EXHIBIT H

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

MARIALICE BATHRUS WILLIAMS, Plaintiff, CIVIL ACTION NO. 1:05CV01483

VERSUS Judge John D. Bates

FEDERAL NATIONAL MORTGAGE ASSOCIATION, et al. Defendants.

Videotaped Deposition of ROBERT G. JONES, No. 3 Palmer Place, Gulfport, Mississippi, taken in the Law Offices of McGlinchey Stafford, PLLC, 643 Magazine Street, New Orleans, Louisiana, 70130, on Wednesday, the 11th day of April, 2007, commencing at 9:16 a.m. and concluding at 12:22 p.m.

APPEARANCES:

(Via telephone)
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APPEARANCES: (Continued)

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VIDEOGRAPHER:

KARL STIEGMAN, CLVS

REPORTED BY:

NANCY LAPORTE
Certified Court Reporter
State of Louisiana

* * *

I N D E X

Exhibits:

Defendant's

Jones 1 - Bates No. 6907, excerpts of "First Amended Complaint"
Jones 2 - Bates Nos. 8002-8004, e-mail dated May 3, 2001, from Marialice Williams to Rhoda Newman, Grace Huebscher, Bob Jones, and Harvey Hartsfield
Jones 3 - Excerpt from deposition testimony given by Robert Jones on January 30, 2004
Jones 4 - Letter from Marialice Williams to Lou Hoyes, dated February 2nd, 1999
Jones 5 - Bates No. 7918, e-mail from Ms. Williams to Bob Jones, "CC-ing" H. Hartsfield

Exhibits: (Continued)

Jones 6 - Bates Nos. 8015-8017, e-mail dated May 15th, 2001, from Bob Jones to Stephen Noble
Jones 7 - Bates Nos. 6230-6232 and 8031, e-mail

Plaintiff's:

Exhibit 1 - Bates No. 7232, e-mail from Robert Jones to Danny Groves

* * *

S T I P U L A T I O N

It is stipulated and agreed by and between counsel for the parties hereto that the deposition of the aforementioned witness is hereby being taken under the Federal Rules of Civil Procedure, for all purposes, in accordance with law;

That the formalities of reading and signing are specifically not waived;

That the formalities of sealing, certification, and filing are specifically waived;

That all objections, save those as to the form of the question and the responsiveness of the answer, are hereby reserved until such time as this deposition, or any part thereof, may be used or sought to be used in evidence.

* * * * *

NANCY LAPORTE, Certified Court Reporter, in and for the Parish of Orleans, State of Louisiana, officiated in administering the oath to the witness.

THE VIDEOGRAPHER:
This is the videotape deposition of Robert G. Jones. This deposition is being held at 643 Magazine Street in New Orleans, Louisiana on April 11th, 2007, at the time indicated on the video screen, 9:16. My name is Karl Stiegman, and I am a certified legal video specialist with Depo-Vue. The court reporter is Nancy Laporte with Esquire Reporting.
Would counsel please introduce themselves?

MR. GRIFFITH:
Jonathan Griffith for Fannie Mae.

MS. GOLDFRANK:
Sarah Goldfrank for Fannie Mae, Richard Lawch and Grace Huebscher.

MR. HUNTER:
Seth Hunter representing Bob Jones.

MR. DANIELS:
Harley Daniels and Brian Lederer representing Marialice B. Williams.

THE VIDEOGRAPHER:
Would the court reporter please

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swear in the witness?
Thereupon,
ROBERT G. JONES,
having been first duly sworn, was examined and testified as follows:
EXAMINATION BY MR. GRIFFITH:
Q. Mr. Jones, can you state your full name and address for the record, please?
A. Robert Gayle Jones, No. 3 Palmer Place, Gulfport, Mississippi.
Q. Is there any reason why you cannot testify fully and honestly today?
A. No.
Q. Mr. Jones, did you receive a subpoena for documents in connection with your testimony in this matter?
A. I believe my counsel did. I did not.
Q. And did you have any documents that were responsive to this subpoena?
A. I had no documents. I had a C.D. that were all Bates-stamped documents that was used in the Fannie Mae litigation, and I gave that to Mr. Hunter, and he talked to your counsel.

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Q. So the only documents you had were documents that had been produced in the CAM litigation; is that correct?
A. That were produced, yes.
Q. Mr. Jones, can you tell me, what is CAM Financial Services, Inc.?
MR. HUNTER:
Before we get started on that, I want to make a statement for the record that Mr. Jones is here as representing Mr. Jones and not as a representative of CAM Financial Services, Incorporated.
You can go ahead and answer it, Bob.
THE WITNESS:
CAM Financial Services was incorporated in 1991 as a financial services company to do both insurance brokerage for -- and mortgage brokerage of multi-family properties.
EXAMINATION BY MR. GRIFFITH:
Q. And Mr. Jones, what is your relationship with CAM Financial Services?
A. I am a stockholder of CAM Financial Services.

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Q. At one point in time, were you president of CAM Financial Services?
A. I was.
Q. Can you tell me when you first became president of CAM Financial Services?
A. When CAM was incorporated in 1991.
Q. When did you step down as president?
A. In June of 2005.
Q. And do you have any other current relationship with CAM Financial Services, other than being a stockholder?
A. That would be it.
Q. And is CAM Financial Services still doing business?
A. I couldn't tell you.
Q. And can you tell me if Hurricane Katrina had an impact on CAM Financial Services?
A. Yes, it did.
Q. What was that impact?
A. CAM Financial Services' building, documents, its operation was completely wiped out by Hurricane Katrina.

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Q. Are you aware of any new transactions that CAM Financial Services has done since Hurricane Katrina?
A. I have no idea.
Q. And how long has CAM Financial Services been in the insurance business?
A. I can't tell you how long, but up until 19 -- up until 2005, during product development, taking -- going back to the product development days, since 1992, '93 is when product development first began.
Q. And can you tell me what qualifications CAM had as an insurance broker?
A. It's -- several of its principals, Groves and Rumsey, had an insurance background, and on the mortgage brokerage side, I was at -- I had that expertise.
Q. And can you tell me what your experience was -- has been on the insurance side?
A. You will have to go further with that.
Q. Let me start with this. How many years have you been in

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the insurance business?
A. My first job out of college, and while I was in college, I worked for State Farm Insurance Agencies, and I was employed, I guess you could go back to 1966 through the early '70s, I worked with State Farm -- Great -- um, I can't -- Coastal. I can't tell you the name of Coastal, but there was another insurance company. It was property casualty, and also life insurance in that arena, and I've always stayed active with -- on the insurance side, but not employed by any insurance companies until they -- we started working on product development for Fannie Mae.
Q. And that was in the early 1990s?
A. 1990s.
Q. And you mentioned two other members of CAM Financial, Mr. Groves and Mr. Rumsey, I believe?
A. Correct.
Q. Can you tell me about Mr. Groves' background in the insurance industry?
A. He had some 20, 25 years working -- well, off and on, either as a general agency. Prior to that, he was an

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employee of Nationwide Insurance for a number of years.
Q. Can you describe any other experience or qualifications that Mr. Groves had with respect to insurance?
A. You would probably have to ask him that.
Q. How about Mr. Rumsey? Can you describe his experience in the insurance industry?
A. He had a surplus lines broker's license. He also had a general agency for -- I think it was called South Coast Insurance, and probably early '90s, and I couldn't tell you if South Coast is still in business or not. I assume it must be.
Q. Mr. Jones, I am going to read for you a paragraph from Ms. Williams' complaint against Fannie Mae and ask you some questions about it.
In Paragraph 16 of her complaint, Ms. Williams alleges the following: "In 1997, utilizing products and processes which she had solely created and developed, Plaintiff Williams closed the first mortgage-backed

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securities transaction in the United States, whereby Fannie Mae was able to transfer all of the risk of loss, as opposed to merely insuring the loss to a third-party insurer, AIG."
Mr. Jones, is Ms. Williams' statement that she had solely created and developed the products and processes related to the AIG transaction accurate?
A. From a Fannie Mae perspective, she represented Fannie Mae, and a number of other players at Fannie Mae would have been a party to that, but she was the lead person at Fannie Mae, and it's reasonably accurate, because, from what I understand, Fannie Mae appointed her as the point person for the creation of that product, and it took some three years to develop and for --
Q. You mentioned she was the point person.
Were you aware of others at Fannie Mae who were also involved in the project?
A. Yes. I think I just mentioned that, others at Fannie Mae.

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Q. Can you tell me who those others are?
A. Lots of lawyers. It was practically all lawyers. The names escape me at this time. Paul Van Hook would have been the mortgage -- would be the multi-family attorney. There would have been -- Mr. Griffin (sic), my memory is not as good as it used to be, but there were securities attorneys at Fannie Mae that were involved in this, but probably Paul Van Hook would have been the primary attorney for the mortgage company.
Q. Would Richard Lawch have been involved?
A. He just would have been -- not day-to-day, no. He was involved in, I guess giving -- well, not guess -- in direction, and he would have been the party, along with Lou Hoyes, that would have given Marialice the freedom to develop -- Marialice Williams the freedom to develop this product for Fannie Mae.
Q. We have been talking, Mr. Jones, about Fannie Mae, Fannie Mae's involvement in

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the products and processes related to the AIG transaction.
Were any other entities involved in developing those products and processes?
A. From the outside of Fannie Mae, yes. CAM Financial.
Q. And what was CAM's role in developing these products and processes?
A. We were the party that developed the -- or worked with Fannie Mae with outside lawyers from AIG, the business people, the business group from AIG in the product development. Mr. Groves was pretty involved. I was the point person on the CAM side, but we -- drafts after drafts that were gone through, and CAM was the author, I guess you could say. All drafts came through me, and I made the appropriate pen-and-ink changes, and we would send the drafts to AIG's lawyers, and then there was ASLICK lawyers, the surplus lines company for AIG. There were business people from AIG also involved. There was a number of people.
Q. And did CAM Financial introduce the products and processes to Fannie Mae?

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A. Yes.
Q. And at what point in time did Ms. Williams become involved in the process?
A. She became involved after CAM brought the first DUS lender to Fannie Mae. She was involved -- she was in the first meeting, along with some credit policy people from Fannie Mae, and the DUS lender, Eichler-Fein. That was in '93 or '94. I think it was early '94 probably, and prior to that, CAM had a -- was working with Mr. Groves through a Nationwide subsidiary called Scottsdale -- no -- yes, Scottsdale Insurance, and we actually had a draft policy and -- well, it was a term sheet. It wasn't a policy. That was the first product that we took to Fannie Mae.
Q. Mr. Jones, while Ms. Williams was at Fannie Mae, how many insurance transactions did CAM and AIG do with Fannie Mae?
A. There was the -- the first one was in 1997, and there was a second one in early '98 -- no -- that was working for ten months with Bay View Capital, Bay View Savings Bank, while Marialice was at Fannie Mae, but

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that one did not close, and they took -- Fannie Mae took Marialice off of that -- off of the Bay View Capital case. It was a seven hundred million dollar case, and for some reason, Mr. Lawch wouldn't let her work on it after she had created this product for Fannie Mae, and that was the demise of the Bay View transaction. It did not close, and CAM didn't get paid on that either.
Q. Mr. Jones, at some point in time, CAM Financial filed a lawsuit against Fannie Mae; is that correct?
A. That is correct.
Q. And do you recall when that lawsuit was filed against Fannie Mae?
A. In -- I believe it was in December of -- December 2001. It was the first amended complaint.
Q. Mr. Jones, I am going to show you what's been marked as Jones Exhibit 1. It's a document, the first page of which is entitled "First Amended Complaint." The Bates number on the first page is 6907, and it is -- I will tell you -- an excerpt of that document. We didn't copy the whole thing.

