

781:1 UNITED STATES SECURITIES AND EXCHANGE COMMISSION

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3 In the Matter of: )

4 ) File No. LA-03370-A

5 COUNTRYWIDE FINANCIAL CORP. )

6

7 WITNESS: John P. McMurray

8 PAGES: 781 through 941

9 PLACE: 1201 Third Avenue, Suite 4800

10 Seattle, WA 98101

11 DATE: Wednesday, February 11, 2009

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13 The above-entitled matter came on for hearing, pursuant  
14 to notice, at 9:07 a.m.

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24 Diversified Reporting Services, Inc.

25 (202) 467-3200

782:1 APPEARANCES:

2

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783:1

C O N T E N T S

2	WITNESS	EXAMINATION
3	John P. McMurray	785

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5

EXHIBITS

6	EXHIBITS:	DESCRIPTION	IDENTIFIED
7	1350	19-page document consisting of	
8		handwritten notes. Nos.	
9		JPM001141 through JPM001159	847
10	1351	4-page fax to Jie Ling from	
11		Katica Rich dated 4/25/07	892
12	1352	16-page document consisting of	
13		excerpts from 10-Q	915
14	1353	1-page e-mail to Patrick Furtaw	
15		from Vijay Bhasin dated 2/10/07	
16		No. CFCP000601561	921

17

18

PREVIOUSLY MARKED EXHIBITS

19	EXHIBITS:	DESCRIPTION	IDENTIFIED
20	200	E-mail from J. McMurray to McLaughlin	796
21	232	Fax dated 4/20	809
22	234	E-mail	829
23	238	E-mail, dated 10/17/06	837
24	243	E-mail	843
25	245	E-mail dated 1/2/07	855

784:1		PREVIOUSLY MARKED EXHIBITS	
2	EXHIBITS:	DESCRIPTION	IDENTIFIED
3	277	Memo, dated 12/7/06	855
4	617	Excerpt of materials for meeting	798
5	888	E-mail	831
6	1202	E-mail, dated 4/17/06	803
7	1205	E-mail from Ling to J. McMurray,	
8		dated 7/13/06	820
9	1210	E-mail, dated 4/25/07	892
10	1256	Series of e-mails	879
11	1258	E-mail	894
12	1269	E-mail, dated 8/4/07	898
13	1270	Comments from Hendry	899
14	1271	E-mail	899
15	1312	Draft of 10-Q	914
16	1302	E-mail, dated 4/20/06	809
17	1305	Meeting request	846
18	1307	Meeting request	846
19	1310	MDNA Questionnaire	822
20	1311	E-mail	840
21	1314	Senior executive officer certification	901
22			
23			
24			
25			

785:1

P R O C E E D I N G S

2 MR. WYNN: We are on the record. It's 9:07 a.m.  
3 It's February 11th, 2009.

4 Mr. McMurray, please raise your right hand.  
5 Whereupon,

6 JOHN P. MCMURRAY  
7 was called as a witness and, having been first duly sworn,  
8 was examined and testified as follows:

9 EXAMINATION

10 BY MR. WYNN:

11 Q Could you please state and spell your name for the  
12 record.

13 A John McMurray, J-O-H-N, M-C-M-U-R-R-A-Y.

14 Q Good morning, Mr. McMurray. As you know, my name  
15 is Paris Wynn, and I'm here on behalf of the Commission for  
16 the purposes of today's proceeding. This is an investigation  
17 by the United States Securities and Exchange Commission in  
18 the matter of Countrywide Financial Corporation, LA-3370, to  
19 determine whether there have been violations of certain  
20 provisions of the federal securities laws. The facts  
21 developed in this investigation, however, might constitute  
22 violations of other federal or state or criminal laws.

23 Mr. McMurray, I've given you three documents to  
24 look at prior to the opening of the record. Two of them are  
25 the formal orders of investigation in this matter, and the

786:1 second is an SEC Form 1662, which sets forth some of the  
2 possible uses of your testimony as well as some of your  
3 rights and obligations in connection with your appearance  
4 here today.

5 I wanted to know if you had any questions  
6 concerning either of those exhibits today.

7 A I don't at this moment. They appear to be similar  
8 to what we looked at before.

9 Q Okay. And just importantly, the Form 1662 makes it  
10 clear that you do have the right to assert your Fifth  
11 Amendment right under the Constitution and refuse to answer  
12 any question that may tend to incriminate you. Do you  
13 understand that you have that right?

14 A I do.

15 MR. WYNN: Okay. Would counsel for Mr. McMurray  
16 please identify themselves for the record by providing names,  
17 firm names, and addresses.

18 MR. TAYLOR: As soon as I stop chewing my  
19 breakfast, yes. David Taylor, Perkins Coie, 1201 Third  
20 Avenue, Seattle, Washington. With me is my colleague, Sean  
21 Knowles, also Perkins Coie, same address.

22 MR. DROOYAN: I'm Richard Drooyan, Munger Tolles &  
23 Olson, 355 South Grand Avenue, Los Angeles, California.

24 MR. WYNN: And, Mr. Taylor, could you explain in  
25 what capacity you're representing Mr. McMurray.

787:1 MR. TAYLOR: He's my client. I represent him in  
2 his individual capacity.

3 MR. WYNN: Okay. And, Mr. Drooyan, could you  
4 explain in what capacity you represent Mr. McMurray.

5 MR. DROOYAN: As a former employee of Countrywide.

6 BY MR. WYNN:

7 Q And, Mr. McMurray, since you're a veteran of these  
8 testimonies, I won't give you the regs again, but I do want  
9 to make it clear that if you have any -- if you want to take  
10 a break, let me know. We can go off the record as often as  
11 possible. And if you don't understand a question, please let  
12 me know before you attempt to answer it, and I'll be happy to  
13 rephrase it as many times as necessary.

14 Mr. McMurray, since we last spoke back in August of  
15 '08, other than your attorneys, have you spoken with anyone  
16 else about this investigation?

17 A I haven't spoke -- so I'll go through all of the  
18 people that I can remember. So as I mentioned the last --

19 MR. TAYLOR: Just to be clear, I think the question  
20 is anyone you've spoken to about this investigation --

21 THE WITNESS: Okay. So --

22 MR. TAYLOR: -- other than counsel.

23 THE WITNESS: Yeah. So the short answer is not  
24 much, but let me just elaborate a little more. So as I  
25 mentioned in one of the prior sessions we had, there were two

788:1 -- well, I had to tell the people at WaMu why I was going to  
2 be out because it was very busy, and so they wanted to know  
3 where I was going, but I didn't elaborate. I just said I was  
4 having a meeting with you. There were two former Countrywide  
5 employees at WaMu that worked with me. Again, I think they  
6 had a sense of where I was, but I didn't elaborate on  
7 anything. So there was that.

8           And then I'm currently, on a contract basis,  
9 helping the Federal Home Loan Bank of Seattle. And so we're  
10 very busy, and so to be out today, I had to explain where I  
11 was going to be to several of the people there. And then the  
12 only other thing I remember is I had a conversation with  
13 Stan. So after I was terminated from JPMorgan Chase, talked  
14 to several former Countrywide people. And I had a phone  
15 conversation with Stan, and so he started to bring up the  
16 investigation, and I attempted just to ignore him and get  
17 onto a different topic.

18           Let's see. That's all I can recall as far as  
19 talking about the investigation.

20           BY MR. WYNN:

21           Q    Okay. When you said you had spoken to several  
22 former Countrywide people, when you said "former Countrywide  
23 people," I suppose what you're saying is you did not talk  
24 with them about the investigation, but you had other  
25 conversations with them?

789:1           A     Yeah.  Just as a quick couple of examples.  At  
2     Thanksgiving, we went down to Southern California, so my wife  
3     and I got together with Rod Williams and his girlfriend.  We  
4     talked some about Countrywide but avoided this topic.  And  
5     then, you know, I've had communications with different  
6     Countrywide folks, because it's been quite a while since we  
7     last met, but again, any -- might have not wanted to  
8     particularly talk about this.  So I've -- you know, Stan  
9     brought it up, as I said.

