just give us a brief
19 overview of your work experience after college.

20 A I came out of college, went to work for Manufacturers
21 Hanover Trust. I spent 10 years at the bank during which time
22 we acquired Chemical Bank and then Chase Bank and then J.P.
23 Morgan. I worked out of the world headquarters at 270 Park
24 Avenue in New York. My last three years were with the real
25 estate group. After I left the bank around late 1990s, I

1 spent the last 20 years in different ventures, everything from
2 start up to mid-cap acquisitions, cross industry.

3 Q And give us a brief overview of your educational
4 background.

5 A My undergraduate degree is in economics from Rutgers
6 University. I have an MBA in finance from Fordham University
7 in New York.

8 Q And can you tell us about your work experience
9 related to real estate and HOA liens.

10 A I was a founding partner of First 100, which is a
11 real estate fund. I specifically dealt with homeowners
12 association liens and, of course, doing three years in
13 commercial banking with J.P. Morgan Chase, what's now J.P.
14 Morgan Chase with the real estate group.

15 Q And tell us what First 100, LLC did.

16 A First 100 --

17 THE COURT: Besides clog the Court's calendar.

18 THE WITNESS: We just started the trial process.

19 The First 100 would negotiate to buy an assignment of
20 future cash flows or future account proceeds realized under
21 accounts receivables by homeowners associations. And then the
22 properties would either pay off on the loan, almost like a
23 factoring transaction where it would participate in the HOA's
24 foreclosure process buy properties and -- and then bring the
25 properties to quiet-title action under NRS 116.

1 Q And, Mr. Bloom, have you served on any HOA boards in
2 the past?

3 A Yes, I have. I was on the board of Southern
4 Highlands Master Association, which is about 9,000 homes; as
5 well as Christopher Homes, which is about a 350 home
6 association.

7 MR. MUSHKIN: Alan, mute your phone.

8 THE COURT: You can keep going, sir.

9 MR. GUTIERREZ: Thank you. Thank you, Your Honor.

10 BY MR. GUTIERREZ:

11 Q Mr. Bloom, are you done?

12 A Yes.

13 Q Okay. And have you in the past or do you currently
14 serve on any other boards?

15 A I do. I am with the Metropolitan Police Department
16 Use of Force Board, which is an appointment by the county
17 commissioner. I was on the -- I was on the State Bar Southern
18 Nevada disciplinary panel, disciplinary board. I'm with the
19 State Bar fee dispute. I'm with the civilian review board for
20 Metropolitan Police, and I'm going to be coming onto the
21 judicial disciplinary commission.

22 Q Okay. And, Mr. Bloom, where you currently live?

23 A 5148 Spanish Heights Drive.

24 Q That's here in Las Vegas, Nevada?

25 A Yes.

1 Q Okay. And are you okay if we refer to that property
2 as the Spanish Heights property from here and going forward?

3 A Sure.

4 Q Okay. Now, who do you live at the Spanish Heights
5 property with?

6 A I live with my wife, our minor son. And then I have
7 somebody that works with us that lives with us, and then we
8 also have a house manager or a property manager that lives at
9 the house.

10 Q Okay. And how old is your minor son?

11 A He's 17, 17 and a half.

12 Q And what is his name?

13 A Shawn.

14 Q Okay. And how long have you lived at the Spanish
15 Heights property?

16 A About two and a half years or so, going on three.

17 Q And at some point, did you purchase the Spanish
18 Heights property?

19 A Yes.

20 Q Okay. Did you purchase it in your own name or
21 through a company that you control or manage?

22 A We formed an entity called Spanish Heights
23 Acquisition Company for the acquisition.

24 Q Okay. Now, before we get into the details of how you
25 purchased it, I want to talk about some of the parties

1 involved.

2 A Okay.

3 Q You mentioned Spanish Heights Acquisition Company.
4 Tell us about that company.

5 A That was a company specifically formed for the
6 purchase of this property.

7 Q Who is the manager of Spanish Heights Acquisition
8 Company?

9 A My entity, SJC Ventures Holding.

10 Q Okay. Now, we've called it Spanish Heights
11 Acquisition Company, SHAC or S-H-A-C. Is that fine with you
12 going forward?

13 A Yeah. Correct.

14 Q Okay. Now, tell us about SJC Ventures LLC. What is
15 that?

16 A That's a company that I owned since 2012 --

17 MR. MUSHKIN: Excuse me, Counsel. Could you hang on
18 just one second?

19 MR. GUTIERREZ: Sure.

20 (Pause in the proceedings.)

21 BY MR. GUTIERREZ:

22 Q So, Mr. Bloom, you were asked about SJC Ventures,
23 LLC.

24 A Yeah.

25 Q Can you tell us about that company.

1 A SJC Ventures is a company that I formed in 2012 to
2 hold ownership and manage assets for me and my family.

3 Q Okay. Now, what's SJC's Ventures relationship to
4 SHAC?

5 A SJC Ventures is the sole exclusive and irrevocable
6 manager of SHAC as well as a 51 percent owner of the equity in
7 SHAC. It is also a tenant of SHAC for the property.

8 Q Is there a lease?

9 THE COURT: So hold on a second, Mr. Bloom.

10 Sir, can you hear us on the video link?

11 Sir, wave at me if you can hear me on the video link.

12 Thanks. All right. So I think you can hang up your
13 phone now.

14 All right. Mr. Bloom, you may continue.

15 THE WITNESS: Thank you.

16 BY MR. GUTIERREZ:

17 Q And, Mr. Bloom, you were discussing the lease between
18 SJC and SHAC.

19 A Well, it's one of the natures of the relationships
20 between the companies.

21 Q Okay. Now, who is the defendant CBC Partners?

22 A CBC partners I understand is a commercial lender to
23 the seller of the property, the Antos Trust. Among the
24 collateral that the Antos has pledged was a third position
25 mortgage in the Spanish Heights property.

1 Q Okay. Now, who owned the Spanish Heights property
2 when you purchased it?

3 A The Antos Trust.

4 Q And do you know who's part of the Antos Trust?

5 A I believe it's Ken and Sheila Antos are the
6 beneficiaries or trustees.

7 Q Okay. Now, what outstanding liens were on the
8 Spanish Heights property when you purchased it?

9 A There's a first position lien by City National, a
10 second position lien by Northern Trust, a third position by
11 City National. And then about -- not City National, by CBC
12 Partners. And then there's about 10 or so judgment liens
13 against the Antoses that lien the property.

14 Q Now, what was -- was CBC servicing the first and
15 second at the time you purchased it?

16 A Yeah. My understanding is that the Antoses left the
17 property about two years prior to my purchasing it. CBC's note
18 was upside down in equity, and CBC, in trying to preserve their
19 third position had been servicing the first and second for
20 about two years before I came along and was introduced to the
21 property. They were servicing the -- if the first or second
22 had elected to foreclose, the CBC note would have been
23 extinguished by the virtue of that foreclosure sale. So they
24 were servicing the first and second to preserve their third
25 position.

1 Q And how were you introduced to CBC Partners?

2 A Through a real estate agent.

3 Q And who did you meet from CBC Partners to facilitate
4 this transaction?

5 A Alan Hallberg.

6 Q Okay. Now, can you explain for us the transaction
7 between SHAC and CBC for the purchase of the Spanish Heights
8 property.

9 A Sure. CBC had been -- had listed the property for I
10 think \$7 million for about two years. They were unable to sell
11 the property. As I said, they were servicing the first and
12 second and HOA and insurance and all the bills with the
13 property.

14 I had -- well, SJC, through its ownership in First
15 100 had an entitlement to a large judgment. I believe it was
16 \$2.2 billion, and SJC owned roughly 25 percent of the company,
17 25 percent of the judgment. So what I suggested to
18 Mr. Hallberg was that we would -- I proposed buying the company
19 into a newly formed entity, SHAC, which SJC would own. And
20 originally it was going to be owned by CBC Partners, SJC and
21 the Antoses.

22 CBC Partners was actually a member of the company and
23 then resigned its membership quickly because of the lender
24 liability issues and the impossibility of being a lender to the
25 company and also an owner of the company that's the borrower.

1 So they resigned their interest in the beginning leaving
2 51 percent for SJC and 49 percent for the Antoses.

3 I had proposed that SJC as a tenant would pay SHAC.
4 SHAC would pay -- make payments to CBC under the forbearance
5 agreement, although the payments were less than what CBC's
6 payments to the first and second were, at least it would
7 mitigate some of their negative cash flow. CBC agreed. We
8 signed the agreements. We took occupancy.

9 Also, there was initial discussions where SJC and the
10 Antoses would pledge their stock. I remember a conversation
11 with Mr. Hallberg where they don't want the house; they want
12 the cash, and we ultimately substitute -- my recollection is we
13 substituted the pledge agreement for a security agreement which
14 gave them a security interest in SJC's proceeds realized from
15 the judgment.

16 Q When you say the judgment, are you talking about the
17 judgment versus Raymond Naing [phonetic]?

18 A Yes.

19 Q And that's a judgment in the amount of \$2.2 billion?

20 A Correct.

21 Q And where is that judgment -- where has that been
22 domesticated?

23 A It was issued here in Nevada in Clark County, the
24 Eighth Judicial Court. Mr. Naing declared bankruptcy. So it
25 transferred to the federal bankruptcy court. It was found to

1 be nondischargeable, and it's now with the federal bankruptcy
2 courts.

3 Q Okay. And is First 100 actively attempting to
4 collect on that judgment?

5 A Yes. First 100 is continuing to collect. First 100
6 actually had these U.S. Marshals seize some substantial assets,
7 and we're in the process of liquidating that now.

8 Q Okay. And that's the judgment when you referred to
9 the nonjudgment that was pledged as security to CBC; is that
10 correct?

11 A Right. So there was a Antos pledge agreement for the
12 49 percent equity in SHAC. And there was an SJC security
13 agreement which pledged an interest in cash received under the
14 SJC's portion of the judgment in First 100.

15 Q Okay. And one of the documents that was signed in
16 this case that you referenced was a forbearance agreement. Do
17 you recall that?

18 A I do.

19 Q Okay. Now, the exhibits in front of you, Mr. Bloom,
20 the forbearance agreement is Exhibit A, page 1, and this has
21 been admitted via stipulation. If you could turn to that,
22 Mr. Bloom.

23 A Okay.

24 Q Is that a copy of the forbearance agreement that was
25 signed for this particular transaction?

1 A Exhibit 1 seems to be a compilation of most of the
2 closing documents from the sale. The first document of which
3 would be the forbearance agreement.

4 Q Okay.

5 THE COURT: So we don't have numbers. They have
6 letters.

7 MR. GUTIERREZ: Yeah. It would be Exhibit A,
8 Mr. Bloom, page 1. Do you see that?

9 A I do.

10 Q Okay. So the entire Exhibit A would be the closing
11 documents; is that fair to say?

12 A I don't know if it's all of the closing documents,
13 but it's several of the closing documents.

14 Q Okay. Now, what did you understand this forbearance
15 agreement to document?

16 A Well, so SHAC, as the owner of the property, is not a
17 signatory or a party to the first, second or third mortgage.
18 SHAC is not a borrower. So what the forbearance agreement did
19 is, since the Antoses were in default on their note, CBC agreed
20 to forbear on taking any actions under their third position
21 note given the following conditions and terms of the
22 forbearance agreement. They would forbear from taking any
23 action. Part of the obligations were CBC would continue to
24 service the first and the second. SHAC would make payments to
25 CBC to mitigate their obligations under the first and second.

1 And there's a number of other obligations from the parties in
2 the document.

3 Q And what responsibilities did CBC have under the
4 forbearance agreement?

5 A CBC was obligated to service the first mortgage with
6 City National and the second mortgage with Northern Trust, and
7 those are the main obligations, and to forbear from any
8 activity during the life of the forbearance agreement.

9 Q Okay. And tell us about the ownership of SHAC.

10 A SHAC, when formed, was owned -- originally intended
11 to be owned by CBC Partners, SJC and the Antos Trust. And CBC
12 quickly resigned its interest because of the conflicts inherent
13 in being a lender and a borrower on the same transaction. So
14 ultimately, when the dust settled, SHAC was owned 51 percent by
15 SJC and 49 percent by the Antos Trust.

16 Q Okay. And, Mr. Bloom, if you could turn to
17 Exhibit A, page 81. This is a pledge agreement dated September
18 27th 2017.

19 THE COURT: Which exhibit number is it?

20 MR. GUTIERREZ: I'm sorry, Your Honor?

21 THE COURT: Which exhibit?

22 MR. GUTIERREZ: Exhibit A, page 81.

23 THE COURT: Thank you.

24 BY MR. GUTIERREZ:

25 Q Do you have that in front of you, Mr. Bloom?

1 A I do.

2 Q Okay. Tell us what this pledge agreement is.

3 A So this was originally going to be, when drafted, it
4 was originally going to be the pledge of the stock by SJC and
5 by the Antoses. And, ultimately, SJC instead pledged a
6 security position, a security interest in the judgment and the
7 proceeds realized under the judgment. So this became the
8 Antoses's pledge agreement.

9 Q I just wanted to -- before you go on, I want to make
10 sure we're on the same page. You're at Exhibit A, page 81;
11 correct?

12 A Correct.

13 Q And then when you mentioned a subsequent security
14 agreement, can you go to Exhibit A, page 93.

15 A Correct.

16 Q Okay. Is that the security agreement you're
17 referencing?

18 A Yes.

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

20 A Okay. So if you look at A88.

21 Q Okay.

22 A You'll see that the pledgers are the Ken and Sheila
23 Antos Living Trust. That's who ultimately pledged their equity
24 position. And then you'll see acknowledgments. Below that and
25 then on page A89, you'll see Spanish Heights acknowledging the

1 pledge of the Antos trust. But you do not see SJC as a
2 signatory to the pledge agreement; whereas on the document that
3 starts on A93, that's the SJC -- that's the SJC security
4 agreement. And there on page A99, the signatory page, you'll
5 see SJC Ventures is a party to the SJC security agreement and
6 not the Antos.

7 Q Okay. So that's consistent with what you stated,
8 that SJC was pledging its interest in the nonjudgment to CBC as
9 opposed to the stock and SHAC; is that correct?

10 A Correct.

11 Q Okay. Now, is SJC the manager of SHAC?

12 A Yes.

13 Q Okay. And that's reflected in the SHAC operating
14 agreement; correct, Mr. Bloom?

15 A I believe it's the sole, exclusive and irrevocable
16 manager for SHAC.

17 Q Yeah. If you could turn to Exhibit A, page 34, is
18 that the operating agreement for SHAC LLC?

19 THE COURT: 84?

20 MR. GUTIERREZ: I'm sorry. 34, Your Honor. Thank
21 you.

22 THE WITNESS: Yes.

23 BY MR. GUTIERREZ:

24 Q Okay. And if you can go to page 43 of that operating
25 agreement, Mr. Bloom, under Exhibit A, Section 6.

1 Do you have that in front of you?

2 A I do.

3 Q And does at Section 601 state that A, that management
4 and control of the company shall be vested exclusively and
5 irrevocably with the investor member? Is that correct?

6 A Correct. The investor member being defined as JC.

7 Q Okay. Now, what was the condition of the Spanish
8 Heights property when you purchased it in 2017?

9 A It was in fairly good condition. There was some
10 minor cosmetic issues, some mechanical system issues, but, you
11 know, with a house like this, there's always going to be issues
12 that arise.

13 Q And did you through Spanish Heights Acquisition
14 Company put money or improvements into the house after you
15 moved in?

16 A Yes.

17 Q And tell us about that.

18 A Well, there were HVAC issues that were repaired. The
19 home automation system had been fried through a power surge
20 related I think. Mr. Hallberg is the one that informed me that
21 it was from construction from another property. So we had to
22 replace the home automation system by itself that was almost a
23 hundred thousand dollars. We had to repair things like
24 motorized windows and motorized doors that were nonfunctioning.
25 There's a whole host of little things, nothing that would make

1 the house not habitable, but just things that were general
2 repair items.

3 Q Now I want to talk about the lease for the Spanish
4 Heights property. If you could turn to Exhibit B, page 1. B
5 as in boy.

6 A Okay.

7 Q Now, is this a copy of the lease between SHAC LLC and
8 SJC Ventures?

9 A Yes, it is.

10 Q Okay. Now, tell us about the lease term for this.

11 A The lease term initially was for the period of the
12 forbearance. It was subject to two successive two-year
13 extensions at the sole option of the tenant.

14 Q If you go to page 2, does that define the lease terms
15 under Section 1.3?

16 A Yeah. 1.3A1 is the initial two-year term. And then
17 1.3A2 is the two additional two-year terms for a total of four
18 years of extension.

19 Q Okay. And did the tenant exercise this lease option?

20 A The tenant exercised the lease, and the Antoses
21 signed on behalf of SHAC as a minority member, and I signed on
22 behalf of SJC as a tenant under the lease. And then CBC signed
23 a consent to lease on page B032, John Otter, the president of
24 CBC acknowledged the lease.

25 Q Okay. So CBC signed a consent for this lease on

1 these lease terms; correct?

2 A Correct.

3 Q Now, if you could turn to Exhibit C, page 1, this
4 appears to be an amendment to forbearance agreement dated looks
5 like December -- I'm sorry, September of 2019.

6 A Yes.

7 MR. MUSHKIN: Counsel, did you say December?

8 MR. GUTIERREZ: I said September. I'm sorry.

9 MR. MUSHKIN: It is December.

10 THE COURT: The first day of December of 2019.

11 MR. GUTIERREZ: The first day of December. Yep. I'm
12 sorry.

13 THE COURT: Thank you, Mr. Mushkin.

14 MR. GUTIERREZ: Thank you, Counsel.

15 MR. MUSHKIN: I can hear, Judge.

16 THE COURT: You know, those headphones are great.

17 MR. MUSHKIN: Fantastic.

18 THE COURT: We won't tell your wife.

19 MR. GUTIERREZ: Thank you, Your Honor.

20 BY MR. GUTIERREZ:

21 Q Okay. So December 1st, 2019, is the date of this
22 amended forbearance agreement; correct, Mr. Bloom?

23 A Correct.

24 Q And can you tell us what this amended forbearance
25 agreement -- what it -- what's the purpose of it?

1 A This agreement acknowledged that the initial
2 forbearance agreement that was entered expired or came to its
3 end on September 27th, and the agreement was extended to
4 March 31st of 2020. The agreement also acknowledged that the
5 tenant had opted to exercise both extensions, both subsequent
6 extensions, and this was signed by John Otter, President of
7 CBC.

8 Q Okay. On page 7 of Exhibit C, is that where you
9 reference the extension of the lease agreement?

10 A Yes. On C7B2, the parties agree the lease agreement
11 shall remain in effect.

12 Q Okay. And also on page 3 of Exhibit C, paragraph
13 Section 8?

14 A Well, and -- also, before we move on from 7, B1 on
15 the options to -- it says the lease agreements between SHAC and
16 SJC afford SJC the option to exercise two additional
17 consecutive lease extensions for each of the two terms. The
18 SJC options are subject to certain conditions which included
19 that SJC provide written notice of intent to exercise the
20 option and SJC not be in default. The parties acknowledge that
21 the conditions to which the SJC options were subject have been
22 satisfied, and the SJC options have been exercised.

23 Q Okay. Mr. Bloom, in this case CBC is claiming they
24 can evict SJC because it can terminate the lease. Why do you
25 disagree with that claim?

1 A I can't remember which document it is, but, I mean,
2 we have a lease that extends to 2023 that they've acknowledged
3 the extension. There is a document that in the event of a CBC
4 foreclosure there may be a termination right, but there's no
5 CBC foreclosure. They sold the note.

6 Q How do you know CBC sold the note?

7 A Well, on April 10th, we were provided a
8 communication from Mr. Mushkin that said that they sold the
9 note to a different entity. We know the date because on April
10 7th Mr. Mushkin communicated that he intended to continue his
11 foreclosure proceedings if we didn't accept the settlement
12 discussion. So I would hope that Mr. Mushkin wouldn't
13 foreclose on a note that he didn't own, that his client didn't
14 own after they sold it.

15 Q Are you aware of who CBC sold the note to?

16 A Mr. Mushkin represented that he sold it to a newly
17 formed entity called 5148 Spanish Heights LLC. We asked
18 Mr. Mushkin when it sold, how much it sold for, who owned 5148.
19 He told me it's none of my business.

20 Q Okay. Now, how long are you looking to prevent the
21 foreclosure process and eviction process through this
22 injunction?

23 A Well, since CBC doesn't own the note, they should be
24 prevented from foreclosing under a note that they admitted they
25 sold until trial. As to any successors, they should also be

1 enjoined from any foreclosure action until the one action rule
2 and the doctrine of merger are explored and vetted and we find
3 out if the note actually still exists. But at a minimum,
4 during the governor's moratorium on foreclosures and evictions,
5 nobody should be foreclosing or evicting. You know,
6 Mr. Mushkin in his opening statement assailed my character,
7 which I do take exception to, but I've watched Mr. Mushkin tell
8 this Court that because there are health and safety violations
9 issued by an HOA that it's subject to an exemption from the
10 governor's Executive Order.

11 There's a global pandemic that led to that emergency
12 order, and the safe -- the health and safety violations that
13 he's referring to are detailed in the Nevada Real Estate
14 Division complaint where they're being disputed right now, and
15 they include things like not providing a guest list 10 days in
16 advance of a party or an event at the house. They call that a
17 health and safety violation. That was a year ago. You know,
18 or using a residence transponder to admit my guests when they
19 were wrongfully denied entrance by the HOA guard at the
20 direction of the board.

21 That's a violation of state law, using a residence
22 transponder to admit guests and my son, who is a minor, who is
23 a resident was mitigating their unlawful acts. It's not a
24 health and safety violation. And it occurred a year ago and
25 certainly doesn't rise to the level of an exclusion from the

1 governor's moratorium.

2 Then they talk about fireworks and an incendiary
3 device. Well, that wasn't at my house. That was at
4 Mr. Mushkin's house. That's not my violation. That belongs to
5 5212, and we provided video evidence. There's aerial footage.
6 There's footage from the ground. It's indisputable that it was
7 at a different residence, and yet they're insisting that
8 fireworks on the 4th of July at somebody else's property should
9 give them the ability to foreclose and evict. It just -- it's
10 egregious conduct. It really is. We should not be here today.

11 Q Mr. Bloom, before we get into some of the details of
12 the exceptions of the governor's moratorium, I want to talk to
13 you about the concept of irreparable harm or something that
14 defendant said that you won't suffer any irreparable harm if
15 there's a foreclosure or eviction. Can you explain to us the
16 concerns you have if you and your family are evicted during
17 this pandemic?

18 A Yeah. Well, so it's a large house. Movers are not
19 working. So it's impossible to move. Setting aside the issue
20 that they don't even -- there's a question as to whether or not
21 they even have a note, the governor's moratorium, the one
22 action rule, all the issues that are inherent in this case,
23 they sold the note, and I don't know why they think they can
24 foreclose on a note they sold.

25 But setting all that aside, the practicalities are

1 movers are not working. Realtors are not showing new houses.
2 I mean, you can't do a showing of a house anymore. It's all
3 virtual.

4 I had a problem with a cable box. I called the cable
5 company. They came to the house, and the technician called me
6 from in front of the house and said I can't come into the
7 house. I'll walk you through the repair by cell phone from
8 standing in front of your house. So, I mean, these are
9 extraordinary times.

10 You know, and then there's the health issues. My
11 wife has health issues and shouldn't be exposed to what's going
12 on outside. You know, we're still under a stay-at-home order
13 of sorts. That's been relaxed a little bit, but there's a
14 moratorium to prevent just this kind of abuse.

15 Q Okay. And you believe it's safer for you and your
16 family for this to maintain the status quo until the state of
17 emergency is lifted; correct?

18 A Oh, without question.

19 Q And do you believe that the Spanish Heights property
20 is unique in nature?

21 A Absolutely.

22 Q Okay. Now, if we can go back, Mr. Bloom, I want to
23 talk about is CBC still servicing the first and second liens on
24 the Spanish Heights property?

25 A No.

1 Q Who is servicing the first and second liens on the
2 property?

3 A I am.

4 Q Okay. And explain that. Through SHAC, what are you
5 doing to service those liens.

6 A So SJC is prepaying rent under the lease to SHAC.
7 SHAC is servicing the first and the second. It made the April
8 payment. It made the May payment, and we also learned that CBC
9 breached the forbearance agreement back in January. When I got
10 notice from Northern Trust that CBC did not make the January,
11 February or March payments and City National said CBC did not
12 make the March payment on the first. So I had drafted checks
13 for the CBC breach or the forbearance agreement obligations.
14 Mr. Mushkin represented that they had been paid. I haven't
15 seen checks that were negotiated, and as of April 20th,
16 Northern Trust represented that they didn't receive payment.

17 MR. GUTIERREZ: And, Your Honor, at this time we'd
18 move to admit Exhibit Double E.

19 THE COURT: Any objection to Double E?

20 MR. MUSHKIN: Your Honor, my only objection would be
21 that there is no proof of that the check was cashed. I believe
22 that counsel, Ms. Barraza, and I have talked about it, and
23 perhaps somewhere else in here is the document that represents
24 the clearing of the check.

25 But to the extent that it has language that says

1 cures CBC default, I object to that language. There is no such
2 default. But the document speaks -- to the extent that
3 Mr. Bloom represents that he sent a check, I can acknowledge
4 that, and I think there's something here that says the check is
5 cashed. You will note that later on in these exhibits there's
6 more checks, and they show that they were cashed.

7 THE COURT: Okay. Double E is admitted.

8 (Joint Exhibit Number(s) EE admitted.)

9 BY MR. GUTIERREZ:

10 Q Mr. Bloom, tell us what Exhibit Double E is.

11 A So City National indicated that the March payment was
12 not made by CBC. So I had issued a check for \$19,660 for the
13 March City National payment that CBC was obligated to pay that
14 it had not at that point in time.

15 Q And if you go to page 4 of Exhibit Double E, what is
16 that?

17 A This is the April 2020 SHAC payments to City National
18 for the obligation -- the Antoses's obligation under the first
19 mortgage that CBC was no longer obligated to pay after the end
20 of the forbearance agreement.

21 Q So SHAC made the payments for April of 2020 on the
22 Spanish Heights property; correct?

23 A April and May.

24 Q April and May. Okay.

25 A And to both City National and to Northern Trust.

1 MR. GUTIERREZ: Okay. And, Your Honor, at this time
2 we'd also move to admit Exhibit CC, which is the SHAC payments
3 to Northern Trust.

4 THE COURT: Any objection to CC?

5 MR. MUSHKIN: Your Honor, the same exception. Same
6 objection as it relates to this notion of default. We'll show
7 the Court the other checks, that that's not the case.

8 THE COURT: Okay. The objection is overruled. CC is
9 admitted.

10 (Joint Exhibit Number(s) CC admitted.)