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Do you recognize this document, Mr. Jones?
A. You said it's excerpts?
Q. Yes.
A. I believe I do, yes.
Q. And is this the complaint that CAM Financial Services filed against Fannie Mae in December of 2001?
A. I believe it is.
Q. And I will ask you to turn to the last page of the exhibit, which is Bates numbered 63 -- excuse me -- 6936.
A. I am there.
Q. Can you read for me the sentence, kind of halfway down Paragraph 84 starting, "In order to compensate CAM..."?
A. Sure.
Q. Actually, why don't you read the full two sentences so the folks on the phone can hear you.
A. Starting with "in order"?
Q. Yes, please.
A. "In order to compensate CAM for its time, efforts, expertise and expense, CAM was to be the sole and exclusive agent for

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Fannie Mae in the procurement of the MCRI insurance. CAM has fulfilled its commitment to Fannie Mae, and Fannie Mae has breached this agreement by failing and refusing to allow CAM to serve as agent for Fannie Mae and instead is using other entities for the procurement of the MCRI insurance and other derivative first loss risk coverage."

Q. Thank you, Mr. Jones. And, Mr. Jones, is it your understanding that CAM was to be the sole and exclusive agent for Fannie Mae in procurement of MCRI insurance?

A. That is correct.

Q. And can you tell me what MCRI insurance is?

A. It stands for multi-family credit. It's the acronym for multi-family credit risk insurance.

Q. And what is multi-family credit risk insurance?

A. That's exactly what it is.

Q. Can you describe it a little more fully?

A. It's designed to insure various

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levels of tranche risk for Fannie Mae.

Q. And does this insurance include insurance for Fannie Mae's aggregation program?

A. It was expanded to -- during the product development -- to cover aggregation, which is a first-loss tranche risk, but it was designed broad enough that it could cover various levels of DUS risk. It could not only do first loss. Various tranches. In fact, when we first went to Fannie Mae, that was the -- so that the goal was, make it broad enough that -- at that time, we didn't have too much success with insurance companies covering first loss, because of the thrift debacle.

Q. Mr. Jones, the complaint alleged that Fannie Mae refused to allow CAM to serve as agent, and instead used other entities for the procurement of MCRI insurance. Was Craig Ott one of the entities that CAM claimed Fannie Mae was using to procure MCRI insurance?

A. Yes.

Q. And did you discuss the allegations contained in CAM's complaint with

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Ms. Williams at any point in time?

A. It's been a long time ago. I am not -- I just couldn't give you an absolute answer on that. I don't know. I don't recall.

Q. So you don't recall talking to her about the allegations prior to filing suit?

A. Prior to?

Q. Yes, prior to.

A. I don't recall.

Q. Did Ms. Williams give a sworn statement to CAM before it -- and CAM's attorney -- before CAM filed suit against Fannie Mae?

A. You are helping me out now. There was a deposition that was taken by Mr. Wiser prior to Fannie Mae being brought into the lawsuit.

Q. Would you have discussed your allegations, or potential allegations against Fannie Mae, with Ms. Williams at that time?

A. I don't know if I would have. Mr. Wiser might have.

Q. But she was aware at that time

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about a potential lawsuit; is that correct?

A. I would say that is true.

Q. Mr. Jones, are you familiar with Marialice Williams?

A. "Familiar" is a broad term.

Q. Do you know who Ms. Williams is?

A. Yes.

Q. How long have you known Ms. Williams?

A. I first met Ms. Williams at the first introduction of the DUS lender Eichler-Fein in early 1994 when she was working at Fannie Mae.

Q. When was the last time you spoke with Ms. Williams?

A. It was either the death of her mother, which I can't give you a date on that, or it was shortly after Hurricane Katrina hit, because she had -- was trying to locate us.

Q. And have you spoken with her on any other occasion?

A. I don't believe so.

Q. And do you recall whether the conversation regarding the death of her mother was before Hurricane Katrina or after?

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A. It may have been the same conversation. Things were pretty upside-down after Katrina.
Q. And what did that discussion -- what did you talk about during that discussion?
A. She just asked if we were okay after she finally got a call through on the cell phone. In fact, we lost the signal, and she tried several times to get us back. It was my wife and I, and we weren't even on the Coast. We hadn't even been able to get back to our home at that time.
Q. Mr. Jones, are you familiar with a company called Risk Mitigation Strategies, LLC?
A. Yes.
Q. And can you tell me what Risk Mitigation Strategies, LLC is?
A. I don't know the complete make-up of what Risk Mitigation does, but I know that she was -- formed that company to lay off risk for mortgage companies, and a certificate company, I believe. She was also working on some Fannie Mae programs, the DUS program at

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Fannie Mae, and a captive program at Fannie Mae, and I think that was all done for Fannie Mae. I think that was all done through Risk Mitigation.
Q. Did CAM Financial Services ever have a co-brokerage agreement with Risk Mitigation strategies?
A. Either Risk Mitigation Strategists, or Marialice Williams & Associates, and I wasn't completely familiar with this, because Danny Groves handled the brokerage setup with Marialice Williams. I am pretty sure it was consummated. In fact, I know it was.
Q. Let me show you what I am marking as Jones Exhibit 2, and it is a -- an e-mail with an attachment. The e-mail is dated May 3, 2001, from Marialice Williams to a group of people, including Rhoda Newman, Grace Huebscher, Bob Jones, and Harvey Hartsfield, and the Bates numbers are 8002 through 8004.
I would ask you to read for me, please, the third paragraph in the letter attached to the e-mail.
A. "My company, RMS, is licensed to

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do business in Washington, D.C. CAM and RMS do not have any connection with respect to ownership and no one from CAM or RMS has an interest in the other's business ventures. However, CAM and RMS have a broker agreement that is common in the insurance business. The agreement indicates that when CAM locates an insurance company for a project that RMS is working on, RMS agrees to compensate CAM through some form of split commission. However, it does not mean that CAM plays any role in the development of the program or project that RMS is working on nor does CAM interface with RMS' customers."
Q. Does this document refresh your recollection as to whether CAM's co-brokerage agreement was with Risk Mitigation Strategies, LLC or with Marialice Associates?
A. I think, again, Danny Groves did the brokerage agreement, and I think it's a pretty good indication that that is true.
Q. Do you have any reason to believe that the statement that Ms. Williams makes in this letter is inaccurate in any way?
A. No.

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Q. Are you aware of whether CAM Financial Services ever had a written co-brokerage agreement with either Risk Mitigation Strategies, LLC, or with Marialice Williams, or any other entity controlled by her?
A. Again, Mr. Groves did the brokerage agreement, and if -- assuming that -- not assuming, but that would have been produced in CAM's documents to Fannie Mae.
Q. I have actually never seen one. I am just asking. I am not saying there is or isn't. Maybe just to refresh your recollection, I am going to show you what I am marking as Jones 3, and it is an excerpt from deposition testimony given by Mr. Jones on January 30, 2004, and if you could just look at -- starting with line 20. Maybe you could read that for the record.
A. "Did CAM have any written agreements with Ms. Williams or her business at the time?"
"I know that Ms. Williams discussed and worked with Danny Groves on several different brokers agreements. I don't

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know that any of them were ever consummated."
Q. At that point in time, Mr. Jones, was it accurate to say that you weren't sure whether a signed agreement had actually been entered into?
A. I know that there were verbals that she -- that we had a 50/50 split on commissions, and there were e-mails and correspondence to that effect, and I know that Mr. Groves went through a number of draft brokerage agreements with Ms. Williams, but we had an agreement, for sure, verbal, that there was a 50/50 split on any deal she brought to CAM.
Q. Let me read for you Ms. Williams' interrogatory response to Fannie Mae, and the interrogatory asked Ms. Williams to describe the contents and scope of her joint venture or co-brokerage agreement. Her response to that was, quote: I had a simple, common co-brokerage agreement with CAM Financial that entailed paying them a commission in the event that they secured the insurance that I needed on any of the proposals that I was working on. These proposals ranged from insuring pools of

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automobile loans, charter school loans, captive insurance, and reinsurance, etc. Is that an accurate characterization of Risk Mitigation Strategies' agreement with CAM?
A. Could you repeat that?
Q. Sure.
"I had a simple, common co-brokerage agreement with CAM Financial that entailed paying them a commission in the event that they secured the insurance that I needed on any of the proposals that I was working on. These proposals ranged from insuring pools of automobile loans, charter school loans, captive insurance, and reinsurance."
A. I would say that was a reasonably accurate statement. I think when she means reinsurance and captive, that she's referring to tranche risk, and that would include mortgages.
Q. And with that caveat, you think that her characterization is accurate?
A. I have no reason to disagree with it.
Q. Other than the co-brokerage

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agreement described in Ms. Williams' interrogatory responses, did CAM Financial Services have any other co-brokerage agreements with RMS? And "RMS" I am using as a shorthand for Risk Mitigation Strategies, LLC.
A. They would have -- on DUS portfolio customers that Ms. Williams had, I had -- was -- had made several proposals, I think both to AIG and to Zurich, that if she brought a customer in that would again be tranche risk, and we would pay her for bringing those to the table.
Q. Was that part of the same co-brokerage agreement, or was it a separate agreement?
A. No, it would be part of the general. It would encompass anything she brought us.
Q. And we've been talking about Risk Mitigation Strategies. Did CAM Financial have any co-brokerage agreements with Marialice Williams as opposed to Risk Mitigation?
A. I am not understanding the

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question.
Q. We've talked a little bit about an agreement that CAM Financial Services had with Risk Mitigation Strategies, LLC, and my question to you is whether CAM had a separate agreement, co-brokerage agreement with Ms. Williams?
A. I couldn't answer that because of whether it entailed how her surplus lines license read. I think a surplus lines license is for an individual, but again, it would be part of the overall agreement.
Q. Do you recall, Mr. Jones, when the co-brokerage agreement was first entered into?
A. It would have been shortly after, or in the three months, four months following her leaving Fannie Mae. It would have been in the fall of '98 if I would put a time frame on it. That's when Mr. Groves was working with her on brokerage agreements.
Q. Mr. Jones, I am going to show you what's been marked as Jones Exhibit 4. It's a letter from Marialice Williams to Lou Hoyes, and it is dated February 2nd, 1999.

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Just for the record, I would ask you to read the second paragraph of that letter.
A. "As you are aware, I left Fannie Mae in July after being offered an appointment and ownership opportunities with CAM Financial Services, Inc.; however, after months of negotiations with its cast of principals, I was unable to reach any agreement with them whatsoever. With Mr. Lee and Mr. Moore, RMS, made a bid last year to purchase CAM, but this offer, too, was rebuffed."
Q. Is it fair to say as of February 2nd, 1999, the only agreement between CAM Financial Services and RMS for Marialice was the co-brokerage agreement?
A. I believe that's a correct statement, and there's something in here about the opportunities for appointment. The cast of principals at CAM had asked that Marialice be able to get a letter from Lou Hoyes that indicated her leaving, that she did not have a non-compete clause with Fannie Mae, and I don't know, for some reason or other, Ms. Williams could not get that letter from

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Mr. Hoyes.
Q. So I can get back to the question, just to make sure I have a clean answer, but the question was: Is it fair to say, as of early February, as of February 2nd, 1999, the only agreement between CAM and the Risk Mitigation Strategists, LLC with Ms. Williams was a co-brokerage agreement?
A. To the best of my knowledge.
Q. And is it also fair to say that no other agreements, to use the language of the letter, whatsoever had been reached?
A. I think that's an accurate statement.
Q. Did CAM Financial Services and Risk Mitigation Strategies, LLC ever enter into a joint venture?
A. No. That was part of the agreement that was supposed to be coming from Mr. Hoyes that would have enabled Ms. Williams to form an MWOB? MWOB, yeah, and that would be tied together with marketing with CAM Financial Services. That was something that Mr. Hoyes had promised Ms. Williams at her exit.