10           Q     And do you recall what Mr. Kurland said about the  
11     investigation?

12           A     The only thing I recall is he was -- his point was  
13     he made decisions on -- on data, numbers, rather than  
14     anecdotes, and so that he was trying to explain that in his  
15     testimony..

16           Q     Have you talked to -- well, when is the last time  
17     you talked to Mr. Sambol?

18           A     The last time I talked to Mr. Sambol was at -- the  
19     last time I talked to him either by phone or in person was at  
20     my going away happy hour.

21           Q     Okay.  In September '07?

22           A     It would have been September '07.

23           Q     Okay.  How about Mr. Garcia?

24           A     He called me at -- oh, I don't know that we ever  
25     connected.  So the assistant at Countrywide that supported me

790:1 and a couple other people said that he was looking for me,  
2 and so I tried to arrange it so that it would be difficult to  
3 contact me because I really wasn't interested in speaking  
4 with him.

5 Q Was that recently?

6 A It was -- it was probably at the beginning of 2008.  
7 And I think he got ahold of Don White, who, by that time, was  
8 at WaMu, and so I was grateful that -- sorry for Don but  
9 grateful for myself.

10 Q Have you spoken to Anne McCallion as of late?

11 A I have not -- I haven't talked to her in ages. I  
12 don't even think I've talked to her since I left Countrywide.

13 Q Okay.

14 A She is -- either she invited me or I invited her on  
15 LinkedIn, and so we're on LinkedIn together. And I did also  
16 -- by the way, I talked to Susan Bow because she asked me,  
17 you know, what I thought about Seattle when I was in  
18 California.

19 MR. DROOYAN: You should be careful about revealing  
20 any privileged information.

21 THE WITNESS: Okay. Well, she was asking me about  
22 what it's like up here.

23 MR. DROOYAN: Oh, that's not privileged.

24 BY MR. WYNN:

25 Q When did you talk to Ms. Bow?

791:1           A     She -- I exchanged e-mails -- I think it was  
2     e-mails.  When was that?  It probably would have been in the  
3     last 90 to 120 days.  She also just was telling me about some  
4     of her volunteer work.

5           Q     And can you think of any other Countrywide -- past  
6     or present Countrywide employees you've spoken with since  
7     August of '08 besides the ones you've already listed?

8           A     So I've had a couple conversations with Nick  
9     Krsnich, and part of -- well, one, you know, just for him, if  
10    he heard of any opportunities, to keep me in mind, and then,  
11    two, on this flood project I'm working on, I thought that he  
12    -- there was a guy that works for him, Mark Monahan, that  
13    Nick and Mark might be helpful, so I talked to him about  
14    that.

15                   And Nick usually -- he rants and raves about some  
16    of the Countrywide guys whenever you have occasion to see him  
17    or talk to him.

18           Q     The last time you spoke with him, was he ranting  
19    and/or raving about anyone in particular?

20           A     Well, he usually rants and raves about Dave Sambol,  
21    mainly.

22           Q     And what are the nature of his complaints about Mr.  
23    Sambol?

24           A     Well, I wouldn't -- I'm not going to do justice and  
25    remember all of them because they're voluminous, so -- and

792:1 plus, I try not to pay too much attention because it's just  
2 -- it's just lots and lots of complaints that he has. He  
3 doesn't -- he doesn't appear to like him very much. I'm sure  
4 if you asked him, he would -- could elaborate on his view.

5 Q Aside from any personal issues he may have with Mr.  
6 Sambol, do you recall any disagreements he had with him  
7 professionally or from a business perspective?

8 A That Nick did?

9 Q Yeah.

10 A I do think they had differences of opinion from a  
11 business perspective.

12 Q Can you elaborate a little further on that?

13 A Let's see. I think just the basic -- the basic  
14 strategy. I think they didn't see eye -- they didn't see  
15 eye-to-eye on the basic strategy, is how I'd boil it down  
16 very briefly. And again, I want to be careful speaking for  
17 Nick. You know, they clearly didn't get along. They clearly  
18 had differences of opinion, but, you know, I don't want to  
19 misrepresent either person's views.

20 Q When you say "the basic strategy," are you thinking  
21 of a particular strategy or just the general nature in which  
22 Countrywide was managed?

23 A Just the general nature. And I'll give you one  
24 example. And again, I want to -- and I feel reasonably  
25 confident on this but not absolutely confident, because I'm

793:1 representing somebody else's point of view, two other  
2 people's point of view.

3 But in Nick's opinion, he liked the -- what I would  
4 call the bank approach -- he espoused that -- so setting up  
5 the company more as a traditional bank. And I think Sambol  
6 espoused more of what he would call a merchant bank or  
7 investment bank type of approach, where business was  
8 generated and then put back -- put back out into the capital  
9 markets. So that would be one example.

10 Q Now, Mr. McMurray, I take it you're no longer at  
11 Washington Mutual?

12 A I'm not. So in September of '08, WaMu became part  
13 of JPMorgan Chase. And then I was there for a time, and now  
14 I'm no longer there.

15 Q Okay. And I don't need a lot of detail on that  
16 issue, but if you could briefly explain the circumstances  
17 surrounding your departure from JPMorgan.

18 A Certainly. So when they first -- when they first  
19 came in, they wanted me to stay but then didn't have --  
20 didn't have a lot of specifics on what they wanted -- what  
21 they wanted me to do. So I helped them with --

22 MR. TAYLOR: "They" being JPMorgan?

23 THE WITNESS: I'm sorry. Yes, JPMC, JPMorgan  
24 Chase. So JPMC didn't have a lot of specifics on what they  
25 wanted me to do, and so I helped them with the transition.

794:1 And then as they evolved, they said they wanted me to move to  
2 Columbus, Ohio, which didn't appeal to either me or my wife.  
3 And they were insisting on that, and so when I wouldn't agree  
4 to move to Columbus, Ohio, they let me go.

5 BY MR. WYNN:

6 Q And was there a particular position in Ohio they  
7 wanted you to take?

8 A It was -- the description was a little murky, and  
9 that was one of the concerns that I had.

10 Q Okay.

11 A For example, they never said exactly what the title  
12 would be.

13 Q Okay. To your -- did anyone at Washington Mutual  
14 ever attempt to ask you questions about your involvement in  
15 the SEC investigation of Countrywide?

16 A Not -- not that I -- not that I can recall. As I  
17 said, I, you know, had to tell several of them that I was  
18 test- -- I don't know if I described it as testifying, but  
19 meeting with you or testifying with you. And no one -- no  
20 one pressed for details, and I wasn't anxious to provide any.

21 Q Okay. Fair enough. The same question with respect  
22 to JPMorgan. Did they ever ask you any questions about your  
23 particular involvement in this investigation or the general  
24 investigation of Countrywide?

25 A I don't recall any -- with the JPMC folks, I don't

795:1 recall the issue coming up. It was a fair -- it was a fairly  
2 busy time, and so I just don't remember it coming up at all  
3 with them.

4 Q Okay. Well, Mr. McMurray, in recognition of the  
5 fact that you've already given four days of testimony, I just  
6 want to give you a little brief background of why I'm here  
7 for additional testimony. In the time since we last spoke,  
8 some concern has arisen that Countrywide's disclosures for  
9 the 2004 through 2007 time period were inadequate and/or  
10 misleading in the general area of credit risk.

11 And when I say "disclosure," I'm talking about  
12 disclosures in the company's SEC filings in particular.

13 A Mm-hm.

14 Q For instance, there is some concern that the fact  
15 and potential consequences of Countrywide's expansion of  
16 underwriting guidelines was not sufficiently addressed in  
17 those SEC filings. And in the time since we last spoke, this  
18 issue has been raised with several past and present employees  
19 of Countrywide and/or Bank of America as well as the  
20 principal people from financial reporting at Countrywide, and  
21 what we've repeatedly been told by these individuals is that  
22 you repeatedly certified the periodic filings of Countrywide,  
23 and, therefore, they felt that the disclosures in those  
24 filings were appropriate from a credit risk perspective.