11 BY MR. GUTIERREZ:

12 Q And, Mr. Bloom, if you could turn to Exhibit CC and
13 just tell us are these the checks that were submitted on behalf
14 of SHAC to Northern Trust for the --

15 A Yes.

16 Q -- for the lien on the property?

17 A I'm sorry. Yes. Northern Trust indicated that they
18 had not been paid by CBC for January, February or March as late
19 as April 20th. So I caused to be issued a check to cure the
20 CBC default for January, February and March under the
21 forbearance agreement. I also caused to be issued a check for
22 April for 3,084.86 as CBC was no longer obligated under the
23 forbearance agreement. In fact, they don't even own the note
24 anymore. So I didn't expect that they would be making
25 protective advances.

1 And then not in here, but I can attest to there was
2 also a May payment and even another \$3,084.86 for Northern
3 Trust.

4 Q And, Mr. Bloom, one of the allegations of a breach by
5 CBC is that SHAC failed to set up a funding account as stated
6 in the agreement. And what is your position on that?

7 A So in the original agreement, there was contemplated
8 a \$150,000 security account or control account I think that CBC
9 had requested. I went to Bank of America. I requested it. I
10 asked them if they could set up the account. Bank of America
11 didn't have that type of account. That's the bank that I did
12 my banking with.

13 That account was supposed to be set up to service
14 financial obligations and be depleted over the course of the
15 year. My suggestion was instead of funding that account, I'll
16 just pay CBC direct in advance. CBC agreed. There was no
17 requirement to -- there was no requirement to set up that
18 control account. The parties modified the agreement, and the
19 prepayment of what the control account was supposed to assure
20 financial performance under became moot.

21 That arrangement worked and was satisfactory for
22 2017, 2018, 2019, and through March of 2020. CBC was just paid
23 in advance in lieu of a control account. That was supposed to
24 assure the financial performance through monthly distributions
25 from the control account.

1 Q Did CBC contact you at any point in 2017 to discuss
2 not setting up this control account?

3 A Since the agreement that we would just prepay, what
4 would have been funded otherwise to the control account, no,
5 not in 2017, '18, '19 or '20.

6 Q Okay.

7 A The first time I heard about the control account
8 again was from Mr. Mushkin when he interpreted it to be a
9 \$150,000 security deposit on top of the financial obligations.
10 So he mischaracterized what the original intent of the parties
11 was as well as what the documents say.

12 Q So is it your position, Mr. Bloom, that CBC has been
13 paid everything it was due prior to the March -- prior to March
14 31st, 2020?

15 A Not only is it my position, I believe it's CBC's
16 position too. CBC is not here saying there's anything due
17 under the forbearance agreement to CBC. They've been paid
18 everything.

19 Q Now, CBC is saying that there was a balloon payment
20 of 5.5 million approximately that's due as of March 31st, 2020.
21 Are you aware that?

22 A I am.

23 Q Okay. And what is your position on that debt that is
24 owed?

25 A Well, there's a couple of different facts to that

1 question. One, I question the calculation of how it went from
2 3.5 million to 5.5 million. Secondly -- secondly, CBC, on
3 April 1st, we found out after the fact, I know Mr. Mushkin in
4 his opening statement made a representation that notice was
5 provided, that CBC intended to exercise its rights under --
6 under the forbearance agreement to take the stock. That's not
7 true. There was no notice.

8 The first I heard about the -- any action taken under
9 the pledge agreement was later in the beginning of April when I
10 found out that CBC took possession of the Antos Trust
11 49 percent in SHAC. So when that raised the question of can a
12 lender be a borrower as well on the same transaction, the same
13 issues that Mr. Hallberg raised in 2017, when he said we can't
14 be an equity holder and a lender at the same time and take us
15 off of SHAC as an owner, we were back in that position when
16 they took the Antoses's stock in SHAC on April 1st of 2020.

17 So there's a question about whether or not a de facto
18 merger occurred. I didn't see anything in the document that
19 would preclude the de facto merger, and I didn't see any other
20 consideration provided to the Antoses for a 49 percent equity
21 position in the house.

22 It's almost like a deed in lieu of foreclosure;
23 right. Once you surrender the deed, you don't owe the full
24 balance of the mortgage anymore; right? So CBC on April 1st
25 became a 49 percent owner in lieu of a debt holder. A week

1 later, we found out again, after the fact, that they say they
2 sold the note, which under my understanding of real estate law,
3 had been extinguished a week prior to some third party.

4 Q Now, Mr. Bloom, one of the statements made by
5 Mr. Mushkin and the position that's been taken by CBC is that
6 there have been no foreclosure proceedings initiated. Is that
7 true?

8 A That's not true.

9 MR. GUTIERREZ: Now, Your Honor, at this time, we
10 move to admit Exhibit X, which is the April 8th, 2020, letter
11 from Mr. Mushkin's office.

12 THE COURT: Any objection, Mr. Mushkin?

13 MR. MUSHKIN: It's been stipulated in, Your Honor.

14 THE COURT: X is after W. So it wasn't part of the
15 stipulation. Can I admit X now?

16 MR. MUSHKIN: Yes, Your Honor.

17 THE COURT: I admitted through W.

18 MR. MUSHKIN: I apologize. I thought it was part of
19 it.

20 THE COURT: It's okay.

21 X is admitted.

22 (Joint Exhibit Number(s) X admitted.)

23 BY MR. GUTIERREZ:

24 Q Mr. Bloom, if you could turn to Exhibit X, which is
25 the April 8th, 2020, letter from Mushkin & Coppedge. Did you

1 receive this letter?

2 A I did.

3 Q Okay. And on paragraph -- paragraph 6, those letters
4 state that the default notice will not be withdrawn, and the
5 foreclosure process will continue.

6 A The second paragraph from the bottom up, yes, it
7 says, The default notice will not be withdrawn, and the
8 foreclosure process will continue.

9 Q So was it your understanding as of April 8th, 2020,
10 that the defendant was moving forward with the foreclosure
11 proceedings in light of the governor's directive?

12 A Yes. Well, it's very clear in NRS 107 the notice of
13 default is the first step of a foreclosure. Then you have 90
14 days under which to cure. And then there's a notice of sale,
15 which provides another 30 days. And then you hold the public
16 sale at the nonjudicial foreclosure. This is the first step of
17 a foreclosure process.

18 Likewise, they issued a notice to vacate, which is
19 the first step of an eviction process, on April 3rd, a week
20 after the governor's directive.

21 So I -- I'm baffled how Mr. Mushkin says we're not
22 foreclosing, but we're going to continue to foreclose. We're
23 not foreclosing, but we shouldn't be bound by an injunction
24 that prevents us from foreclosing. He's arguing both sides of
25 his position.

1 Q And did you request through your counsel that the
2 notice of foreclosure, notice to vacate be withdrawn prior to
3 seeking court intervention?

4 A Yes.

5 Q And did the defendant withdraw either the notice to
6 vacate or the notice of foreclosure?

7 A No. Not only did Mr. Mushkin refuse and CBC refused
8 to withdraw the notices that were improper, but they indicated
9 their intent to continue to proceed with foreclosure and
10 eviction.

11 Q So at that point, did you feel it was necessary to
12 retain counsel, pay counsel to move forward with an emergency
13 TRO to prevent the foreclosure and eviction?

14 A I didn't have a choice because the process was
15 nonjudicial. They were just going to continue to march on
16 despite the governor's emergency directive.

17 Q Now, Mr. Bloom, has SJC paid SHAC rent for the
18 remainder of the year?

19 A SJC paid SHAC rent for the remainder of the year in
20 advance so that SHAC would service the first and second. SJC
21 paid SHAC rent through May of 2021 so that SHAC would be in a
22 position to pay the first and second for May, and I imagine
23 that'll continue for the next eight months until the lease is
24 fully prepaid at which point I expect there will be a capital
25 call on the members.

1 MR. GUTIERREZ: Your Honor, at this time we move to
2 admit Exhibit Double A?

3 THE COURT: Any objection to Double A?

4 MR. MUSHKIN: Yes, Your Honor. This document does
5 not represent anything associated with the injunction or with
6 the lease. The lease has rent payments that go for 24 months,
7 and it has been silent as to rent payments thereafter.

8 Part of the argument in this case is that Mr. Bloom
9 is acting in his own behalf and using both of these entities as
10 he sees fit. So I don't have a problem with the document
11 itself, but what it stands to represent. If they're testifying
12 that this is rent for a year, I object. There's no document
13 that says that. There is no foundation laid to show that that,
14 in fact, is a document that represents rent for a year.

15 THE COURT: Thank you. The objection is overruled.
16 The document will be admitted.

17 (Joint Exhibit Number(s) AA admitted.)

18 BY MR. GUTIERREZ:

19 Q Mr. Bloom, if you could turn to Exhibit AA.

20 A Joe, before we do, can I just respond to that real
21 quickly?

22 Q Well, get to it. We'll get to it.

23 A Okay.

24 Q Okay.

25 A The rent -- the rent is addressed in the lease

1 agreement. Increase after an extension.

2 Q Okay. Now, Mr. Bloom, is the rent addressed in the
3 agreements?

4 A Yes.

5 Q Where is at?

6 A I don't -- which document is the lease agreement?

7 Q The lease agreement is Exhibit C.

8 THE COURT: The lease agreement is B. The lease
9 agreement is B.

10 MR. GUTIERREZ: B.

11 THE CLERK: B.

12 MR. GUTIERREZ: It appears on page 2, Your Honor.

13 THE WITNESS: I had this question myself. There's a
14 3 percent increase in the lease, and I'll find it in a second.
15 But it was calculated, the rent increase on the extension is
16 calculated in as set forth by the lease and is included in the
17 payment subsequent to the renewal.

18 MR. MUSHKIN: Your Honor, the extension term appears
19 on page 4 in Section 3.5.

20 THE COURT: Thank you.

21 MR. MUSHKIN: I don't believe it addresses the rent.
22 BY MR. GUTIERREZ:

23 Q And, Mr. Bloom, you may be referring to if you go to
24 page 6, B6 where it says, Holding over, Section 3.7. Is that
25 what you're referring to?

1 A No. There's another section in here that -- and
2 again, I don't know where it is offhand. We can come back to
3 it later, but it specified that there's a 3 percent increase
4 because I saw it when I calculated the payment and included it
5 in the increase set forth in the lease when I made the payment
6 subsequent to the renewal.

7 Q Okay. So that was my next question. On Exhibit
8 Double A, which is a check for \$40,359.42 from SJC Ventures to
9 SHAC, what is that check for?

10 A That check is for nine months' worth of rent, which
11 takes SJC through December 31st of 2020. It was calculated
12 under the lease obligations, including the increase that takes
13 place on the renewal or the extension.

14 Q And, Mr. Bloom, I want to finish with the governor's
15 directive and some of the exceptions to the governor's
16 directive that have been raised by CBC. Are you familiar with
17 some of the allegations being made by CBC in their opposition
18 to the plaintiff's motion for preliminary injunction?

19 A I am.

20 Q Okay. Now, have you or your family taken any action
21 at the Spanish Heights property that would seriously endanger
22 the public or other residents?

23 A Absolutely not.

24 Q And can you explain that. One of the allegations is
25 about that there was some serious endangerment to the public on

1 actions that were taken on your behalf or your family. Can you
2 explain your position on that.

3 A I don't even know how to explain the nonsensical
4 statement. I have a 17 and a half year old son who's driving
5 on a learner's permit. You know, but, I mean, I don't think
6 I'm unique in that regard, and I don't think that rises to the
7 level of substantially endangering the community to the extent
8 that there should be an exemption granted to an emergency
9 directive from the governor. I mean, I got --

10 Q If we could talk about the July 4th fireworks
11 display.

12 A Yeah. The July 4th fireworks, fireworks on July
13 4th, they occurred Mr. Mushkin's property two houses over.
14 They were not at my property. There's video evidence that
15 demonstrates that, both aerial drone footage as well as footage
16 from the ground as well as footage taken from my house of the
17 fireworks from Mr. Mushkin's property. None of that seemed to
18 matter. Facts don't matter. You know, Mr. Mushkin is here
19 asking the Court, who are you going to believe, me or your
20 lying eyes? You know, it's just it's so evident. It's on
21 video.

22 Q And when you say Mr. Mushkin's property, what address
23 are you talking about?

24 A 5212 Spanish Heights Drive. It's owned by an entity
25 called Dassia [phonetic] of which Mr. Mushkin is listed as the

1 manager. It formally belonged to Jim Rhodes.

2 Q And was Jim Rhodes the owner of that 5212 Spanish
3 Heights property on July 4th, 2019?

4 A Yes. In fact, his son Mike Rhodes, there's also an
5 issue with an incendiary device. That belonged to Mike Rhodes.
6 He brought it to my house July 4th. I told him he couldn't
7 bring it on to my property. I wouldn't allow him to discharge
8 it on my property. I didn't even want it on my property. So
9 another resident, who's an adult who owned this incendiary
10 device went across the street to a vacant lot and shot it off
11 there. And the association felt it was appropriate to hold my
12 property responsible for what originated and took place at
13 Mr. Mushkin's property.

14 Q Now, were you fined for those -- for that conduct?

15 A I was.

16 Q Okay. And are you disputing those fines with NRED?

17 A I am. It's about \$20,000 in HOA fines. They deemed
18 everything a health and safety violation.

19 Now, I'm very familiar with NRS 116. I even wrote a
20 BDR to amend the language of NRS 116. I testified on it in
21 front of the state senate.

22 The statute allows for a hundred dollar maximum per
23 violation or a thousand dollars in the aggregate. There is an
24 exception for health and safety violations. Health and safety
25 violations do not include allowing your guests to come through

1 using a resident transponder because the guard won't allow them
2 through in violation of statute. It does not include failure
3 to -- a health and safety violation does not include failure to
4 provide notice of your guest list 10 days in advance of an
5 event. Yet those are the health and safety violations that the
6 HOA issued last year that Mr. Mushkin is now here claiming that
7 CBC should be exempt from the governor's directive and allowed
8 to foreclose on a note they admit they don't even own.

9 Q Did CBC contact you after any point in August or
10 September or October of 2019 to talk to you about this July
11 4th fireworks?

12 A Yes. The HOA board called CBC. CBC and I discussed
13 it. I sent -- I showed them -- I think I showed them the
14 video, and I told them that I would address it through
15 initially a complaint with NRED, and if we can't get through it
16 in mediation, then I would take it to the judiciary to resolve
17 it. I'm not paying a \$20,000 fine for fireworks at
18 Mr. Mushkin's property or not providing a guest list.

19 Q So you informed CBC that you were disputing this and
20 that you're fighting it through NRED; is that correct?

21 A That's correct. And it's currently there now.

22 Q Okay. Great. Now, have you and your family,
23 Mr. Bloom, taken any action at the Spanish Heights property
24 that would be classified as engaging in criminal activity?

25 A Absolutely not.

1 Q Okay. And explain that. You're not running a meth
2 lab at your property?

3 A There's no meth lab. There's no crack den. It's not
4 the crime scene of a homicide. It's -- you know, there's not a
5 green pool. There's nothing -- I mean, there's nothing in
6 there that would be contemplated by the governor in his
7 executive -- there's nothing in there period. I mean, they
8 fabricated the health and safety violations, which aren't even
9 health and safety violations if they were true.

10 Q Mr. Bloom, have you and your family taken any action
11 at the Spanish Heights property that would be classified as
12 causing significant damage to the property?

13 A Absolutely not. We put in over \$100,000 in repairs
14 to the property. We have a cleaning service, and we have a
15 cleaning person there three days a week full-time, you know,
16 all day. We have somebody in the house that's -- whose job it
17 is to take care of the house, everything from changing light
18 bulbs to doing minor repairs to, you know, interfacing with
19 vendors. So, I mean, it's quite the opposite. The house is
20 very well maintained.

21 Q There was an inspector that CBC hired to come and do
22 a report of the property in March. Do you recall that?

23 A I do.

24 Q Okay. Did the inspector have some problems as he was
25 going through the property in trying to access your security

1 system or your door handles?

2 A So this inspector was selected by Mr. Mushkin.
3 Mr. Mushkin asked if he could do an inspection. I accommodated
4 the request. Mr. Mushkin indicated that this was a guy named
5 Waldo who would be coming by with his daughter and that
6 Mr. Mushkin has a -- has used in the past and has a preexisting
7 relationship with.

8 Waldo showed up and said he was going to do an
9 inspection. I offered to show him how to use the home
10 automation system, the smart home features. He declined saying
11 he does not inspect low voltage and then proceeded to issue a
12 house --

13 MR. MUSHKIN: Your Honor. I have to object. That's
14 hearsay.

15 THE COURT: Sustained.

16 MR. GUTIERREZ: Is --

17 THE WITNESS: He then issued a --

18 BY MR. GUTIERREZ:

19 Q Explain to us what you saw from personal knowledge or
20 what you witnessed.

21 A Well, I offered to show this inspector that
22 Mr. Mushkin chose how to use the home automation system. He
23 declined.

24 THE COURT: Sir, you can't tell me what he said, only
25 what you did or observed.

1 THE WITNESS: Okay.

2 THE COURT: Thank you.

3 THE WITNESS: I did not show him how to use the home
4 automation system.

5 MR. GUTIERREZ: Okay.

6 THE WITNESS: And it was not by my choice.

7 As a result, a report was issued, and in this report
8 he said the fireplaces don't work. They work fine. He just
9 didn't know how to turn them on.

10 THE COURT: Sir, you can't tell me what the report
11 said unless the report is in evidence.

12 THE WITNESS: Is the report in evidence?

13 MR. GUTIERREZ: No. It's --

14 MR. MUSHKIN: It is.

15 MR. GUTIERREZ: Is it? What is it?

16 THE COURT: What exhibit, Mr. Mushkin?

17 THE WITNESS: Exhibit T.

18 MR. MUSHKIN: H I believe -- G.

19 THE WITNESS: Exhibit G.

20 THE COURT: All right. So you can tell me what they
21 report says since it's in evidence.

22 MR. GUTIERREZ: Thank you, Mr. Mushkin.

23 BY MR. GUTIERREZ:

24 Q Okay. So Exhibit G, if you could turn to that,
25 Mr. Bloom. Is that a copy of the inspection report for your

1 property at 5148 Spanish Heights?

2 A Yes.

3 Q Okay. Now, in this report, you were stating that
4 there were certain problems that the inspector had in accessing
5 parts of your property; is that correct?

6 A Yes.

7 Q Okay. And explain that for us.

8 A Well, there's a lot of air conditioning issues that
9 he's saying exist. One of the things we submitted was 16,000
10 in bills to repair these issues. There's still warranty items
11 if they weren't working, but they work fine. He just didn't
12 know how to turn them on. There's fireplaces. The house has
13 six fireplaces. He didn't know how to turn them on. Then he
14 says he couldn't find the remote. It was on the control system
15 that I offered to show him how to use.

16 He said all, all of the door handles on the second
17 floor are not functioning. The door handles have locking
18 mechanisms where there's a bolt that goes up into the ceiling
19 and down into the floor of the doorframe. You need to lift it
20 up and then push it down to activate it or engage the
21 mechanism. I would represent that they all function as
22 designed, and he just didn't know how to use it. So there's a
23 lot in -- and, you know, he talks about water damage and
24 moisture. That was all remedied a long time ago. And what
25 he's finding is remnants of the repairs that were done a while

1 ago which have subsequently been fixed as they're only
2 cosmetic. But even those don't exist anymore. So there's all
3 kinds of issues with Mr. Mushkin's friend's inspection report.
4 But the house was in fantastic shape.

5 MR. GUTIERREZ: Okay. And, Your Honor, we at this
6 time move to admit Exhibit Double I.

7 THE COURT: Any objection to Double I?

8 MR. MUSHKIN: No objection, Your Honor.

9 THE COURT: Double I will be admitted.

10 (Joint Exhibit Number(s) II admitted.)

11 BY MR. GUTIERREZ:

12 Q Mr. Bloom, if you could turn to Exhibit Double I,
13 page 1. Tell us what this is.

14 A So this is a Google Earth aerial image of the end of
15 my street. My residence is 5148, and it's denoted on the
16 image. What was the Rhodes' residence and is now
17 Mr. Mushkin's, I guess, property as the manager is also
18 delineated. So you can see the proximity of the properties.
19 You can also see in Mr. Mushkin's residence that backyard area.
20 That's where the fireworks had launched from. And these are
21 actually stills from a video image. There's --

22 Q What page --

23 A -- [indiscernible].

24 Q On page 3, is that where you're looking at?

25 A Yeah. Well, so on page 2, it shows the front

1 exterior, on the left my property, on the right Mr. Mushkin's
2 property. And then on page 3, you can see the fireworks coming
3 from the backyard of Mr. Mushkin's property with the front of
4 Mr. Mushkin's property.

5 And, you know, page 3 and 4 and 5 are stills from
6 videos that we have and are prepared to present. But page 3 is
7 from the front of Mr. Mushkin's property with the fireworks
8 behind. Page 4 is an aerial drone of the fireworks from
9 Mr. Mushkin's property; and the drone spins around. You can
10 clearly see that there are no fireworks for my property. And
11 then page 5 is a video of the fireworks from Mr. Mushkin's
12 property as taken from my property.

13 Q Okay. Is this all evidence that you submitted to
14 NRED to dispute that these fines should be associated with your
15 property?

16 A This is all evidence that I was prepared to submit to
17 NRED. We still haven't gotten the mediation. Mr. Mushkin is
18 also -- no. The representative for the HOA in mediation wants
19 a in-person hearing. And the mediator doesn't want to do an
20 in-person hearing because of COVID-19 and the pandemic.

21 Q So that's currently being stayed until further
22 notice; correct?

23 A Correct. I'm trying to get it sent to District Court
24 so we can get it resolved. The mediator is just not
25 comfortable proceeding until all the restrictions are lifted,

1 and we're not wearing facemasks anymore.

2 Q Okay. Now, Mr. Bloom, who will be paying the first
3 and second liens on the Spanish Heights property going forward?

4 A SHAC will be paying the first and second going
5 forward. SHAC will be paying the HOA going forward. SHAC has
6 already prepaid the insurance policy for the year. So SHAC is
7 going to be picking up all the maintenance, the utilities. So
8 SHAC will be maintaining the property as the owner. SHAC will
9 be funded initially by prepaid rents from SJC under the lease.
10 And then when the lease is fully prepaid through capital calls
11 to its members, both me and CBC, I guess, if they want to
12 participate in the capital calls.

13 Q Now, Mr. Bloom, what damage will be done to CBC if
14 the Court grants the injunction you're requesting?

15 A None. CBC's position actually improves over time as
16 I continue to service the first and the second. The principal
17 balances ahead of CBC are reduced, and CBC picks up more and
18 more equity -- well, whoever the noteholder is picks up more
19 and more equity in their note if the note still exists, but CBC
20 also can't be harmed because they admit they don't even hold
21 the note. So there's no harm that CBC can suffer.

22 MR. GUTIERREZ: Thank you, Mr. Bloom.

23 I'll pass the witness, Your Honor.

24 THE COURT: Cross-examination.

25 And if anybody needs a break, let me know. I'm happy

1 to give you a break. I know we can't drink water while we have
2 our masks on; it sometimes gets to the point that you need
3 water, or you need a rest room break. Please let me know. I'd
4 be happy to accommodate your requests.

5 CROSS-EXAMINATION

6 BY MR. MUSHKIN:

7 Q Mr. Bloom, what's the address of the property that
8 you have been referring to as the Mushkin property?

9 A 5212 Spanish Heights I believe.

10 Q Mr. Bloom, you are well aware that Dassia owns that
11 property; correct?

12 A Correct.

13 Q And that I'm the manager of that LLC; correct?

14 A Correct.

15 Q And you are also aware that Mr. Rhodes owned the
16 property on July 4th of 2019?

17 A Correct.

18 Q So the property -- and you're also aware that there
19 was a joint guest list submitted for that July 4th party with
20 you and Mr. Rhodes; isn't that correct?

21 A I submitted a guest list and Rhodes submitted a guest
22 list. I wouldn't categorize it as a joint guest list.

23 Q If I told you that on record at the HOA is a joint
24 guest list for July 4th, would the HOA be incorrect?

25 A To my recollection, it would be.

1 Q Hmm. Let's take a look at the forbearance agreement,
2 Exhibit A, SJC Ventures is a party; is that correct?

3 A There is legacy language that would indicate that,
4 but SJC is not a signatory to the agreement. That was
5 originally the intent, and then it changed to SJC providing --

6 Q Wo. That's an awful lot there. Let's take a look at
7 the first page of the document.

8 MR. MUSHKIN: Your Honor, I'm going to ask Mr. Bloom
9 to answer yes and no to my questions as best he can.

10 THE COURT: You can ask. That doesn't mean he'll
11 follow your instruction.

12 BY MR. MUSHKIN:

13 Q Mr. Bloom?

14 A Yes.

15 Q I would like you to take a look at A25.

16 THE COURT: A-2-5?

17 MR. MUSHKIN: A-2-5.

18 THE COURT: Thank you. I'm trying to get the hang of
19 this scrolling an enlarged document.

20 BY MR. MUSHKIN:

21 Q Mr. Bloom, I asked you if SJC Ventures was a party to
22 this agreement. Did you say no?

23 A I did.

24 Q You were incorrect, sir; were you not?

25 A [No audible response.]

1 Q I would direct your attention to page 1 where at the
2 end of the very first paragraph it says and SJC Ventures LLC.
3 And I would direct your attention to page A25 where the
4 signatory of one Jay Bloom and SJC Ventures LLC exists. Do you
5 see those?

6 A I see what you're referencing. I want to make sure
7 it's all the same document because we just went through a
8 series of signature pages where the Antoses -- oh, that was the
9 pledge agreement. I'm sorry. Yes. Yes. The pledge agreement
10 is the agreement to which I was referring when I said SJC was
11 not a party. The forbearance agreement --

12 Q You are, in fact, a party to the forbearance
13 agreement; correct?

14 A I am not.

15 Q Say it again?

16 A I am not. SJC is.

17 Q SJC is. You're correct.

18 Now, let's take a look at page 5. And I'd like you
19 to look at 4.1. Do you see that provision?

20 A I do.

21 Q And for the record, that is titled, Forbearance
22 limited to identify defaults; correct?

23 A Correct.

24 Q And it goes on to limit certain things that it is
25 willing to -- the forbearance is limited solely to the

1 suspended exercise of its respective rights -- rights and
2 remedies arising under the amended note and deed of trust. Do
3 you see that?

4 A I do.

5 Q And it doesn't waive any rights; correct?

6 A Well, they're waiving their rights to the extent that
7 they forbear on taking any action under the rights that they --

8 Q It says at the end of page 5, CBC shall not be deemed
9 to have suspended or waived any rights or remedies it may have
10 with respect to any other existing breach, default or event of
11 default under the loan documents, including the amended note
12 and modified deed of trust. Do you see that?