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Q. By February 2nd, 1999, it was clear that was not going to happen; is that correct?
A. Well, we were still -- I don't think we were asking for it any further at that time, and we were just trying to continue to do some kind of business together, which would help Ms. Williams.
Q. And did -- I asked you whether CAM Financial Services and Risk Mitigation Strategies had ever joined into a joint venture.
Did CAM Financial Services and Marialice Williams ever enter into a joint venture?
A. We did not, or they did not. I can't -- I am here to appear as an individual.
Q. Did you work on any non-Fannie Mae projects with either Ms. Williams or Risk Mitigation Strategies?
A. Yes, we did. We worked on -- with Mr. Hoyes' permission, we worked on a commercial certificates coverage for a -- it wasn't certificates -- it was commercial mortgage portfolio for Metropolitan Bank.

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Mr. Hoyes gave us permission, Ms. Williams and I, to pursue that, because Fannie Mae could not provide, or could not purchase the mortgage back that had a significant amount of commercial loans in it as Metropolitan had requested, and that was the first venture outside of a Fannie Mae portfolio, and we were -- she and I continued to work on captive insurance. I think it's part of my deposition. She -- to some certain extent worked with her on First Atlantic on a certificate coverage. Again, we were -- CAM's role would have been to find the insurance capacity. It was policies -- that particular policy Marialice Williams had developed for certificate coverage.
Q. And how long did you continue to do business with Ms. Williams or RMS?
A. Again, this was product development. Probably the DUS transactions for DUS customers. We were pursuing tranche coverage. That would have been Fannie Mae 2000 -- Mr. Griffin, I can't remember when, but it would have been 2001, I would say in August -- well, actually, it was May, June,

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July, and August, and we were looking for tranche coverage for the DUS portfolios. She asked us if we could find insurance companies. That was the project she was working on for Fannie Mae, and we were only working on it from the insurance perspective.
Q. And were there any other product development projects that you were working on with Ms. Williams, other than the DUS project?
A. And the others that we talked about.
Q. And the others that we talked about, yes.
A. She brought a charter, or introduced a charter loan program for charter schools, but I don't believe we got involved in that with her. I am not sure how far that went.
Q. And you mentioned that the work you were doing with her was product development work.
Did you do any actual transactions with Ms. Williams, or with her company, Risk Mitigation Strategists, LLC?
A. I don't recall any actual

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transactions.
Q. Did CAM ever breach its co-brokerage agreement with Risk Mitigation Strategists, LLC?
A. I didn't hear you.
Q. Did CAM Financial Services ever breach its co-brokerage agreement with Risk Mitigation Strategists, LLC?
A. I am not aware if we did. I don't know how broad breach is.
Q. Is the co-brokerage agreement still in effect?
A. I don't know. I am not at CAM anymore.
Q. Was it in effect as of the date that you stepped down as president of CAM Financial?
A. I know no reason why it was ever terminated, I just couldn't answer that, because Mr. Groves was responsible for brokerage agreements.
Q. Would you like to take a quick break, Mr. Jones?
THE WITNESS:
Sure. Get some fresh water. Are

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we off?
MR. GRIFFITH:
Yes. Off the record.
THE VIDEOGRAPHER:
Going off of the record. It's 10:05. Videotape No. 1.
(Brief Recess.)
THE VIDEOGRAPHER:
We are back on the record. It's 10:13. Beginning of videotape No. 2.
EXAMINATION BY MR. GRIFFITH:
Q. Mr. Jones, did you have anything you wanted to clarify on the record?
A. I do. You asked if there were any transactions that were ever consummated between CAM and Risk Mitigation. There was an application fee of $10,000 that was taken from -- I believe the company was First Atlantic, and it was for the purpose of developing a captive insurance policy for captive coverage, and those fees were split between Risk Mitigation and CAM.
Q. Do you recall when that transaction took place?
A. I don't.

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Q. And we talked a little bit, prior to the break, about a DUS transaction involving Fannie Mae and several other -- several other product development projects that CAM worked on with Ms. Williams or Risk Mitigation Strategists, and I believe you testified about the timing of the DUS transaction. On the non-Fannie Mae transactions, can you give me a time frame for those?
A. The commercial transaction that Marialice Williams and CAM worked on for Metropolitan, this did not close, but it was in August -- August of 1998 is to the best of my recollection of when she and I talked to -- had a conference call with Lou Hoyes, and that was the non-Fannie Mae transaction.
Q. And then you've testified about the First Atlantic transaction. What about the charter transaction?
A. That was just product development that Ms. Williams was working on, and she may have sent a term sheet to me, but we did not get involved in that. CAM did not get

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involved in that.
Q. Mr. Jones, are you familiar with Grace Huebscher?
A. I am.
Q. Who is Ms. Huebscher?
A. Grace Huebscher, at the time I knew her, was heading the -- Fannie Mae's aggregation program.
Q. And can you tell me a little bit about what that aggregation program is?
A. The aggregation program was where Fannie Mae purchased whole loans from seller/servicers to do whole loans. I am referring strictly to multi-family whole loans now for approved Fannie Mae seller/servicers, and then those loans are purchased for cash, and Fannie Mae then holds those loans in portfolio, and were the -- using the MCRI insurance product to insure -- to lay off the risk of first-loss exposure.
Q. Mr. Jones, I am going to show you what I am going to mark as Jones Exhibit 5. It's a document with the Bates label 7918, and at the top it appears to be an e-mail from Ms. Williams to Bob Jones "CC-ing" an

H. Hartsfield.
Take a look at that document.
A. (Witness reviews document.)
Q. My first question on this document is whether this document relates to the DUS proposal that we previously discussed involving Risk Mitigation Strategists?
A. I believe Marialice Williams was talking with Fannie Mae at this time with -- it appears to be with Ken Bacon -- and there was apparently some concern about risk-based capital and covering a mezzanine level, either first loss -- it appears that it's above the first five percent, and, yes, this would be during that same time frame that she was pursuing this coverage for three DUS lenders.
Q. In the top of the -- there is two e-mails. It looks like one is responding to the other, and in the bottom e-mail, the top of that it reads, "Bob Jones wrote: Danny and I have talked. We would like to treat this as a separate business relationship from CAM's relationship with Fannie Mae and Aggregation and MBS."
Can you tell me what that means,

those sentences mean?
A. I think this is something -- Danny Groves had been talking with Zurich Insurance, or Zurich North American, and it was like to tweak their interest. They had, I believe, something called asset deficiency, and Mr. Groves was looking at perhaps modifying the MCRI program. I don't recall whether there was a separate policy that Zurich had. I think there was a separate policy that Zurich had called "asset deficiency insurance."
Q. I want to get back to a discussion we started about Ms. Huebscher.
Did you ever have any discussions with Ms. Huebscher about Marialice Williams or Risk Mitigation Strategies, LLC after Ms. Williams left Fannie Mae?
A. Yes.
Q. And when would have those discussions have occurred?
A. We were at a mortgage bankers CREF conference. When I say "we," Ms. Williams, Ms. Huebscher, and me, and we would have -- we had some conversation with

Grace Huebscher at that conference about the mortgage insurance programs.
Q. And do you recall when those conversations would have taken place?
A. After Marialice Williams left Fannie Mae. I'm trying to remember where that conference -- there's an annual CREF conference. I can picture us standing together, but I can just tell you it was after Marialice Williams left Fannie Mae, and it's probably about this same time frame here.
Q. By "this same time frame," in the early to mid part of 2001?
A. Correct.
Q. And that was a discussion --
A. Something jogged. Ms. Williams, at the same conference, talked to Ken Bacon about the -- insuring the DUS risk.
Q. And the conversation you had about Ms. Williams and RMS, Ms. Williams was present for that conversation?
A. Repeat that question?
Q. I asked you whether you had had any discussions with Ms. Huebscher about Marialice Williams or Risk Mitigation

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Strategies, LLC, and you mentioned this one meeting at the conference with yourself and Ms. Williams and Ms. Huebscher. Other than that conversation, did you have any other conversations with Ms. Huebscher about Marialice Williams or Risk Mitigation Strategists, LLC?
A. I don't recall specific conversations, but they could have occurred in e-mails. I am not going to rule out that there -- I just remember that one specific one, and then there was a specific conversation with Ken Bacon with Marialice Williams and myself, and Mr. Bacon had said for Marialice to please get in touch with him afterward -- got back to Washington.
Q. And the conversation you had with Ms. Huebscher, Ms. Williams was present for that conversation?
A. Correct.
Q. And do you recall any other specific conversations with Ms. Huebscher about Marialice Williams or Risk Mitigation Strategists, LLC?
A. I am thinking. My memory's not

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as good as it used to be. Lou Hoyes, Rhoda Newman. There was conversations with Mari -- I just don't know that -- Rhoda Newman, after Marialice Williams left, reported to Grace Huebscher. I believe that's correct, and I know there were conversations with Rhoda Newman, Marialice Williams, and myself. I just don't know that Grace Huebscher was ever a party to those calls or not.
Q. Did you ever have any conversations with Ms. Huebscher about Marialice Williams or Risk Mitigation Strategists, LLC, for which Ms. Williams was not present?
A. I just don't recall.
Q. Did Ms. Huebscher ever tell CAM Financial Services not to do business with Ms. Williams or Risk Mitigation Strategists, LLC?
A. Not that I recall.
Q. Do you recall any disparaging remarks that Ms. Huebscher made to you about Ms. Williams or Risk Mitigation Strategists, LLC?
A. Repeat that question again?

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Q. Okay.
Did Ms. Huebscher make any disparaging remarks about Ms. Williams or Risk Mitigation Strategists, LLC to you?
A. I don't recall.
Q. Did Ms. Huebscher ever -- strike that.
Did Ms. Huebscher ever discuss Ms. Williams' business acumen with CAM Financial or with you?
A. I don't have any knowledge or recall.
Q. Do you recall whether Ms. Huebscher ever made any false statements to you about Ms. Williams or Risk Mitigation Strategists, LLC?
A. I have no recall. I don't think so.
Q. Are you familiar with Richard Lawch?
A. I am.
Q. Who is Mr. Lawch?
A. He's a Fannie Mae employee, a vice president, and at the time I knew him, he was the number-two person in multi-family as

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far as the organization structure was concerned, and I guess you could say he was Marialice Williams' direct boss.
Q. Did you have any discussions with Mr. Lawch regarding Marialice Williams or Risk Mitigation Strategies, LLC after she -- after Ms. Williams left Fannie Mae?
A. After she left?
Q. Yes.
A. I had conversations with Richard Lawch before she left. I am trying to think if there is any e-mails that involved me with either Richard or Grace with Marialice after she left Fannie Mae. At another CREF conference, I remember Marialice and I were walking toward Richard. This was after she left Fannie Mae, and Richard turned his back on us and refused to speak to us, and this was in a lobby of one of the main hotels, and he just got involved in some other conversations with some other people, but it was obvious he didn't want to have any -- for some reason, and I thought it was strange why he would not have -- why he would -- because he saw me, and I was walking into this reception area, I

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think it was.
Q. Do you recall when this conference was?
A. It's a different one from the -- it might have been the same CREF conference where Marialice -- I think it was the same CREF conference where Marialice Williams and I had a conversation with Richard -- with Grace Huebscher and Ken Bacon.
Q. Thank you for that. I want to return to my original question, because I don't think you actually answered the question, so let me ask it again. The question was whether you had any discussions with Mr. Lawch about Marialice Williams or Risk Mitigation Strategies, LLC after Ms. Williams left Fannie Mae.
A. I don't recall.
Q. You don't recall any?
A. No.
Q. Other than -- strike that. Did you talk to anybody else at Fannie Mae about Marialice Williams or Risk Mitigation Strategies, LLC after Ms. Williams left Fannie Mae?