25 So that's the general topic that I'd like to get

796:1 your perspective on today as we go through some documents,  
2 some of which you've seen, some of which you haven't.

3 A All right.

4 Q I just wanted to give you that background as to why  
5 you're here again.

6 The first document I'll show you is one we've  
7 already marked as Exhibit 200. This is your September 9th,  
8 '04 e-mail to Mr. McLaughlin.

9 (SEC Exhibit No. 200 was referred  
10 to.)

11 MR. WYNN: I'm going to be short on a lot of these  
12 because I didn't know if Rich was coming. No one told me.

13 MR. TAYLOR: You didn't know what? I'm sorry.

14 MR. WYNN: I just didn't know Rich was coming, so  
15 I'm going to be short on a lot of occasions.

16 MR. DROOYAN: This was 200, did you say?

17 MR. WYNN: Yeah.

18 BY MR. WYNN:

19 Q Now, John, with respect to Exhibit 200, I just want  
20 to make sure I have a clear picture of who received this  
21 document from you. Now, I see the people that are listed.  
22 So I understand that Mr. McLaughlin got it, Keith McLaughlin,  
23 Carlos Garcia, Jim Furash, Dave Walker, Mr. Rossi, possibly  
24 Mr. Muir, Keith Russell, someone named Mike Burak. And in  
25 testimony with Walter Smeihavich, he said he'd received and

797:1 actually filed an e-mail --

2 A Stan Kurland received it.

3 Q Stan Kurland, right. And actually received an  
4 e-mail from you and Smeihavich, or you sent it to him. But  
5 in addition to those individuals, can you think of anyone  
6 else who might have received this e-mail?

7 A There may have been others, but the ones that  
8 you've listed off, I recall --

9 Q Okay.

10 A -- sharing it with.

11 Q Okay. And just to be clear on this point, do you  
12 recall ever sending Exhibit 200 to Mr. Sambol?

13 A I don't -- I don't specifically recall sending this  
14 to him.

15 Q Okay. How about to Mr. Gissinger?

16 A You know, I may have shared it with Drew, and I've  
17 just -- at this particular point in time, he may have still  
18 been with the bank, and so I may very well have likely -- or  
19 may very well have shared it with Drew as well.

20 MR. TAYLOR: Do you recall sharing it with Drew?

21 THE WITNESS: I don't specifically recall, but it's  
22 a decent possibility.

23 BY MR. WYNN:

24 Q How about Ms. McCallion?

25 A I don't recall sharing it with her..

798:1 Q Okay. How about Ms. Milleman?

2 A I don't specifically recall sharing it with her.  
3 Now, Keith McLaughlin was her boss.

4 Q Right. And how about Greg Hendry?

5 A On this particular e-mail, I don't recall sharing  
6 this particular one with him.

7 Q Okay. I'm going to show you another document I've  
8 already marked as Exhibit 617. This appears to be some  
9 materials that were made in connection with a meeting of the  
10 corporate credit risk committee that, apparently, took place  
11 in the second quarter of '04. And I should make clear that  
12 the actual document is much -- it's a much bigger document  
13 than Exhibit 617. Exhibit 617 is excerpts of the actual  
14 document.

15 (SEC Exhibit No. 617 was referred  
16 to.)

17 BY MR. WYNN:

18 Q Have you ever seen Exhibit 617 before?

19 A I probably have. I don't -- I'm just glancing  
20 through it now. So it does look familiar.

21 Q And if you notice, the third page of the document  
22 has some of the same observations that are in Exhibit 200.

23 A So I'm looking now. It does appear -- and as I'm  
24 looking at this, at this particular time -- I think at this  
25 particular time, Stan was still actively participating in the

799:1 credit risk committee. And, you know, one of the themes that  
2 we've talked about earlier is that these -- the meetings and  
3 the reporting became more and more elaborate through time as  
4 I -- after I joined, and so this would have been pretty  
5 early.

6 MR. TAYLOR: I don't know that there's a question  
7 pending. I don't want to interrupt --

8 THE WITNESS: Okay. Sorry.

9 MR. TAYLOR: -- but I think we'll have a clearer  
10 transcript if --

11 MR. WYNN: Right.

12 MR. TAYLOR: -- you wait for a question and then  
13 respond to the question.

14 MR. WYNN: True.

15 BY MR. WYNN:

16 Q But I don't mind your observations. Usually  
17 they're pretty helpful. So that's fine.

18 In testimony with the staff, Keith McLaughlin -- I  
19 showed him an e-mail where you had forwarded Exhibit 200 to  
20 him, and he responded to you with -- I'm paraphrasing --  
21 "Great summary" or something like that. "I need you to  
22 prepare a PowerPoint to show at the next meeting of the  
23 corporate credit risk committee meeting."

24 But it was a September '04 e-mail, and this says  
25 first quarter of '04. So I'm just trying to get some -- I

800:1 would like to know, is it possible that Exhibit 617 was  
2 misdesignated, or is it possible that you just had already  
3 presented some of the items in Exhibit 200 earlier in the  
4 first quarter of 2004 at a meeting of the credit risk  
5 committee?

6 MR. TAYLOR: First of all, let me correct. I think  
7 this says Q2 2004.

8 MR. WYNN: Yes. Did I say something else?

9 MR. TAYLOR: You said Q1.

10 MR. WYNN: Okay. I meant Q2 2004.

11 MR. DROOYAN: Wait a second. I think you ought to  
12 start over again. You're asking him whether there's a  
13 confusion with respect to this document?

14 BY MR. WYNN:

15 Q The question is -- like I said, in his testimony,  
16 Mr. McLaughlin mentioned that he -- in an e-mail, he  
17 instructed you to prepare a flash -- a PowerPoint of the  
18 points you made in Exhibit 200 at the next meeting of the  
19 credit risk committee, but his e-mail was a September '04  
20 e-mail.

21 In Exhibit 617, we see that a lot of the points  
22 from Exhibit 200 are prepared from a meeting of the credit  
23 risk committee in what appears to be the second quarter of  
24 2004. So the first question is, is it possible that -- well,  
25 to your knowledge, is Exhibit 617 misdesignated as a Q2

801:1 presentation when, in fact, it was made in a later quarter?

2 A It may be that. It may be that. I don't know.

3 Q Okay.

4 A And just to back up one step further in your  
5 question, just to be clear, so I do recall Keith saying  
6 "Great summary" because it was in, actually, a conversation  
7 in his office. I don't recall him asking me to do something  
8 for the credit committee, so that's not my recollection.

9 And I -- as to whether this is misdated or not, I  
10 don't -- I don't know --

11 Q Okay.

12 A -- but some of these -- these were some of the  
13 themes, at least, that I was talking about at the time.

14 Q Do you recall talking about some of the themes set  
15 forth in Exhibit 617 as early as the second quarter of 2004?

16 A It would have been in that general time frame. I  
17 mean, as far as nailing it down to a specific quarter, just  
18 from memory, that's hard for me to do, but it could have  
19 been.

20 Q Okay. And when we have a break, I'll see if I can  
21 print off a copy of that e-mail from Mr. McLaughlin so we can  
22 look at it.

23 A All right.

24 Q But in the e-mail, he also -- he annotated some  
25 areas of follow-up that he wanted you to do in response to

802:1 Exhibit 200.

2 A That --

3 MR. TAYLOR: Let me say I'm uncomfortable, Paris,  
4 with this approach of having you describe documents to him  
5 and characterize them and ask him to respond. I think it  
6 would be much better to show him the documents so he has the  
7 full document with all the context rather than responding to  
8 your characterization.

9 Can we proceed that way instead of the way that you  
10 are proceeding?

11 MR. WYNN: Yeah. Fair enough. That's just one  
12 document I thought of that we can print up, but we can return  
13 to that.

14 BY MR. WYNN:

15 Q So, John, if we can move on to your involvement in  
16 the preparation of Countrywide's SEC filings. As I understand  
17 it, when you first came to the company, you were not someone  
18 that filled out the actual MDNA questionnaire for the credit  
19 risk; is that right?