13 A I do.

14 Q Okay. And then there's a bunch of other
15 representations: No new defaults, et cetera. Okay?

16 A Okay.

17 Q So it's clear that it's not everything that they've
18 forbearance. It's limited defaults; correct?

19 A Okay.

20 Q And you just testified that the forbearance said they
21 won't do anything. That was wrong, wasn't it?

22 A I think the document speaks for itself on that point.

23 Q That's not responsive to my question. It's a
24 yes-or-no answer. Your prior testimony was wrong when you said
25 that the forbearance agreement means you can't do anything.

1 That's incorrect, yes?

2 A That's my understanding of the agreement, that they
3 would forbear from taking any action.

4 Q It doesn't say that, does it?

5 A That was my understanding of the agreement.

6 Q How did you -- how did you gain that understanding?

7 A From my discussions with Alan Hallberg. They would
8 stand down as long as we -- as long as we comply --

9 Q Did you read this agreement?

10 A You just read it for us.

11 Q Did you read this agreement when you signed it?

12 A I did.

13 Q Did you participate in the preparation of the
14 agreement?

15 A It was drafted by counsel for CBC.

16 Q And who was counsel for CBC?

17 A I don't remember his name.

18 Q And did you have counsel at the time?

19 A I don't remember if I ran this by counsel or not.

20 Q Then you participated in the drafting?

21 A Correct.

22 Q Let's take a look at paragraph 5.9.

23 THE COURT: 5.9?

24 MR. MUSHKIN: 5.9 is --

25 THE COURT: Additional collateral.

1 BY MR. MUSHKIN:

2 Q It's A009. Additional collateral. Do you see that?

3 A I do.

4 Q And it says,

5 As additional security for the
6 satisfaction of the obligations of their
7 obligations herein, the Antos parties and the
8 SJCVC parties grant to CBI the additional
9 described in Exhibit B, collectively
10 additional collateral.

11 Do you see that?

12 A I do.

13 Q All right. We'll go to Exhibit B in a little while.
14 Now, I'd like you to take a look at Exhibit A, the page A14.
15 Do you see the conditions precedent?

16 A I see the paragraph, yes.

17 Q So you see that the first page talks about execution
18 of documents; right?

19 A I do.

20 Q And then it says all agreements, opinions of counsel
21 and other documents provided for in Exhibit B hereto. Do you
22 see that?

23 A Yes.

24 Q All right. We'll go take a look at that a little
25 later.

1 Reimbursement of CBI's costs and expenses. Have you
2 ever reimbursed -- it's CBC I.

3 MR. MUSHKIN: Your Honor, I want to make just a
4 clarification.

5 THE COURT: You're asking questions. Don't make
6 clarifications until time for argument.

7 MR. MUSHKIN: Sorry. I'll get another witness.
8 BY MR. MUSHKIN:

9 Q Mr. Bloom, we talked about different entities.
10 There's something called CBC Partners. Do you know what that
11 entity is?

12 A To my knowledge, there's only one entity. It was
13 referred to as CBC Partners. There was no distinction between
14 CBC and CBC I up until this litigation.

15 Q The documents reflect something called CBC I; is that
16 correct?

17 A Correct.

18 Q Okay. We'll get to that later too.

19 Now let's take a look at 8.3. So the property, to
20 the extent applicable, the Antos parties and the SJCV parties
21 lawfully possess and hold 100 percent ownership interest in the
22 property and collateral for this forbearance agreement. Do you
23 see that?

24 A I do.

25 Q The Antos parties and SJC parties own all the

1 collateral for the amended note and modified deed of trust free
2 and clear of any defects, reservations and conditions, sales
3 contract, et cetera, et cetera. Do you see that?

4 A I do.

5 Q Okay. Now, let's take a look at 8.4. This is the
6 disclosure about your judgment; is that correct?

7 A Correct.

8 Q So from the very beginning, sir, you were pledging a
9 hundred percent ownership in the property and the security in
10 the judgment; correct?

11 A My recollection is different.

12 Q But the document shows that's in it right from the
13 beginning; correct?

14 A No. This is a final draft, not an initial draft.

15 Q Sir, this is a fully executed document --

16 A Which would be the --

17 Q -- take a look at page --

18 A Which would be the final draft.

19 Q Sir, please take a look at page 25. You signed this
20 document, didn't you?

21 A Yes.

22 Q Okay. So this is the fully executed document.

23 A Correct.

24 Q And in this document, not only is a hundred percent
25 ownership interest in the property the subject of the document,

1 but the judgment itself; is that correct?

2 A No, that's -- you're misconstruing what the language
3 of the document says.

4 Q Well, let's take a look at paragraph 8. It says
5 Antos parties and as SJZ -- SJC parties --

6 A Paragraph 8 what?

7 Q 8, period, in bold print.

8 A Okay.

9 Q -- representations and warranties.

10 A Correct.

11 Q So you warrant this right there at 8.4 at the
12 beginning of the relationship; correct?

13 A At 8.4 there's a disclosure, yes, with the --

14 Q Thank you. Now, let's take a look at the next page
15 in Section 9 on page A16, 9.1, no breach by CBC I. Is that
16 correct?

17 A That's correct.

18 Q Okay. Now let's take a look at 9.3. No waiver. Do
19 you see that?

20 A I see that.

21 Q All right. So by entering this agreement, CBC I does
22 not waive any existing defaults. Do you see that?

23 A I do.

24 Q All right. Now, let's go to 9.8. These are again to
25 be identified defaults. Do you see that?

1 A I do.

2 Q And at the bottom of that page, it says CBC I is free
3 to exercise all of its rights and remedies under the note and
4 third mortgage as a result of the identified defaults committed
5 by the Antos and SJCVC parties; correct?

6 A Correct.

7 Q Let's go to the next page, 18, 018. It contains a
8 release; is that correct?

9 A Correct.

10 Q So CBC I is released from any problems; is that
11 correct?

12 A Loosely speaking.

13 Q And 11 is no prejudice, reservation of rights. Is
14 that what that is?

15 A Those are the first five words of that paragraph,
16 yes.

17 Q Thank you. Now let's go to page 23. It is
18 specifically contracted in paragraph 25 that the remedies of
19 CBC I are cumulative; is that correct?

20 A Where on page 23 are you?

21 Q Paragraph 20. Number 25 on page A23.

22 A Okay. You said page 25.

23 Q Sorry.

24 A So paragraph 25.

25 Q Paragraph 25, A23.

1 A Okay.

2 Q Remedies are cumulative; is that correct?

3 A Correct.

4 Q Okay. And then we went through and you did sign it.
5 That's correct as well; right?

6 A SJC signed it. I signed it on SJC's behalf in my
7 capacity as manager.

8 Q Now, let's talk about SJC Ventures LLC because I
9 think we got a little bit of a problem. You filed this action
10 with SJC Ventures as a domestic LLC; correct?

11 A I'm not sure offhand.

12 Q I'll represent to you that that's what it says.

13 A Okay.

14 Q But SJC Ventures is not a Nevada LLC, is it?

15 A I believe it's a Delaware LLC.

16 Q And, in fact, there is a Nevada SJC Ventures, isn't
17 there? LLC.

18 A I'm not sure.

19 Q Yeah, unfortunately, there is.

20 A Okay.

21 Q It's a woman in Pahrump. Sorry. I'm having a hard
22 time locating the document. Here it is. I'll represent to
23 you, Mr. Bloom, that on September 19th of 2019, the Secretary
24 of State created an entity SJC Ventures LLC. It's a -- the
25 street address is 500 North Rainbow, and the managing member is

1 Colleen Hamilton at 3544 East Marathon Drive, Pahrump, Nevada.

2 MR. MUSHKIN: I actually meant to bring that up in
3 the beginning, Your Honor, but there is a flaw in the pleadings
4 that --

5 THE COURT: So at some point in argument we'll deal
6 with that.

7 MR. MUSHKIN: We'll deal with that.

8 THE COURT: Yeah.

9 BY MR. MUSHKIN:

10 Q So you're not the manager of SHAC, are you? You, Jay
11 Bloom?

12 A SJC is the manager of SHAC.

13 Q Now, throughout these documents, you've signed Jay
14 Bloom, manager of SHAC. That's an incorrect signature; is that
15 correct?

16 A Not necessarily. I'm signing in my capacity as
17 manager of SJC on SJC's behalf as manager of SHAC.

18 Q But it doesn't say that in the document, does it? It
19 just says SHAC by its manager Jay Bloom over and over
20 throughout the document?

21 A Okay.

22 Q So that's technically incorrect; isn't that right?

23 A Well, I --

24 Q It should say SJC, its manager, by Jay Bloom, the
25 manager of SJC?

1 A It's a more appropriate caption, but it's the right
2 signature with the authority to sign the document.

3 Q That's what I -- I'm glad you said that because we're
4 going to get to that on that pledge document.

5 A Okay.

6 Q So now let's go to -- I just want to get to the front
7 page of the document. It's A34. It's the limited liability
8 company agreement of Spanish Heights LLC. It's been admitted.
9 This was part of the forbearance agreement documents; is that
10 fair to say?

11 A It was part of the closing documents on the sale of
12 the house.

13 Q Okay. And --

14 A I don't believe it's incorporated into the
15 forbearance agreement.

16 Q No. I didn't say incorporated by reference, but it
17 was all part of that body of documents --

18 A The closing --

19 Q -- that the lease, the limited liability company, the
20 resignations. As you said, the initial LLC had three members,
21 and then the two of you resigned. Is that fair?

22 A Right. Your question --

23 Q And then you come back in through this operating
24 agreement?

25 A Your question was, was this part of the forbearance

1 agreement and --

2 Q No. Was this part of a package of documents at the
3 time of the forbearance agreement?

4 A A package of closing documents at the time of the
5 forbearance agreement.

6 Q Thank you. So let's take a look at paragraph 8.02,
7 and it says, Investor members covenants. Do you see that?

8 A Yes.

9 Q Investor members shall provide the funding for an
10 annual expense reserve account in the amount of 150,000 with 90
11 days -- within 90 days of the execution of this agreement from
12 which nonmember CBC Partners is authorized to issue payment
13 against its obligations due from the seller member should
14 investor member fail to effect such payments in a timely
15 fashion.

16 Do you see that paragraph?

17 A I do.

18 Q Did you establish such an account?

19 A We attempted to.

20 Q Is that a yes or a no, sir?

21 A That was we attempted to, and then we modified by --

22 Q I didn't ask you if you modified. I just asked if
23 you established such an account. The answer is no; isn't that
24 correct?

25 A No account was established.

1 Q Let's go to Number 2. Provide for a second funding
2 of an annual expense reserve account one year later in the
3 additional amount of 150,000. Did you provide that?

4 A As with the first year, the parties agreed that there
5 was no requirement to establish the account. So no account was
6 established.

7 Q Okay. So you've said this a couple of times. Let's
8 unwind this.

9 You acknowledge that this document has a merger
10 provision that says it can only be modified in writing; is that
11 correct?

12 A Are you referencing a specific paragraph?

13 Q No. I'm representing the document. Are you aware of
14 whether this document has such a provision --

15 A I'm not aware.

16 Q -- that says it can only be modified in writing?

17 A I'm not aware of the provision.

18 Q Let's take a look at page 27:

19 This agreement, including the exhibits
20 hereto may be amended or modified from time
21 to time only upon the written approval of the
22 company acting through the manager and the
23 investor member provided, however, so long as
24 the seller member owns --

25 You got that, only in writing?

1 A Yeah.

2 THE COURT: And that's on page A60?

3 MR. MUSHKIN: Yes, ma'am, A60.

4 THE COURT: You've got to use the Bates numbers, or
5 we'll all get confused.

6 MR. MUSHKIN: I'm very sorry.

7 THE COURT: It's okay.

8 MR. MUSHKIN: It's paragraph --

9 THE COURT: 12.09.

10 MR. MUSHKIN: -- 12.09, A60.

11 BY MR. MUSHKIN:

12 Q Do you see that, sir?

13 A I do.

14 Q Okay. So there can't be any oral modifications, can
15 there?

16 A Well, there was.

17 Q There was. Of course, there was. Now, so you didn't
18 provide that second 150,000, did you?

19 A I did just to CBC and not to the account.

20 Q Oh. Okay. But doesn't the contract call for that
21 fund to be renewed at the end of each lease year?

22 A Subject to 12.06 on page A60 which deals with
23 severability for any provision that's unenforceable. And if
24 the bank doesn't provide the control account it calls for, it's
25 subject to severability under this agreement. And the parties

1 three years ago addressed this issue with no complaints for the
2 last three years. All monies that that control account was
3 supposed to satisfy are --

4 Q Well, get to the -- Mr. Bloom --

5 THE COURT: Mr. Mushkin. You've got to let him
6 finish.

7 MR. MUSHKIN: Sorry.

8 THE COURT: I know you don't like how he's answering,
9 but it's okay. He gets to answer.

10 Sir, were you finished with your answer?

11 THE WITNESS: I am. Thank you.

12 BY MR. MUSHKIN:

13 Q Take a look on page A54, please. It says, cause the
14 company to pay all HOA assessments and fines. Do you see that?

15 A Yes.

16 Q You didn't do that, did you?

17 A I did.

18 Q Well, isn't it true that in January of '19 CBC had to
19 send \$12,900 to the HOA to stop the foreclosure?

20 A I believe that was out of the \$80,000 that I sent to
21 CBC.

22 Q I don't know what you're talking about, what you sent
23 to CBC, sir. It says you're going to pay the HOA. You let the
24 HOA go into arrears in such an amount that CBC had to pay
25 \$12,000 to stop a foreclosure; isn't that correct?

1 A No.

2 Q Wow.

3 A My feeling exactly. Wow.

4 MR. MUSHKIN: Sorry, Your Honor.

5 BY MR. MUSHKIN:

6 Q So Exhibit B on page A68 calls for the commitment on
7 behalf of the investor member of 150,000 --

8 A Did you say Exhibit B?

9 Q Exhibit A, 0-6-8.

10 THE COURT: Exhibit B to Exhibit A.

11 MR. MUSHKIN: Yeah. It's Exhibit A to --

12 THE WITNESS: Okay. I'm sorry.

13 MR. MUSHKIN: Which is Exhibit B. Sorry.

14 THE COURT: But it's easier if you call it A68.

15 MR. MUSHKIN: A68.

16 THE WITNESS: Much easier. Thank you.

17 BY MR. GUTIERREZ:

18 Q Where's the 150,000 that you were supposed to pay for
19 your membership interest?

20 A That and a bunch more was paid directly to CBC.

21 Q It doesn't say that here, does it?

22 A What do you mean?

23 Q It says you're supposed to pay this into SGC Ventures
24 150,000. You didn't do that, did you?

25 A It doesn't say I'm supposed to pay it into SJC

1 Ventures. It says SJC Ventures, that's the capital commitment,
2 which the commitment was made and tendered to CBC.

3 Q Sir, I just went through the two reserve accounts
4 that you didn't put up.

5 A Maybe I'm not being clear.

6 Q Maybe you're not answering my question.

7 THE COURT: Mr. Mushkin, you've got to let him
8 finish.

9 Sir, could you finish your answer, please.

10 THE WITNESS: Thank you, Your Honor.

11 The agreement was originally that we would establish
12 a control account to assure the financial performance of the
13 obligations of SHAC and SJC. SJC tried to establish a control
14 account with Bank of America. Bank of America did not offer
15 the services where they had a control account that was
16 contemplated by the agreement. So CBC and SHAC and SJC all
17 agreed that in lieu of putting 150,000 into a control account
18 from which the bills were to be paid and CBC would have some
19 control over that control account to assure each monthly
20 payment out of that account balance, which would be depleted
21 over the course of the year, and in lieu of that structure,
22 because it was impractical, the money was just paid to CBC.

23 And CBC is not here arguing that any of the bills
24 weren't paid. In fact, they -- we did it a second time for the
25 second year, and there was no objection when we extended the

1 forbearance agreement. This was the way we just did it. We
2 modified -- we modified the performance under the agreement to
3 what was actually possible to do.

4 MR. MUSHKIN: Are you done?

5 THE WITNESS: Sure.

6 MR. MUSHKIN: Thanks.

7 BY MR. MUSHKIN:

8 Q Let's take a look at page A69. This is Exhibit B to
9 the forbearance agreement. Now, this is dated the 27th day of
10 September of 2017. Do you see that?

11 A I do.

12 Q Would you take a look at the second page, A71, and it
13 recites the obligations to be performed by a CBC I?

14 A The second page is A70. Do you mean A70 or A71?

15 Q I'm sorry. A71. You are correct, the third page.

16 A Paragraph 2?

17 Q Paragraph 2.

18 A Yes.

19 Q This paragraph addresses prior to the execution of
20 this forbearance agreement CBC I made certain payments to the
21 first mortgage and second mortgage to prevent the default in
22 the first and second mortgage. Do you see that?

23 A I do.

24 Q That's the preforbearance protection payments;
25 correct?

1 A Correct.

2 Q And you were aware of those?

3 A Yes.

4 Q And then it goes on to talk about the
5 post-forbearance protection payments. Do you see that at the
6 end of the paragraph?

7 A Yes.

8 Q And those are the payments that we've discussed, the
9 first and the second for the 30 months; is that correct?

10 A Yes.

11 Q Now let's take a look at the third, the payment of
12 the taxes. The parties have agreed to enter this forbearance
13 agreement based on the parties' assumption that the first
14 mortgage will pay the property taxes owed to Clark County.
15 Have we subsequently learned that the first mortgage has not
16 paid those taxes?

17 A They did pay the taxes the first year.

18 Q And then they have stopped paying them?

19 A Well, they haven't paid them yet, but my expectation,
20 having dealt with real estate for decades is that they'll make
21 the protective advance so that there's not a property tax
22 foreclosure --

23 Q But you haven't paid them, have you?

24 A I'm sorry. I'm still --

25 Q I'm sorry, Mr. Bloom.

1 A My experience has been that a first mortgage will
2 always make a protective advance of the property taxes to
3 prevent a property tax foreclosure which would extinguish their
4 subordinated \$3 million first position note -- 3 and a half
5 million dollar first position note.

6 Q You haven't made the property tax payments, have you?

7 A I have not.

8 Q But you have agreed to make them under the lease;
9 isn't that correct?

10 A If required. If the first doesn't. I'm not going to
11 allow a property tax foreclosure sale to occur.

12 Q Your -- the lease actually says that you'll make
13 payments equal to 1/12 of the yearly property taxes each month.
14 Doesn't it say that?

15 A We'd have to go to the lease agreement.

16 Q We can do that later. All right. So now taxes --
17 let's go to page A73. And it says, Payments to be made by
18 SHAC; is that fair?

19 A Paragraph 4?

20 Q Yes, sir.

21 A Yes.

22 Q That's the 8560.42 for a period of 24 months;
23 correct?

24 A Correct.

25 Q And that's been extended for six months more to

1 March; is that correct?

2 A Correct.

3 Q And then there's a balloon payment due of the
4 principal of the note, the preforbearance protection payments
5 and an amount equal to the sum of all post-forbearance
6 protection payments. Do you see that?

7 A I do.

8 Q Any argument that those payments are due as of March
9 31st?

10 A No.

11 Q Okay. Now --

12 A To the extent -- I'm sorry. To the extent the note
13 still exists.

14 Q SHAC to lease to SJCV, you can see that's in there;
15 correct? So everybody knows about the lease. Now, let's go to
16 paragraph 6. Additional security to be provided by SHAC, SJCV
17 and other parties. Do you see that?

18 A I do.

19 Q SJCV and the Antos Trust shall pledge their
20 membership interest in SHAC to CBC I per the terms of the
21 pledge agreement identified in Exhibit B4. Do you see that?

22 A I do.

23 Q Now I'd like you to take a look at the signature page
24 on page A78. SJC Ventures LLC by manager Jay Bloom; is that
25 correct?

1 A It is.

2 Q Thank you. So in December -- I want to get the date
3 of this right -- this is September 27th I believe -- or
4 September 17th as Exhibit B to the forbearance agreement.
5 You are representing that this has been pledged; is that
6 correct?

7 A That's legacy language that should've been removed
8 when we introduced the security agreement.

9 Q So legacy language. What does that mean, sir?

10 A That means that that was the original discussions,
11 and when we did the security agreement, that should have been
12 taken out and wasn't. It's the reason SJC is not a signatory
13 to the Antoses' pledge agreement.

14 Q Wow. Let's take a look at the pledge agreement.

15 A Okay.

16 Q Whereas, that's A81. If you go to the end of the
17 first whereas, SHAC and SJC Ventures LLC are parties to this
18 pledge agreement; correct?

19 A Correct.

20 Q Pledgors are the owners of a hundred percent of the
21 membership interest. Do you see that?

22 A I do.

23 Q And it's your testimony -- let's go to one more page
24 on page A86, paragraph 18, continuing security interest,
25 assignment under credit agreement. Even though that assignment

1 and security is referenced at paragraph 18, it's somehow your
2 testimony that this is legacy language and a hundred percent is
3 not pledged?

4 A So the pledge collateral includes both the Antoses'
5 49 percent and the security interest in the cash realized under
6 the SJC security agreement, which is A93. If at conclusion,
7 notwithstanding the legacy language, at conclusion when we
8 executed, A88 would have two signatory lines for the pledgor,
9 not one.

10 Q So, Mr. Bloom, isn't it true that the only flaw in
11 this document is instead of saying Spanish Heights Acquisition
12 Company, it should say SCVJ -- or SCJ Ventures (sic) LLC?
13 Those are the parties, and those are the pledgors?

14 A No. No. What that is is Spanish Heights signed
15 because the operating agreement requires Spanish Heights'
16 approval for a member to transfer its interest.

17 Q There's no transfer of interest here, sir.

18 A On April 1st, you sent me a letter that said that
19 the Antoses had transferred --

20 MR. MUSHKIN: Your Honor, I'd like you to stop the
21 witness --

22 THE WITNESS: -- their interest.

23 MR. MUSHKIN: -- he's not being responsive at all to
24 my question.

25 THE COURT: Your request is denied.

1 You may continue, sir.

2 THE WITNESS: On April 1st, you sent me a letter
3 saying that the Antoses transferred their interest under this
4 pledge agreement, April 1st of 2020. That transfer would not
5 have been possible without the preapproval by Spanish Heights
6 that would allow such a transfer by a member. That's why
7 Spanish Heights is a signatory.

8 Had SJC been intended to be a pledgor, it wouldn't be
9 there. It would be under the Antoses' signature where it says
10 pledgors, not an acknowledgment. This is a signature of an
11 acknowledgment by the company allowing the Antoses to pledge.
12 This acknowledgment is required under the operating agreement.

13 Q So when you signed the prior document, Exhibit B to
14 the forbearance agreement?

15 A Do you have a page number or a Bates number?

16 Q A71 -- I'm sorry. A69 is the beginning of it. The
17 provision that I am most interested in is page 74 where SJC
18 and the Antos Trust shall pledge their membership interest in
19 SHAC. So I guess the question is, sir, why did you sign this
20 document? Why did you sign the forbearance agreement if you
21 weren't pledging a hundred percent like it said?

22 A Well, I think I've answered that. Because originally
23 that was the intent, and then we introduced the --

24 Q Oh, okay. I -- I got it.

25 A -- and then we introduced the security --

1 Q It's that legacy language.

2 A -- and then we introduced the security agreement.

3 Q I see.

4 A That language should have been changed. What was
5 changed is that SHAC was removed, or SJC was removed as a
6 pledgor of its equity interest in SHAC.

7 Q So --

8 A It never pledged its interest even though that
9 initially was the discussions.

10 Q And how does that all happen on the same day, sir?
11 The pledge agreement is dated September 27th. The security
12 agreement is dated September 27th. The document says you're
13 going to provide both. I just went through that with you. How
14 does that work?

15 A It works because the documents weren't initially
16 drafted on September 27th. There's a series of documents
17 over a period of time with revisions as the document went back
18 and forth. There's language in there that should've been
19 removed. But at the end of the day, SJC has to be a signatory
20 to a pledge agreement to be bound by it, and it was intended
21 not to be, deliberately. That's why it's not there.

22 Q Okay.

23 A How could CBC sign a document for a pledge agreement
24 where SJC is intended to pledge its shares, but it's not a
25 signatory to the agreement, it's not a pledgor?

1 Q Sir, do you understand how many times you've ratified
2 that pledge throughout these documents? About 11 different
3 times. And now you stand before this Court -- sit before this
4 Court and allege that the pledge wasn't made?

5 Take a look at A100. On the same day as the pledge
6 agreement, September 27th, you issued a payment direction
7 letter, didn't you?

8 A I'm getting to your page. Hang on one second. Yes.
9 Yes. This is a payment directive under the security agreement
10 directing MGA, directing the law firm that was handling the
11 litigation and the collection of the judgment to direct
12 payments under the security agreement to CBC to satisfy its
13 note at the time upon collection of monies under the judgment.

14 Q Any payments been made pursuant to this?

15 A Nope. We're at the point now where we've seized
16 assets, but we haven't monetized them yet.

17 Q I heard your testimony about that, and you were
18 supposed to provide that information to CBC, weren't you?

19 A Mr. Hallberg and I have had numerous conversations
20 where I updated him on the progress. I'm not aware of any
21 further documentation that I'm supposed to provide him beyond
22 what we've already provided.

23 Q We'll get to that. Have you -- you testified earlier
24 that you gathered up some assets?

25 A Correct.

1 Q What assets?

2 A There's a rare metal, 272 kilograms, that we had the
3 U.S. Marshal seize and turn over to us.

4 Q Where is it?

5 A It's here in Las Vegas.

6 Q What kind of metal is it?

7 A It's a ultrafine rare copper powder isotope. The
8 evaluation that we've seen is \$3,600 or \$3,300, somewhere in
9 there, per gram. We have 272,000 grams.

10 Q And how long have you had it?

11 A A couple years.

12 Q You haven't been able to sell it?

13 A No. It's not like gold and silver. Is a very
14 limited marketplace that you can sell into. It's used
15 primarily by governments and aerospace companies. So it's --
16 there's not a lot of buyers. There's not a lot of sellers, but
17 it's very valuable when a buyer and seller do come together.

18 Q Let's take a look at the consent to lease, B31.

19 THE COURT: Thank you.

20 BY MR. MUSHKIN:

21 Q Are you aware of this document?

22 A I believe so.

23 Q And you signed it as manager of Spanish Heights
24 Acquisition Company?

25 A Correct.

1 Q Even though you're not the manager; right? You're
2 really the manager of the manager; right?

3 A Fair enough.

4 Q Okay. I direct your attention to paragraph 2.

5 A Okay.

6 Q In the event that CBC I or any trustee for CBC I
7 takes possession of the property as mortgagee in possession or
8 otherwise forecloses on the property, sells the property or
9 otherwise exercises its rights under the forbearance
10 agreement, CBC I may terminate the lease.

11 Do you see that?

12 A I do.

13 Q So you've always been aware that this lease was
14 terminated upon CBC exercising its rights or at least to have
15 the ability to?