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A. Rhoda Newman and I would have had several conversations. I can't tell you the content of any of them, but Rhoda Newman and Marialice Williams were very good friends, and so was Betty Dance. There would be conversations that would come up. "We saw Ms. Williams -- we saw Marialice. She came by this past week," or something like that to their offices there at Fannie Mae. Those kind of conversations occurred.
Q. Just to make sure I understand who those conversations were with, they would have been with Rhoda Newman or Betty Dance?
A. That's correct.
Q. Did either Ms. Newman or Ms. Dance make any disparaging remarks about Ms. Williams?
A. Not that I recall, other than that Marialice was trying to drum up business. That's probably all related to that DUS program I was talking about. I am assuming that's why she was there. That and the captive company.
Q. Can I ask you just what type of relationship you have with Ms. Williams?

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A. You are going to have to elaborate on that. It's professional. It's a professional relationship.
Q. Is it a close professional relationship?
A. I am sorry?
Q. A close professional relationship?
A. Reasonable -- yes. I treated Marialice as a friend, very good friend, but it was professional, but family friend.
Q. And we've been talking a little bit about a proposal involving DUS loans, and I wanted to focus you on a couple of documents to make sure I understand what the proposal entailed, and let me show you what I am going to mark as Jones Exhibit 6. It is an e-mail dated May 15th, 2001, from Bob Jones to Stephen Noble, and it's got Bates numbers 8015 through 8017. Mr. Jones, do you recognize this document?
A. I do.
Q. And does this reflect the DUS proposal that we've been discussing here

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today?
A. Yes. This is the -- this is that DUS proposal.
Q. And in her interrogatory responses, Ms. Williams, in a response to a question about a May 2001 proposal, indicated that the May 2001 proposal entailed the laying off of risks associated with the Delegated Underwriting Servicing program. Is this the same transaction or the same proposal?
A. May of 2001?
Q. Yes.
A. I wasn't a party to that interrogatory, but I would -- it's the same time frame, and it involves the same 26 DUS lenders. Yes.
Q. And can I ask you to read -- to turn to the third page of the exhibit, Bates labeled 8017, and read for me the first sentence under "laying off the risk "?
A. "RMS is seeking insurance coverage for three DUS lenders who want to lay off their risk obligation on their DUS portfolio."

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Q. Does this accurately reflect the DUS proposal that we, or the May proposal that we've been discussing?
A. I believe it is, yes. I believe it is.
Q. The sentence talks about three DUS lenders.
Do you recall who those lenders were? And I don't want to make this a memory test. If you look at the paragraph above it, there is a discussion, so that may jog your memory.
A. That is the same three lenders.
Q. That is HomeStreet Capital, Lend Lease (Bovis) Real Estate Investments, and Red Mortgage Capital Group?
A. That is correct.
Q. And did the proposal involve any other specific lenders?
A. It could. This was the preliminary, and this was the first three lenders that Marialice was working with.
Q. So this specific proposal only related to these three, but there was a possibility for future --

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A. For others. I think they -- these were three of the large ones, and --
Q. And it hadn't gotten to the point where the proposal actually involved those other lenders?
A. She indicates in there that there's 65 billion or so in the write-up somewhere. 64 billion that would probably encompass the majority of those.
Q. Let me ask you to turn to the first page, in the second paragraph, and the second sentence reads, "There may also be several other DUS Lenders having an interest in this coverage at some point in time."
And so, what can you tell me what that sentence means?
A. Well, I think it's what she's referring to is this broker could be expanded to other lenders.
Q. Is it fair to say that the proposal that you were submitting to Mr. Noble at Zurich involved three particular lenders, but then also -- involved three and also -- actually, just strike that.
Can you tell me what insurers

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were involved in this proposal?
A. The specific insurance company that we were writing to here is Zurich U.S., or Zurich North American, and then I had had some conversation with AIG also. Danny had the first conversation with Zurich, Danny Groves.
Q. And were there any other insurance companies that you discussed this proposal with?
A. Not me. Mr. Groves may have, but...
Q. Sitting here today, you don't know whether Mr. Groves would have discussed this with other ones, or that he did discuss this with other insurance carriers?
A. I don't know.
Q. And in this proposal, is it fair to say that you didn't identify any specific lenders, other than the three DUS lenders that are listed on -- in the fourth paragraph of Page 3 of this exhibit?
A. Well, I did not in my e-mail -- I did not identify those lenders, but they were identified by Ms. Williams in her opportunity

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to provide insurance coverage from mezzanine tranche risk.
Q. And does this document refresh your recollection as to whether -- strike that.
Was this proposal being made by Risk Mitigation Strategies, LLC and CAM as co-brokers?
A. Yes, it would be. No, let me elaborate on that. The clients would be Ms. Williams and Fannie Mae. The insurance companies are co-brokerage -- would be CAM Financial Services for the insurance coverage.
Q. And can you tell me what CAM Financial Services' role was in this particular proposal?
A. To locate the insurance coverage for Ms. Williams and Fannie Mae.
Q. And what was Risk Mitigation Strategies' role in this proposal?
A. In representing those three -- those DUS lenders to lay off the risk on their portfolios, and in conjunction with Fannie Mae, not just the three DUS lenders. The Fannie Mae and the DUS lender are responsible,

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because that is Fannie Mae risk also. It's not just the DUS lender's risk.
Q. Mr. Jones --
A. In fact, it's a pair of pursuit. It is both lenders, both Fannie Mae and the DUS lender.
Q. When was the last work that you -- that CAM Financial did on this proposal?
A. With Zurich -- I think we had the open door with Zurich and AIG, and it was another company that came along later, but I think it was a captive. It would have been this time frame from May to -- I would say the window would have probably been May to August, and we were waiting for Ms. Williams and Fannie Mae to give us direction.
Q. And did you ever get any direction from Ms. Williams or Fannie Mae?
A. Later from Ms. Williams that Fannie Mae wasn't pursuing this coverage, but they asked her to come in to make a captive insurance proposal for Fannie Mae, and again, we would have been involved in that.
Q. And can you tell me about the

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captive insurance proposal?
A. I only know that -- I think maybe I was copied on some e-mails that Ms. Williams was making a captive presentation in about August of 2001. It's somewhere in that time frame, August, September, and on the direction of Rhoda Newman and Grace Huebscher.
Q. Is it your understanding of CAM's agreement with Fannie Mae that -- I think you've actually testified to this before, so just let me confirm it, that Fannie Mae agreed that CAM was to be the sole and exclusive agent for Fannie Mae in the procurement of MCRI insurance?
A. That's my testimony.
Q. And did you ever discuss this exclusive relationship with Ms. Williams?
A. Yes. Once she was at Fannie Mae. We went through a -- those MOUs, as you are very much aware of, and some subsequent MOUs, and I think it was everybody's, at that time, it was of everybody's opinion that -- I think you have seen my notes that, from two conversations, one that involved Marialice Williams and Richard Lawch, and the other with

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Richard Lawch, my notes reflected that CAM was -- there were ten-page notes on those yellow legal pads that it was our understanding, CAM's understanding that we were exclusive.
Q. Did you have these -- did you have these discussions with Marialice Williams while she was at Fannie Mae? Is that correct?
A. I don't know if we had specific conversations to that effect. She was thinking -- I think she was of the same opinion that, under Mr. Lawch's direction, that there was going to be MOUs with each new insurance company, and in fact, Ms. Williams is the one that reflected on that for us to bring the GenStar, GenRe, Crump, and others, in addition to AIG, and that was under the direction of Mr. Lawch.
Q. Did you have any discussions with Ms. Williams after she left Fannie Mae about CAM's exclusive relationship with Fannie Mae?
A. The conversations would have been, when she was in the process of leaving, during the time where -- from May to June, or May to July when she was leaving Fannie Mae

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that -- I think we all believed that CAM had the exclusive with Fannie Mae and that Ms. Williams was negotiating with Lou Hoyes to expand that exclusive where she would -- where Ms. Williams would have the marketing exclusive with her lenders, and that that would -- that business would be coming to Fannie Mae, and then CAM would be insuring that business. That was, to my knowledge, was what she had discussed with Mr. Hoyes prior to her leaving Fannie Mae. That's when I mentioned the MWOB.
Q. Was it -- is it -- was it CAM's understanding that Fannie Mae had to do any business, any MCRI business involving GenStar or GenRe through CAM?
A. Yes.
Q. And CAM also had an exclusive relationship with GenStar through Crump; is that correct?
A. That was the brokerage. We had a wholesaler between us. When I say "we," CAM and Fannie Mae would go through Crump as its wholesaler -- not Fannie Mae, but CAM would, because that's the insurance side of the

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transaction, and that's -- I think there's agreements to that.
Q. Just to make sure I understand it, Crump agreed to exclusively write MCRI through CAM, and GenStar committed to write MCRI exclusively through Crump; is that correct?
A. That's correct. Worked both ways. And that same exclusive with Crump was to be developed with other insurance carriers.
MR. GRIFFITH:
Can we go off the record for a little bit?
THE VIDEOGRAPHER:
We are going off the record.
This is videotape No. 2.
(Brief recess)
THE VIDEOGRAPHER:
We are going back on the record.
It's 11:13. This is videotape No. 2.
EXAMINATION BY MR. GRIFFITH:
Q. Mr. Jones, we have discussed today a May 2001 proposal involving DUS loans, and we've also touched on a discussion regarding captive insurance, both of which

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involved Ms. Williams.
Are you aware of any other proposals that Ms. Williams made to Fannie Mae after the time she left?
A. I am thinking, but I am not sure. She may have made some. I don't know.
Q. But sitting here today, you can't --
A. These are the ones I am familiar with.
Q. These two are the ones that you recall?
A. Correct.
Q. And you don't recall today any others?
A. Not offhand.
Q. Now, you testified earlier that you don't recall any conversations with Ms. Huebscher regarding --
A. I am sorry. I am having some trouble. Some technical problems.
Q. Just let me know if you don't hear me. I will try to speak loudly.
Mr. Jones, you testified earlier today that you didn't recall Ms. Huebscher

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making any disparaging remarks about Ms. Williams to you, and you also testified that you didn't recall having any conversations about Ms. Williams or RMS, Risk Mitigation Strategies, with Mr. Lawch.
My question now is: Do you recall discussing that type of conversation with Ms. Williams?
A. Before or after she departed Fannie Mae? I'm not with you.
Q. After she departed Fannie Mae.
A. With either Mr. Lawch or Ms. Huebscher?
Q. Yes.
A. Only -- the only one I am somewhat familiar with, or would be familiar with is an e-mail that Ms. Williams told me about that was in late May or early June of 2001, of which you know about, and that's of whether or not they were going to pursue this coverage with Ms. Williams, and that e-mail -- that's a long time ago, and we furnished the original of that e-mail to Fannie Mae. I think it was part of my deposition, but that something about Fannie Mae was pursuing

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different strategies or something, or considering Craig Ott for that type of coverage, depending on Mr. Lawch's comments, depending on risk-based -- what OFHEO said about risk-based capital.
Q. Other than that, you are not aware of anything?
A. That's the -- at this time, I can't think of any others. We gave you that.
Could we take a time out technically for a technical problem?
MR. GRIFFITH:
Sure. Let's go off the record.
THE VIDEOGRAPHER:
We are going off of the record.
It's 11:17. This is videotape No. 2.
(Brief recess)
THE VIDEOGRAPHER:
We are back on the record. It's 11:19. This is videotape No. 2.
EXAMINATION BY MR. GRIFFITH:
Q. Mr. Jones, I am going to give you what's been marked as Jones Exhibit 7. It's a document, Bates labeled 6230 through 6232, and I have also included, attached to that is a