20 A Well, two things -- I guess two points I'd make.  
21 When I arrived at Countrywide, I had never provided any type  
22 of input into 10-K or 10-Q, so I didn't have expertise or  
23 experience in that area. That's Point 1. The second point  
24 is I don't -- I do remember later on while I was at  
25 Countrywide that they had that questionnaire. I don't

803:1 remember that questionnaire early in my time at Countrywide.  
2 And my recollection is that my office was next to Keith's,  
3 and he was personally working at his PC on the filings, is  
4 what I recall early on at Countrywide.

5 Q So Exhibit 1202 is going to be an e-mail from --  
6 it's dated April 17th, 2006. It's to you from Erika -- from  
7 Jie Ling, and Erika Joseph is cc'd.

8 (SEC Exhibit No. 1202 was referred  
9 to.)

10 BY MR. WYNN:

11 Q Do you recall receiving that e-mail from Ms. Ling?

12 A I do recall receiving this. So they sent me  
13 something -- they sent me an example from the secondary  
14 market, which, to me, looked like boilerplate rather than  
15 something that was more carefully thought through, and --  
16 let's see when this date was. So this -- there was a lot of  
17 back-and-forth.

18 So Jie Ling, I think, worked for Erika, who worked  
19 for Greg, who worked for Laurie, who worked for Anne. So  
20 those -- that group worked on the disclosures, and so there  
21 was a fair number of conversations I had with them, you know,  
22 when they would come to me to get input.

23 Q Okay. And in testimony with the staff, Ms.  
24 McCallion stated that the credit risk section of  
25 Countrywide's periodic filings used to be filled out by

804:1 people in secondary marketing, but for some reason, there was  
2 a split-off in the first quarter of '06, and they looked for  
3 the actual credit risk department to start filling it out.  
4 And it was therefore -- the first quarter of '06 was the  
5 first time that you were asked to fill out the actual MDNA  
6 template. Does that sound right?

7 A You know, I'm not sure -- I'm not sure about that,  
8 but I would even -- you know, well before that, I had lots of  
9 interaction with Keith at the time, with Laurie, Anne, Greg  
10 as to what was going on. We had -- we had a quarterly  
11 meeting that we held with the credit area to update them on  
12 what was going on.

13 The other thing I would say, to get a complete  
14 picture of the credit risk at the firm, simply going to me  
15 and my area would not have provided that.

16 Q Now, the quarterly meeting that you referenced, was  
17 this the meeting where the allowance for loan losses was  
18 discussed?

19 A That was one of the topics that was discussed at  
20 that quarterly meeting.

21 Q At that quarterly meeting, was the topic of  
22 expanding underwriting guidelines and the consequences  
23 thereof discussed?

24 A I feel pretty certain it was, because the  
25 attributes of the loans themselves go into how the -- how the

805:1 reserve is calculated. So you mentioned that a moment ago,  
2 so that would have been one of the specific connections.

3 Now, the other thing to keep in mind -- we've  
4 talked about this a little bit, but it's worth mentioning  
5 again. Countrywide's strategy was to sell off as much of the  
6 risk as possible. So simply an expansion of underwriting  
7 guidelines is not going to translate one for one into an  
8 increased amount of risk for Countrywide. So we want to keep  
9 that dynamic in mind.

10 Q Now, can you recall any specific other forms prior  
11 to the first quarter of '06 where the topic of Countrywide's  
12 expanding underwriting guidelines and changing loan  
13 attributes may have been discussed with people from financial  
14 reporting?

15 A Well, it was generally discussed pretty broadly.  
16 Anyone that was awake at the time could have seen that that  
17 was happening in the industry and at the company. So as far  
18 as -- the ALCO might have been a spot where that was  
19 discussed, and people from the accounting and finance  
20 department were typically present as well as other senior  
21 officers at the ALCO committee. And so, I mean, even  
22 specific loan types and attributes were discussed at that  
23 meeting, and the risk transfer would have also been addressed  
24 at that meeting as well.

25 Q Ms. McCallion and Ms. Milleman have stated that

806:1 they gradually became aware of expanding underwriting  
2 guidelines at Countrywide in late '06 and early '07. Based  
3 upon your experience with the company and interaction with  
4 them, does that sound plausible to you?

5 A Yeah --

6 MR. TAYLOR: Paris, I think it's unfair to ask him  
7 to comment on testimony that he hasn't seen or heard and that  
8 you're characterizing, again, in a way that may not be  
9 complete. And you're also asking him to speculate about what  
10 someone else knew or would have known, so I'm not sure it's a  
11 fair question.

12 MR. WYNN: I understand your objection, but I think  
13 it's fair, and I would like him to answer that one unless you  
14 want to instruct him not to.

15 MR. TAYLOR: Well, I'll let him answer, but --

16 MR. DROOYAN: Can you restate the question?

17 MR. WYNN: Sure.

18 BY MR. WYNN:

19 Q Ms. McCallion and Ms. Milleman have stated to  
20 members of the staff that they became aware of expanding  
21 underwriting guidelines at Countrywide sometime in late '06  
22 and/or early '07. And so my question to you is, based upon  
23 your tenure at Countrywide as well as your interaction with  
24 those individuals, does that sound plausible to you?

25 A Let me start by just sharing some history, and then

807:1 you might be able to draw your own conclusion. But prior to  
2 me ever arriving at Countrywide, Countrywide rolled out a  
3 very large program called Fast and Easy, which was a reduced  
4 documentation program. It was widely known throughout the  
5 industry, you know, a big deal. So, to me, that strikes me  
6 as an obvious expansion. So that's one of the things that  
7 was going on.

8 Another thing that was going on prior to my arrival  
9 at Countrywide was that the company got into subprime lending  
10 and was emphasizing that more than -- in the past, they  
11 hadn't done it at all but then were becoming increasingly  
12 active. So as I said a moment ago, the increase in industry  
13 guidelines, I think, would have been apparent to anyone  
14 paying attention, but that's my personal belief.

15 Q That's fair enough. Okay. Do you recall anyone in  
16 financial accounting at Countrywide giving you any type of --  
17 let me ask you a different question. Do you recall anyone in  
18 financial reporting at Countrywide explaining to you what SEC  
19 rules and regulations governed SEC filings?

20 A I don't recall anyone giving me -- kind of like a  
21 tutorial, you mean?

22 Q Right.

23 A No, I don't recall that. At -- just a quick  
24 tangent. At WaMu, they were going to give me some FD  
25 training. They never got around to that. But at

808:1 Countrywide, I don't recall at any time someone giving me  
2 that kind of a tutorial. Now, I interacted with them. They  
3 mostly wanted input as to what was going on. So whenever  
4 they wanted that, I tried to be as helpful as I could, but as  
5 far as telling me what the, you know, specifics were, no.

6 One thing -- one thing I do recall, on some of the  
7 conversations when I would talk about things that I was  
8 observing and that we might include, is that they would draw  
9 -- they drew a couple distinctions between the K and the Q.  
10 So they -- at times, when I would bring stuff up, they would  
11 say that was more appropriate for the K, which was the annual  
12 filing, than the Q.

13 And you've mentioned '06, and I think that's a good  
14 example. There were a lot of changes made for that annual  
15 report, some of which tie back to conversations that I had  
16 with Anne or with Laurie or with Greg over the course of that  
17 year. The --

18 Q When you say "end report," do you mean 10-K?

19 A Yes. Isn't that the annual report?

20 Q There's a little difference. Okay.

21 A Okay. But anyhow, the 10-K was -- my recollection  
22 is that was changed. It had some pretty substantive changes  
23 for '06, some of which were tied back to conversations that I  
24 had with them. And I think we talked last -- one of the last  
25 times about a change in one of the Qs to do with the pay

809:1 option and limited doc.

2 Q Now, the next document I'm going to show you is  
3 Exhibit 1302. It's an April 20th, '06 e-mail from you to Ms.  
4 Joseph.

5 (SEC Exhibit No. 1302 was referred  
6 to.)

7 BY MR. WYNN:

8 Q Do you recall drafting this e-mail to Ms. Joseph?

9 A I do. This appears -- this appears -- she had --  
10 she and Jie had a template that it didn't have a lot of space  
11 to fill things in, and so I think what I did on this  
12 particular occasion is just sent it to them in an e-mail.