16 A If it foreclosed.

17 Q Well, it says more than just foreclosed, doesn't it?

18 A Well, that's --

19 Q It says exercise its right under the forbearance
20 agreement; correct?

21 A Forecloses on the property, sells the property,
22 mortgagee in possession or otherwise, yeah.

23 Q Okay. Thank you.

24 A So it didn't -- it didn't exercise its rights. It
25 took --

1 Q Sir, I'm not asking. I don't have another question
2 for you.

3 A I'm finishing --

4 Q I just have a question --

5 A I am finishing my answer to your last question.

6 THE COURT: All right. Finish up, and let's go to
7 the next question.

8 THE WITNESS: Okay. I'm sorry.

9 -- or otherwise exercises its rights. It didn't
10 exercise any rights. It took stock in satisfaction of its note
11 from the Antoses.

12 MR. MUSHKIN: Thank you.

13 BY MR. MUSHKIN:

14 Q Now let's take a look at the amendment to the
15 forbearance agreement, which is C1. This is dated December
16 19th.

17 THE COURT: December 1st, 2019?

18 MR. MUSHKIN: December 2019, the first day of
19 December of 2019.

20 THE COURT: Thank you.

21 MR. MUSHKIN: And it's at C001.

22 BY MR. MUSHKIN:

23 Q Do you see that document?

24 A I do.

25 Q And do you see where it says SJC Ventures LLC as one

1 of the collectively, the parties?

2 A Which -- yes.

3 Q All right. And then it recites that on
4 September 27th, the parties executed a forbearance agreement,
5 and within that forbearance agreement, it recites the pledge,
6 the assignment and the security agreement? Do you see that?

7 A Correct.

8 Q So that as of December of '19 you're confirming that
9 all those documents are in place; is that correct?

10 A Right. It's the Antos membership pledge agreement,
11 the assignment of rents and the SJC security agreement. Those
12 are the parties to the respective agreements.

13 Q Well, that's not true, is it, sir?

14 A No, it's very true.

15 Q Well, then let's take a look at paragraph 9.
16 Paragraph 9 says,

17 The membership pledge agreement executed
18 by SJCVC and the Antos parties shall remain in
19 effect, and the execution of this amendment
20 shall not be considered a waiver of CBC I's
21 rights under the membership pledge agreement.

22 Do you see that?

23 A I do.

24 Q And let's take a look at the signature page, page 9,
25 C009: SJC Ventures LLC, manager Jay Bloom.

1 A Correct.

2 Q SJC is confirming that it has executed the pledge
3 agreement, is it not?

4 A I think your --

5 Q It's a yes or no question, sir.

6 A Well, you're confusing SJC's roll in its execution of
7 that pledge agreement. As we said before, SJC signed as the
8 manager of SHAC. So SHAC was the one that signed the pledge
9 agreement approving the Antoses transfer of the stock. Nowhere
10 does it say that SJC signed in its own capacity pledging its
11 own shares. It doesn't say it in the agreement. It doesn't
12 say it here.

13 Q That is incorrect.

14 A I was there --

15 Q Right here it says --

16 THE COURT: Mr. Mushkin. Don't argue with the
17 witness. Just ask your next question. We'll have argument
18 later. Okay.

19 BY MR. MUSHKIN:

20 Q Let's read paragraph 9 again, Mr. Bloom.

21 A Okay.

22 Q The membership pledge agreement executed by SJC and
23 the Antos Trust shall remain in effect, and the execution of
24 this amendment shall not be construed as a waiver. Do you see
25 that?

1 A I do.

2 Q It says the execution by SCV -- SJCV, does it not?

3 A It does.

4 Q Thank you.

5 Let's go to paragraph 9 -- I'm sorry, paragraph 10 on
6 page C003. The assignment of rents shall remain in effect. Is
7 that correct?

8 A That's correct.

9 Q The account control agreement shall remain in effect.
10 Is that correct?

11 A Correct.

12 Q The security agreement shall remain in effect, and
13 the execution of this amendment. Is that correct?

14 A Correct.

15 Q Now, paragraph 13 on page C004, SJC shall provide
16 representations. Do you see that?

17 A I do.

18 Q It's a long paragraph. Has SJC ever provided those
19 representations?

20 A I believe that representations were continuously made
21 throughout this process as to the status of the collections of
22 the judgment pledged -- securitized under the SJC security
23 agreement for its collateral provided under the forbearance.

24 Q Ever done in writing?

25 A No. It was all telephonic, but --

1 Q I see.

2 A Apparently that was satisfactory to CBC because there
3 are no further requests for anything beyond that.

4 Q Well, they're asking for it on December of '19,
5 aren't they?

6 A Where?

7 Q It says, this document is dated the first day of
8 December '19; right?

9 A Yeah.

10 Q And at paragraph 13, it says SJCV shall provide;
11 right?

12 A In a form and substance reasonably satisfactory. The
13 form and substance was --

14 Q I'm just asking you if you provided it.

15 A I'm answering. The form and substance was oral.

16 Q Okay.

17 A And it was telephonic communications, which were
18 satisfactory to CBC I because there was no further requests
19 beyond the oral conversations in the updates on the status of
20 collection under the judgment which securitized SJC's
21 performance under the forbearance agreement.

22 Q So let's take a look at paragraph 14.

23 A Okay.

24 Q Is it your testimony that you provided the
25 information regarding First 100?

1 A Yes.

2 Q And did you do so in writing?

3 A I believe it's a combination of telephonic calls,
4 emails, text messages.

5 Q And when I sent that letter on March 16th
6 requesting these types of information, have you provided any
7 information to my office since March 16th in regards to this?

8 A You never sent a request. You sent a notice of
9 default.

10 Q And an opportunity to cure; right?

11 A I don't recall an opportunity to cure --

12 Q Of course not.

13 A -- I remember a notice of default based on your
14 assumption that we were in breach, but we were not.

15 Q And you didn't provide any information, did you?

16 A No.

17 Q Okay. So paragraph 17 is,

18 The Antos party and SJC parties
19 represent and warrant that they have not made
20 payments of any kind on any existing or
21 future loans relating from the principals of
22 the Antos parties and SJC parties.

23 Do you see that?

24 A I do.

25 Q Have you made any such payments?

1 A Payments on any existing or future loans. Subsequent
2 to the expiration of the forbearance agreement, I am now making
3 payments to City National Bank of 19,000 a month. And I'm
4 paying Northern Trust 3,000 and change a month.

5 Q And you have not made any payments to the third
6 mortgage, have you?

7 A I don't believe the third mortgage exists.

8 Q I understand what you believe, sir, but you have not
9 made any payments on the third mortgage, have you?

10 A The forbearance agreement has ended. I attempted to
11 negotiate an extension. There was no interest in an extension,
12 and there is no obligation because I'm not a party to the note.
13 SJC is not a party to the note. SHAC is not a party to the
14 note. So there's no payment obligation by SHAC or SJC under
15 the CBC note, even if it still existed, even if CBC still owned
16 it. But no, I wouldn't make a payment to CBC on a note that
17 they sold that I think they extinguished.

18 Q And your testimony is --

19 A That I'm not party to.

20 Q Your testimony is that the forbearance agreement
21 doesn't obligate you?

22 A To pay a note that was extinguished that they sold?

23 Q Oh, okay. So it's all about this argument of
24 extinguishment. That's your claim. But for that
25 extinguishment, then that note would be there. Is that your

1 testimony?

2 A No, not necessarily. That's one facet of it.

3 Q Okay.

4 A But there's a lot of issues here that's at hand. You
5 know, we're here because CBC wants to continue to foreclose
6 under a note during a governor's executive order which prevents
7 any foreclosure or eviction activity. And CBC has taken the
8 position simultaneously that it's not foreclosing, but it's
9 going to continue foreclosing, that it doesn't own the note,
10 but it wants to fight an injunction to prevent the foreclosure
11 under the note that it admits it doesn't own. So, yes, that's
12 my position.

13 MR. MUSHKIN: Your Honor, I would move to strike. I
14 have no idea what he was responding to.

15 THE COURT: The motion is denied.

16 BY MR. MUSHKIN:

17 Q Let's take a look at C006. You again represent
18 that --

19 A I'm sorry. Do you have a paragraph that you're
20 referencing?

21 Q It would be I, paragraph I.

22 A Okay. Thank you.

23 Q Again acknowledging that CBC I has not breached; is
24 that correct as of December?

25 A Correct.

1 Q And then take a look at paragraph 18:

2 The Antos parties and the SJCV parties
3 represent they have not withdrawn funds in
4 violation of the account control agreement.

5 Do you see that?

6 A I do.

7 Q Thank you. Let's look at paragraph 19:

8 That Antos parties and the SJCV parties
9 represent they continue to acknowledge that
10 they continue to pledge their stock in SHAC
11 as collateral for the forbearance agreement.

12 Do you see that?

13 A I do.

14 Q Now, that says that SHAC -- I mean, that SJCV
15 continues to pledge their stock. Isn't that what it says?

16 A As set forth in the forbearance agreement as
17 collateral under the pledge agreement, but the pledge
18 agreement, SJC is not party to.

19 Q I'm going to ask you a yes or no question, sir: Does
20 this document say that the SJCV parties represent that they
21 continue to pledge their stock in SHAC?

22 A Even if there's no stock pledged, yes, that's what
23 the document says.

24 Q Thank you. Let's look at this next page C007, the
25 acknowledgments and conditions applicable to lease agreement.

1 Under paragraph 1 in bold print says --

2 A I'm sorry. Where are you looking? Because I see
3 acknowledgments and conditions applicable to refinancing, but
4 not --

5 Q C007.

6 A What paragraph?

7 Q Paragraph B1.

8 A Okay. I was looking at C.

9 Q Options to extend have terminated. Do you see that?

10 A Correct.

11 Q In bold print?

12 A Yes.

13 Q Thank you.

14 A That's the paragraph that acknowledges that the
15 conditions --

16 Q Sir, I don't have a question --

17 A -- were subject to have been satisfied --

18 Q -- before you.

19 A -- and that the --

20 THE COURT: Sir, you finished the answer. So let's
21 go to the next one.

22 THE WITNESS: Okay.

23 THE COURT: Okay.

24 BY MR. MUSHKIN:

25 Q And then on paragraph 3, on page 008,

1 Complete agreement, this amendment, the
2 forbearance agreement and the related
3 agreements represent the full and complete
4 agreement and understanding of the parties
5 with respect to the subject matter hereof the
6 complete agreement supersedes or replaces all
7 prior agreements, any amendments there must
8 be in writing and executed by the parties
9 hereto.

10 Do you see that?

11 A I do.

12 Q So again it says no oral modifications; correct?
13 Sorry. I didn't mean to hiccup at the time. The contract
14 prohibits oral modifications; is that correct?

15 A Yes.

16 Q And again on page C009, you signed first for Spanish
17 Heights and then for SJC Ventures; is that correct?

18 A Correct.

19 Q Let's take a look at what's been admitted as Exhibit
20 E.

21 MR. MUSHKIN: Your Honor, I don't know if you have a
22 time that you want to break or how long you want to break.
23 It's a couple of minutes --

24 THE COURT: I'm going to break at noon unless you
25 think this is a good breaking point. If you're switching

1 topics --

2 MR. MUSHKIN: I can go for another 10 minutes. I
3 just have a --

4 THE COURT: Okay.

5 MR. MUSHKIN: I've got to get --

6 THE COURT: Let's go to Exhibit E.

7 BY MR. MUSHKIN:

8 Q Let's take a look at E.

9 A Okay.

10 Q Do you recall this letter?

11 A I do.

12 Q And it's noticing a default under the agreements;
13 right?

14 A It is.

15 Q And it wants evidence of homeowners insurance; is
16 that correct?

17 A That's correct.

18 Q And you provided that, didn't you?

19 A I did.

20 Q In fact, the insurance we had -- let me lay a little
21 foundation. Mr. Bloom, I represent a defendant called Tywon
22 [phonetic] Davis in another case; is that correct?

23 A That's correct.

24 Q And you're the plaintiff in that case; is that
25 correct?

1 A One of.

2 Q You are correct. One of the plaintiffs.

3 A Actually, no, not me --

4 Q One of two. Well, there were three. Now there's
5 two.

6 A Not me individually, but the property owner is
7 plaintiff in that case.

8 Q SHAC?

9 A Right.

10 Q And Mr. Rose; is that correct?

11 A Correct.

12 Q And in that case, you directed your counsel to send
13 me a notice that allowed me to speak to you directly; is that
14 correct?

15 A That's correct.

16 Q And in this case, you directed your counsel to send
17 me an email that directed me -- that allowed me to communicate
18 directly with you; is that correct?

19 A That's correct.

20 Q So you and I have had a number of conversations --

21 A We have.

22 Q -- is that correct?

23 A We have.

24 Q And as one of those conversations was about the
25 insurance; is that fair?

1 A That's correct.

2 Q And I brought to your attention that the insurance
3 was in your name personally; is that correct?

4 A Yes.

5 Q And I was concerned because the title to the property
6 was in the name of SHAC, and you personally did not have an
7 insurable interest. Do you understand? We had that
8 conversation?

9 A We did. And part of that conversation was that that
10 was the policy that was in place for two and a half years --

11 Q Absolutely correct.

12 A -- and that I had no objection to changing the named
13 insured or additional insured. I sent an email to the
14 insurance company, and the request you made on behalf of CBC
15 were changed.

16 Q And you did it; right?

17 A Yes.

18 Q Thank you. Evidence of repairs pursuant to paragraph
19 C, 3C1 of Exhibit B to the forbearance agreement, did you
20 provide that information?

21 A I think some of it was provided, but --

22 Q I'll represent to you that none of it was provided,
23 sir. I don't know when you would have done it. But if you
24 did, if you could provide that, a document that references
25 that. The only information that I have regarding repairs to

1 the house was submitted by your counsel in this case, and it's
2 some repairs on air-conditioning. Nothing else has been
3 provided.

4 A Right.

5 Q So if you know when, tell me when.

6 A Right. So --

7 Q So they were not provided; right?

8 A -- over the course of 2019, the home automation
9 system was nearly --

10 Q No. No. No. I'm asking if you provided that
11 information to me.

12 A Oh, I don't recall.

13 Q And that --

14 A I would have provided -- maybe I provided that to CBC
15 or to you, or maybe it wasn't provided. I just don't remember.

16 Q I will represent to you that it was not provided.
17 Mr. Bloom, that paragraph calls for \$100,000 in repairs to be
18 made; is that correct?

19 A Correct.

20 Q Thank you. Evidence of Bank of America account,
21 you've testified you couldn't do it. So there's no account; is
22 that correct?

23 A The parties agreed to a prepayment in lieu of --

24 Q Uh-uh.

25 A -- in lieu of establishing a control account that

1 couldn't be created.

2 Q When did Mr. -- who agreed on behalf of CBC?

3 A Mr. Hallberg.

4 Q And when did he do it?

5 A At the inception of the agreement when we talked at
6 Bank of America, and they couldn't create that account.

7 Q Well, then why is it in the December agreement? If
8 it happened in '17, then why are you agreeing to it again in
9 December?

10 A Sloppy drafting by the attorney that put it together.

11 Q Did you provide the opinion letter from SJC Ventures
12 and First One Holdings' counsel regarding the judgment and
13 security agreement?

14 A I don't believe so.

15 Q Did you provide evidence of corporate authority for
16 SJC Ventures and One Holding Companies [phonetic] pursuant to
17 A, paragraph 1A13 of the amendment to forbearance agreement?

18 A I'm not sure I understand the request there.

19 Q It's asking for corporate authority to grant the
20 security agreement.

21 A Well, I think you have all of that in the initial
22 documents.

23 Q I'm just asking if you provided anything to me on
24 March 16th when I sent this.

25 A We did not provide them again, but they were --

1 Q Thank you.

2 A -- in your client's possession.

3 Q And Number 6, Evidence that SJC Ventures filing of
4 applications for mortgages to refinance 5148 Spanish Heights
5 Drive pursuant to paragraph 1C, did you provide that
6 information?

7 A No.

8 Q And you can see the demand is hereby made to provide
9 the documentation within five days. Do you see that?

10 A I do.

11 Q And then we asked for the inspection in this letter,
12 and the inspection took place?

13 A Correct.

14 Q And the inspection was pursuant to paragraph 12, 1,
15 of that real property lease; correct?

16 A Well, that's what your letter says.

17 Q Thank you. Now let's take a look at Exhibit F, F1.
18 Maier Gutierrez & Associates, those are your attorneys?

19 A Correct.

20 Q And is it your testimony that they did not
21 participate in the preparation of the forbearance agreement and
22 related documents?

23 A I don't recall if they did or they did not.

24 Q So if you notice that they're on the notice provision
25 in the agreements, does that refresh your recollection that

1 they were involved in the drafting?

2 A It does not. I have them noticed in all my
3 agreements.

4 Q I want to point your attention to the third paragraph
5 of that letter:

6 The amended forbearance agreement
7 unambiguously states that the parties are to
8 extend the forbearance period until March 31,
9 2020.

10 Do you see that?

11 A Yes.

12 Q And it says that they did not, and your client has no
13 right to unilaterally modify the terms of the governing
14 document. What terms am I unilaterally modifying?

15 A The forbearance agreement prevents this kind of
16 action where you -- if you go back to E1, this says, This
17 letter will serve as a notice of default. So this is not a
18 request for information. A notice of default is a specific
19 term. It's a start of a foreclosure proceeding, and --

20 Q Okay.

21 A -- the forbearance agreement prevents you from taking
22 an action, issuing a notice of default.

23 If this had come and said this is a request for
24 information, can you clarify these points, that would be
25 different. But this is a foreclosure start.

1 Q So let's talk about that for a minute, Mr. Bloom.
2 Then we'll break for lunch. You had conversations with
3 Mr. Hallberg through January, February and part of March,
4 didn't you?

5 A I did.

6 Q And you were trying to work out an extension?

7 A Correct.

8 Q And he told you over and over again don't have the
9 votes to further extend this, didn't he?

10 A What he told me is that they were winding up the
11 fund, and in winding up the fund, they needed to bring this to
12 closure.

13 Q So there isn't going to be any extension; right?

14 A There was discussion of an extension, but it was on
15 egregious terms.

16 Q That's right, "egregious terms."

17 A \$150,000 security deposit and 60-something-thousand a
18 month.

19 Q Well, isn't that what it costs to maintain this
20 property?

21 A There --

22 Q "Egregious terms," let's talk about that for a
23 minute, Mr. Bloom.

24 A Okay.

25 Q I'm going to show you a demonstrative exhibit I've

1 made.

2 MR. MUSHKIN: Your Honor, this is the only time I'm
3 going to ask to approach, and I'll put the mask on, or you can
4 have the bailiff bring it to you.

5 THE COURT: You put the mask on, and then the bailiff
6 can approach you, and you can hand it to him. And then Ramsey
7 can come give it to me.

8 And we'll mark this as D1 for Demonstrative 1.

9 Have you given a copy to Mr. Gutierrez?

10 MR. MUSHKIN: Wait. There's another one.

11 THE COURT: Is it two copies of the same document?

12 MR. MUSHKIN: No. It's two pages.

13 THE COURT: Okay.

14 MR. MUSHKIN: One says Spanish Heights Drive, and one
15 says Payments Made.

16 THE COURT: Okay. All right. Then we'll mark them
17 as one document, D1.

18 MR. MUSHKIN: And I have one for the witness.

19 THE COURT: And the witness, you get the one with the
20 sticker.

21 All right. You're good.

22 MR. MUSHKIN: In that case I have one for the Judge.

23 THE WITNESS: Thank you.

24 THE COURT: I'm not touching your paper. Dan makes
25 me disinfect and put on gloves before I'm allowed to touch any

1 paper.

2 So keep going.

3 THE WITNESS: Does that apply to witnesses?

4 THE COURT: If you want to put it on the Elmo, you
5 can, but --

6 MR. MUSHKIN: Why don't we break for lunch, Judge,
7 and I'll put it on the Elmo after lunch.

8 THE COURT: Okay. If you're going to use the Elmo,
9 we may not be able to have your client see what's on the Elmo,
10 but I don't know that he needs to.

11 MR. MUSHKIN: He doesn't.

12 THE COURT: All right.

13 THE COURT RECORDER: Well, he'll be off.

14 THE COURT: He'll be switched off for a little bit,
15 and then we'll resume with him.

16 So I'll see you guys in about an hour.

17 MR. MUSHKIN: Works for me, Judge.

18 MR. GUTIERREZ: Thank you, Judge.

19 THE COURT: Be at ease.

20 (Proceedings recessed at 11:57 a.m., until 12:59 p.m.)

21 THE COURT: All right. Mr. Bloom, come on back up.
22 I'd like to remind you you're still under oath.

23 THE WITNESS: Of course.

24 THE COURT: Mr. Mushkin, you were going to try and
25 use the Elmo.

1 Sir, we may lose you while he's using the Elmo, but
2 we'll be back to you.

3 MR. MUSHKIN: I think I'll avoid that and just hold
4 it up. He's got one.

5 THE COURT: That's good. Keep going.

6 MR. MUSHKIN: You can have one if you want one, but
7 you don't want one.

8 THE COURT: I don't want a paper copy. I've been
9 looking at the exhibits electronically.

10 BY MR. MUSHKIN:

11 Q So let's go through this real quick just to make sure
12 we're at least close on these numbers. The document starts out
13 5148 Spanish Heights Drive. Do you see that?

14 A I do.

15 Q And it has City National Bank, 3,240,000. Is that
16 approximately the amount of the first principal balance?

17 A That's the representation I've accepted, but I've
18 never seen the documents.

19 Q And the monthly payment is \$19,181.04. Is that
20 close?

21 A Correct.

22 Q Northern Trust, the balance is 599,000; is that
23 correct?

24 A I believe that's correct.

25 Q I didn't hear you. I'm sorry.

1 A I believe that's correct.

2 Q Thank you. And the monthly payment is \$3,084.86;
3 correct?

4 A I believe that's correct.

5 Q And the principal amount of the CBC I 5148 note, the
6 third position is \$2,935,001.14. Is that correct?

7 A I don't know.

8 Q Do you believe that to be correct?

9 A You know, I've never seen the documents for the CBC
10 note. I think, yeah, I think that's correct.

11 Q Thank you. And the monthly payment at the contract
12 rate is \$33,187.50 a day. Do you see that?

13 A I do.

14 Q Any reason to believe that's incorrect?

15 A I've never seen the contract. So I don't know what
16 the contract rate is.

17 Q So the contract rate is 13 and a half percent. The
18 default rate is 20 percent. You'll see the default rate in
19 some of the documentation that we've already gone over. But I
20 will represent to you that this was calculated at the contract
21 rate. I believe the document says \$1634 a day in interest.
22 The document that's attached to the closing papers, that that's
23 the default rate. Because of the governor's directive, I've
24 calculated the contract rate instead of the default rate. You
25 don't have any reason to believe that's incorrect, do you?

1 A I don't know if it's correct or not correct.

2 Q Thank you. And do you understand that there was an
3 advance note in regards to this transaction?

4 A What's an advanced note?

5 Q It's in the documents. It sets forth all of the
6 advances made by CBC are held in what's called the advanced
7 note, and they're due to be repaid when it's due. Do you
8 recall that language?

9 THE COURT: Can you give us an exhibit number.

10 MR. MUSHKIN: Sure.

11 THE COURT: Telling me it's in the documents and I've
12 got A through W in one [indiscernible] makes it hard for me.

13 BY MR. MUSHKIN:

14 Q You are aware that advances were made; is that
15 correct, sir?

16 A Yes.

17 Q And --

18 MR. MUSHKIN: Sorry, Your Honor. I didn't think this
19 would be an issue. Well, let's see if I can get there without
20 having to find the exact spot. I'll find it later.

21 THE COURT: Okay. All right. Sorry.

22 BY MR. MUSHKIN:

23 Q You earlier testified that you were aware that CBC
24 was obligated to pay the first and second during the
25 forbearance period.

1 A Correct.

2 Q And those were all done as advances under the note;
3 is that correct?

4 A I believe so.

5 Q And those advances totaled up to a certain number.
6 Do you know that number?

7 A I do not.

8 Q Any reason to believe that the advances are not a
9 million, three, twenty-six?

10 A I mean, back of the envelope math if you have -- what
11 is that 20, a little over 20,000 a month, 240,000 a year. You
12 have two and a half years. So it's about 6 or 700,000,
13 something like that if you do the math.

14 Q And were you aware of the advances at the time you
15 entered into the forbearance agreement?

16 A I was not.

17 Q It's in the documents again.

18 A I don't know what the numbers are.

19 Q It's okay. But you know there was significant
20 advances; correct?

21 A I don't know what the numbers are, sir. I don't know
22 if they're significant.

23 Q Well, you just said 700,000. That's a pretty
24 good-sized number, isn't it?

25 A That's for the post-forbearance agreement document

1 that I entered.

2 Q Right.

3 A You were asking me about the preforbearance numbers.
4 I don't know what those are.

5 Q Do you believe -- you are aware that there were prior
6 defaults; correct?

7 A I believe that there were.

8 Q Because you testified that you said that the house
9 had been empty for a couple years, and CBC had been making the
10 payments; correct?

11 A I testified that the house was empty for a couple of
12 years. I don't know if CBC made the payments or if the first
13 tacked them on to the end of the note or I don't know what the
14 arrangements were before I got involved in the house.

15 Q You testified that CBC had been making the payments.
16 I'll represent to you that they did.

17 A Okay.

18 Q You and I have had conversations about the taxes; is
19 that correct?

20 A I know I've had conversations about the taxes with
21 Mr. Hallberg.

22 Q And that the taxes monthly are approximately \$4486.51
23 a month?

24 A That sounds correct.

25 Q And the HOA dues are \$850 a month?

1 A Correct.

2 Q So that the total obligations on a monthly basis,
3 first, second, third, taxes and HOA is \$60,789.91. Any reason
4 to believe that that's not accurate?

5 A Yes.

6 Q My math is off?

7 A Yeah. Well, if the CBC portion I don't believe is
8 due and payable.

9 Q I appreciate your position on that, but I'm just
10 asking if any reason to believe those numbers are inaccurate?

11 A Yeah. I don't believe CBC is entitled to \$33,000 a
12 month after they sold the note or after it was extinguished.

13 Q Thank you. I understand. You believe it's been
14 extinguished?

15 A Or that they sold it.

16 Q I'd like you to look at the second page.

17 A Okay.

18 Q From October of '17 until March of '20, is it true
19 that the only payments that you made on the note were for 30
20 payments of \$8,560.42?

21 A I believe so.

22 Q And that during that period of time, the first
23 mortgage, those 30 months, I know there's an argument over one
24 payment, but let's not argue over one payment right now. But
25 30 months, if paid by CBC I would be 19,181.06 times 30; is

1 that correct? Mathwise.

2 A Correct.

3 Q And the second mortgage, I understand we are arguing
4 over who paid what, but the second mortgage, 30 payments at
5 \$3,084.86. That is 92,000; is that correct?