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document that's Bates labeled 8031.
Can you take a look at that
document for me, please?
A. (Witness reviews document.)
Okay.
Q. And Mr. Jones, is Exhibit 7 the
e-mail that you were referring to in your
previous testimony?
A. That's correct.
Q. Thank you.
Mr. Jones, you testified
previously that you did not recall speaking
with Mr. Lawch about Marialice Williams or
Risk Mitigation Strategies, LLC, correct?
A. After...
Q. After Ms. Williams left Fannie
Mae; is that correct?
A. That is correct.
Q. And after Ms. Williams left
Fannie Mae, I take it then that you don't
recall any conversation in which Mr. Lawch
told CAM not to do business with Ms. Williams?
A. I don't recall of any
conversations.
Q. And you don't recall any

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conversations in which Mr. Lawch made any
disparaging remarks about Ms. Williams after
she left Fannie Mae?
A. I don't recall of any.
Q. And you don't recall any false
statements that Mr. Lawch made to you about
Ms. Williams after she left Fannie Mae?
A. Well, same answer; same question.
Q. Really just the same question.
MR. GRIFFITH:
I don't have anything further.
EXAMINATION BY MR. DANIELS: (Via telephone)
Q. This is Harley Daniels asking
questions of Mr. Jones.
Are you receiving me?
A. I hear you, Mr. Daniels.
Q. For the record, Mr. Jones, isn't
it true that you are a person of the --
THE COURT REPORTER:
I'm sorry. I can't understand
that.
THE WITNESS:
I can't hear that.
MS. GOLDFRANK:
You'll have to repeat yourself.

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We couldn't hear you over hear.
EXAMINATION BY MR. DANIELS:
Q. Isn't it true, Mr. Jones, that
you are a person of the --
THE COURT REPORTER:
The white race?
MS. GOLDFRANK:
Yes.
EXAMINATION BY MR. DANIELS:
Q. -- white race?
A. Caucasian, white.
Q. Isn't it true that Mr. Groves is
a member of the Caucasian race?
A. That's correct.
Q. Isn't it true that Mr. Rumsey is
a member of the Caucasian race?
A. Yes.
Q. Isn't it true that Mr. Craig Ott
is a member of the Caucasian race?
A. I believe so, yes.
Q. Did CAM have any -- isn't it true
that all of the CAM shareholders were members
of the Caucasian race?
A. That's correct.
Q. Now, isn't it true that you began

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to seek business from Fannie Mae in
approximately 1992, 1993?
A. Our first meeting with Fannie
Mae -- well, with DUS lenders, I was already
doing -- CAM was already doing business with
DUS lenders, and then, yes, that's correct.
We went to Fannie Mae. CAM went to Fannie Mae
with one of those DUS lenders in either late
'93 or early '94.
Q. And what was the nature of that
business?
A. Prior to Fannie Mae, it was
multi-family mortgage brokerage, and then
involving Fannie Mae was the introduction and
development of a multi-family mortgage
insurance coverage policy in the early
development stages.
Q. Now, at that time, did Mr. Groves
have any experience in the area of the
secondary mortgage market?
A. Is he saying Mr. Groves?
Q. Yes.
A. Only on the -- can you repeat
that question?
MR. GRIFFITH:

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Maybe we'll see if the court reporter can repeat it.
MR. DANIELS:
Certainly, please. In fact, if Mr. Jones would direct those questions to the court reporter, I'd appreciate it.
(Court reporter reads back prior question)
THE WITNESS:
Not to my knowledge.
EXAMINATION BY MR. DANIELS:
Q. Did Mr. Rumsey have any experience in that area?
A. With -- only with REO, real estate owned. Multi-family REO with Freddie Mac and Fannie Mae.
Q. You would agree it was not a major part of his expertise at that time; is that correct?
A. On the secondary market, that is correct. This is the property set that tanked.
Q. And, Mr. Jones, your experience was basically in the insurance area; isn't that correct?
A. No. My experience was mortgage

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banking. My background was mortgage banking, and yes, I had some insurance experience.
Q. And isn't it fair to say that the general subject of what you were trying to accomplish with Fannie Mae would be the merger of insurance and mortgage -- secure-type mortgages?
A. That is correct. In laying off risk in hard to -- in the inner-city of America where thrifts and commercial banks -- where there was a void there, and it was to -- our -- the objective that we were wanting to -- that CAM or that Bob Jones wanted to -- it was combining those two experiences to improve the efficiency of a transaction, and for those thrifts and small commercial banks to lay -- to be able to put those mortgages in securities.
Q. And wouldn't you agree that it was that that was Marialice's passion for this particular issue?
MR. GRIFFITH:
I'm going to ask the court reporter to read that back, because I don't think Mr. Jones heard you.

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(Court reporter reads back previous question)
EXAMINATION BY MR. DANIELS:
Q. That was the development of low-income housing.
A. That is correct. On the inner-city, mid-city properties on low to "mod" incoming housing, there was not an execution that was efficient in the marketplace.
Q. And was this fact, the fact that it would improve the ability of Fannie Mae to issue loans in urban areas more efficiently, was this generally known to Richard Lawch and Grace Huebscher and the people you were dealing with at Fannie Mae?
A. No. Only Marialice Williams.
Q. Now --
A. Well, wait, wait.
MR. GRIFFITH:
Hold on a second. I think Mr. Jones is going to finish his answer.
THE WITNESS:
There were some changes in accounting in how risk-based capital was reported at the thrift and at the -- for

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commercial banks that Mr. Lawch would have known about, because the -- that particular type transaction had -- there was a void in the marketplace, and for that -- for those portfolios to be sold to Fannie Mae, and that was the -- I would -- I can't speak for certain that Mr. Lawch would have known about that, but Fannie Mae's volume had dried up for -- from those banks and thrifts that were trying to sell their mortgages, and both Fannie Mae and Freddie Mac corporately would have known that that execution was no longer available because of the changings in the general accounting standards, and that's why it was so important to -- for Ms. Williams, from the Fannie Mae perspective, to develop this type of coverage with -- with CAM and its insurance contacts, to open that back up in the marketplace. There was a void of those transactions for affordable housing.
EXAMINATION BY MR. DANIELS:
Q. Now, do you think it would be fair to call all of these various products involving insurance and the secondary mortgage market, would you call them credit-enhancement

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products?
A. Absolutely.
Q. Would you mean some of the programs that Fannie Mae was involved in that caused for a credit-enhancement using these various insurance pools?
MR. GRIFFITH:
Objection, vague.
THE WITNESS:
You heard the question, but I couldn't.
MR. DANIELS:
Would you ask the question to Mr. Jones, please, and let's let him determine whether it was vague or not.
(Court reporter reads back previous question)
MR. GRIFFITH:
Objection, foundation and vagueness. Go ahead.
EXAMINATION BY MR. DANIELS:
Q. Can I ask the witness to answer the question, please?
A. You are going to have to repeat it one more time.
Q. Now, you've agreed that the

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merger of insurance and the secondary mortgage market, in general, could be categorized or called credit enhancement; is that correct?
A. In the insuring of the first level of risk, or even the mezzanine level of risk, yes. And that enhancement became a triple-A-rated insurance policy.
Q. And that enhancement could apply to DUS programs; is that correct?
MR. GRIFFITH:
Objection.
THE WITNESS:
I don't understand the question.
EXAMINATION BY MR. DANIELS:
Q. Would you call what you were proposing to Fannie Mae, in the DUS program, as a credit enhancement?
A. Yes. That is correct. That's the first proposal that was made to Fannie Mae in the presence of Marialice Williams, and also people from credit policy, was to -- was a credit-enhancement for the DUS lender.
Q. Now -- was that also true --
MR. GRIFFITH:
Hold on one second. We've got a

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note from our videographer here. We are just changing the tapes.
THE VIDEOGRAPHER:
We are going off the record.
It's 11:33. It's the end of videotape No. 2.
(Off the record)
THE VIDEOGRAPHER:
We are back on the record. It's 11:36. This is videotape No. 3.
EXAMINATION BY MR. DANIELS:
Q. Mr. Jones, wouldn't you agree that the -- that the products you developed for credit-enhancement were also applicable to Fannie Mae's aggregation program?
A. Yes.
MR. GRIFFITH:
Objection. Objection.
MR. DANIELS:
He answered yes?
THE WITNESS:
Yes.
EXAMINATION BY MR. DANIELS:
Q. And wouldn't you agree that they would also be applicable to the negotiated transactions program?

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A. Yes, I would agree.
Q. And wouldn't you agree that they would also be applicable to the captive insurance program?
MR. GRIFFITH:
Objection.
THE WITNESS:
Yes, I would agree.
EXAMINATION BY MR. DANIELS:
Q. And would they also apply to the face amount certificate program that you and Marialice worked on with First Atlantic, I believe it was?
MR. GRIFFITH:
Objection.
THE WITNESS:
That is correct.
EXAMINATION BY MR. DANIELS:
Q. Now, moving on, I have got an exhibit which I haven't marked, but it has the numbers 9703 on it.
MS. GOLDFRANK:
Is it something we sent down to you?
MR. DANIELS:

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Yes. It's a memo -- it's an e-mail from Bob Jones to probably D. Groves dated September 7th, 1998 .
MS. GOLDFRANK:
Is it 7297?
MR. DANIELS:
9703 is on the right on the bottom MBW 007232. I think it was sort of partially referred to in one of the questions that came earlier.
MS. GOLDFRANK:
You think we used it earlier?
MR. DANIELS:
That number was referred to earlier. I don't think you asked a question about it.
MR. GRIFFITH:
What's the number again?
MR. DANIELS:
007232.
THE VIDEOGRAPHER:
Going off of the record. It's 11:39. This is videotape No. 3.
(Off the record)
THE VIDEOGRAPHER:

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Going back on the record. It's 11:40. This is videotape No. 3.
EXAMINATION BY MR. DANIELS:
Q. Mr. Jones, do you have what we've marked as Plaintiff's 1? Is that what we are calling it?
A. 7232? Yes, I do.
Q. Now, this is -- this is an e-mail that you wrote to Danny Groves, right?
A. That is correct.
Q. And in there you say, "In light of all of the recent developments involving Marialice leaving Fannie Mae," what did you mean by that? What were the recent developments you were referring to?
A. Let me read the entire e-mail first.
Q. Certainly.
A. This is where Chuck -- like me to answer that question?
Q. Please, yes.
A. Chuck here, I am referring to Chuck Rumsey, had been asking that Marialice Williams furnish a -- something from Lou Hoyes that would just say that Marialice Williams

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did not have a non-compete clause, and that she was free to move forward with CAM, because we did not have the Fannie Mae agreement that she had been trying -- that she thought she was going to get from Mr. Hoyes when she left Fannie Mae. Mr. Rumsey would not move forward with Ms. Williams without the comfort level that there was no non-compete clause, so in trying to keep the -- our entire effort, the CAM corporate strategy to expand its business with Fannie Mae, I was proposing that -- and I don't have what the document is here, but that CAM be purchased, or we join with an equity partner to raise capital, and that suitor could have been a suitor by Ms. Williams, and there was someone from -- a group from Crump had -- Crump, who was our wholesale broker, had indicated an interest in buying CAM, and that was the purpose of this e-mail was about.
Q. And so when you are referring to the recent developments involving Marialice leaving Fannie Mae, are you -- you are only referring to the fact that she didn't supply you, or Fannie wouldn't give you a non-compete assurance, or were there other elements