13 Q Okay. Keep that document out. I'm going to show  
14 you another one that relates -- I think relates to it. This  
15 is Exhibit 232.

16 (SEC Exhibit No. 232 was referred  
17 to.)

18 MR. TAYLOR: Do you have an extra one, or is this  
19 the only one?

20 MR. WYNN: That's the only one.

21 MR. DROOYAN: I just want to take a quick look at  
22 it.

23 THE WITNESS: So this appears to be -- I've  
24 mentioned a moment ago the little boxes.

25 BY MR. WYNN:

810:1 Q Right. Okay.

2 A And this also appears to be from the same time  
3 frame.

4 Q Do you recall which of these documents -- exhibits  
5 you filled out first? Was it 1302 or 232?

6 A The fax is dated April 20th. This e-mail is dated  
7 April 20th at 7 -- so the e-mail one at 7:55 a.m. on April  
8 20th, and then the fax went at 7 -- the fax was sent at 7:57.  
9 So they would have received the e-mail before the fax.

10 Q Okay. So on the last page of Exhibit 232, there's  
11 a handwritten comment from you that we talked about the last  
12 time -- or in one of your earlier testimonies. Now, to your  
13 knowledge, does your handwritten comments relate to any of  
14 the observations that you set forth in Exhibit 1302?

15 A On this last page?

16 Q Yeah.

17 A Well, the first comment has to do with a SOX form,  
18 so I think that's something separate.

19 Q Right.

20 A The second comment has to do with -- I believe that  
21 this has to do -- it may have had to do with the pay option  
22 issue that we've talked about before, but I think it was  
23 input that I had given to Greg that somebody else didn't want  
24 to go along with. Let's take a look and see here.

25 I'm not sure that they're specifically tied. The

811:1 idea with the e-mail was to be responsive to her inquiry but  
2 provide something in a little more organized and legible  
3 form.

4 Q Okay. If you look at Item 8 from Exhibit 1302, the  
5 first sentence, you state, "You still have not incorporated  
6 some of my previous suggestions to the text sections."

7 A Mm-hm. I see that.

8 Q Now, that's a long time ago, but were you  
9 referencing a draft of the 10-Q for the first quarter of '06,  
10 or were you referencing some filing from an earlier period?

11 A I don't remember which -- I don't remember which  
12 period I was referencing. And again, as I interacted with  
13 those folks -- and this would have included Anne, Laurie,  
14 Greg, in particular, and then to a lesser degree Erika and  
15 Jie. I would interact with them. I would make suggestions,  
16 and -- so one of the things that they did is -- or at least  
17 from my perspective, kind of played three important roles.  
18 First was they were the reconcilers. So they got input from  
19 me as well as lots of other people.

20 So, you know, we've talked about the underwriting  
21 guidelines for a few minutes, and I've stated things in a  
22 pretty strong way because that was my personal view. I don't  
23 -- you know, I don't know that everyone would have agreed  
24 with me, and I suspect some would have not agreed with me.  
25 So one of the things they had to do was reconcile all of

812:1 those various views.

2           And then secondly, they had the expertise to, after  
3 those views were reconciling -- reconciled, to determine, you  
4 know, what was appropriate for the various disclosures. And  
5 I don't know if we've talked about -- there was a disclosure  
6 committee. I wasn't on it, but I do believe there was a  
7 disclosure committee that -- and then whether some -- one  
8 went in there, whether it went into a K or a Q.

9           And then the third thing that we haven't talked  
10 about, there was a fair number of other presentations that we  
11 made. And so I recall one of the things that they -- one of  
12 the observations they made to me on the more complicated  
13 detail things, that oftentimes that would be better in a  
14 presentation, and also something that expressed a particular  
15 view would be better in a presentation because it would be me  
16 presenting it. You know, it wouldn't be just -- it wouldn't  
17 just be a written presentation, but you would be able to  
18 explain it, and then there would be, typically, a transcript  
19 after the fact.

20           Q     Mr. McMurray, if you could go back to Exhibit 200.

21           A     Which -- I'm sorry, Paris.

22           Q     It's your September 9th e-mail to Mr. McLaughlin.

23                     MR. TAYLOR: I'll help.

24                     THE WITNESS: All right. Thank you.

25                     BY MR. WYNN:

813:1 Q And I want to look at the second page, Roman  
2 numeral III, "Loan Quality."

3 A Yes.

4 Q Do you recall anyone ever disagreeing with your  
5 observation that you make here that underwriting standards  
6 for collateral and borrowers have become more aggressive?

7 A So one instance I recall, there was -- there was  
8 another e-mail that I sent to Dave where I -- where I covered  
9 some of -- where I covered some of these same issues, and I  
10 remember him either e-mailing back or saying back that it  
11 didn't reflect his perspective.

12 So that's one specific instance that I can recall.  
13 You know, the other issue that I recall people bringing up is  
14 that there was better technology at the time, which is true.  
15 However, in my own opinion, I thought that they were becoming  
16 more aggressive.

17 Q Okay.

18 A And again, this was from -- this was a  
19 precredit-enhanced perspective, so before the risk was  
20 transferred to anybody else.

21 One of the other -- one of the other points that  
22 was made to me in my discussions with finance guys is they  
23 needed to translate things down to how they specifically  
24 affected Countrywide. So that was an observation that was  
25 made as well.

814:1 Q Okay. And the same question with respect to the  
2 item you listed under B, "More loans are being originated  
3 under riskier loan programs with riskier features and at  
4 higher CLTVs." Do you recall anyone disagreeing with that  
5 observation of yours at any point in time?

6 A My recollection is that most people would have --  
7 would have agreed with this. Again, this is from a  
8 precredit-enhanced perspective. So it doesn't include what  
9 Countrywide was left with, necessarily, but just from the  
10 starting point, just what was being originated in the market.  
11 I think that most people would agree with me.

12 Q So you don't recall anyone disagreeing with that  
13 point?

14 A You know, I don't recall anyone specifically  
15 disagreeing. I do recall when I sent this to -- when I sent  
16 it to Carlos that he said it was complicated and he was going  
17 to have to think about it.

18 The other point that I do recall coming up, in  
19 addition to the credit enhancing point that I just mentioned,  
20 was the -- and this is somewhat connected to that, is also  
21 the risk based pricing. So higher risk doesn't necessarily  
22 mean a lower return. So there's a dynamic between risk and  
23 return.

24 Q And if we go back to Exhibit 1302 --

25 A All right.

815:1 Q -- do you recall anyone disagreeing with any of the  
2 observations that you made in Items 1, 2, or 3?

3 A So let's go through -- 1, 2, or 3; right?

4 Q Yeah.

5 A So now on the -- on the -- on the home prices on  
6 the second sentence and on 1 in the brackets, where it says,  
7 "We're likely to see weak (i.e. falling) home prices at least  
8 in some MSAs," I think that -- I'm stating -- the way I state  
9 this is probably stronger than the way some others would have  
10 stated that. And so I -- so I think that's -- someone might  
11 have taken issue with me there. And my recollection is  
12 there's -- this was debated a little bit as far as what  
13 ultimately went into the K, so that's why -- excuse me --  
14 that's why I recall that.

15 The -- you know, I don't know that everyone would  
16 have agreed with 4. And then on 5, this particular point was  
17 something that I discussed at length with the finance and  
18 accounting folks. Starting particularly in '06 but then  
19 going into '07, I believe, there was an e-mail I recall  
20 putting together for Eric as we continued to discuss this,  
21 where he wanted me to elaborate on this particular point. So  
22 that's the 5 in brackets on No. 2.

23 Q And, Mr. McMurray, just to be clear, when I'm  
24 asking you whether or not anyone disagreed with the  
25 observations you made in an exhibit, the question is limited

816:1 to the time that you actually sent this e-mail. Like, upon  
2 receipt of this e-mail, do you recall anyone coming to you  
3 and saying --

4 A Oh, I see.

5 Q -- I disagree with these things?

6 A No. At the time -- there were a few times that I  
7 recall that Greg came back to me as part of the quarterly  
8 process to follow up on things, but for this particular time,  
9 I don't recall anyone coming back. You know, I'm not  
10 absolutely sure, but, you know, I don't remember anything  
11 specifically, someone coming back and saying, "I don't agree  
12 with this."