6 A Correct.

7 Q 92,545.80. And then we also talked about that HOA
8 foreclosure in January of '19. You recall that; is that
9 correct?

10 A Correct.

11 Q Any reason to believe that my clients didn't pay
12 \$12,327.85 for the HOA dues that you did not pay?

13 A I believe that of the \$80,000 that I sent to them
14 they forwarded 12,000 of that to satisfy the HOA debt.

15 Q That's not what I asked you, sir.

16 A Well --

17 Q I asked you if you -- you have a separate obligation
18 to pay the HOA; correct?

19 A I'm taking exception to your language that it's the
20 HOA dues that I did not pay. It's my funds to CBC that were
21 used to pay the HOA.

22 Q Sir, your funds were pursuant to a contract that
23 called for you to pay a monthly payment of \$8,560.42; correct?

24 A Correct.

25 Q And in addition to that, you had an obligation to pay

1 the HOA dues; is that correct?

2 A Correct.

3 Q You did not pay the HOA dues as of January '19; isn't
4 that correct?

5 A As of January of '19?

6 Q January of '19, there was a foreclosure proceeding
7 pending by the HOA; isn't that correct?

8 A There was a notice by the HOA, yeah. Same notice of
9 default that you issued.

10 Q That's not correct, is it, Mr. Bloom?

11 A So I think --

12 Q Their notice isn't the same as my notice, is it, sir?
13 They issued you a HOA lien notice, didn't they? For failure to
14 pay.

15 A So is an HOA lien notice part of the foreclosure
16 process then?

17 Q Sir, I am not answering questions. I'm asking them.
18 And the question is, isn't it true that you did not pay HOA
19 dues for a period of time which resulted in the HOA attempting
20 to foreclose on the property?

21 A There was a period of time that the HOA dues were not
22 paid, which resulted in a lien on the property by the HOA which
23 CBC paid out of funds that I paid to CBC.

24 Q How do you know CBC paid it out of funds that you
25 paid to CBC?

1 A Because they waited until I made the payment to CBC
2 to make the payment to the HOA.

3 Q What payment did you make?

4 A I think it was about \$80,000.

5 Q To who?

6 A To CBC.

7 Q In one payment?

8 A Yes.

9 Q When did you make that payment?

10 A I think it was right around the time they paid the
11 HOA. I think January of '19.

12 Q Do you have any proof of that?

13 A I could get it.

14 Q Okay. We'll ask you to provide us that.

15 A Okay.

16 Q So over the period of time from October of '17 to
17 March of '20, you paid \$256,812.60, plus some HOA fees that we
18 are not sure how much you paid or didn't pay. Is that fair?

19 A Plus the insurance premiums. Plus the repairs on the
20 house.

21 Q Different issue. I'm just talking about what you
22 paid to CBC.

23 A Correct.

24 Q And CBC paid \$680,305; is that fair?

25 A Correct.

1 Q Thank you.

2 MR. MUSHKIN: Where's my yellow pad? I'm sorry.

3 THE COURT: You can't see me smiling that you're
4 there to help him, but --

5 MR. MUSHKIN: That's right. She's there to keep me
6 from forgetting things.

7 BY MR. MUSHKIN:

8 Q All right. Let's go back to our questions. So let's
9 go back to the March 16th letter. I think that's where we
10 left off.

11 A What exhibit is that?

12 Q I'll get it for you. Give me just a second.
13 Exhibit E. So can you explain to me how this letter violates
14 Directive 008?

15 A This letter is a notice of default. It says right in
16 the second paragraph this letter will serve as a notice of
17 default. A notice of default is the start of a foreclosure
18 proceeding.

19 Q Oh, no. No. Hang on.

20 A I'm sorry. I'm still answering.

21 THE COURT: Wait. Let him finish.

22 MR. MUSHKIN: Well, Judge --

23 THE COURT: Let him finish.

24 THE WITNESS: This notice was amended on April 1st.
25 It was a notice amended on April 1st.

1 MR. MUSHKIN: No.

2 THE WITNESS: It's three days after the governor's
3 directive and moratorium on foreclosure. So if the notice of
4 default is, in fact, a foreclosure start, and it's amended on
5 April 1st, it's a notice as amended that's in violation of
6 the governor's directive.

7 BY MR. MUSHKIN:

8 Q Mr. Bloom, you --

9 THE COURT: Okay. Now, you can ask your follow-up
10 questions.

11 BY MR. MUSHKIN:

12 Q Mr. Bloom, you know that's not true, don't you?

13 A No. I believe that is true.

14 Q So let's take a look at these letters. Let me ask
15 one other question. Tell me how it is you are irreparably
16 harmed by this March 16th letter.

17 A You started a foreclosure action during the
18 forbearance period.

19 Q Okay. Your statement is that this document is the
20 start of a foreclosure?

21 A A notice of default is the start of a foreclosure
22 proceeding.

23 Q Okay. And what -- do you have any authority for that
24 position?

25 A NRS 107.

1 Q Okay. We'll get to 107. And we've already gone over
2 you didn't provide anything except the insurance. Let's go to
3 Exhibit G. This is the inspection report. Do you recall the
4 contract that you signed and what it said about the -- how the
5 house was to be maintained? Do you recall the specific
6 language in the contract?

7 A Do you have a specific contract to which you're
8 referencing?

9 Q All of them.

10 A Okay. Which one references the condition of the
11 house that you're referring to?

12 Q Well, let me see if I can refresh your recollection.
13 You don't remember what it says in the documents?

14 A I was going to maintain the house in good condition.

15 Q Didn't it say top quality condition?

16 A Okay.

17 Q Thank you. Do you remember that now?

18 A I don't remember what the exact semantics were in the
19 document, but the house was to be maintained in good condition
20 and --

21 Q I'll represent to you that it said top quality
22 condition. Okay?

23 A Fine.

24 Q Let's take a look at page 2 of 137. It is marked
25 G004. Do you see the second where it's -- under the provision

1 porches, decks, stairs, patios and balconies; do you see that?

2 A I do.

3 Q Would you look at the second one where it says
4 condition, concrete spalled.

5 A Okay.

6 Q Do you see that?

7 A I do.

8 Q Any reason to believe that Inspector Waldo is
9 incorrect?

10 A No.

11 Q Let's take a look at the next page, G005, landscape
12 walkway. Uneven trip hazard. Do you see that?

13 A I do.

14 Q Any reason to believe Inspector Waldo is wrong?

15 A Yes.

16 Q What proof do you have that he is wrong?

17 A Well, it's subjective as to whether or not it poses a
18 trip hazard. It's -- there is a shift in the ground that moved
19 something a fraction of an inch in height. I don't believe it
20 poses a trip hazard though.

21 Q Thank you. Let's take a look at where it says,
22 Distribution System Lights, and it says, Both ceiling lights
23 and the electrical meter, utility closet did not operate when
24 tested. Recommend repair.

25 Any reason to believe he's not correct?

1 A No. Subsequent to the report those lightbulbs were
2 changed.

3 Q Thank you. Let's look under Heating. Furnace,
4 condition, inoperative. Gas furnace associated with kitchen
5 Unit 1 did not function when tested. It may be associated with
6 damper problems.

7 Any reason to believe that Mr. Waldo -- or Jeff Waldo
8 is incorrect?

9 A Yes.

10 Q How do you know?

11 A Because that heating -- that gas furnace works. I
12 can get heat of that through using the home automation system
13 that I offered to show him that I was not able to show him.

14 Q Let's go to air-conditioning, the second
15 air-conditioning. AC Unit 1 did not function when tested. May
16 be associated with problems with damper system. New
17 thermostats recommended. Further evaluation. Any reason to
18 believe that's not correct?

19 A That is not correct.

20 Q Well, let's take a look at your exhibit -- well, what
21 proof do you have that it's not correct?

22 A There were repairs effectuated early in -- early in
23 my possession of the property, about 16 or \$17,000 in HVAC
24 repairs, and anything that would go wrong would be under
25 warranty. It's now May and a hundred degrees outside, and the

1 house is not at a hundred degrees. So it's functional. If you
2 know how to use the smart system, the home automation system to
3 turn it on.

4 Q So I'd like you to turn to Exhibit FF.

5 THE COURT: And I believe that's a proposed exhibit.

6 MR. MUSHKIN: Yes, Proposed Exhibit FF.

7 BY MR. MUSHKIN:

8 Q Do you know who Infinity Air is?

9 A I do.

10 Q Is this a company that you've engaged to do repairs
11 on your house?

12 A Yeah.

13 Q On the house?

14 A Yes.

15 Q So I would note --

16 MR. MUSHKIN: Your Honor, I'd move to admit --

17 BY MR. MUSHKIN:

18 Q These are true and correct copies of your invoices?

19 A Yes.

20 MR. MUSHKIN: Move to admit.

21 THE COURT: Any objection?

22 MR. GUTIERREZ: No objection.

23 THE COURT: FF will be admitted.

24 (Joint Exhibit Number(s) FF admitted.)

25 / / /

1 BY MR. MUSHKIN:

2 Q So let's take a look at FF. The first one is dated
3 June of 18; is that correct?

4 A Correct.

5 Q The next one is dated April of '19; is that correct?

6 A Correct.

7 Q And the next one is dated June 17 of '19; is that
8 correct?

9 A Correct.

10 Q The next one is August of '18; is that correct?

11 A Correct.

12 Q And the next one is August of '19; is that correct?

13 A Correct.

14 Q Is that the total of your invoices?

15 A I believe so.

16 Q So it appears that you acted at least as a result of
17 Mr. Waldo's report and ordered repairs in February -- on
18 February 23rd of '19; is that correct?

19 A No. Mr. Waldo's report wasn't until 2020. All these
20 repairs were effectuated prior to his report, not in response
21 to.

22 Q So you've done no repairs in response to his report?

23 A Nothing is broken.

24 Q I see. Okay. So is this the evidence that you've
25 submitted to prove that you spent a hundred thousand dollars on

1 the house?

2 A No. That's part of the spending, but there's no
3 evidence admitted. I didn't submit the home automation
4 expenses to repair that system.

5 Q And you didn't submit them when requested in the
6 March letter either, did you?

7 A It wasn't a request. It was a notice of default.
8 Had it been a request, I would have been responsive.

9 Q Okay. Let's go to the bottom of page 006, and that's
10 an AC condenser that's short cycling.

11 A Is that FF still?

12 Q Yes, sir. FF -- I'm sorry. G006.

13 THE COURT: G, single G?

14 MR. MUSHKIN: Single G, 006.

15 THE COURT: Back to the report?

16 MR. MUSHKIN: Yes, back to the report. Sorry.

17 THE COURT: Thank you.

18 BY MR. MUSHKIN:

19 Q Do you see the air-conditioning short cycle?

20 A I do.

21 Q Did you fix that?

22 A It didn't require fixing. I'm in that office pretty
23 much every day, and the air-conditioning works without
24 interruption.

25 Q Let's take a look at the middle of page 007,

1 air-conditioning evaporative fan -- evaporator fan. Blower fan
2 runs constantly. Do you see that?

3 A I do.

4 Q Have you had it repaired?

5 A It doesn't require repair. It works fine.

6 MR. MUSHKIN: Your Honor, may I take off my coat?

7 THE COURT: Yes.

8 MR. MUSHKIN: Thank you. It's getting a little warm
9 in here.

10 BY MR. MUSHKIN:

11 Q Okay. Now, let's go to the gas supply on 008. Do
12 you see where it says supply gas piping, concealed connections?

13 A I do.

14 Q Any reason to believe that this is incorrect?

15 A Yes. I believe there's a shut-off valve.

16 Q Where is it?

17 A Further down the line.

18 Q Let's take a look at where it says Fixtures and
19 Faucets. The first one says, Condition, leak. The first
20 bedroom bath on the south side of the home. Any reason to
21 believe Mr. Waldo is incorrect?

22 A Which one are you looking at?

23 Q Fixtures and faucets, bathtub enclosure.

24 THE COURT: Down by the bottom.

25 THE WITNESS: Okay. I got it. The second one up

1 from the bottom?

2 MR. MUSHKIN: Yes, sir.

3 THE WITNESS: Okay.

4 BY MR. MUSHKIN:

5 Q Notice that it talks about damage to the walls next
6 to the tub, damage to the wall and baseboard in the adjoining
7 hallway. Any reason to believe he's incorrect?

8 A That was from a leak that was repaired a while ago.
9 There's some cosmetic damage. That's since been repaired
10 subsequent to this report.

11 Q It says visible moisture damage. Do you see that?

12 A I do.

13 Q And it says a leak. He notes a leak. Your testimony
14 is that it's been repaired?

15 A My testimony is that the leak was repaired several
16 years ago, and the cosmetic damage resulting from the leak,
17 some warping of the baseboard wood was repaired after the
18 report.

19 Q Let's look at the next one: Condition, leak. Shower
20 stall enclosure. Moisture stains that test wet noted in the
21 exterior of the master bath shower enclosure. Do you see that?

22 A I do.

23 Q Any reason to believe Mr. Waldo is wrong?

24 A We called in somebody to look at that. They said it
25 was condensation from the shower. Cosmetic repairs were

1 effectuated.

2 Q Any proof of that, sir?

3 A None provided here.

4 Q No. Have you provided any proof of those repairs?

5 A I don't think so --

6 Q Yeah, I don't think so.

7 A -- I don't think they've been requested.

8 Q Let's look at the next one on that page, which is
9 009. Tile loose, broken or missing tile, cracked tile at the
10 threshold, missing grout on a few tiles in the southwest
11 bedroom shower enclosure. Do you see that?

12 A I do see that.

13 Q Any reason to believe Mr. Waldo is incorrect?

14 A At the time he wrote the report, no. There was some
15 minor caulking issues of grout. Those have since been
16 repaired.

17 Q Let's take a look at condition on the last one on
18 page 009, water stains. Water stains noted in the ceiling at
19 the right side of master closet. Visual inspection of the
20 attic above stains showed water manifolds with signs of past
21 leaks. Recommend further evaluation. Is there any further
22 leaking that's going on up there?

23 A There was a leak from the roof several years ago.
24 That was repaired. These are cosmetic -- cosmetic issues where
25 the drywall was repainted and cleaned --

1 Q And is there -- sorry.

2 A -- subsequent to this report.

3 Q Oh. So you did make repairs after this report?

4 A Cosmetic, but the leak was fixed several years ago.

5 Q And did you provide any proof of that?

6 A My testimony here that it was done.

7 Q Thank you. Carpet on floors. Stains on the carpets.
8 Have you fixed that? That's top of page G10.

9 A We didn't see any stains on the carpet.

10 Q I see. Windows. Three inoperative casement windows
11 noted in the third bedroom -- in three bedrooms. Two appear to
12 be missing handles. One is damaged. Did you see the -- have
13 you made repairs to those?

14 A Those are repaired.

15 Q The glazing, glass glazing, condition cracked. Four
16 fixed windows in the front wine room appear to be cracked. Did
17 you fix those?

18 A The cracks are not visible from the street. That was
19 a result from the earthquake two years ago or so.

20 Q I just asked if you fixed them, sir.

21 A No. They don't require repair.

22 Q Thank you. Doors and frames. Damage. The upstairs
23 northwest bedroom door into door appears damaged. Recommend
24 repair or replacement. Did you replace that door?

25 A There's no damage to that door.

1 Q Are you going to tell me that that duct tape is the
2 way it's designed to be done?

3 A Which door are you talking about? There are -- I
4 didn't see any damage to the door.

5 Q You didn't see the pictures with the duct tape
6 holding the door together?

7 A There's no duct tape holding the door together.

8 Q Okay. Pool and spa. Leaks noted in the control
9 valves, piping and pool equipment. Have you made repairs to
10 the pool?

11 A We are constantly making repairs to the pool.
12 There's a pool service that comes weekly and effectuates any
13 repairs that are required as there are issues with the pool
14 equipment.

15 Q Have you provided any evidence of these repairs?

16 A My testimony here today.

17 Q Thank you. The next item is the pump. The fountain
18 pump is dry and did not prime when tested. Did you get that
19 fixed?

20 A That never required fixing. He didn't know how to
21 use the home automation system to turn the pump on.

22 Q The heater for the spa, gas spa heater cycled off
23 after less than five minutes of operation. Have you had the
24 gas heater checked?

25 A The gas heater works fine.

1 Q How do you know?

2 A Because I use the pool.

3 Q Do you have to heat your pool in this weather?

4 A I've been heating it since when he did this
5 inspection.

6 Q Okay.

7 A Back in March.

8 Q Any evidence of -- any proof of that you can provide
9 to the Court?

10 A My testimony here today.

11 Q Yeah. Electrical spa lights. Spa light did not
12 function when tested. Did you get the spa light fixed?

13 A I've asked the pool company to replace the light
14 bulb.

15 Q Thank you. Now, let's take a look at Exhibit H.

16 THE COURT: H.

17 BY MR. MUSHKIN:

18 Q And you received this letter; is that correct?

19 A Correct.

20 Q Does anywhere on this letter recite the statutory
21 language notice of default and election to sell?

22 A It says in bold, This notice is sent for the purpose
23 of collecting a debt. Your loan is now due and payable and
24 remains unpaid as the above date.

25 And then the second paragraph under, Dear Borrower,

1 this is your notice of default. And you cite NRS 107.080 as --

2 Q Mr. Bloom, I asked you a yes or no question.

3 A -- well as NRS 40.430.

4 Q Is there anywhere in this document where it says
5 notice of default and election to sell?

6 A No --

7 Q Thank you.

8 A -- it just says notice of default.

9 Q Now, it says in paragraph 2 -- after it says, This is
10 your notice of default,

11 It has been established that the
12 beneficiary and/or mortgage servicer of the
13 deed of trust may, may cause a trustee to
14 exercise the power of sale pursuant to
15 107.080.

16 Do you see that?

17 A I do. I want to amend an answer I --

18 Q Commence a civil --

19 A -- just made to a previous question --

20 THE COURT: Hold on a second. Mr. Gutierrez will
21 have a chance to ask you a follow-up question.

22 Joe, please make a note.

23 Keep going, Mr. Mushkin.

24 MR. MUSHKIN: Thank you.

25 / / /

1 BY MR. MUSHKIN:

2 Q Commence a civil action for the recovery of any debt
3 or to enforce any rights under a mortgage loan that is not
4 barred by NRS 40.430. Do you see that?

5 A Correct.

6 Q Do you know what this letter is?

7 A Yes.

8 Q What is it?

9 A It's a notice of default.

10 Q And do you know how you start a foreclosure
11 proceeding?

12 A Yes, a notice of default.

13 Q Wrong. A foreclosure proceeding under 107.080
14 requires the filing of a notice of default and election to sell
15 that starts the time period. In fact, you testified to it
16 earlier, didn't you, that you had then 90 days. Do you
17 remember your testimony?

18 A Yes. You have a notice of default, which starts the
19 time period for 90 days, and then a notice of sale, which gives
20 you an additional 30 days. And then the nonjudicial
21 foreclosure sale takes place at a trustee's location.

22 Q Sir, this letter is not a notice of default and
23 election to sell. This is the statutory notice that requires
24 to give you notice that you're in default. Now, let's go
25 further in the document.

1 The following information is required to be provided
2 to you under Nevada statute. That appears on H002, and that is
3 that the amount and payment required to make good the
4 deficiency and performance, the amount in default, the current
5 unpaid principal, the amount of accrued interest, the amount of
6 advances paid, interest accrual at 20 percent September 7 --
7 27, 2017, in the amount of \$1608 per day. If you remember I
8 mentioned that because that's in the original forbearance
9 agreement, a good-faith estimate of fees imposed in connection
10 with the exercise of the power of sale, contact information,
11 discuss this matter with housing, in the United States
12 Department of Housing and Urban Development. It gives you
13 community service of Nevada, financial guideline center, and
14 then it goes on with the final as a borrower you may request.
15 Do you see those, that information?

16 A I do.

17 Q Okay. Do you see anywhere -- again, I know I've
18 already asked it, but there's nowhere in this document where it
19 says notice of default and election to sell, does it?

20 A It says this is your notice of default. All of the
21 information you provided is statutorily required language. I
22 also noticed that the interest accrual at 20 percent is at the
23 default right, which on your April 1st letter is after the
24 governor's directive. I think in your earlier questioning you
25 even mentioned that you didn't go to 20 percent because that

1 was in violation of the directive --

2 Q That's right.

3 A -- but the letter says you did. So --

4 Q In this letter that's correct, sir, and --

5 A And this letter is after the governor's executive
6 order. So, you know, on the face of this letter it's in
7 violation of the directive.

8 Q Well, sir, that would be incorrect again because you
9 contracted for that rate specifically in the forbearance
10 agreement, and you specifically acknowledged the \$1600 per day.
11 Isn't that in fact the truth?

12 A The 20 percent default rate is precluded under the
13 governor's executive --

14 Q That's not what I asked you, sir. Let's take a look
15 at Exhibit H. This is a series of emails back and forth with
16 your counsel. Do you recall that?

17 A So Exhibit H I have is your notice of default, your
18 April 1st notice of default.

19 Q No, sir.

20 THE COURT: I is the emails?

21 MR. MUSHKIN: Mine says H.

22 THE COURT: Well, then I don't know what's going on.

23 MR. MUSHKIN: I'm sorry. I am sorry, Your Honor. I
24 have two H's.

25 It is I. You are correct. You are correct,

1 Mr. Bloom.

2 Well, no, and you know something, Judge, I got to
3 show you.

4 THE COURT: No, you don't.

5 MR. MUSHKIN: Yeah, no look. H. It looks like an H
6 that way. And it looks like in I -- and it looks like an H,
7 but it's and I. Sorry.

8 THE COURT: Well, we don't have special glasses, only
9 these special hearing aids.

10 MR. MUSHKIN: Oh, I'm getting a cramp. She stuck the
11 needle in me again. I hurt right here in my side. I'm getting
12 a cramp from that.

13 BY MR. MUSHKIN:

14 Q All right. Let's look at I. I'm sorry, Mr. Bloom.
15 You are correct. It looked like an H. That's my testimony.

16 So let's see the amended notice of default correcting
17 the default date of March 31, 2020. Do you see that?

18 A Please find -- yes.

19 Q Okay. So there's no default date of March in that,
20 in the -- in the March 16th letter; correct?

21 A No, there is --

22 Q No. Let's take a look.

23 A -- the March 16th letter --

24 Q Let's go back and look. I want to be real careful on
25 this one because you have --

1 A Let me -- you asked me a question.

2 Q Sure.

3 A The March 16th letter says it's a notice of
4 default, and it's dated March 16th. This email says it's
5 correcting the default date to March 31st.

6 Q No.

7 A It's an amended notice of default and demand for
8 payment. That's just what it says.

9 Q Let's take a look. So the March 16th letter never
10 references March 31st, 2021, does it?

11 A Where's the --

12 THE COURT: I think that's E.

13 BY MR. MUSHKIN:

14 Q That's Exhibit E.

15 THE COURT: I'll be glad when we can go back to
16 paper.

17 THE WITNESS: Okay. So the second paragraph says,
18 this letter will serve as a notice of default, and it's dated
19 March 16th.

20 MR. MUSHKIN: Right.

21 BY MR. MUSHKIN:

22 Q But the date of March of '21 is not in this letter,
23 is it?

24 A I don't know what March 21 is. There's a March
25 16th.

1 Q Okay. So let's look at Ms. Barraza's email:

2 Please find an amended notice of default
3 and demand for payment correcting the default
4 date to March 31, 2020.

5 Isn't that correcting the August -- or the April 1
6 letter? And let's go look at that April 1 letter.

7 A No. That --

8 Q Hang on. Now, let's take a look at Exhibit H, which
9 is the Exhibit 1 letter -- I'm sorry, Exhibit H letter. And at
10 the second to last paragraph on the April 1 letter, it says, By
11 failing to make the final balloon payment due on March 31st,
12 2021. That's the error that's being corrected, isn't it,
13 Mr. Bloom?

14 A It can't be because it says on the April 1st letter
15 the final balloon -- final balloon payment was due March
16 31st, 2021. And then the April 1st email says, Please find
17 an amended notice of default correcting the date to March
18 31st, 2020.

19 Q Right. It's the April 1st letter --

20 A Oh, so you were --

21 Q -- that's being --

22 A Oh, so you were -- you were correcting the year, not
23 the month and the day?

24 Q Exactly, sir. Correcting simply the year on the
25 April 1st letter. There was no correction on the March

1 16th letter.

2 A Okay.

3 Q I want to make that certain because you did testify
4 to that earlier, and that is incorrect, again.

5 A Our understanding is that was amending the March
6 16th notice of default.

7 Q Your information is incorrect, isn't it?

8 A I don't know. We didn't draft the letter. That's
9 our understanding.

10 Q Well, let's take a look at the email that I sent to
11 your attorney. And this is --

12 A This is an --

13 Q -- I 002 --

14 THE COURT: Wait. One at a time, please.

15 Mr. Mushkin, keep going.

16 BY MR. MUSHKIN:

17 Q This is I002. I would direct your attention. This
18 has already been admitted, and it's sent from Michael Mushkin
19 Wednesday, March 25th to Danielle Barraza:

20 Dear Ms. Barraza, unfortunately, your
21 letter is incorrect. Both the forbearance
22 and the amendment to forbearance agreement
23 identify specific defaults that were to be
24 subject to forbearance. The remaining
25 obligations under the various agreements are

1 to be followed. In fact, the amended
2 forbearance agreement calls out specific
3 items to be provided, most of which are
4 within my letter. As they have not been
5 provided, you are hereby defaulted.

6 Do you see that?

7 A I do.

8 Q That relates to the 16, March 16th; correct?

9 A I would imagine, yes.

10 Q And then Ms. Barraza says,

11 Our letter stands. The documents speak
12 for themselves. My client will be pursuing
13 damages for any breach of the governing
14 forbearance agreement, including the improper
15 attempt to deem my client in default.

16 Do you see that?

17 A I do.

18 Q And then above that is the next email that says,

19 Ms. Barraza, attached please find the
20 notice of default and demand for payment in
21 regards to the above-referenced matter for
22 your records and review. As noted, the
23 demand letter will be sent by USPS as well.

24 Do you see that?

25 A I do.

1 Q And then,

2 Ms. Barraza, please find attached notice
3 of default and demand for payment correcting
4 the default date from March 31, 2020.

5 Do you see that?

6 A I do.

7 Q Now, I want you to notice the date. The prior emails
8 take place on March 25th relating to the March 16th letter.
9 And then the subsequent documents take place on April 1st
10 relating to the April 1st letter. Do you see that?

11 A I interpret it differently.

12 Q Okay. But --

13 A I interpret the April 1st as an amendment to the
14 March 16th.

15 Q Okay. All right. Now, let's take a look at
16 Exhibit J. And J is that letter, the revised April 1st
17 letter with the proper date of the maturation date, which is
18 March 31, 2020. Do you see that at J001?