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involved?
A. The assurance -- this is from Mr. Rumsey's perspective -- that he didn't want to get sued by Fannie Mae for pursuing marketing with Marialice and Fannie Mae customers, and had asked that she be able to get -- I guess it's a comfort letter -- that there was no -- that she wouldn't be violating any kind of non-compete clauses in her leaving Fannie Mae.
Q. Now, this was, in effect, devastating for CAM, obviously, because isn't it true, after you realized that Marialice was not going to be part of your package, that CAM was in serious trouble and needed to attract additional capital to carry its program forward?
MR. GRIFFITH:
Objection.
THE WITNESS:
I think it's twofold. The Bay View portfolio did not close, and it -- after CAM had spent ten months on that and had incurred a lot of -- a lot of costs of underwriting the loans out at Bay View, all of

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the structuring of the -- getting the approval of the portfolio from AIG. Richard Lawch had signed the binder accepting the coverage for Fannie Mae, and then the -- while the mortgages were in the process of being delivered to Fannie Mae, there was a substantial amount of what CAM had spent and didn't collect a dime on, and then Marialice, in the same process, leaves Fannie Mae at the very same time during the same time period, because -- and like I had mentioned, Mr. Lawch refused to let Ms. Williams work on the Bay View transaction, so CAM was in much need of attracting an equity partner.
EXAMINATION BY MR. DANIELS:
Q. How did you find out that Richard Lawch had refused to let Marialice work on the transaction?
A. Can that question be repeated?
(Court reporter reads back previous question)
THE WITNESS:
It was my personal involvement with Bay View Capital. They did not have an investment banker, and CAM was the intermediary between Bay View and Fannie Mae,

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and I specifically asked Richard for Marialice to stay on that -- to stay on that transaction, and he refused, and he put two subordinates on the transaction, and to quote Bay View, that -- Bay View Capital, Bay View Savings Bank, they -- Lawrence Schwartz, their director of secondary marketing says, "Fannie Mae has just beat this to death. We are stopping the transaction," and that was in the middle of mortgages being delivered to Fannie Mae.
EXAMINATION BY MR. DANIELS:
Q. And what -- Mr. Jones, do you remember exactly when that occurred, or essentially when that occurred?
A. We started working on it in -- CAM started working on it at Richard Lawch and Marialice's direction in the fall of '97, right after the Metropolitan transaction closed, which was a milestone for Fannie Mae, and it went until August of 1998, July -- July of 1998, before Bay View pulled out.
Q. And please explain to -- why Marialice Williams' involvement was so critical to moving forward on your original

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ideas with Fannie Mae.
A. She's -- Ms. Williams was, in my opinion, critical to making those transactions work, because she understood the efficiency of the execution and was the point person on the insurance product for Fannie Mae. Nobody else -- this Green -- Alan Greenwald had no clue how that transaction should work and had no idea about the execution, and Richard Lawch put him in charge of it.
Q. Now, you worked with Marialice from approximately 1992, '93 to 2000 into the 21st century; is that correct?
A. 1994, early 1994 to at least 2001.
Q. Did you form any opinions as to the quality of the work she was doing in working with you on this Fannie Mae?
A. The quality of her work was very good. She understood the insurance execution. Now, she learned a lot more about the insurance side. As time went on, she went through every one of those drafts of 40-some-odd insurance drafts to -- before the first transaction was closed with Metropolitan

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Savings Bank, and her knowledge was -- there was no -- I don't think there was anybody else that understood small loans, the small loan program for multi-family for Fannie Mae at Fannie Mae. Nobody had any higher level of expertise on the small loan programs that -- in my opinion anyway. Now, that's just my opinion.
Q. Now, after she left Fannie Mae, you had an opportunity to observe her work with triple A insurance companies, didn't you?
MR. GRIFFITH:
Objection.
THE WITNESS:
With -- after she left Fannie Mae, she worked with CAM on the Zurich program and was -- that was for the Fannie Mae DUS, and then she wrote her own policies, to my knowledge. She and probably -- she may have had some assistance from Eric and John at First Atlantic on the certificate policies, but what I saw was good quality work.
EXAMINATION BY MR. DANIELS:
Q. Now, are you familiar with Mr. Craig Ott?

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THE WITNESS:
I can't hear the question.
(Court reporter reads back previous question)
THE WITNESS:
Much more so than I would like to
be.
EXAMINATION BY MR. DANIELS:
Q. Now, were you familiar with
Mr. Ott's qualifications to broker this
business with Fannie Mae?
THE WITNESS:
I don't understand the question.
MR. GRIFFITH:
Could you read back the question?
(Court reporter reads back prior question)
THE WITNESS:
"Familiar" bothers me. When
Crump first introduced CAM to Craig Ott, he
knew nothing about this particular insurance
product. He had no knowledge, in my opinion,
of the insurance product that we developed,
and in turn tried to change it on his own to
go around CAM to -- on several transactions.
EXAMINATION BY MR. DANIELS:
Q. Now, earlier in your testimony

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you stated that you believed you had an
exclusive agreement with Fannie Mae to do
credit enhancement using your insurance
product; is that correct?
A. That is correct.
Q. Now, did that belief prove to be
true?
A. In my opinion, we still have the
exclusivity based on the agreements with
Richard Lawch, but the tweaking of MOUs at
Fannie Mae, and then the pressure from
Mr. Lawch for us to sign the MOU -- "Either,
sign it, or we are not going to do business
with you." There was the exclusivity in that
MOU, and reduced it to the specific insurance
companies that were in the MOU, and then
Mr. Lawch refused to do future MOUs with us.
Q. In other words, in your opinion
at least, Mr. Lawch breached his commitments
to CAM to do this business?
A. In my opinion, yes.
Q. And, in fact, you -- CAM sued
Craig Ott, as a party, and sued Fannie Mae; is
that correct?
A. That is correct.

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Q. And what were the fundamental
allegations in your complaint against Fannie
Mae? What was the basis, in sort of laymen's
terms --
A. That Fannie Mae was not honoring
the terms of the exclusive that had been
promised us and was taking this insurance
company to other insurance carriers. This
insurance coverage to other insurance
carriers.
Q. So that if Fannie Mae at some
point said that the reason they didn't do
business with Marialice was because you had an
exclusive on this product, you would have to
say that that would not be true; is that
right?
MR. GRIFFITH:
Objection.
THE WITNESS:
I'm not following that.
MR. DANIELS:
Read the question back. If it
doesn't work, I'll ask it again.
(Court reporter reads back previous question)
THE WITNESS:

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I don't feel I am qualified to
answer your question.
EXAMINATION BY MR. DANIELS:
Q. Well, I mean, at some point, they
actually gave the business that you thought
you were entitled to to others; isn't that
correct?
A. That is correct. They gave it to
Craig Ott.
Q. Now, can you tell us, for the
record, the amount of commission you received
from Fannie Mae pursuing the business that
Marialice was not a part of?
A. I think that's probably in CAM's
litigation and in documents that are
disclosed, but I couldn't answer that
question.
Q. Would it be more or less than
three million dollars?
A. I am sure it's less than that.
It's in expert reports.
Q. Now --
A. Or I am reasonably sure it's less
than that. It would be in CAM's expert
reports.

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Q. Do you think it was more than two million dollars?
A. I would have to refer to the reports.
Q. Wouldn't you agree that Marialice was unaware of the level of commissions that you received from Fannie Mae?
A. Probably so, yes.
Q. And --
MS. GOLDFRANK:
Harley, he wasn't finished with his answer.
MR. DANIELS:
I'm sorry.
THE WITNESS:
I think I said probably so, because she was not familiar with the volume of business in the aggregate -- that was being done under aggregation that Grace Huebscher and Richard Lawch had strategized and insured.
EXAMINATION BY MR. DANIELS:
Q. And isn't it true that she only became aware of this sometime this summer, summer of 2006?
MR. GRIFFITH:

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Objection.
THE WITNESS:
I don't know.
EXAMINATION BY MR. DANIELS:
Q. Did she call you? Did you receive a telephone call from her after she began to review the CAM litigation files raising the issue with you?
A. I don't recall a telephone call. There -- I believe -- there was an e-mail sometime that -- something about the -- either commissions or something in the litigation with CAM, yes. That would have been -- something in the CAM litigation documents that I am assuming that you-all had.
Q. And during the course of one of those conversations, didn't you say to Marialice, "Marialice, I know you are going to have a problem with what you see," or, "This is going to surprise you," or, "I know you are going to have feelings about it"? Something to that effect?
A. I don't think that was 2006. She and I had a conversation not too long -- probably in 2000 or 2001 when she and I -- she

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was appalled to learn that there were -- was the number of aggregation transactions that had -- that had been closed. I don't think there was anything other than maybe something that was -- you-all picked up in the CAM -- in the CAM litigation.
Q. Perhaps you said what I suggested to Conway Downing.
Is that possible?
THE WITNESS:
I didn't hear the question.
MR. GRIFFITH:
Can you repeat the question?
MR. DANIELS:
Yes.
EXAMINATION BY MR. DANIELS:
Q. You recall that I was trying to bring -- sort of refresh your memory on a conversation with Marialice held in the summer of 2006.
Do you recall a conversation with Conway Downing in the late summer of 2006 where you expressed similar sentiments about --
A. In the -- Conway Downing was in

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Gulfport to -- and he -- I am not -- that must be where the CAM litigation files came up, and that's -- perhaps that's where the numbers were generated, and because he went through the federal courthouse documents in 2006, and that may be where that information came from.
Q. I mean, your comment or your -- I am trying to get at the comment you made to Conway about Marialice not being happy about what she's going to see in the CAM litigation file.
MR. GRIFFITH:
Objection.
THE WITNESS:
I think Conway may have already had gotten those documents, or when we spoke. I don't recall exactly how that happened. I did have breakfast with Conway one morning when he was in Gulfport, but the conversation I had with Ms. Williams was before the CAM lawsuit and our -- after she -- the CAM lawsuit litigation was going on, but it was -- it was either 2001 or 2002, and she and I had the conversation about how much -- how many aggregation transactions had been done, and

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she was just not -- she was not aware of those. She thought we had only done the MBS with "Met."
EXAMINATION BY MR. DANIELS:
Q. Now, were you present at the fourth day of Marialice's deposition in Washington in November of 2003?
A. Yes, I was.
Q. And do you recall Marialice's testimony with regard to Richard Ross' attitude toward you?
A. Yes, I do.
Q. And what was that, to the extent that you remember?
A. Well, the attitude that -- which I couldn't -- had some difficulty believing, Mr. Lawch referred to the -- to me as a "redneck" from Mississippi, and that apparently it was common knowledge around Fannie Mae.
Q. That that's how he regarded you?
A. That is correct.
MR. GRIFFITH:
Harley, it's John Griffith here for a second. How much longer do you have?

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MR. DANIELS:
If I could put you on mute so I could confer with my colleague, I may be toward one, two, or three questions.
MR. GRIFFITH:
Can we go off for five minutes? I just have to step out for two seconds.
MR. DANIELS:
Why don't you re-call us, and we'll be ready to go.
THE VIDEOGRAPHER:
Going off of the record. It's 12:06. This is videotape No. 3.
(Brief Recess.)
THE VIDEOGRAPHER:
We are back on the record. It's 12:13. This is videotape No. 3.
EXAMINATION BY MR. DANIELS:
Q. Mr. Jones, you've -- between, I would say 1993 and 2002, you sent off in an effort to secure business from Fannie Mae; is that not correct?
A. That is correct.
Q. Now, would you describe for us the process that you observed for how Fannie

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Mae entered into these contracts for the products that you and Marialice were offering?
MR. GRIFFITH:
Objection.
THE WITNESS:
To my knowledge, Fannie Mae had never entered into a contract like the CAM/Fannie Mae MOU. They never -- it had never been done before. I can't specifically say how Fannie Mae otherwise entered into those type of contracts that had never been done.
EXAMINATION BY MR. DANIELS:
Q. Now, it's true that Fannie Mae did not issue a request for proposals for your product; is that right? That you were aware of.
A. They did not specifically. No, they did not.
Q. And when was the first time you approached Fannie Mae to make -- proposing that business be done in this area of credit-enhancement?
A. You are going to have to repeat the question.