13 Q Okay. And when you mentioned with respect to Item  
14 2(5) in Exhibit 1302 that there were discussions with people  
15 from financial reporting, do you recall any specific  
16 discussions that would have occurred in the first quarter of  
17 '06?

18 A As far as that specific of a date, I don't. I do  
19 recall specific discussions. So as an example -- it would  
20 have been around this general time. I can't pin it to an  
21 exact quarter -- Greg Hendry came by and discussed the MBA  
22 versus the OTS method of reporting delinquencies. So he was  
23 saying that we, perhaps, should consider going to an OTS  
24 method of reporting delinquencies rather than an MBA method  
25 of reporting delinquencies, which the company had used for a

817:1 long time. So that's an example -- that's one example on No.  
2 5 where there was a specific discussion that I can recall.

3 Q Okay. Have you ever heard of a -- while you were  
4 at Countrywide, did you ever hear of something called a  
5 regulation SK?

6 A I mean, I vaguely heard of that. I don't think it  
7 was -- I don't think that it was at Countrywide.

8 Q Okay. But back to my question about training. Did  
9 anyone ever mention that to you in connection with preparing  
10 you to fill out any questionnaires and participate in the  
11 preparation of filings?

12 A Again, I don't recall any specific training at  
13 Countrywide on this type of thing.

14 Q And a minute ago, you mentioned the disclosure  
15 committee at Countrywide.

16 A I did.

17 Q Were you ever asked to be on that committee?

18 A I wasn't -- I was not asked to be on that  
19 committee. There were a time or two that I sent things -- I  
20 mentioned, I believe anyway, that a couple presentations that  
21 I did in 2006 that were just -- they were done on behalf of  
22 the company, but it was just done by just me myself, and  
23 those were sent over for the disclosure committee to review  
24 before I could do those presentations.

25 And then I can remember -- I can remember there was

818:1 an instance with secondary marketing where I asked if  
2 something had been sent to the disclosure committee,  
3 something that the broker dealer wanted to do, but again, it  
4 wasn't a committee that I was on or asked to be on. I don't  
5 recall that.

6 Q At some point in 2007, Christian Ingerslev was  
7 asked to be on the disclosure committee. Were you aware of  
8 that?

9 A I was not aware -- I don't remember that.

10 Q Okay.

11 A I do, by the -- just as an aside, I do think it  
12 would have been good for him to be on it. Just that's a  
13 personal opinion.

14 Q Why do you think it would have been good for him to  
15 be on it?

16 A I think it would have been a good experience for  
17 him, first of all. And then secondly, I think he had a lot  
18 of knowledge that would be good to share.

19 Q During your tenure at Countrywide as a chief credit  
20 -- chief risk officer, was anyone from risk management on the  
21 disclosure committee?

22 A Not to my knowledge.

23 Q Did you ever raise any problems with the fact that  
24 no one from credit was on the disclosure committee?

25 A I don't recall raising any particular issues. And

819:1 just -- I want to go back just to the question before. I  
2 think that David Spector was on the disclosure committee, so  
3 he would have -- he was in the same general group under the  
4 chief investment officer, so he would have had exposure to  
5 risk type issues, and my recollection is that he was on the  
6 disclosure committee. So he's someone that would have been a  
7 member of ALCO, a member of the credit committee. So I think  
8 he was on it. I'm not absolutely sure.

9 Q And do you know what time period -- I'm seeing just  
10 membership lists from '04, '05 and '06 and '07, and I haven't  
11 seen his name on -- as a member.

12 A Yeah.

13 Q Is it possible he wasn't a member?

14 A It's possible. Because again, I wasn't on that  
15 committee, so -- I thought he was, but again, I can't be  
16 sure.

17 Q Okay. Around the time first quarter of '06, when  
18 you started filling out these MDNA questionnaires and doing  
19 stock certifications and things like that, did anyone explain  
20 to you the significance of signing those certifications?

21 A No one explained -- no one came by and explained  
22 them. I do recall as we neared the end of the cycle each  
23 quarter they were, you know, anxious to make sure that they  
24 were in on time. So I do recall that, so there being a lot  
25 of emphasis.



821:1 he was invited to that so he could come if he wanted and was  
2 a member already, is my recollection. So we had that going.  
3 We had just that going on, where there was lots of  
4 information that was available throughout -- you know, week  
5 in and week out.

6           There was specific meetings with financial  
7 reporting, again in connection with the quarter itself, on  
8 the results and what was going on with credit. And then as  
9 we neared the end, there was specific input that they wanted,  
10 and you saw one of the templates a moment ago. So we would  
11 prepare those. And then subsequent to that, after they had  
12 -- after they had received everybody's input and reconciled  
13 it, they would come back with a 10-Q, and sometimes it would  
14 have blanks. So some of the numbers would be blank.

15           And to me, I always felt funny about being asked to  
16 certify something that had blanks in it. Some of the  
17 numbers, at least to me, I think are germane, and you'd want  
18 to see what they turned out to be, at least I did, before I  
19 would feel comfortable saying, yeah, that appears accurate or  
20 not.

21           And one of the things that was emphasized to me is  
22 -- at the time that this 10-Q or 10-K -- once it was in final  
23 draft, the point was to look for things that were inaccurate  
24 or misleading. So you had an opportunity to present your  
25 view earlier in the process along with everybody else, and

822:1 then once they reconciled all of that, it was boiled down to  
2 the document that they planned to file.

3 But again, here on this specific issue, I think it  
4 has to do with the blanks rather than having the numbers  
5 filled in.

6 Q Okay. Were the blanks that you were referencing,  
7 would those have been blanks where numbers should have  
8 been --

9 A Yes.

10 Q -- or text? Numbers.

11 A But to me, the numbers are fairly important because  
12 if -- I mean, who -- it's hard, at least for me, to -- what  
13 if they put something in that was way different than what was  
14 anticipated?

15 Q Right. Okay. Exhibit 1310 is an MDNA  
16 questionnaire for the department that you appear to have  
17 filled out.

18 (SEC Exhibit No. 1310 was referred  
19 to.)

20 THE WITNESS: So do we have the e-mails that go  
21 with it?

22 BY MR. WYNN:

23 Q I don't think I have those.

24 A All right.

25 Q I'll ask some questions about them --

823:1           A     All right.

2           Q     -- but I don't think I have them. Did you, in  
3 fact, fill out this Exhibit 1310?

4           A     This appears to be my writing.

5           Q     Okay. Now, when you are referencing e-mails and  
6 the template, are you talking about e-mails that were  
7 directed to people in financial accounting or --

8           A     Yes.

9           Q     Okay.

10          A     And so -- and to be clear about that, some of those  
11 would have been very specific e-mails just put together  
12 specifically for them, and in other cases, I might have taken  
13 something that I had done for somebody else and then -- and  
14 put some text on the front of it and forwarded it to them.

15                 So an example of that -- and I don't know whether  
16 it relates to this or not. It might have been a little  
17 later. When Eric and I were talking about if delinquencies go  
18 up how will that affect the -- how will that affect the  
19 company, I believe that I forwarded that to the financial  
20 reporting folks just so that they would see the  
21 communications I was having with him.

22          Q     When you look at Item 3 on Exhibit 1310 and it  
23 lists the information having to do with changes in loan  
24 quality, we see that you could see e-mails.

25          A     Yes.

824:1 Q Are you saying that you sent them e-mails around  
2 this time period that had to do with loan quality?

3 A I would have. That's why -- I believe that's why I  
4 would reference it this way, is for them to see the e-mails I  
5 sent them on this topic.

6 Q And when you referenced the discussions with  
7 corporate accounting, can you just explain what you mean by  
8 that?