19 A I do.

20 Q And you note that all of the rest of the letter is
21 the same?

22 A I haven't put them side by side, but they look
23 similar.

24 Q Okay. Thank you. Now let's go to K. Now, this is
25 when the actions are taken under the pledge agreement; is that

1 correct? If you take a look at K1.

2 A This relates to I think April 1st was the date that
3 the Antoses signed over their 49 percent interest in SHAC under
4 their pledge agreement.

5 Q And this letter is to you; is that correct? And to
6 Mr. Antos?

7 A Correct.

8 Q And it sets forth an assignment of membership
9 interest attached thereto; correct?

10 A It does.

11 Q Now, you testified earlier --

12 A For the --

13 Q -- that you didn't -- that you weren't aware of this.

14 A That's correct.

15 Q But, in fact, you were aware of it because you got
16 the letter?

17 A I don't think I received this letter. The letter I
18 received was an April 1st letter. I can go back through my
19 emails, but I don't remember seeing this letter.

20 Q Okay.

21 A The letter I received was that the Antoses on April
22 1st had transferred their interest, and you attached -- you had
23 said that they transferred it to CBC. And then you attached a
24 document that said it was to CBC I or vice versa. You use them
25 interchangeably. But the only thing I saw was the Antoses

1 transfer.

2 Q Now let's take a look at Exhibit M. This is the
3 notice to vacate; correct?

4 A Correct.

5 Q And you received that on April 3rd; is that
6 correct?

7 A On or about.

8 Q And you got it -- USPS and certified mail; is that
9 correct?

10 A I believe so.

11 Q You also got it by email. Is that also correct?

12 A Yes.

13 Q And it says notice to vacate; right?

14 A It does.

15 Q As you're aware, CBC Partners has exercised their
16 rights pursuant to the pledge agreement having received the
17 assignment of company and membership interests in Spanish
18 Heights from the Kenneth Antos Trust. CBC Partners is now the
19 owner of SHAC. This letter shall serve as notice for SJC
20 Ventures to vacate the premises located at Spanish Drive.

21 Also owner of certain fixtures, furniture and
22 equipment and appliances on the property, inspection recently
23 performed and the failure to provide proof of repairs contacted
24 for show that significant damage of the property has occurred.

25 Next paragraph. My client appreciates these

1 difficult times and would like to accommodate a reasonable plan
2 for SJC V to vacate. Please feel free to contact the
3 undersigned to discuss a plan to vacate and inventory of items
4 owned by SHAC.

5 Do you see that?

6 A I do.

7 Q And did you respond to that?

8 A I believe my counsel did.

9 Q How did your counsel respond?

10 A Well, there's a valid lease. There is -- CBC owns a
11 49 percent interest in the equity. SJC is the sole, exclusive
12 and irrevocable manager of SJC. So there's no authority for a
13 notice to vacate. And first and foremost, I probably should
14 have started with, a notice to vacate is specifically called
15 out in the governor's executive order, emergency executive
16 order, as being a precluded document. You cannot issue a
17 notice to vacate. By name --

18 Q So --

19 A -- it's in -- it's in the directive.

20 Q Except there is an exception to that rule, isn't
21 there?

22 A Yeah. For criminal activity or something that poses
23 imminent harm to the community.

24 Q Or harm to the community. That's right. So let's
25 make sure we not leave out that exception.

1 So now you file a complaint with the attorney
2 general, don't you?

3 A I do.

4 Q And what happened to that complaint?

5 A You responded and told them that this was in
6 litigation.

7 Q And it was dismissed; right?

8 A I think they're going to leave it to the litigation
9 to address.

10 Q In fact, the letter says the matter has been
11 dismissed, doesn't it?

12 A Is it here in the exhibits? I'm sure it is.

13 Q I'm just asking for your recollection, sir.

14 A Yes.

15 Q Okay. So in Exhibit N, your counsel responds with
16 the lockout notice, the Directive 008; right? And that's
17 Exhibit N. And I direct you to N1.

18 A Okay.

19 Q Now, I would note that at the end of that paragraph
20 that is a quote there is no exculpatory language as in 008.
21 Isn't that true?

22 A It's incorporated by reference where it says see
23 State of Nevada executive department declarations --

24 MR. MUSHKIN: Your Honor --

25 THE WITNESS: -- emergency Directive 008.

1 MR. MUSHKIN: Mr. Bloom.

2 THE WITNESS: -- and then there is a footnote which
3 gives a website for the inclusion of the entire executive order
4 by reference.

5 Q Mr. Bloom, please answer my question. In that quoted
6 paragraph in that letter, there is no exculpatory language that
7 appears in 008, is there?

8 A Incorrect. It's incorporated --

9 Q Where is it?

10 A It's incorporated by reference.

11 Q I'm asking you -- listen to my question, sir. In the
12 quote in the letter, that paragraph --

13 THE COURT: So in those seven lines?

14 MR. MUSHKIN: In those seven lines.

15 THE COURT: Okay.

16 BY MR. MUSHKIN:

17 Q -- that exculpatory language is left out, isn't it?

18 A It's on the eighth line. It's not in the first
19 seven.

20 MR. MUSHKIN: I have no idea what he just said,
21 Judge.

22 BY MR. MUSHKIN:

23 Q It's a yes-or-no answer, sir.

24 A It's on the eighth --

25 Q Is that language in there? Yes or no?

1 A It's on the eighth line. It's not in the first
2 seven.

3 Q I don't know what you -- is the exculpatory language
4 in that quote? Yes or no?

5 A It's incorporated by reference in the eighth line.

6 Q I'm asking a specific question, sir, and you are
7 refusing to answer me.

8 MR. GUTIERREZ: Your Honor, I would object as asked
9 and answered.

10 MR. MUSHKIN: I would ask the Court to direct --

11 MR. GUTIERREZ: This has been asked and answered.

12 THE COURT: Overruled.

13 MR. MUSHKIN: -- this witness?

14 THE COURT: Sir, if you could answer, please.

15 THE WITNESS: It is not in the first seven lines of
16 the quote.

17 BY MR. MUSHKIN:

18 Q Is it anywhere in the quote in that -- so you're
19 saying it's not in there?

20 A It's not in the first seven lines of the quote.

21 Q Thank you. And your counsel doesn't agree that we've
22 become the owner of Spanish Heights; isn't that fair?

23 A That's my belief.

24 Q Okay. Now, let's take a look at Exhibit O, which is
25 the April 6th letter. So it addresses in the first paragraph

1 to Ms. Barraza, it says, Thank you for your letter of April
2 4th. Unfortunately, much of its contents are incorrect. As
3 you're aware, the default process in this matter was initiated
4 in March, on March 16th, 2020, before the declaration of
5 Emergency Directive 008. It is particularly telling that you
6 would leave off the last sentence of the provision. Quote,

7 "This provision does not prohibit the
8 eviction of a person who has seriously
9 endangered the public were other residents,
10 engaged in criminal activity or caused
11 significant damage to the property."

12 That's the language that was left off, isn't it, sir?

13 A That's the language that was incorporated by
14 reference.

15 Q Thank you. The property is uninsured as of April 1.
16 We talked about that. That's already been resolved.

17 A That's not -- that's not a true statement. It was
18 insured. You just wanted to change the name of the insured
19 party.

20 Q Do you know what the legal effect of an insurable
21 interest is?

22 A I may think I do.

23 Q It's okay if you don't. So but I'll represent to you
24 that we resolved this issue; correct?

25 A Correct. Correct.

1 Q Now, the property has been lienied for \$19,000 plus by
2 the HOA as and for health and safety violations, including, but
3 not limited to illegal fireworks and speeding in the
4 neighborhood by Mr. Bloom's 17-year-old son, who is not a
5 licensed driver. That is true, isn't it?

6 A Are you asking me if that's what it said or about the
7 veracity of this statement?

8 Q I'm asking you if that's what it says here.

9 A That's what it says.

10 Q And the lien recites for health and safety
11 violations, doesn't it?

12 A Those health and safety violations are addressed in
13 the NRED complaint.

14 Q I appreciate that, sir, but there is a lien on the
15 property; correct?

16 A That's correct.

17 Q Have you bonded that lien?

18 A I have not.

19 Q Thank you.

20 The exercise of the rights pursuant to
21 the pledge by CBC was done with notice to the
22 alleged owners of Spanish Heights Acquisition
23 Company, titleholder to Spanish Heights. Not
24 only was the 15 days followed pursuant to the
25 agreement, but your own correspondence

1 dismissed my client's notice of default
2 attached -- notice of default. Attached
3 hereto is a copy of SJC Ventures' statement
4 and resignation of listed member and SHAC as
5 well as a copy of the transfer from the Antos
6 parties, attachment Index 23, the only owners
7 of record. As a result of any action to
8 place -- as a result, any action to place
9 Jack into bankruptcy protection will be done
10 without corporate authority and deemed an
11 intentional act of bad faith.

12 The next paragraph --

13 You received that letter, and you saw that; correct?

14 A That's your representation.

15 Q No, I'm asking you if you saw it and you read the
16 letter.

17 A Yes, I read your representation in the letter, and I
18 disagree --

19 Q Your reference to the lease that --

20 THE WITNESS: -- the veracity of a lot of it.

21 THE COURT: Wait. One of you at a time.

22 MR. MUSHKIN: Sorry. I didn't --

23 THE COURT: If you could finish, Mr. Bloom.

24 THE WITNESS: That's the letter that I received. I
25 have issues with the veracity of much of it.

1 MR. MUSHKIN: Thank you.

2 BY MR. MUSHKIN:

3 Q Your reference to the lease that has expired on the
4 property is again incomplete. Section B1 of the amended
5 forbearance agreement specifically state: Options to extend
6 have terminated. The paragraph then goes on to deem the
7 condition satisfied and exercised, past tense. All other
8 related documents have been pushed out to the same date,
9 March 31, 2020. In anticipation of that date, correspondence
10 and direct discussions with Mr. Bloom began.

11 Isn't that correct?

12 A That's not correct. That's what it says.

13 Q Well --

14 A That's what it says, but when you read the rest of
15 that paragraph, it says that both parties acknowledge that the
16 two successive two-year extensions were exercised by the
17 tenant, and it's signed off on by the president of CBC.

18 Q Mr. Bloom, I appreciate that you have a story to
19 tell, but I need you to answer my questions, and that document
20 said where I referenced, that the options to extend have been
21 terminated in bold print. Did it not say that? It's a yes or
22 no question.

23 A That's part of what it says.

24 Q Thank you.

25 The next paragraph is an index of all

1 the correspondence as well as a copy of the
2 inspection report. These documents are
3 accessible by a Dropbox. The clear record in
4 this matter shows that the lease has expired.
5 The property has suffered significant damage,
6 and the CBC I note is now due and payable in
7 full. All terms of the forbearance agreement
8 and amended forbearance agreement were
9 fulfilled by the lender. Unfortunately, the
10 borrower and tenant did not fulfill their
11 obligations.

12 Then it goes on to two paragraphs that were
13 bothersome to me, and these threats that were made with the
14 attorney general. Do you see those paragraphs?

15 A I see your paragraphs, yes.

16 Q And I perceived as a threat under NRS 205.320. Do
17 you see that?

18 A I see what you wrote.

19 Q And that the Nevada rules of professional conduct, do
20 you see that?

21 A I do.

22 Q Okay. You don't deny that you went to the attorney
23 general's office to attempt to get us prosecuted?

24 A Yes, I deny that I went to the attorney general's
25 office to get you prosecuted.

1 Q Then why did you threaten prosecution?

2 A I went to the attorney general's office to stay an
3 illegal foreclosure. The attorney general routinely
4 intervenes. They have in several hundred of these cases where
5 there are improper notices and violations of the governor's
6 executive order. In this particular case, your response was
7 that it was in litigation, and they deferred to the Court. But
8 it's totally appropriate to go to the attorney general's
9 office, and they intervene in these cases. It doesn't
10 necessarily mean criminal prosecution unless you continue to
11 violate the governor's executive order.

12 Q And your testimony is that it's appropriate to
13 threaten to go to the attorney general?

14 A We were --

15 Q Yes-or-no answer, sir.

16 A In this case, yes, it was appropriate --

17 Q Thank you.

18 A -- to go to the attorney general.

19 Q So now I want to look at the next paragraph and make
20 sure that you read it. Each prior communication with your
21 office and your client has concluded with an open invitation to
22 discuss resolution of this dispute. Your client has occupied
23 this property at substantially below the cost of ownership all
24 the while promising to buy the property, repair the property,
25 maintain the property, maintain a reserve account and initiate

1 a quiet-title action among other unfulfilled contractual
2 promises. I have been provided messages between our respective
3 clients that directs all resolution discussions to my office.
4 The invitation remains open to discuss a resolution with my
5 client while my client pursues all available remedies. Do you
6 see that?

7 A I see your words, yes.

8 Q Thank you. Let's take a look at Exhibit P.

9 THE COURT: P?

10 MR. MUSHKIN: P as in Paul.

11 THE COURT: Thank you.

12 BY MR. MUSHKIN:

13 Q Pl. This is again from your counsel:

14 I am in receipt of your correspondence
15 of April 6th. Your letter states the default
16 process in this matter was initiated on March
17 16th, 2020, before the Emergency Directive
18 008. This is a misrepresentation of fact.

19 Well, I want to understand that, sir. You've
20 testified that my March 16th letter is a notice of default;
21 right?

22 A Correct.

23 Q Well, then how is this -- how can your attorney say
24 this is a misrepresentation of fact? The directive doesn't
25 come out until two days later?

1 A I think she's referencing your April 6th
2 correspondence which references the amended notice on
3 April 1st.

4 Q No. It says right there default process in this
5 matter was initiated March 16th, 2020. That's the letter,
6 March 16, 2020. How is that a misrepresentation of fact? It's
7 not?

8 A Because that -- would you like me to answer your
9 question?

10 Q No, thank you, sir.

11 A Okay.

12 THE COURT: Then don't ask him. You can't answer the
13 questions. Remember?

14 MR. MUSHKIN: Why not?

15 THE COURT: You told him you're not here to answer
16 questions.

17 MR. MUSHKIN: Why not?

18 THE COURT: I remember you saying it about two hours
19 ago. Oh, Mr. Mushkin.

20 MR. MUSHKIN: So a small attempt at humor, Judge.

21 THE COURT: It's all right. Come on. I would really
22 like to get this hearing over today. I know it's not going to
23 happen, but I'd like to get it over today.

24 MR. MUSHKIN: Oh, it's going to happen, Judge.

25 THE COURT: We'll see.

1 MR. MUSHKIN: I think it'll happen.

2 BY MR. MUSHKIN:

3 Q So the March 16th notice is a notice of default;
4 right?

5 A The March 16th is a notice of default.

6 Q Thank you. Now, on March 16th, 2020, is the date
7 that you improperly sent a notice of default correspondence,
8 which prematurely claimed that there was default under the
9 forbearance agreement. Isn't that what your counsel is trying
10 to say?

11 A Yes.

12 Q Now, you know that's not true, don't you?

13 A I disagree. That's absolutely true.

14 Q Well, what about all this language about only the
15 identified defaults are forbearance?

16 A What are you --

17 Q I went through all that language with you in the
18 agreement that said only identified defaults are subject to the
19 forbearance?

20 A You have a notice of -- you have a notice of default
21 on March 16th that's amended April 1st after the governor's
22 executive order.

23 Q It's not amended April 1st.

24 A You have a notice of default on items that are not in
25 default. If you had come back and said we have questions about

1 these items, can you provide this information, and then we
2 couldn't provide it, at that point maybe absent the governor's
3 order you could issue a notice of default. But nothing was in
4 default, and you didn't -- and you issued a notice of default
5 anyway. It was premature.

6 Q So when you promised in December to provide all the
7 information that I asked for in March, I'm not allowed to do
8 that?

9 A Who did I promise in December?

10 Q In the amended forbearance agreement. Let's go on to
11 the next letter, sir, Exhibit R. I may have skipped one. I
12 did. Let's go to Q.

13 A Okay.

14 Q Q1. Dear Ms. Barraza --

15 Now, just for the record, Mr. Bloom, you got these
16 letters all directly, didn't you? Because each time I sent a
17 letter, I would email it, and I would include you in the email;
18 isn't that correct?

19 A The only one I did not get was the April 1st letter
20 regarding the exercise by April 15th of the notice of
21 transfer of the stock, and we -- I got the others.

22 Q I know you said that, and I don't have any reason to
23 dispute it, but I'm surprised because it was the subject of
24 various conversations. But be that as it may, the factual
25 record, the letters are here. So.

1 Dear Ms. Barraza, once again, your
2 letter is both factually and statutorily
3 incorrect. On March 16th, a notice of
4 nonmonetary default and request for
5 documentation was sent, and the opportunity
6 to cure was 15 days.

7 On April 1, the statutory notice to
8 foreclose was sent on the fully matured note.
9 The amended notice merely corrected a
10 typographical error on the date of March 30,
11 2020, instead of 2021. No misrepresentations
12 were made. Both notices were accurate and of
13 legal effect.

14 The record is clear regarding the
15 condition of the property and the health and
16 safety issues. There are numerous witnesses.
17 On this topic, we must simply disagree.

18 As to the ownership of SHAC, we will
19 once again disagree. All conditions
20 preceding had been satisfied. You have
21 interestingly ignored the resignation
22 document signed by Mr. Bloom as well as the
23 arbitration provision of the operating
24 agreement.

25 The simple truth is your client has

JD Reporting, Inc.

1 failed to perform. The lease is now expired.
2 The note has matured, and my client has
3 chosen to exercise their rights under the
4 forbearance agreement and related documents.
5 Once again, you resort to threats of a --
6 when a recognition of your client's lack of
7 performance and request for accommodation is
8 what is required.

9 You are welcome to contact me with your
10 client to discuss options for resolution. If
11 you have any questions or comments, again, do
12 not hesitate to contact me.

13 You received that letter; correct?

14 A I did.

15 Q All right. Now let's go to Exhibit R. Exhibit R is
16 my letter of April 7 to Governor Sisolak and the attorney
17 general. Do you see that?

18 A I do.

19 Q This is enclosing correspondence of April 6th to
20 Danielle Barraza with attachments and Dropbox link. Her letter
21 to me of April 4th, 2020, in regard to the above referenced
22 matter for your records and review. Please accept my apology
23 for disturbing you during these difficult times, but I take
24 very seriously the directives from the governor. I also take
25 very seriously unlawful threats of prosecution leveled by

1 counsel. The nature of constitutionally protected property
2 rights and the exception language of Directive 008 require the
3 actions taken by my clients. If you should have any questions,
4 please do not hesitate to contact me.

5 Do you see that?

6 A I do.

7 Q And I provided those documents to the attorney
8 general, did I not?

9 A I have no idea what you provided to the attorney
10 general were to the governor directly.

11 Q Okay. Let's go to Exhibit S. This is your -- the
12 office of the attorney general providing me your complaint; is
13 that correct?

14 A I wasn't party to communications between you and the
15 attorney general's office. I don't know what they provided
16 you.

17 Q Well, let's take a look at zero -- S004.

18 THE COURT: Thank you.

19 BY MR. MUSHKIN:

20 Q Is that the complaint form that you filled out?

21 A I believe so.

22 Q And I would direct your attention to page 006. You
23 understand that this document is submitted under oath, sir, do
24 you not?

25 A I'm sure it is.

1 Q And that you place in your complaint, notwithstanding
2 Governor Sisolak's Executive Order, Mushkin said he didn't care
3 and in violation thereof issued notice of default on April 1,
4 the first step in foreclosure. And then on April 3rd, a
5 notice to vacate.

6 Do you see that?

7 A I do.

8 Q When did I say I didn't care?

9 A In one of our telephone conversations. That's my
10 recollection of what you told me.

11 Q When did it take place?

12 A I don't recall. We spoke frequently.

13 Q What date?

14 A Same answer.

15 Q Who else was on the phone?

16 A Just you and I.

17 Q And what you were requesting at page 009, you were
18 requesting a letter from the attorney general's office
19 directing that the compliance with the governor's executive
20 order and rescission of the April 1, 2020, notice of default;
21 is that correct?

22 A Correct.

23 Q And the April 3rd notice to vacate?

24 A Correct.

25 Q Let's take a look at Exhibit I.

1 THE COURT: I or T?

2 THE WITNESS: I?

3 MR. MUSHKIN: T.

4 THE COURT: Thank you.

5 BY MR. MUSHKIN:

6 Q That's my response to the attorney general; is that
7 correct?

8 A Correct. Although it has misleading information and
9 false information in it.

10 Q Of course it does. At least that's what you think.

11 A Well, that's what the documents show. Exhibit Q
12 shows that.

13 Q Oh, I don't think so. So let's take a look at
14 Exhibit U.

15 MR. MUSHKIN: Which has been admitted, Your Honor.

16 THE COURT: It has?

17 MR. MUSHKIN: That's why I'm kind of confused about
18 the declarations. Counsel and I had talked about it.

19 THE COURT: I didn't know about the declarations
20 being admitted. So now I'm going to read it.

21 MR. MUSHKIN: Thank you.

22 THE COURT: I didn't read it from the filing that was
23 made with the court.

24 MR. MUSHKIN: No problem, Judge. Would you like to
25 take a minute to read it?

1 THE COURT: I have read it.

2 MR. MUSHKIN: Thank you.

3 THE COURT: It's only what, seven paragraphs long?

4 MR. MUSHKIN: Not very long.

5 BY MR. MUSHKIN:

6 Q Mr. Bloom, you submitted a declaration in this case;
7 is that correct?

8 A That's correct.

9 Q And that declaration says something entirely
10 different than the declaration of Mann Schwartz [phonetic]; is
11 that correct?

12 A That's correct.

13 Q So you would have this Court believe you over
14 Ms. Schwartz; is that correct?

15 A Absolutely.

16 Q Let's take a look at the next one, which is the
17 declaration of Joseph Davidoffski [phonetic].

18 A Which exhibit?

19 Q I'm sorry. I want to skip that one. This is not the
20 one I want. Let's go to U005, the declaration of David Wright
21 [phonetic].

22 THE COURT: Okay.

23 BY MR. MUSHKIN:

24 Q Is it your testimony that you did not flash a badge
25 in front of Mr. Miller -- Mr. Wright? I'm sorry.

1 A I don't have a badge. He references a courtesy badge
2 from Metro. That's something that doesn't exist. So yes, I
3 deny that statement.

4 (Pause in the proceedings.)

5 BY MR. MUSHKIN:

6 Q Mr. Bloom, isn't it also true that you flashed your
7 badge in front of two of the security personnel at Spanish
8 Heights?

9 A Again, I don't have a badge.

10 Q So these people are not telling the truth?

11 A If they're saying that I flashed a badge that I don't
12 possess, then, yes, they're not telling the truth.

13 MR. MUSHKIN: Court's indulgence.

14 (Pause in the proceedings.)

15 BY MR. MUSHKIN:

16 Q Mr. Bloom, there's a declaration that's been filed
17 with Tywon Davis, and Ms. Davis testifies that --

18 THE COURT: Has that been admitted?

19 MR. GUTIERREZ: Objection, Your Honor. Is this an
20 exhibit that he's reading from?

21 MR. MUSHKIN: It's been filed, Your Honor.

22 THE COURT: That doesn't make it an exhibit. Has it
23 been admitted?

24 MR. MUSHKIN: It has not.

25 THE COURT: Is it a proposed exhibit?

1 MR. MUSHKIN: Proposed.

2 THE COURT: Which letter? I'm here for you. I can
3 follow the rules.

4 MR. MUSHKIN: How about YY?

5 THE COURT: How about you mark it next in order.

6 MR. MUSHKIN: I'm going to put YY at the top of it --

7 THE COURT: Well, no, you're not. Dulce is going to
8 do something with it. We've got a process in Department 11.
9 You're supposed to wear your mask when you get close to
10 everybody. Hand it to Ramsey. He'll take care of it for you.

11 MR. MUSHKIN: You're actually cute in that mask.
12 Anybody ever tell you that?

13 THE COURT: A hate this mask.

14 MR. MUSHKIN: It's kind of cute.

15 THE COURT: The scarf was easier, but I couldn't talk
16 through it.

17 (Pause in the proceedings.)

18 THE COURT: All right. You've been given a proposed
19 exhibit.

20 That has what identifier, Dulce?

21 THE CLERK: YY.

22 THE COURT: YY on it. Now --

23 THE CLERK: Oh, I'm sorry. What's after W? X. It
24 should be XX.

25 MR. MUSHKIN: Actually, I have a marked XX. If you

1 leave it YY, I would appreciate it.

2 THE COURT: So apparently it's going to be Proposed
3 YY. The witness has a copy. At some point I'll get an
4 objection.

5 I'm not there yet, Mr. Gutierrez. You've been in
6 here for weeks on end in evidentiary hearings. You know how it
7 works, Joe.

8 MR. GUTIERREZ: Months.

9 THE COURT: All right, Mr. Mushkin.

10 MR. MUSHKIN: I need to see it because I can't
11 remember the names.

12 (Pause in the proceedings.)

13 BY MR. MUSHKIN:

14 Q Is it your testimony, Mr. Bloom, that you didn't
15 flash your badge to Officer Isaiah Diggs [phonetic] on
16 September 21st of 2019, at approximately 10:00 p.m.?

17 A I don't have a badge. So, yes, that's my testimony
18 that I did not flash a badge I don't possess.

19 Q And is it your testimony that you didn't flash a
20 badge to Danalton [phonetic] Pena [phonetic] on the same date?

21 A I don't know who either of these people are, but my
22 answer is the same. I don't have a badge to flash.

23 Q So everybody is lying but you?

24 A Well, Tywon Davis is not saying I presented a badge
25 to her. She's only echoing these other statements. So, yes.

1 Q And she's the site supervisor?

2 A She is also the defendant in another case for illegal
3 actions that she took that you're representing her on.

4 Q Mr. Bloom, I'd appreciate it if you would answer my
5 questions before you start to testify over what you want to
6 testify to. At some point in time this Judge is going to
7 realize that you don't want to answer my questions. Now, I'm
8 just asking simple questions, and so I want to go back to my
9 question. Okay?

10 A Mr. Mushkin --

11 Q So is everybody --

12 THE COURT: Wait. Let's let him ask the question.

13 BY MR. MUSHKIN:

14 Q Do you know who Officer Isaiah Driggs [phonetic] is?

15 A No.

16 Q Do you know who Officer Danalton Pena?

17 A No.

18 Q De Pena. But you know who Tywon Davis is?

19 A I do.

20 Q And you also know that there's video of these
21 exchanges at the gate; right?

22 A I have never seen it.

23 MR. MUSHKIN: Okay. Your Honor, I would move for
24 admission of the declaration of Tywon Davis.

25 THE COURT: Any objection?

1 MR. GUTIERREZ: Objection, Your Honor. First of all,
2 it's hearsay. And two, it's never been presented to us as a
3 proposed exhibit.