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Q. When was the first time that CAM made a proposal to Fannie Mae for credit-enhancement products?
A. In May of -- either February or May of 1994 when I met with Marialice Williams, Bill Batts from credit policy, and I think several people from Eichler-Fein, one of the DUS lenders.
Q. Did Fannie Mae, at that time, accept your proposal?
A. They -- the credit -- Marialice Williams brought credit policy, a member of credit policy, who had been a mortgage banker, or investment banker in New York, Bill Batts -- Bill Batts from Fannie Mae credit policy says, "I like the proposal. Bring me a triple A -- bring Fannie Mae a triple-A-rated insurance carrier, and then -- and develop that policy with Fannie Mae and the insurance companies, and I think we've got an execution."
Q. When?
A. Three years later.
Q. So they didn't -- the process was different from you making a proposal and their

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accepting your proposal?
A. That is correct. That was all product development.
Q. And during that process, in fact, you made many, many proposals to Fannie Mae on this product; is that correct?
A. There were many drafts of the policy. If each one of those is a proposal, it was -- it was all part of product development with AIG, Fannie Mae, and CAM.
Q. But you would agree it's not a simple -- you know, a simple contract proposal where there is an offer and an acceptance, and then you have a contract?
A. That's correct. CAM was working with Fannie Mae as a partner, and that's the jargon, or how Richard Lawch identified CAM as -- that it was a partner. It was a partnership.
Q. And Marialice was not part of your partnership between Fannie Mae and CAM on the MCRI business; is that correct?
A. No, Marialice Williams was an integral part of the development.
Q. After she left Fannie Mae?

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A. Oh, not after she left Fannie Mae, no.
Q. Now, you used the term "MWOB" earlier in your testimony. Do you know what those initials stand for?
A. A woman --
Q. Let me give it a try, and you tell me whether --
A. No. MWOB is a minority woman-owned business.
Q. Minority business program?
A. Well, in this, MWOB would have a woman.
Q. Owned business?
A. Yes.
Q. And was it your understanding that part of the reason that Fannie Mae -- that Lou Hoyes was proposing that Marialice be set up as an MWOB?
MR. GRIFFITH:
Objection.
THE WITNESS:
I was aware of conversations that Marialice had with Lou Hoyes, and that was

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the -- in fact, there are some e-mails. I don't know where they are. They were in disclosed documents, that discloses either a joint venture or an MWOB-owned business for Marialice Williams.
EXAMINATION BY MR. DANIELS:
Q. Did you understand that that would enhance your ability to do business with Fannie Mae?
A. I believe that was an important part of it, yes.
Q. And do you know whether Marialice was ever designated an MWOB?
A. I do not know. I do not know.
Q. After Marialice left Fannie Mae, did you, after that, hear any discussion of the MWOB process in connection with what you were trying to accomplish with Marialice?
A. I can't answer that, because I don't recall, but I am sure that, in general terms, that we all were thinking that this would enhance her business, and I don't think she had any stockholders initially, so she would have been a solely-owned MWOB business.
MR. DANIELS:

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Mr. Jones, I want to thank you for your transparent and truthful testimony today, and no further questions.
MR. HUNTER:
I've got a couple of questions, if that's all right, or if you-all would rather me wait till you-all get finished.
MR. GRIFFITH:
No, I think we're done.
MR. HUNTER:
I have two questions to ask Mr. Jones.
MR. DANIELS:
Who is speaking now? I am sorry.
MR. HUNTER:
This is Seth Hunter, counsel for Mr. Jones.
MR. DANIELS:
Thank you, Mr. Hunter.
EXAMINATION BY MR. HUNTER:
Q. I just want to clarify a couple of things.
Mr. Jones, when you left CAM Financial Services as president and CEO, was that voluntary?

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A. No.
Q. And when you were speaking earlier of product development, and you were working with Marialice Williams, was that product development as a -- were you working for CAM Financial Services, Incorporated developing the product?
A. Was I working for CAM Financial Services?
Q. Yes.
A. Absolutely.
MR. HUNTER:
That's all I have.

* * *

REPORTER'S CERTIFICATE

I, NANCY LAPORTE, Certified Court Reporter, State of Louisiana, do hereby certify that the above-mentioned witness, after having been first duly sworn by me to testify to the truth, did testify as hereinabove set forth;

That the testimony was reported by me in shorthand transcribed under my personal direction and supervision, and is a true and correct transcript, to the best of my ability and understanding;

That I am not of counsel, not related to counsel or the parties hereto, and not in any way interested in the outcome of this matter.

NANCY LAPORTE
Certified Court Reporter
State of Louisiana

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1

I hope you get the letter this time.

Subject: I hope you get the letter this time.
Date: Thu, 3 May 2001 14:58:05 -0400
From: "Marialice Williams" <marialice@worldnet.att.net>
To: <rhoda_e_newman@fanniemae.com>, <grace_huebscher@fanniemae.com>, "Bob Jones" <bobjones@cam-financial.com>, "Harvey Hartsfield" <hhartsfield@msn.com>

Here is the attachment that seems to be missing from the from the prior two e-mails. Marialice

Name: Explanation of CAM and RMS.doc
Type: Winword File (application/msword)
Encoding: base64

EXHIBIT
Jones
2
tabbies

FNMA.MBW.008002
CONFIDENTIAL

0482

RISK MITIGATION STRATEGISTS, LLC.
The Watergate Office Building
2600 Virginia Ave., N.W., Suite 701
Washington, D.C. 20037

Ms. Grace Huebscher
Vice President, Fannie Mae
Multifamily Capital Markets
3939 Wisconsin Avenue, N.W.
Washington, D.C. 20016

Dear Grace:

First, I want to thank you and Rhoda for the delightful lunch last week. It was good catching up with you two. Second, I want to thank you for the opportunity to pursue a solution for our clients to obtain relief from their mezzanine loss coverage obligation under the DUS program. Therefore, I welcome the opportunity to clearly define the relationship between my company, Risk Mitigation Strategists, LLC ("RMS") and CAM Financial Services, Inc. ("CAM").

I was in Atlanta yesterday and had lunch with Bob Jones, President of CAM. Bob indicated that he had transmitted an e-mail to you and Rhoda indicating that AIG may have an interest in providing insurance coverage for mezzanine levels of risk.

My company, RMS, is licensed to do business in Washington, D.C. CAM and RMS do not have any connection with respect to ownership and no one from CAM or RMS has an interest in the other's business ventures. However, CAM and RMS have a broker agreement that is common in the insurance business. The agreement indicates that when CAM locates an insurance company for a project that RMS is working on, RMS agrees to compensate CAM through some form of split commission. However, it does not mean that CAM plays any role in the development of the program or project that RMS is working on nor does CAM interface with RMS' customers.

My company has relationships with numerous insurance brokers and carriers with whom we have signed confidentiality agreements. Due to the innovative and unique ways that our customers utilize insurance to solve their problems of covering different types of risk, we plan to continue to use our network of resources to assist our customers, many of whom are DUS lenders, in obtaining the best and lowest cost insurance available to meet their needs.

Before I left Fannie Mae, I assisted in negotiating an agreement between CAM and Fannie Mae that provided CAM with the opportunity to seek insurance-based solutions for risk coverage in the securitization program of the Negotiated

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Transaction's department. I do not believe that the agreement between Fannie Mae and CAM contemplated extending CAM's authority to work on any aspect of risk coverage for Fannie Mae's DUS program.

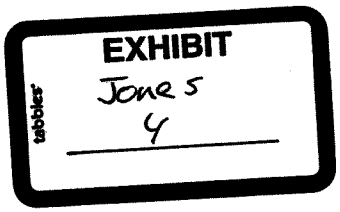
Therefore, unless otherwise instructed by you, RMS will continue to work on behalf of its clients to obtain insurance that will cover the 5-20% risk coverage obligation or mezzanine level or risk coverage as required by Fannie Mae under its DUS program.

Sincerely,

Mariatice Williams

10484

2



M. Williams & Associates

Marialice B. Williams, President

February 2, 1999

Louis W. Hoyes
Senior Vice President – Multifamily
Lending and Investment
Fannie Mae
3900 Wisconsin Avenue, N.W.
Washington, D.C. 20016-2892

REDACTED

Dear Lou:

This is to inform you that my company, Risk Mitigation Strategists, L.L.C. ("RMS") has formed a joint venture with my investment partners Bertram M. Lee, Sr. and Vincent Moore. Risk Mitigation Strategists, which is wholly-owned by me, Marialice B. Williams, is a provider of financial and consulting services for clients interested in structured transactions and credit enhancement. In addition to being attorney licensed to practice law in D.C., I am also licensed as a property and casualty insurance broker in D.C.

As you are aware, I left Fannie Mae in July after being offered an appointment and ownership opportunities with CAM Financial Services, Inc.; however, after months of negotiations with its cast of principals, I was unable to reach any agreement with them whatsoever. With Mr. Lee and Mr. Moore, RMS, made a bid last year to purchase CAM, but this offer, too, was rebuffed.

My purpose in writing to you today, is to formally notify you of the status and affiliation of my corporation, and to express an interest in developing new products and services to assist Fannie Mae's Multifamily Division with its capital markets executions involving insurance.

With Mr. Lee and Mr. Moore, I look forward to working with you. As soon as I have a thorough grasp of your current capital markets objectives, I will provide you with a detailed proposal of those services RMS can provide Fannie Mae and how we most effectively deliver them.

CONFIDENTIAL: SUBJECT TO
PROTECTIVE AND CONFIDENTIALITY ORDER

FM08026

2600 Virginia Avenue, NW • Suite 701 • Washington, DC 20037
(202) 338-3013 • fax (202) 338-3017 • marialice@worldnet.att.net

Let me be perfectly clear that RMS is currently working with several of its clients on a pipeline of structured transactions that cannot be completed with Fannie Mae, due to its charter limitations.

It is my understanding, unless you indicate otherwise, that I will coordinate on this matter with Richard S. Lawch.

Again, thanks for taking the time to meet with me.