9 A Certainly. So the very specific conversation that  
10 I'm thinking of -- and this wouldn't have been the only one,  
11 but the very specific one was a meeting that we had every  
12 quarter with corporate accounting. And so at a minimum, that  
13 would have included Anne, Laurie, Greg, Richard Pohl. And  
14 I'll remember some other people in a moment, but it would  
15 have included them. I was there, Rod Williams, Ted Beck, at  
16 a minimum, from my team.

17 And we went over credit-related costs, and in  
18 particular -- and actually, I remember some of the other  
19 people -- and in particular, the allowance for loan losses.  
20 So folks from the bank accounting and the bank risk areas  
21 would have been at this meeting as well, and so we would have  
22 explicitly addressed the allowance issue, and loan quality is  
23 a driver of that.

24 Q Aside from the meeting to discuss the loan loss  
25 reserves, were there any regular meetings of corporate

825:1 accounting with respect to specifically the issue of the  
2 preparation of the upcoming filings?

3 A I don't know if it was to -- specifically for the  
4 preparation of the filings. There were meetings with them.  
5 You know, they didn't necessarily say that's what the purpose  
6 of the meeting was for, but there were certainly -- there  
7 were certainly meetings with them outside of this quarterly  
8 meeting.

9 And that -- you know, that at times could even  
10 include meetings with Laurie and Anne and Eric in Stan's  
11 office, when he was still there, where, you know, towards the  
12 end of the quarter a lot of these types of issues were gone  
13 over in detail.

14 Q And when you say "these types of issues," what  
15 issues are you referencing?

16 A Well, so the allowance -- so credit-related costs.  
17 So one of the credit-related costs would be the allowance,  
18 although it's not the only one, and that, in turn, is driven  
19 by the underlying loans.

20 Just as an aside, just to harken back to something  
21 that you had asked earlier, one of the -- one of the  
22 discussions I vividly remember in Stan's office, and Laurie  
23 and Anne and Eric were there, was on the HSBC situation, and  
24 that was on 80/20 loans, so 100 percent LTV subprime loans.  
25 So to me, I think someone could look at a 100 percent

826:1 subprime loan and then what was happening in that specific  
2 instance and get some sense of loan quality and underwriting  
3 guidelines.

4 Q Do you recall if that meeting was in 2006?

5 A I believe you had shown me some e-mails on it. I  
6 don't remember the -- I don't remember the exact date. I do  
7 remember it was when Stan and David Spector were still  
8 employed by Countrywide. And so by 2007, they were both  
9 certainly gone. So my recollection is that they left in '06,  
10 I think. I think Stan left first and then Dave, but that  
11 might help pin down the time a little bit.

12 Q Okay. And if you turn to the last page of Exhibit  
13 1310, and actually a little of it bleeds over on the page  
14 before that.

15 A Okay.

16 Q You're checking these boxes, but you're saying  
17 "see" -- you're referencing the reader to e-mails and other  
18 things.

19 A Yes.

20 Q Now, can you explain in your words your purpose in  
21 doing that?

22 A I wanted to make sure that they had my views on  
23 these issues and including the nuance views. And so again,  
24 if you look -- if you look in the box up above, I'm asking  
25 them to see the -- I'm asking them to see the e-mails. And

827:1 so I just want -- and this is on the second to the last page.  
2 I just want them to be sure to see the e-mails, is what I'm  
3 attempting to convey there.

4 And then on the last page, we'd want to see the  
5 e-mails, but I say "with changes suggested in e-mails" up at  
6 the top. Then I also say, "I believe this to be correct,  
7 though you need to see the e-mails."

8 Q So take Item 11, where the statement is "Based on  
9 my knowledge, the information included above fairly presents  
10 in all material respects the results of operations of my  
11 business unit as of and for the periods presented above."

12 When you checked that box and said "with changes  
13 suggested in e-mails," were you saying that those sections  
14 would not only -- excuse me -- were you saying those sections  
15 only fairly -- are you saying that those sections only fairly  
16 present in all material respects the results of operations  
17 for your business unit when viewed in conjunction with your  
18 suggestions in e-mails?

19 A I'm not saying that -- I'm not saying that exactly.  
20 Typically, as I look through this, as it affected  
21 Countrywide, I didn't see any specific inaccuracies; however,  
22 on many occasions, I wanted them to be sure to have my view.

23 And I'm going to give you an example. I don't know  
24 -- I don't know if it's from this exact time frame, but can I  
25 just share an example of a type of thing that I was trying to

828:1 get at?

2 MR. DROOYAN: Can we take a short break?

3 MR. WYNN: Oh, sure. Off the record.

4 (A brief recess was taken.)

5 BY MR. WYNN:

6 Q Back on the record. Mr. McMurray, looking at  
7 Exhibit 1310 again, the last page, would you have been  
8 comfortable submitting this document to financial reporting  
9 without your handwritten notations?

10 A Well, I wanted them to see the e-mails, and so the  
11 way I -- the way I approached this process, at least, is this  
12 was one of the opportunities for me to give them input, so I  
13 wanted them to see that so they could take into account my  
14 perspective.

15 Q Are your handwritten notations and the information  
16 they refer the reader to necessary to fully set forth the  
17 concepts you were trying to get across when you filled out  
18 this MDNA questionnaire?

19 A I'd like to see the e-mails, if I could, so I could  
20 have a complete picture.

21 Q Okay. And on that point, I looked through your  
22 production, and I didn't find the e-mails associated with  
23 this quarter and haven't seen them from the company. Is it  
24 possible that you still have copies of those, or do you think  
25 you've given us everything?

829:1           A     I've made a couple sweeps through, and so I don't  
2     think there's anything else that I have.

3           Q     Okay.

4           A     With that said, I think the company should have  
5     copies of all of my e-mails, I would think.

6           Q     The next document I'm going to show you is Exhibit  
7     234, which I showed you on previous days.

8                                 (SEC Exhibit No. 234 was referred  
9                                 to.)

10          MR. DROOYAN: This is 234, Paris?

11          MR. WYNN: Yes.

12          BY MR. WYNN:

13          Q     And I just want to draw your attention to the  
14     heading "Environmental Factors."

15          A     Yes.

16          Q     When you closed that introductory paragraph by  
17     saying, "I've listed the major factors below and briefly  
18     explained why all are likely to increase our delinquencies,  
19     defaults, and credit losses going forward," when you use  
20     "our," are you referring to Countrywide?

21          A     I'm referring to Countrywide.

22          Q     Okay. And did Mr. Hendry come and talk to you  
23     about this e-mail?

24          A     Here's what I recollect. If we flip over one page,  
25     Greg came and talked to me about a disclosure that Wells had

830:1 done and which he was interested in doing and wanted our help  
2 on helping -- wanted help from credit on doing this  
3 disclosure. And my recollection is that this idea that he  
4 had, it did make it into the '06 10-K, I believe.

5           So I don't recall the exact sequence, but there was  
6 at least one conversation and I would guess more than one  
7 conversation that I had with Greg on this. So the one  
8 conversation I remember specifically was us talking about  
9 this Wells disclosure which appears on the second page. And  
10 then this e-mail to him, I believe, is a follow-up as --  
11 subsequent to the first discussion that we had just to  
12 provide my opinion on some of the topics that we discussed  
13 that are connected to this first e-mail that we see in the  
14 chain here.

15           Q    So prior to sending this e-mail to Mr. Hendry, do  
16 you think you talked with him about some of the things you  
17 list in your e-mail, such as house prices, credit guidelines,  
18 interest rates?

19           A    I believe that we did. And one of the -- one of  
20 the things I have a specific recollection talking to him  
21 about under the -- do you see under commercial exposures, one  
22 of the things that we had a discussion about, separate and  
23 apart from this Wells disclosure, was TDRs, trouble debt  
24 restructurings.

25           Q    Earlier, you mentioned that sometimes people from

831:1 financial reporting would tell you that certain disclosures  
2 were more appropriate for a K than a Q. Do you recall that?