4 THE COURT: The objection on hearsay is sustained.

5 MR. MUSHKIN: Your Honor, I'd like to speak to the
6 hearsay objection.

7 THE COURT: Sure.

8 MR. MUSHKIN: It is an exception to the hearsay rule.
9 These are records that are kept in the ordinary course of
10 the --

11 THE COURT: A declaration is not an exception to the
12 hearsay rule. The records might be business records, but the
13 declaration itself --

14 MR. MUSHKIN: I'll get to that.

15 THE COURT: -- is not.

16 MR. MUSHKIN: Okay. I'll later submit the actual
17 proofs.

18 So you've read David Wright's declaration, which has
19 already been admitted, and that's I have to say, Your Honor --

20 THE COURT: And that's at U5 and 6.

21 MR. MUSHKIN: That's -- yes.

22 And, Your Honor, I have to say that I am caught a
23 little bit off guard because we had discussed with counsel that
24 the declarations would come in, but I'll deal with it with
25 other evidence.

1 THE COURT: Okay.

2 MR. MUSHKIN: It's not necessary for today, but that
3 was the representation made to me by counsel, that the
4 declarations --

5 MR. GUTIERREZ: And, Your Honor, just for the record,
6 it's the declarations that have been stipulated to be admitted.
7 That's the --

8 THE COURT: I don't need you to argue with each
9 other. I've got U in evidence, U5 and U6 is Mr. Wright talking
10 about a courtesy badge. If you want to talk about the courtesy
11 badge any more, I'm happy to listen.

12 MR. MUSHKIN: No. Thank you, Your Honor.

13 THE COURT: Okay.

14 MR. MUSHKIN: I've had enough of the badge. Enough
15 of the lies.

16 BY MR. MUSHKIN:

17 Q So what's been admitted as Exhibit V --

18 THE COURT: V?

19 BY MR. MUSHKIN:

20 Q -- are a series of incident reports.

21 MR. MUSHKIN: Your Honor, I would offer --

22 THE COURT: V as Victor?

23 MR. MUSHKIN: V as in Victor.

24 THE COURT: Okay.

25 MR. MUSHKIN: They've already been admitted. I'm

1 going to save the Court's time. We don't have to go over them.
2 The Court can review them at their leisure. I would submit to
3 the Court these are documents that support the reckless
4 disregard for the law and rules of the HOA.

5 BY MR. MUSHKIN:

6 Q Now, Exhibit 8 -- April -- I mean, I'm sorry.
7 Exhibit X. X01 is a letter that's been admitted dated April
8 8th, 2020. Do you see that?

9 A Yes.

10 Q You read it?

11 A I have.

12 Q Is it true that your letter of April 7th contained an
13 the offer that was unacceptable to my clients?

14 A Yes.

15 Q And does this express what my clients were willing to
16 do in order to extend the lease?

17 A I believe so.

18 Q And it has an advanced deposit of 150,000. Do you
19 see that?

20 A Well, let me rephrase that. This was not to extend
21 the lease. This was to extend the forbearance agreement, which
22 is a separate agreement with different parties.

23 Q But it has the effect of extending the tenancy; is
24 that fair?

25 A No. The tenancy exists with or without the

1 forbearance agreement.

2 Q Well, that's your testimony, but this letter attempts
3 to extend it, doesn't it?

4 A When you say "it," I don't know if you are
5 deliberately trying to confuse documents or --

6 Q Extend the tenancy.

7 A No, this is not to extend the tenancy.

8 Q Okay. Let's just go through the documents.

9 A It's just to extend the forbearance agreement.

10 Q So this letter requests an advanced deposit of
11 150,000 as the reserve -- mirroring the reserve that was in the
12 prior document; is that fair?

13 A No.

14 Q Okay.

15 A The prior document had an advance against which
16 payments were drawn. You tried to craft it into a security
17 deposit in addition to the monthly payments.

18 Q Okay. That's how you [indiscernible] it. No
19 problem.

20 A That's what the document say.

21 Q No problem. But it's the same amount as the reserve
22 account. That's all I was going for.

23 A For a 12-month term initially as a reserve account
24 and a three-month --

25 Q It's a yes or no question, sir --

1 A -- term here.

2 Not everything is a yes or no question --

3 Q -- 150,000 here, 150,000 --

4 THE COURT: Guys, one of you at a time, or we'll
5 never get a good record. We're recording. It's not court
6 reporters. They don't parse you. You've got only have one at
7 a time.

8 Mr. Bloom, could you finish your answer.

9 THE WITNESS: Thank you, Your Honor.

10 \$150,000 is the same absolute dollar amount. The
11 original agreement for a security -- to secure the financial
12 performance subject to drawdown over 12 months is very
13 different than \$150,000 security agreement for a three-month
14 extension that would be in addition to the monthly payments
15 contemplated.

16 MR. MUSHKIN: Thank you.

17 BY MR. MUSHKIN:

18 Q The rent shall be 60,769.94; correct? Isn't that
19 what it says there?

20 A That was the request.

21 Q And that's pretty close to the number that I put on
22 my demonstrative exhibit; is that fair?

23 A It's close.

24 Q It's within a couple of bucks, 20 bucks less?

25 A Yeah.

1 Q Insurance, we've dealt with that.

2 Repairs, both past and present to be documented and
3 fulfilled. Do you see that?

4 A I do.

5 Q And it says,

6 The parties can create a list based upon
7 the recent report. The agreement is final
8 with all prior defects and defenses waived.
9 The default notices will not be withdrawn,
10 and the foreclosure process will continue.
11 The parties can either agree to the amount
12 due or immediately begin arbitration on this
13 limited issue.

14 Do you see that?

15 A I see.

16 Q The goal of this offer is to give Mr. Bloom what he
17 has asked for, to get until June 10th, the date of his
18 liquidity event. It is also my goal to resolve any other
19 lingering issues so that there is finally -- there's finality
20 on or about June 30, 2020.

21 Do you see that?

22 A I do.

23 Q And I'm assuming you've rejected this offer?

24 A I did.

25 Q Okay. Now, I would note that this offer also goes

1 through --

2 Oh, I found the \$20, Mr. Bloom. I put the HOA dues
3 at 830. They're actually 850.

4 A Okay.

5 Q But this outlines the rent and its component parts
6 which is the 19,181 to Northern Trust; 3,084 to Northern Trust
7 and thirty-three, one, eighty-seven to CBC I. You see those
8 elements; right?

9 A Yeah. Except that SHAC --

10 Q And that's --

11 A -- doesn't pay rent. SHAC pays a payment under the
12 forbearance agreement. SJC pays rent to SHAC.

13 Q And the taxes of forty-four, eighty-six, fifty-one;
14 correct?

15 A Correct.

16 Q That's approximately what the taxes are a month; is
17 that fair?

18 A I believe so.

19 Q Okay. You filed a couple of declarations in this
20 case, didn't you?

21 A I believe so.

22 Q I'm going to show you what's been marked for
23 identification as Exhibit OO.

24 THE CLERK: Proposed.

25 THE COURT: Proposed.

1 MR. MUSHKIN: Proposed, 001.

2 BY MR. MUSHKIN:

3 Q Do you recall in our conversations about the sales
4 and note, Mr. Bloom, that I advised that certain payments had
5 been made?

6 A I do.

7 Q And that City National would be paid for the month of
8 March?

9 A Yes.

10 Q And you see this check written to City National on or
11 about April 9th for 19,181.07?

12 A I do.

13 Q And you can see that it was cashed. Is that also
14 correct?

15 A It appears to be.

16 Q Any reason to believe that this, in fact, wasn't
17 received by City National?

18 A The only thing I would suggest is that there seems to
19 be an extended period from when City National received it and
20 the date that it was dated because City National maintained
21 that they hadn't received payment long after April 9th.

22 MR. MUSHKIN: Your Honor, it was not responsive to my
23 question, but I'll do follow up.

24 BY MR. MUSHKIN:

25 Q I just asked you is there any reason that you know or

1 believe that this wasn't received by City National when the
2 payment says, Deposit only to account of within named payee
3 City National Bank?

4 A Yeah. I would accept that it was eventually received
5 by City National.

6 Q Thank you.

7 MR. MUSHKIN: Move for admission of OO, Your Honor.

8 THE COURT: Any objection to OO?

9 MR. GUTIERREZ: No objection.

10 THE COURT: Be admitted.

11 (Joint Exhibit Number(s) OO admitted.)

12 BY MR. MUSHKIN:

13 Q Let's take a look at PP. This is to Northern Trust
14 Company. Do you see that?

15 A I do.

16 Q And you can see the stamp Northern Trust credit to
17 payee. Do you see that?

18 A I do.

19 Q Any reason to doubt that Northern Trust received that
20 money?

21 A Same response eventually. It looks like April
22 22nd, three weeks after it's dated. It was received because
23 as of April 20th, Northern Trust represented that they had
24 not received payment.

25 MR. MUSHKIN: Move for admission of PP, Your Honor.

1 THE COURT: Any objection to PP?

2 MR. MUSHKIN: No objection.

3 THE COURT: PP will be admitted.

4 (Joint Exhibit Number(s) PP admitted.)

5 THE COURT: Is this Proposed XX?

6 MR. MUSHKIN: Proposed XX.

7 THE COURT: The marshal would love to pick it up from
8 you and give it to Dulce.

9 (Pause in the proceedings.)

10 BY MR. MUSHKIN:

11 Q Mr. Bloom, would you take a minute and take a look at
12 what's been marked as Proposed Exhibit XX.

13 A Is this the same series of documents that are in the
14 exhibit book?

15 Q No, those are not. The ones in the exhibit book are
16 under V. These are the rest of them. At the time --

17 THE COURT: Take a moment and look through them.

18 THE WITNESS: Okay.

19 THE COURT: And then Mr. Mushkin is going to ask you
20 some questions about them. But feel free to take the time you
21 need to familiarize yourself with them. And if you'd like us
22 to take a break while you look at them, please let us know. We
23 would all be happy to get up, walk around. And for those of us
24 who have a private office, we could take off the mask.

25 MR. MUSHKIN: Your Honor, I would like to have a

1 10-minute break if we could.

2 THE COURT: So, Mr. Bloom, we're going to take a
3 10-minute break. Look at them. If you're not done when we're
4 done with the 10-minute break and you still need a break too,
5 you let us know. Ramsey will come get me when it's time. I'm
6 going to go drink some water or soda or caffeine or something.

7 THE WITNESS: Thank you, Your Honor.

8 THE COURT: All right. Take the time you need.

9 THE WITNESS: I will. Thank you.

10 THE COURT: Okay.

11 Proceedings recessed at 2:22 p.m., 2:24 p.m.)

12 (Pause in the proceedings.)

13 THE COURT: Okay. Sir, did you get a chance to look
14 through Proposed XX?

15 THE WITNESS: I did. Thank you.

16 THE COURT: Okay.

17 BY MR. MUSHKIN:

18 Q Mr. Bloom --

19 THE COURT: Did you also get a break while the rest
20 of us were out of the room?

21 THE WITNESS: Somewhat.

22 THE COURT: Okay. All right.

23 BY MR. MUSHKIN:

24 Q Mr. Bloom, are those true and correct copies of
25 incident reports that have been submitted by security personnel

1 at Spanish Hills?

2 A I would have no way of knowing because they're not
3 submitted to me.

4 Q You've never seen them before?

5 A Just in the course of this litigation, but not from
6 the security company submitting them to the HOA, no.

7 Q Any reason to believe these are not correct copies?

8 A I have no knowledge one way or the other.

9 Q You've looked at Exhibit V; is that correct, that's
10 been admitted?

11 THE COURT: V as in Victor?

12 MR. MUSHKIN: V as in Victor.

13 THE WITNESS: Yeah. I think we looked at that
14 previously.

15 BY MR. MUSHKIN:

16 Q Those are other incident reports; is that correct?

17 A They're purported to be.

18 Q And to your knowledge, these are kept, you know,
19 normally in the ordinary course by the association?

20 A I have no knowledge of that.

21 Q You ran for the board, didn't you?

22 A Yes. But I've never been on the board in this
23 association. I've never dealt with --

24 Q And you've contested --

25 A -- Marchman [phonetic].

1 Q You've contested numerous matters against you; isn't
2 that correct?

3 A Yes.

4 Q By the HOA?

5 A Yes. And in those -- in those interactions, I've
6 never been presented these documents by the HOA.

7 MR. MUSHKIN: Your Honor, I move to admit -- they
8 merely supplement Exhibit V. I advised counsel before today.
9 I don't know if they're going to object or not. I just wanted
10 you to have all the incident reports.

11 THE COURT: Any objection?

12 MR. GUTIERREZ: Your Honor, we'd object as to
13 hearsay.

14 THE COURT: Okay.

15 MR. MUSHKIN: So, Your Honor --

16 THE COURT: Mr. Bloom cannot lay the foundation for
17 the business record exception to the hearsay rule for proposed
18 XX. I'm not saying that without the proper witness I wouldn't
19 admit them, but at this point I'm not going to.

20 MR. MUSHKIN: Your Honor, I'd only add that these are
21 merely supplement to Exhibit V, which has already been
22 admitted.

23 THE COURT: I understand your position.

24 MR. MUSHKIN: And I will do my best to attempt to lay
25 a foundation at some future point to get them admitted.

1 THE COURT: Okay.

2 THE CLERK: Is that sustained --

3 THE COURT: For now.

4 BY MR. MUSHKIN:

5 Q Okay. Mr. Bloom, I want to go back to Exhibit B.

6 A Exhibit?

7 Q I left out some stuff.

8 A V or B?

9 Q B as in boy. The lease. I'd like to direct your
10 attention to B004. And under I, under the provision B004,
11 Section I, guarantor. Isn't it true that this lease also
12 recites that tenant is to provide a guarantee against its
13 distributions resulting from its interest in that certain
14 judgment?

15 A Correct.

16 Q And then I want you to look at 1.3, Section A, and it
17 says, Tenant compliance with CC&Rs, and it says Tenant shall
18 comply with all CC&Rs; is that correct?

19 A Yes.

20 Q And it says, If there is a compliance issue, tenant
21 shall be responsible to cure any such violation cited or either
22 defend or pay fines associated with such violations asserted;
23 is that correct?

24 A Correct.

25 Q Okay. I want to take your attention to page 009,

1 Section E, and it says, Tenant shall be responsible for the
2 payment of any type of tax, excise or assessment. Do you see
3 that?

4 A Yes.

5 Q So you don't argue that you're responsible for the
6 real property taxes; correct?

7 A If the first doesn't pay them.

8 Q Thank you. Now, interestingly enough --

9 A And just to clarify, "you" being SJC as a tenant or
10 SHAC as the property, but I'm not a party individually.

11 Q I'm saying tenant, SJC. I'm sorry if I -- I will
12 argue at a later date alter ego, but that's not for today.

13 Let's go to page 10, 6.1, Security deposit, and it
14 says,

15 Within 90 days, the tenant's execution
16 and submission of this lease, tenant will
17 deposit with the landlord and thereafter
18 during the term of this shall maintain on
19 deposit with landlord without interest the
20 sum set forth in Section 1.2D.

21 If you go to the lease at Section 1.2D, 1.2D talks
22 about base rent.

23 A Correct.

24 Q So is the deposit to be equal to the base rent?

25 A No. There's no call for a security deposit. This is

1 a lease that was modified for this deal. If there was to be a
2 security deposit, it would've been called out separate from the
3 base rent in 1.3D.

4 Q You prepared the lease; correct?

5 A I don't recall. Possibly, but I --

6 Q Now, let's take a look --

7 A I'm not sure.

8 Q -- at 10.1 under liens. And I would direct your
9 attention to the lower -- we'll say six lines up from the
10 bottom. It starts, If tenant desires to contest any claim of
11 any such lien, then tenant at its sole cost and expense may do
12 so upon furnishing landlord with security reasonably accepted
13 to landlord in the amount of at least 150 percent of the amount
14 of such claim, plus estimated costs and interests. Do you see
15 that?

16 A I do.

17 Q Have you provided such assurances to the landlord as
18 a result of the lien filed by the HOA?

19 A So the landlord is --

20 Q Sir --

21 THE COURT: That's a yes or no, sir.

22 BY MR. MUSHKIN:

23 Q -- it's a yes or no question.

24 A I have provided assurances on behalf of SJC to SHAC.

25 Q It says, If you want to contest furnishing landlord

1 with security in the amount of at least 150 percent. Have you
2 provided security to the landlord?

3 A Not in cash.

4 Q Thank you. I'd like to direct your attention to
5 page 25. This again talks about cumulative remedies, doesn't
6 it? 20.19?

7 A 20.19 is on 26. Yes.

8 Q Yes. B26.

9 A Okay.

10 Q Remedies are cumulative; correct?

11 A Correct.

12 Q Thank you. And then I want to make sure that SJC, on
13 page B28, you, in fact, signed it; correct?

14 A On behalf of the tenant SJC.

15 Q Yes, sir. Thank you. Now, I'd like you to take a
16 look at B31. And again, I'd like you to look at the parties on
17 the consent to lease. Both Spanish Heights and SJC Ventures
18 are parties to the consent to lease; correct?

19 A Correct.

20 Q And it says at paragraph 1, just above paragraph 1 --
21 it says,

22 CBC hereby consents to the lease
23 attached hereto subject to the following
24 conditions. The lease shall be subject and
25 subordinate to the lien and effect of the

1 forbearance agreement insofar as it affects
2 the real and personal property or which the
3 property form a part and to all renewals,
4 modifications, consolidations, replacements
5 and extensions thereof and to all advances
6 made or to be made thereunder to the full
7 extent of amount secured thereby and interest
8 thereon.

9 Do you see that?

10 A I do.

11 Q So this lease is subordinate to the forbearance
12 agreement; correct?

13 A Correct.

14 Q In the event CBI or any trustee of CBI takes
15 possession of the property as mortgagee in possession or
16 otherwise forecloses on the property, sells the property or
17 otherwise exercises its right under the forbearance agreement,
18 CBC I may terminate the lease.

19 Do you see that?

20 A I do.

21 Q And again you signed this as Spanish Heights
22 Acquisition Company manager Jay Bloom; correct?

23 A Correct.

24 Q Now I'd like to go finally to something entitled
25 Amendment C002. And at C002, it says at paragraph 5:

1 The membership pledge agreement executed
2 by SJCVC and the Antos Trust shall remain in
3 effect and the execution of this amendment
4 shall not be considered a waiver of rights
5 under the membership pledge agreement.

6 Do you see that?

7 A I do.

8 Q Did you understand that when you entered into this
9 document?

10 A I think I understand it differently than you do, but,
11 yes.

12 Q And the balloon payment is due March 31st; is that
13 correct? Page --

14 A Correct.

15 Q Did you pay the balloon payment?

16 A No.

17 Q Why?

18 A Well, apparently on April 1st CBC took possession
19 of the stock as the pledge collateral under the Antoses, which
20 had the effect, as I understand it, of extinguishing the note.

21 Q And where do you gather that understanding?

22 A Under a de facto merger.

23 Q And what is a de facto merger? Are you a lawyer?

24 A I am not.

25 Q Been to law school?

1 A I have not.

2 Q Where do you come up with de facto merger?

3 A I've come across it in other litigation.

4 Q Oh. Thank you.

5 I'd like to direct your attention to paragraph 9 on
6 C003. Again, it recites the membership pledge agreement
7 executed by SJC and the Antos Trust shall remain in effect and
8 should not be considered a waiver. Do you see that?

9 A I do.

10 Q Paragraph 11, the account control agreement shall
11 remain and is not a waiver; is that correct?

12 A Yes.

13 Q At paragraph 12, the security agreement shall remain
14 in effect, and the execution of this amendment shall not be
15 considered as a waiver. Do you see that?

16 A I do.

17 Q Okay. And then paragraph 13S will provide -- we've
18 already gone through all of that. We went through the reps and
19 warranties, talked about the 100 percent ownership in paragraph
20 G.

21 And again, I want to direct your attention to
22 paragraph 19, C006 where again you affirm that the Antos
23 parties and the SJC parties represent they continue to
24 acknowledge that they continue to pledge their stock in SHAC as
25 collateral for the forbearance agreement. Do you see that?

1 A I see it.

2 Q And you signed this document; is that correct? Both
3 as Spanish Heights Acquisition Company and as SJC Ventures?

4 A Correct.

5 Q Mr. Bloom, how have you been irreparably harmed as of
6 this date?

7 A Well, I've had to expend attorneys' fees and costs
8 and post a bond to prevent a foreclosure and eviction action
9 that was instituted in violation of the governor's directive.
10 If I hadn't, you indicated several times that the foreclosure
11 and eviction proceedings would continue despite representing to
12 this Court that there is no foreclosure and eviction proceeding
13 and uncontested. I would have lost real property which is
14 unique in nature during the global pandemic and been displaced.

15 Q Is there any eviction proceeding pending against you,
16 sir?

17 A You issued a notice to vacate.

18 Q Sir, that's a yes or no question. I would appreciate
19 it if you would answer my questions and not be evasive.

20 A I'm not being evasive. I'm answering your question.

21 Q You are being --

22 THE COURT: Mr. Mushkin, don't argue.

23 Sir, answer the question.

24 THE WITNESS: The eviction proceeding was voided by
25 the TRO.

1 BY MR. MUSHKIN:

2 Q Mr. Bloom, has there been an eviction proceeding
3 initiated in any court in Southern Nevada against you or SCJV?
4 Yes-or-no answer, sir.

5 A That's a compound question with several answers to
6 it.

7 MR. MUSHKIN: Your Honor, please instruct the witness
8 to answer the question.

9 THE COURT: He objected it was compound. Can you
10 break it down, please, Mr. Mushkin.

11 MR. MUSHKIN: Oh, of course I can, Judge.

12 BY MR. MUSHKIN:

13 Q Your Honor, has there --

14 A Your Honor --

15 Q Mr. Bloom.

16 THE COURT: It's been a long day, Mr. Mushkin. None
17 of us have been in court for full days in months, and I will
18 tell you it tries your brain because you don't think the same
19 when you're not in court all day.

20 MR. MUSHKIN: Judge, I'm just warming up. I'm ready
21 to go as long as you want me to go.

22 THE COURT: No. We're breaking at 4:45.

23 BY MR. MUSHKIN:

24 Q Mr. Bloom, have you on behalf of SJCv been served
25 with any eviction proceeding in Clark County on the residence

1 that you live in?

2 A Yes.

3 Q What eviction proceeding have you been served with?

4 A A notice to vacate, which is the start of an eviction
5 proceeding.

6 Q Sir, that was not my question. I've asked you if
7 you've been served with an eviction proceeding in a court in
8 Clark County. Have you been served with an eviction proceeding
9 that is filed in a court in Clark County, Nevada on behalf of
10 SCJV (sic)?

11 A Sir, that's a different question which is compound.
12 So I can provide you a compound answer, or you can break it
13 into two separate questions. Yes, there was any eviction
14 proceeding that was started by way of a notice to vacate. No,
15 it was not started in court. That comes later after the notice
16 to vacate is denied.

17 Q So and has there been a notice of default and
18 election to sell recorded as required under NRS 102 to initiate
19 a foreclosure in this action? Yes or no.

20 A I thought it was NRS 107. And it's -- I'm not aware
21 if it was recorded.

22 Q Thank you.

23 A But it was served. It was provided.

24 Q Now I want to -- I want to know what -- so Rule 65
25 requires a specific statement of facts. Okay. So are there

1 any facts that you rely upon other than the content of the
2 Emergency Directive 008 in requesting your injunction today?

3 A Yes.

4 Q What?

5 A CBC doesn't own the note. They have no basis to
6 conduct a foreclosure.

7 Q Any other -- any other reason for your injunction?

8 A Yes. Had they not sold the note, then --

9 Q Sir.

10 A -- the doctrine of merger would apply. And even if
11 it didn't, the one action rule attaches because they elected
12 another remedy.

13 Q Are you an attorney?

14 A I am not.

15 Q Do you know what the one action rule is?

16 A I do.

17 Q Tell me what it is.

18 A The one action rule provides that a lender can either
19 choose to foreclose or pursue an alternative remedy, but it
20 can't pursue the alternative remedy and then elect to foreclose
21 secondarily.

22 Q And do you understand what it means to have
23 cumulative remedies by contract?

24 A I do.

25 Q Okay. And you don't understand that the one action

1 rule may not apply in that circumstance?

2 A Well, we disagree on that interpretation.

3 Q I can understand you would disagree with just about
4 anything I said, Mr. Bloom, but --

5 A Well, try something truthful.

6 Q But I want to understand how the one action -- you're
7 making some claim under the one action rule. Can you tell the
8 Court how that makes you irreparably harmed.

9 A Yeah.

10 Q How?

11 A If your client is not enjoined from foreclosing on a
12 note that it doesn't own, then there's a nonjudicial proceeding
13 that you're going to follow where following a notice of
14 default, which is a foreclosure start, you're going to --
15 you're going to issue a notice of sale. And then in a
16 nonjudicial faction bring to sale a property that you don't
17 have a basis to conduct a foreclosure sale on. You also have a
18 notice to vacate, which is followed -- the start of an eviction
19 process, which is followed by an unlawful detainer. Now,
20 that'll get stopped in the justice court because of the
21 governor's order, but the notice to vacate is specifically
22 named in the executive directive as something being precluded.
23 You did it anyway on April 3rd.

24 Q And there are exceptions; correct?

25 A I don't know if the exceptions are to the notice of

1 default though. I think it's just to the --

2 Q No problem, Mr. Bloom.

3 A -- to evictions.

4 Q But there's nothing else. You don't have any other
5 claim. There's nothing else that you have out there that you
6 can illuminate for me that shows that you're going to be
7 irreparably harmed by these notices?

8 A Other than a wrongful foreclosure under the
9 governor's order on a note that you don't own for -- in
10 violation of the doctrine of merger, in violation of the one
11 action rule, yeah. You're talking about a wrongful foreclosure
12 and displacing a family during a global pandemic.

13 Q So, but --

14 A That's irreparable harm.

15 Q But there's no notice -- you even acknowledge there's
16 no notice of default and election to sell recorded; correct?

17 A Not of which I'm aware. There's a notice of
18 default --

19 Q And there's -- and there's no starting of the
20 foreclosure period under the Nevada statutes until the
21 recording of that notice of default and election to sell;
22 correct?

23 A Not correct. That's your interpretation.

24 Q Tell me your -- tell me how you know that not to be
25 correct.

1 A Your own language in your letters says -- please let
2 me finish. Your own language in your letters says we are going
3 to continue the foreclosure process --

4 Q That's correct.

5 A -- indicating that you started the foreclosure
6 process --

7 THE COURT: Mr. Mushkin, let him finish.

8 THE WITNESS: I'm sorry?

9 THE COURT: I asked him to let you finish.

10 THE WITNESS: Oh. Thank you.

11 BY MR. MUSHKIN:

12 Q So, Mr. --

13 A So your own language in your letter says that you're
14 going to continue a foreclosure process, which indicates, which
15 is an admission that you're starting something if you're
16 continuing it, and you made the representation more than once.