Sincerely,

Marialice B. Williams

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PROTECTIVE AND CONFIDENTIALITY ORDER

FNMA.MBW.007370
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3

Main Identity

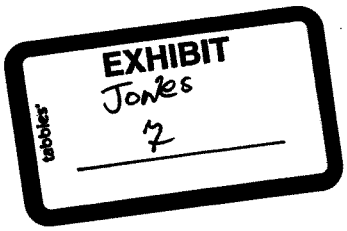
From: "Betty Dance" <betty_dance@fanniemae.com>
To: <marialice@worldnet.att.net>
Sent: Monday, June 04, 2001 10:41 AM
Subject: [Fwd: Re: [Fwd: Fw: A few questions and an update from RMS]]

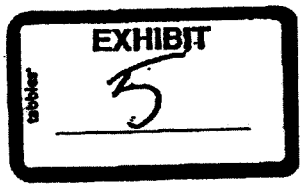
-------- Original Message --------
Subject: Re: [Fwd: Fw: A few questions and an update from RMS]
Date: Thu, 31 May 2001 18:41:50 -0400
From: "Grace Huebscher" <grace_huebscher@fanniemae.com>
Organization: Fannie Mae
To: Richard S Lawch <richard_s_lawch@fanniemae.com>
References: <3B163DD7.269B580B@fanniemae.com> <3B16C81B.7DBE3608@fanniemae.com>

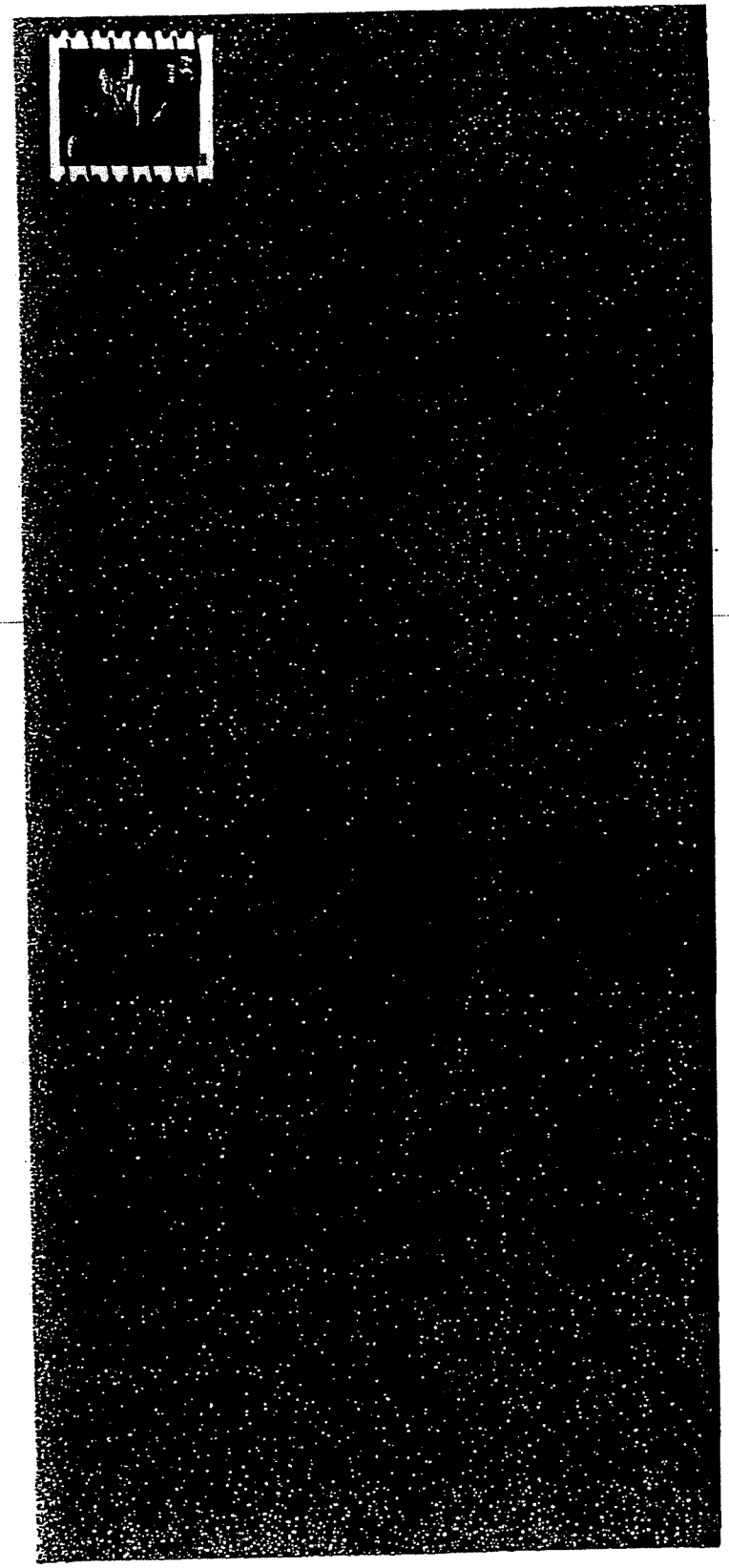
Probably not so if we want to engage Craig on this project, that might be a better choice. If you like that plan then let's discuss what we want to ask Craig to find for us...may be you and I can discuss or put on Agenda for our Team's Weekly Strategic Meeting.

Richard S Lawch wrote:

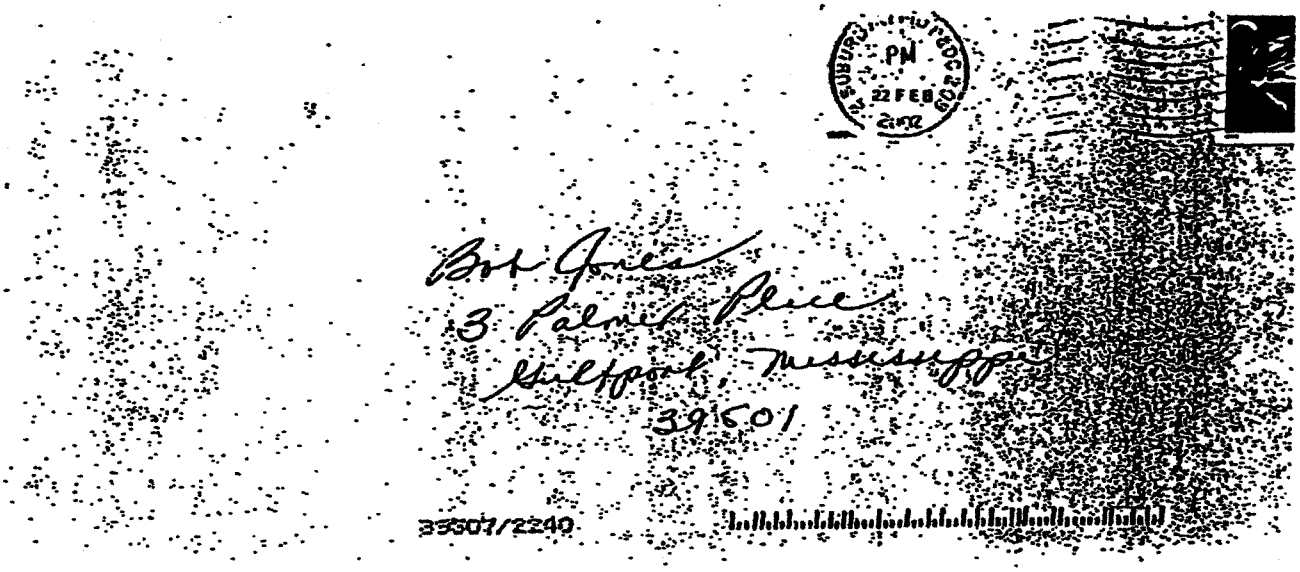
> If Ofheo comes back with bad RBC rules we may be interested. Are these different players than Craig is showing us?
>
> Grace Huebscher wrote:
>
> > Richard, Marialice wants to pursue the credit risk insurance for DUS risk. Do we want to pursue with her? My gut is no but if you think it is worth continuing discussions, I will focus on her questions.
> >
> > -------- Original Message --------
> > **Subject:** Fw: A few questions and an update from RMS
> > **Date:** Wed, 30 May 2001 10:05:36 -0400
> > **From:** "Marialice Williams" <marialice@worldnet.att.net>
> > **Reply-To:** "Marialice Williams" <marialice@worldnet.att.net>
> > **To:** rhoda_e_newman@fanniemae.com, grace_huebscher@fanniemae.com
> >
> > I sent this message literally a week ago and for some reason my computer did not send out several messages. Then I checked the message and it had an incorrect e-mail address for Rhoda. I hope I am not sending this to Grace twice! Marialice
> > ---- Original Message ----
> > From: Marialice Williams
> > To: rhoda_s_newman@fanniemae.com ; grace_huebscher@fanniemae.comCc:hhartsfield@risk-mitigation.comSent: Wednesday, May 23, 2001 10:16 AMSubject: A few questions and an update from RMS
> > Update from RMS-- First the good news--we have the interest of three insurance companies, two of whom are domestic. All are rated A+ and above. However, we need to know a couple of things to facilitate our discussions with them: 1. Is there any interest on Fannie Mae's part in







FNMA.MBW.006231
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------ Original Message ------
Subject: Re: [Fwd: Fw: A few questions and an update from RMS]
Date: Thu, 31 May 2001 18:41:50 -0400
From: "Grace Huebscher" <grace_huebscher@fanniemae.com>
Organization: Fannie Mae
To: Richard S Lawch <richard_s_lawch@fanniemae.com>
References: <3B163DD7.269B580B@fanniemae.com> <3B16C81B.7DBE3608@fanniemae.com>

Probably not so if we want to engage Craig on this project, that might be a better choice. If you like that plan then let's discuss what we want to ask Craig to find for us...may be you and I can discuss or put on Agenda for our Team's Weekly Strategic Meeting.

Richard S Lawch wrote:

> If Ofheo comes back with bad RBC rules we may be interested. Are these different players than Craig is showing us?
>
> Grace Huebscher wrote:
>
> > Richard, Marialice wants to pursue the credit risk insurance for DUS risk. Do we want to pursue with her? My gut is no but if you think it is worth continuing discussions, I will focus on her questions.
> >
> > ------ Original Message ------
> > Subject: Fw: A few questions and an update from RMS
> > Date: Wed, 30 May 2001 10:05:36 -0400
> > From: "Marialice Williams" <marialice@worldnet.att.net>
> > Reply-To: "Marialice Williams" <marialice@worldnet.att.net>
> > To: rhoda_e_newman@fanniemae.com,
> > grace_huebscher@fanniemae.com
> >
> > I sent this message literally a week ago and for some reason my computer did not send out several messages. Then I checked the message and it had an incorrect e-mail address for Rhoda. I hope I am not sending this to Grace twice! Marialice
> > ---- Original Message ----
> > From: Marialice Williams
> > To: rhoda_s_newman@fanniemae.com ; grace_huebscher@fanniemae.comCc:hhartsfield@risk-mitigation.comSent: Wednesday, May 23, 2001 10:16 AMSubject: A few questions and an update from RMS
> > Update from RMS-- First the good news--we have the interest of three insurance companies, two of whom are domestic. All are rated A+ and above. However, we need to know a 9692 of things to facilitate our discussions with them: 1. Is there any interest on Fannie Mae's part in

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A few questions and an update from RMS

Subject: A few questions and an update from RMS
Date: Wed, 23 May 2001 10:16:10 -0400
From: "Marialice Williams" <marialice@worldnet.att.net>
To: <rhoda_s_newman@fanniemae.com>, <grace_huebscher@fanniemae.com>
CC: <hhartsfield@risk-mitigation.com>

Update from RMS--

First the good news--we have the interest of three insurance companies, two of whom are domestic. All are rated A+ and above. However, we need to know a couple of things to facilitate our discussions with them:

1. Is there any interest on Fannie Mae's part in insuring her portion of the 5-20% mezzanine level of risk on the DUS portfolio? (This could lead to a lower premium for the lenders).

2. Does Fannie Mae have any objection to the DUS lenders laying off all or part of their first loss obligation on the DUS loans to a "AA" or better rated credit enhancer?

3. Is there any possibility of obtaining data from Fannie Mae regarding the underwriting and performance of the DUS portfolio? The keen interest is in what percentage of the mortgage loans originated meet the various tiers of the DUS program and has there been a distinction in the performance based upon those tiers of l loans?

Sorry that we were unable to get Kate Westover in to see you in June. We only need about and hour and a half. Is there a time in July that will work? Also if you find that there is room because of a cancellation in June we would be happy to fill in.

We don't need all of the answers to our questions at one time. As soon as you have some idea about each question, let us know. Thanks. Marialice

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