17 Q Mr. Bloom, are you aware that NRS requires that
18 before you can begin a foreclosure you have to give the notice
19 that was contained in the April 1 letter that included all the
20 documents you were entitled to, the mortgage relief agencies?
21 Are you aware that that is a precursor to being able to file
22 under Nevada statutes?

23 A My understanding --

24 Q That's a yes-or-no answer, sir.

25 A You're asking my understanding.

1 Q Are you aware, yes or no, that that letter is a
2 precursor to a notice of default and election to sell?

3 A So your first question, my understanding is that it's
4 a foreclosure start --

5 Q Sir --

6 A -- and your second question, yes.

7 Q Thank you. You don't dispute that the note has
8 matured; correct?

9 A Which notice? There are several.

10 Q Note. You do not dispute that the note, whether it's
11 valid or not, matured April -- March 31st of 2020; correct?

12 A The Antos' note matured, and the forbearance
13 agreement expired.

14 Q Thank you. You don't dispute that your son is an
15 unlicensed driver?

16 A He has a permit which allows him to drive, and --

17 Q With a licensed driver with him; correct?

18 A -- and with DMV closed, he's eligible for his
19 license.

20 Q Sir, I just asked you, does he have a driver's
21 license? Yes or no.

22 A He has a driver's permit.

23 Q Does he have a driver's license? Yes or no?

24 A I don't know if a driver's permit qualifies as a
25 driver's license, but he has authority to drive by the State.

1 MR. MUSHKIN: Your Honor, would you instruct him to
2 answer the question?

3 THE COURT: I think he's correct on the issue about
4 licensing, but that's a different.

5 MR. MUSHKIN: No. I asked him if he had a driver's
6 license.

7 THE COURT: If you want to ask him if he still has
8 only an instructional permit, that would be a more accurate
9 question, Mr. Mushkin.

10 MR. MUSHKIN: Thank you, Your Honor.

11 BY MR. MUSHKIN:

12 Q Mr. Bloom, isn't it true that Shawn Bloom, to this
13 date has only an instructional permit?

14 A Yes.

15 THE COURT: See, Mr. Mushkin, it can be done.

16 MR. MUSHKIN: Your Honor, I just as soon have you ask
17 all the questions, to be known.

18 THE COURT: No. I only have one question, and when
19 it's my turn, I'll ask.

20 MR. MUSHKIN: I only have one more question.

21 BY MR. MUSHKIN:

22 Q Mr. Bloom, one of the obligations contained in the
23 forbearance agreement was for you to initiate a quiet-title
24 action. Is that true?

25 A Yes.

1 Q And did you?

2 A It was unnecessary.

3 Q Sir, it's a yes or no question. Did you initiate a
4 quiet-title action?

5 A No.

6 MR. MUSHKIN: No further questions, Your Honor.

7 THE COURT: All right. Before Mr. Gutierrez asks you
8 some questions, if you could turn to R for me, R as in rodeo.

9 THE WITNESS: Yes.

10 THE COURT: And when you get there, if you could go
11 to the document that says 006. And I am sure this document is
12 in other places, but this is the place I marked.

13 So can you explain to me the circumstances under
14 which you executed R006.

15 THE WITNESS: Oh, yes. So when the company was first
16 formed, it was formed with myself, CBC and the Antoses all as
17 members. At that point, SHAC, at the time of formation did not
18 have title to the property.

19 CBC, as I mentioned before, wanted to resign its
20 membership because of the lender liability issues and their
21 inability to be a lender and a borrower on the same
22 transaction.

23 I resigned my issues so the Antoses would have a
24 hundred percent ownership as they transferred the property to a
25 related entity. I then rejoined through the execution of the

1 operating agreement, which granted me the 51 percent ownership.

2 THE COURT: Okay.

3 THE WITNESS: So it was strictly related to the
4 transfer of the property to the entity.

5 THE COURT: So it is your position that this
6 document, R006 was executed before the execution of the
7 operating agreement?

8 THE WITNESS: Correct.

9 THE COURT: Okay.

10 THE WITNESS: Correct. This was dated August 10th,
11 and the operating agreement I believe was in September.

12 THE COURT: Hold on. I'm going to Exhibit A where
13 the operating agreement is.

14 MR. MUSHKIN: That is correct, Your Honor.

15 THE COURT: And the operating agreement starts at A.
16 It looks like 034. And it looks like it's dated September
17 30th, 2017.

18 THE WITNESS: Correct.

19 THE COURT: So that's consistent with your
20 understanding of the circumstances under which that resignation
21 was executed.

22 THE WITNESS: That's correct.

23 THE COURT: All right. Now, discuss with me your
24 understanding of the modification to the pledge agreement and
25 the security instrument that was provided related to the

1 proceeds of the litigation.

2 THE WITNESS: Okay. Initially, there was discussion
3 of pledging the stock in SHAC as collateral. CBC indicated
4 that it was not interested in the house but that they wanted
5 the cash. We believe we were collecting on the judgment. So
6 we changed it so that the Antoses pledged their stock, and SJC
7 pledged its interest in cash realized under the judgment under
8 the security agreement. Some legacy language from the original
9 draft survived in the pledge agreement, what ultimately became
10 the Antoses's pledge agreement. But the change that was
11 effected was SJC was removed as a pledgor.

12 Now, I'm a signatory to that document on behalf of
13 SHAC which had to authorize the Antoses's ability to transfer
14 stock, but SJC never signed that agreement to pledge its
15 shares. That thought was -- that concept was replaced by the
16 security agreement in the judgment.

17 THE COURT: Okay. And who is it -- it's your
18 understanding that the only individuals who were pledging their
19 interest in SHAC were the Antoses?

20 THE WITNESS: Correct.

21 THE COURT: All right. Thank you.

22 Mr. Gutierrez, redirect?

23 MR. GUTIERREZ: Yes. Briefly, Your Honor.

24 MR. MUSHKIN: Oh, Your Honor. I apologize.

25 THE COURT: You get to go after him.

1 MR. MUSHKIN: Okay. But I --

2 THE COURT: You'll have another chance.

3 MR. MUSHKIN: Sorry.

4 THE COURT: I will ask for recross.

5 Did you put your mask on?

6 MR. MUSHKIN: Wait a minute.

7 THE COURT: I don't want Mr. Gutierrez to have to
8 touch your mask. That's one of the things that people aren't
9 supposed to do is touch other people's masks.

10 MR. MUSHKIN: He doesn't have to. I have it right
11 here.

12 THE COURT: All right. Thank you.

13 REDIRECT EXAMINATION

14 BY MR. GUTIERREZ:

15 Q Mr. Bloom, did CBC ever tell you that it sold its
16 note on April 1st, 2020?

17 A No.

18 Q How did you learn that CBC sold its note?

19 A There's an April 10th communication from
20 Mr. Mushkin where he indicated that they had sold it a couple
21 days prior.

22 Q Okay. And if you can go to Exhibit H, Mr. Bloom, the
23 April 1st letter from Mr. Mushkin's office. Do you have that
24 in front of you?

25 A I do.

1 Q Is it your understanding that this letter was the
2 start of the foreclosure process?

3 A This is a notice of default, which is a foreclosure
4 start.

5 Q And if you can go to page 3 or H003. Do you see the
6 citation to the Federal Servicemembers Civil Release Act?

7 A I do.

8 Q Have you seen that before in other foreclosure
9 documents?

10 A Yes. That's statutory language in a foreclosure
11 start.

12 Q And if we could go to Exhibit M as in Mary. It's an
13 April 3rd, 2020, notice to vacate. Is it your understanding
14 that this letter was requesting SJC to vacate the premises at
15 the Spanish Heights property?

16 A Yes. That's an eviction start. That's followed by
17 an unlawful detainer.

18 Q And you've read the governor's directive; correct?

19 A Yes. It specifically calls out notices to vacate as
20 being precluded.

21 Q Okay. And this notice to vacate was submitted on
22 behalf of CBC after they reportedly sold their note; correct?

23 A I don't think so. I think they sold the note on the
24 8th or 9th.

25 Q Okay.

1 A I think it was after -- it was after they took the
2 Antoses's stock, extinguishing their own note. They took the
3 stock in lieu of note.

4 Q Okay.

5 A But then a week later they sold the note around April
6 8th I think.

7 Q So do you see any documents reflecting any part of
8 the sale from CBC to any party on their note?

9 A The only thing I've seen is the April 10th
10 representation from Mr. Mushkin. I asked him who they sold it
11 to and how much they sold it for. They told me it was none of
12 my business.

13 Q Okay. If you can go to Exhibit X. This is the April
14 8th, 2020, letter from Mr. Mushkin. Is it your understanding
15 that this letter was --

16 THE COURT: Was X admitted?

17 MR. MUSHKIN: Yes, Your Honor.

18 MR. GUTIERREZ: Yes.

19 THE COURT: Okay. I didn't check it off. Thank you.
20 Sorry.

21 BY MR. GUTIERREZ:

22 Q Do you have that in front of you, Mr. Bloom?

23 A I do.

24 Q Okay. Is it your understanding that this letter on
25 April 8th, 2020, was that the foreclosure process would

1 continue?

2 A This is one of several representations that the
3 foreclosure process would continue. Yes.

4 Q Okay. Mr. Bloom, you were asked about irreparable
5 harm. Do you own any other houses or have any other properties
6 that you could immediately move into if you were evicted?

7 A I do not.

8 Q Do you have a genuine concern about the health and
9 safety of your family if they were evicted in the middle of a
10 global pandemic?

11 A I do. My wife has health issues that this would be
12 problematic with.

13 Q Now, Mr. Bloom, you were asked about collection on
14 the nonjudgment, and you mentioned something about a copper
15 isotope. Can you explain what that is or what your
16 understanding of what that is.

17 A Yeah. Through discovery, we found a precious metal
18 commodity. Under seal with the federal courts, the bankruptcy
19 judge instructed the U.S. marshals to seize it and turn it over
20 to us. We went with the U.S. marshals into a warehouse where
21 the U.S. marshals took possession and turned it over to us. We
22 have documents that evaluate it at I think is \$3,164 a gram.
23 We have 272,000 grams, which was valued I think at
24 \$861 million.

25 Q Have you been in discussions with the parties about

1 potentially selling the copper?

2 A We have about a half a dozen parties we're discussing
3 that with.

4 Q Okay. And are you still actively pursuing collection
5 proceedings under that judgment?

6 A We are. There's still a remaining balance of
7 \$1.3 billion, plus, depending on what we can get for the
8 copper.

9 Q And that judgment has been found to be
10 nondischargeable under bankruptcy; is that correct?

11 A It has.

12 Q Now, Mr. Bloom, you were asked a series of questions
13 regarding your son, Shawn Bloom. And also about the health and
14 safety of the property. At any point were the police ever
15 called to the Spanish Heights property? And if so, what was
16 the result?

17 A Yes. Security there, it's my understanding that
18 they've been directed to target our house and its residents
19 specifically, drive-by on a regular basis and to find
20 violations. They've called Metro a half-dozen times
21 approximately. Every time, Metro has left with no incident
22 stating that there was no cause for the call.

23 MR. GUTIERREZ: Okay. Thank you, Your Honor. No
24 further questions.

25 THE COURT: Any recross?

RECROSS-EXAMINATION

BY MR. MUSHKIN:

Q Mr. Bloom, we've talked about that lien that was filed against the -- by the HOA. That lien covers more than just 4th of July, doesn't it, Mr. Bloom?

A It does.

Q In fact, there were claims of fireworks on your property on July 3rd; isn't that correct?

A Unsubstantiated, yes.

Q And there were -- well, we're going to have another witness testify that happens to be living next door, and he saw it.

A I'm sure he will.

Q Okay. And so on the 4th, there were fireworks as Mr. -- at Mr. Rhodes' residence. We believe at your residence as well, but there were also fireworks on the July 5th at your residence, weren't there?

A There were not.

Q And there were fireworks on July 6th at your residence, weren't there?

A There were not.

Q And then there was a party on September 21st, wasn't there?

A Correct.

Q And the flamethrower showed up again, didn't it?

1 A Not at my house.

2 Q It was right across the street from your house,
3 wasn't it?

4 A It was right across the street from your witness's
5 house.

6 Q And right across the street -- and your guests at
7 your party came out and watched the flamethrower on September
8 21st, didn't they?

9 A Mr. Rhodes brought that flamethrower to my house and
10 wanted to shoot it off there. I told him no, I wasn't going to
11 allow it on my property. He's a resident of the community,
12 he's an adult who owns it, and he took it to a vacant property
13 to do that. It wasn't at my direction. I have no control over
14 another resident.

15 Q And it was for the benefit of the guests at your
16 party who watched the flamethrower, didn't they, sir?

17 A Not under my direction. Not for my benefit, not for
18 my guests' benefit.

19 MR. MUSHKIN: No further questions, Your Honor.

20 THE COURT: Mr. Gutierrez, anything else?

21 MR. MUSHKIN: No further questions, Your Honor.

22 THE COURT: Thank you, sir. You can step down.
23 Your next witness --

24 MR. MUSHKIN: Mr. Hallberg --

25 THE COURT: Wait. I get to go to Mr. Gutierrez. He

1 gets to answer the question.

2 MR. GUTIERREZ: Your Honor, we'll call Mr. Hallberg
3 in our case.

4 THE COURT: Okay.

5 MR. MUSHKIN: Well, I -- they told me they only had
6 one witness.

7 THE COURT: Sir, if you'd raise your right hand,
8 please. Have you agreed to be sworn over our video line since
9 you've been participating here all day?

10 THE WITNESS: Yes.

11 THE COURT: All right. Dulce, if you would swear him
12 in, please.

13 **ALAN HALLBERG**

14 [having been called as a witness and being first duly sworn,
15 testified as follows:]

16 THE CLERK: Thank you. Please state and spell your
17 name for the record.

18 THE WITNESS: Alan, A-l-a-n. Hallberg,
19 H-a-l-l-b-e-r-g.

20 THE COURT: Thank you, sir.

21 Mr. Gutierrez, you may proceed.

22 MR. GUTIERREZ: Thank you, Judge.

23 DIRECT EXAMINATION

24 BY MR. GUTIERREZ:

25 Q Good afternoon, Mr. Hallberg. What is your

1 relationship to defendant and CBC Partners?

2 A I am the chief credit officer.

3 Q And where is CBC Partners domiciled?

4 A Kirkland, Washington.

5 Q Is CBC Partners licensed to do business in Nevada?

6 A No.

7 Q I'm sorry. It's a no?

8 A No.

9 Q Okay. Is CBC Partners doing any business in Nevada?

10 A It's only through the origination of a loan to what
11 was called PRBI, Pacific brands -- Pacific Restaurant Brands.
12 And that was a restaurant domiciled in Nevada.

13 Q Mr. Hallberg, at some point, CBC Partners sold its
14 note in this transaction; correct?

15 A Yes.

16 Q When was that?

17 A The first couple days of April.

18 Q What exact date did you sell the note?

19 A I believe it was effective on the 1st.

20 Q The note was sold on April 1st, 2020; is that your
21 testimony?

22 A I say I believe it was sold. I don't have it in
23 front of me. I believe it was sold on April 1st.

24 Q Well, what document would you look to to refresh your
25 memory as to when exactly it was sold?

1 A Purchase and sale agreement.

2 Q Who is the purchase and sale agreement to and from?

3 A It's with -- it's the address LLC. I think it's 5248
4 LLC.

5 Q Would that be 5148 Spanish Heights LLC?

6 A Yes. Yes. 5148.

7 Q How much did you sell the note for?

8 MR. MUSHKIN: Objection, Your Honor.

9 THE COURT: Overruled.

10 MR. MUSHKIN: Relevance and privilege.

11 THE COURT: Overruled.

12 BY MR. GUTIERREZ:

13 Q You can answer.

14 A I don't have it in front of me. It was I believe in
15 the 3.3 to 3.4 million range.

16 Q So CBC was paid between 3.3 to 3.4 million for its
17 note?

18 A Yes.

19 Q And CBC has accepted that money; correct?

20 A Yes.

21 Q And when was that money paid?

22 A The 1st week of April.

23 Q Okay. Then why is CBC still attempting to foreclose
24 under its note?

25 A I'm not.

1 MR. MUSHKIN: Objection, Your Honor. Assumes facts
2 not in evidence.

3 THE COURT: Overruled.

4 You can answer.

5 THE WITNESS: (No audible response.)

6 THE COURT: You can answer, sir.

7 THE WITNESS: I said I'm not.

8 THE COURT: Oh. Thank you.

9 MR. GUTIERREZ: Okay.

10 BY MR. GUTIERREZ:

11 Q So it's your testimony that CBC is not attempting to
12 foreclose at all under its note; correct?

13 A Correct.

14 Q And that's because CBC does not have note or own the
15 no anymore; isn't that true?

16 A We sold the note in early April.

17 Q Okay. And CBC is also not trying to evict SJC
18 because -- from the premises; correct?

19 A Correct.

20 Q Okay. So CBC is also not attempting to utilize the
21 exceptions in the governor's directive as a basis to continue
22 foreclosure or eviction; correct?

23 A Correct.

24 Q Okay. Now, who purchased the note?

25 THE COURT: He already told you that.

1 MR. GUTIERREZ: Oh, I'm sorry.

2 THE COURT: That's asked and answered.

3 MR. GUTIERREZ: Who -- how are you --

4 MR. MUSHKIN: Thank you, Your Honor, for the
5 objection.

6 BY MR. GUTIERREZ:

7 Q How were you introduced to 5148 Spanish Heights LLC?

8 A Through Ken Antos.

9 Q Okay.

10 A He was the original guarantor on the deal.

11 Q And who is the -- who is the owner of 5148 Spanish
12 Heights LLC?

13 A I don't know. Mr. Mushkin is representing the
14 ownership of that LLC.

15 Q And, Mr. Hallberg, do you have the exhibits in front
16 of you?

17 A Some of them.

18 Q And do you have the -- you have Exhibit A in front of
19 you? I just want to turn your attention to the Antos pledge
20 agreement on A, Exhibit A, page 81.

21 THE COURT: Let us know when you found that, sir.

22 THE WITNESS: Okay.

23 BY MR. GUTIERREZ:

24 Q Do you have that in front of you?

25 A Yes.

1 Q Okay. And page 88 under this exhibit do you have
2 that in front of you?

3 A Yes.

4 Q Now, isn't it true that SJC Ventures is not a pledgor
5 under this contract?

6 A They're not on page 88.

7 Q Okay. Do you have a signature line under this pledge
8 agreement for where SJC signed to pledge their interest?

9 A I have the acknowledgment of Spanish Heights, but not
10 SJVC.

11 Q And CBC Partners signed the security agreement on
12 Exhibit A, page 93; correct?

13 A Page 92, yes. Well, which page? The page 99
14 security agreement, yes.

15 Q Okay. Is CBC -- are you contending that CBC is a --
16 has an ownership interest in SHAC as of today, or was that sold
17 as part of the note?

18 A That -- all of our rights were sold with the note.

19 Q Okay. So all the rights that CBC had under this,
20 under these agreements have all been sold to another party at
21 5148 Spanish Heights LLC; correct?

22 A Yes.

23 Q And you don't know who that person is who owns that
24 company; correct?

25 A Correct. I know they're represented by Mr. Mushkin.

1 MR. GUTIERREZ: Give me one second, Your Honor.

2 BY MR. GUTIERREZ:

3 Q Mr. Hallberg, why is CBC here objecting to the
4 preliminary injunction that's being requested by SHAC and SJC?

5 A I -- I just -- I don't see the need for it. We're
6 actually out of the deal at this point. From our perspective,
7 the forbearance agreement matured. There was no payment made.
8 We had an offer to buy the note, and we sold it.

9 Q That goes back to my question: Why is CBC objecting
10 to the injunction if it has no note?

11 A I don't know.

12 MR. GUTIERREZ: Pass the witness, Your Honor.

13 THE COURT: Thank you. Mr. Mushkin, you may examine
14 as your direct, if you'd like.

15 MR. MUSHKIN: Thank you, Your Honor.

16 CROSS-EXAMINATION

17 BY MR. MUSHKIN:

18 Q Mr. Hallberg, will you state your name and address
19 for the record.

20 A Alan Hallberg, 19367, 132nd Street Southeast, Monroe,
21 Washington.

22 Q You've been listening all morning; is that fair?

23 A Yes.

24 Q And you heard Mr. Bloom testify?

25 A Yes.

1 Q Do you believe that Mr. Bloom testified truthfully?

2 A No.

3 Q Say that again?

4 A No.

5 Q Let's go through, see if we can unwind some of this.

6 Give us a little bit of your educational background, please.

7 A A bachelor of science, finance concentration,
8 Georgetown University.

9 Q And you are the chief financial officer of CBC
10 Partners; correct?

11 A Chief credit officer; correct.

12 Q Sorry. Chief credit officer. I apologize. CBC
13 Partners is, if you will, the management entity for CBC; is
14 that fair?

15 A Yes. CBC Partners is the general partnership that
16 manages the fund which is CBC Partners 1.

17 Q Thank you. And you had discussions with Mr. Bloom in
18 September, on or about September 17th of -- strike that -- on
19 or about September of 2017 regarding the pledge agreement; is
20 that correct?

21 A Yes.

22 Q And is it your understanding that the intent of the
23 pledge agreement was to pledge 100 percent of the units of
24 Spanish Heights Acquisition Company?

25 A Yes.

1 Q And did you have any specific discussions with
2 Mr. Bloom regarding that pledge agreement?

3 A Yes. The --

4 Q What did --

5 A -- we discussed it predraft, and the understanding
6 was, look, if this doesn't work out, which he had doubted that
7 it would even lead to this because he indicated that the
8 judgment claim would be paid very quickly. He said, look, if
9 it turns out that the agreement matures, all you have to do is
10 enforce your rights under the pledge, and you own SHAC.

11 Q He specifically said that to you in '17? 2017?

12 A Yes.

13 Q I mean, in -- yes, in 2017.

14 A Yes.

15 Q Now, did you have subsequent discussions with
16 Mr. Bloom beginning in February of 2020?

17 A Yes, starting January, February, yes.

18 Q And tell me the nature of those discussions.

19 A I asked for updates on liquidity. It did not look
20 like anything was going to happen prior to the maturity date in
21 March, the end of March. I indicated that it would be tough
22 for us to extend beyond March 31. I did not have any support
23 in credit committee.

24 Q And what did Mr. Bloom start to say to you at that
25 point?

1 A He -- he asked me, well, what option do I have? I
2 said, well, I can sell the note, and he indicated, well, you'll
3 get nothing for it. And he also indicated he could just simply
4 declare bankruptcy. And it would be better to work with him
5 and just extend it because he thought that liquidity would be
6 coming in by June.

7 Q And he wanted -- did he give you a specific date for
8 this liquidity event?

9 A I don't know off the top of my head, but, yes, it was
10 sometime in June, and it had to do with either the sale of tax
11 credits related to a bit coin mining operation on the Nevada
12 Arizona border and also a public offering, which is connected
13 to that operation, which was supposed to have been floated on
14 the London exchange.

15 Q And did any of that come true to your knowledge?

16 A No.

17 Q Did you ever receive evidence of a hundred thousand
18 dollars in repairs as required by the agreements?

19 A It was all verbal. I did not see any of the
20 paperwork.

21 Q He never provided you anything?

22 A No.

23 Q Did you request it?

24 A At times I'd ask him to send invoices. I did not get
25 any.

1 Q Did you ever receive any of the property taxes due on
2 the property?

3 A No.

4 Q Did you ever receive the letter from his counsel
5 regarding the judgment collection process?

6 A No.

7 Q Did you instruct my office as a part of the closing
8 on the note to make the payments that were due for the months
9 leading up to the March 31st deadline of the forbearance
10 agreement?

11 A Yes.

12 Q And I can represent to you that we've admitted into
13 evidence some checks that were issued from my trust account.
14 Were those in fact directed to be issued by you?

15 A Yes.

16 Q To the best of your knowledge, all obligations of CBC
17 I have been met pursuant to the forbearance agreement?

18 A Yes.

19 Q You've seen the Bloom declaration in this matter; is
20 that correct?

21 A Yes.

22 Q Do you believe that his declaration was honest and
23 truthful?

24 A No.

25 Q So you've heard his testimony about there's this

1 change in the documents that somehow he was not pledging SHAC,
2 and he was putting up the judgment. Did you hear that
3 testimony?

4 A Yes, I did.

5 Q Was that truthful testimony?

6 A No.

7 Q In fact, it was always planned to have both the
8 pledge agreement and the security agreement; correct?

9 A Yes. They're apples and oranges from a lender's
10 perspective.

11 Q And, in fact, they were executed the same day,
12 weren't they?

13 A Yes.

14 Q September 27th?

15 A [No audible response.]

16 Q So --

17 A Yes.

18 Q So do you -- is there any truth whatsoever to this
19 notion that a hundred percent of the units of SHAC were not
20 pledged? It's your understanding that they were pledged; is
21 that correct?

22 A Yes, it is.

23 MR. MUSHKIN: Sorry for that terrible question,
24 Judge.

25 / / /

1 BY MR. MUSHKIN:

2 Q Now, I want to real quickly go over the documents
3 that were entered into that illuminate this point, and I'm
4 going to go backwards. So let's take a look at the amendment
5 to the forbearance agreement dated the 1st day of December
6 2019, which is Exhibit C. Do you see that?

7 A I'm getting there. Yes.

8 Q On 001, at the end of the very first paragraph, it
9 says that SJC Ventures LLC is a part collectively of the
10 parties; correct?

11 A Correct.

12 Q And it says at paragraph 9 on C003 that the
13 membership pledge agreement executed by SJCVC and the Antos
14 Trust will remain in effect; correct?

15 A Correct.

16 Q Now, you've heard Mr. Bloom say that SJCVC didn't
17 execute the pledge agreement; right?

18 A Yes, I heard that.

19 Q You don't believe that to be true, do you?

20 A No.

21 Q You just think that they put the wrong title on that
22 signature; right?

23 A That is correct.

24 Q And the pledge agreement specifically recites that
25 SJCVC is pledging its stock; correct?

1 A Yes.

2 Q I'd like to direct your attention to C006,
3 paragraph 19.

4 A Okay.

5 Q And that paragraph says the Antos parties and the
6 SJCVC parties represent they continue to acknowledge they
7 continue to pledge their stock in SHAC. Do you see that?

8 A Yes.

9 Q And you understood that to be true?

10 A Yes.

11 Q And you relied upon that?

12 A Absolutely.

13 Q Okay. Now, let's take a look at C007, paragraph
14 B1 in bold print: Options to extend have terminated. Do you
15 see that?

16 A Yes.

17 Q Was it your understanding that the lease was
18 extended, the consent that you had given, only to March 31st
19 of 2020?

20 A Yes.

21 Q And that the -- all other extensions had been
22 terminated, as stated in bold print?

23 A Yes. My -- to be clear, my understanding was they
24 were extended. My expectation was he would not have the
25 liquidity that was required on the maturity date, which would