3 A I do recall that. So that was typically in  
4 response to something that I would make a suggestion --

5 MR. TAYLOR: The question was, do you recall that?

6 THE WITNESS: Oh, sorry.

7 MR. TAYLOR: So let's let Paris ask the question.

8 THE WITNESS: I'm sorry, Paris.

9 BY MR. WYNN:

10 Q Is it possible or do you recall if in response to  
11 this exhibit, Exhibit 234, Mr. Hendry told you that some of  
12 the items you listed under environmental factors were more  
13 appropriately addressed in a K than a Q?

14 A I do recall him saying that. I don't recall  
15 specifically whether it had to do with this particular chain  
16 of discussions and e-mails.

17 Q Okay. All right. Let me back up briefly to when  
18 we were talking about Exhibit 200, and I was referencing an  
19 e-mail that Keith McLaughlin had sent to you.

20 A Yes.

21 Q Your counsel has generously printed out for me, and  
22 so I want to show it to you, this Exhibit 888.

23 (SEC Exhibit No. 888 was referred  
24 to.)

25 MR. WYNN: And I apologize for the condition of the

832:1 document, but apparently, because of how old it is, the  
2 system it was produced from kind of garbled it. But if you  
3 look on the second --

4 MR. DROOYAN: What exhibit is this?

5 MR. WYNN: 888.

6 BY MR. WYNN:

7 Q If you look on the second page, you can kind of  
8 make out --

9 A I see.

10 MR. TAYLOR: Let him finish.

11 THE WITNESS: I'm sorry. I'll stop trying to be  
12 helpful.

13 BY MR. WYNN:

14 Q You can make out some language that appears to be  
15 from Mr. McLaughlin where it states, "Excellent summary.  
16 Some comments/questions below. This should be put into a  
17 slide show presentation and delivered at the next credit  
18 committee meeting."

19 Does this document refresh your recollection on the  
20 preparation of a slide show?

21 A Not specifically. We did look at -- you showed me  
22 a slide show earlier this morning that was very similar,  
23 although the dates weren't lined up. And I don't remember  
24 specifically doing a presentation, but if he asked me to do  
25 one, it's likely that I would have done one.

833:1 Q Okay. And right after he says "excellent summary,"  
2 he says "some comments/questions below." Those don't appear  
3 to have made it in this e-mail, but do you remember any  
4 comments or questions he raised?

5 A I don't.

6 Q I'm going to show you Exhibit 238, which you've  
7 already seen. It's an October 17th, '06 e-mail from you to  
8 Ms. Ling. After you sent this document to Ms. Ling, do you  
9 recall Mr. Hendry or anyone else from financial reporting  
10 talking to you about some of the comments -- any of the  
11 comments that you made?

12 A Can I just take a moment and glance through it?

13 Q Absolutely.

14 A So I'm just going to kind of go through this as we  
15 -- or as I read through it, can I just share things?

16 Q Sure. And remember, I'm mostly interested in the  
17 time frame in which this e-mail was sent, October of '06.

18 MR. DROOYAN: And the content is whether he had  
19 discussions about the subject of this with anybody in  
20 financial reporting?

21 MR. WYNN: Right.

22 THE WITNESS: Okay. So on Item 2, do you see where  
23 I talk about the interagency guidance on nontraditional  
24 mortgages?

25 BY MR. WYNN:

834:1 Q Yes.

2 A So I recall conversations that I had with Greg  
3 Hendry on that. So I was explaining what that was. So this  
4 -- by "interagency," that's federal reserve, OCC and OTS. So  
5 I recall having a specific conversation with Greg about that.  
6 On the first one, there were probably conversations that were  
7 had. I don't have specific recollections of each one, but I  
8 believe that there were conversations on those topics.

9 Q With Mr. Hendry only or with others as well?

10 A It would have been more -- it would have been  
11 broader than that. And keep in mind some of the financial  
12 reporting folks either were members of these committees that  
13 are referenced here or were invitees to these committees that  
14 are referenced here.

15 So let me explain quickly each one. ALCO is the  
16 asset liability committee. CCRC is the court credit risk  
17 committee, and then CERC is the corporate executive risk  
18 committee. And so there would have been attendance by  
19 representatives of those.

20 On Item 3, I talk about the dedicated meeting  
21 between corporate credit and corporate accounting that  
22 happened every quarter. And the, as I mentioned earlier,  
23 changes in loan quality are going to affect the allowance, so  
24 that would have been addressed at least in that quarterly  
25 meeting.

835:1 All right. On Item 4 --  
2 MR. DROOYAN: Just --  
3 THE WITNESS: I have a specific recollection that  
4 at every quarterly meeting we talked about this.  
5 MR. DROOYAN: Okay. So that would have been the  
6 quarterly meeting that would have been in the time context of  
7 this e-mail, is what you're talking about?  
8 THE WITNESS: Yeah. Let me state it differently.  
9 And thank you for asking. I don't recall one of these  
10 corporate meetings with accounting where it was not  
11 discussed, so --  
12 MR. DROOYAN: I just want to focus back on his  
13 question to --  
14 THE WITNESS: I know. And I appreciate you helping  
15 me stay on track, as I will be off in the weeds.  
16 On Item 4, there was a subcommittee of ALCO. Eric  
17 and Anne attended this. So on Item 4, the changes in  
18 accounting practices and policies for the valuation of assets  
19 and MSR retained assets, that was specifically discussed  
20 there. And then my recollection was that that committee met  
21 at least once per quarter, if not more often, and the items  
22 in Question 4 were specifically addressed at that committee  
23 meeting that they attended.  
24 BY MR. WYNN:  
25 Q Mr. McMurray, sorry to interrupt you, but -- and

836:1 I'm sure I've asked you this before, but with respect to that  
2 meeting on the allowance for loan loss reserves, did Mr.  
3 Sieracki attend those?

4 A He generally didn't.

5 Q Okay.

6 A When Keith was the CFO, he generally did attend,  
7 and then Eric generally didn't. However, on some occasions,  
8 he did attend. And so some specific examples I can remember  
9 -- when Katrina hit, he participated actively as part of that  
10 because that was a -- that was a very complicated disaster to  
11 get our arms around, and it affected the company in a lot of  
12 ways. And so he was actively participating in that instance,  
13 to my knowledge. And there were probably some other  
14 instances, but that's one that I specifically recall.

15 Q And were you done identifying discussions that you  
16 had around October of '06 regarding the points you raised in  
17 Exhibit 238?

18 A Let me take a quick --

19 Q Okay.

20 A Another series -- and I don't remember if it was  
21 around this time exactly, so it could have been plus or minus  
22 a quarter or two in each direction. Is that too imprecise?

23 Q No. That's fine.

24 A So there were discussions that corporate credit and  
25 corporate accounting had with servicing as to the charge-off

837:1 procedures, and so -- and that may have started in '06 and  
2 continued into '07. And there were improvements that both  
3 corporate accounting and credit wanted servicing to make, and  
4 so I recall discussions around that topic.

5 Q Okay. I'm going to move on to a new exhibit, 243,  
6 which you've already also seen as well.

7 (SEC Exhibit No. 243 was referred  
8 to.)

9 THE WITNESS: Thank you.

10 BY MR. WYNN:

11 Q And, Mr. McMurray, why did you send this e-mail to  
12 Mr. Hendry on the 23rd of '06?

13 A The first e-mail, I -- the top one that we're  
14 looking at here, there were a couple purposes. So the first  
15 one is an item that we talked about earlier. So this was the  
16 idea of them asking for a sign-off on something that wasn't  
17 complete. And in particular, it had blanks where some of the  
18 numbers were supposed to go. So I'm raising that issue  
19 again.

20 The second talks about things that -- excuse me --  
21 in my personal opinion that I thought would be appropriate to  
22 add in. And keep in mind this is a layman's opinion, so I  
23 don't -- as far as what should or shouldn't be in and how  
24 much detail, you know, that, I'm not going to have knowledge  
25 of. And you asked a moment ago about an SK, and I apologize.

838:1 I don't know what that is.

2 But on this, I'm -- what I think I'm getting at  
3 here is some additional issues that I had brought up that I  
4 wanted to see pushed. And then finally, this last item, No.  
5 3, the way the closing process would work is corporate credit  
6 would provide numbers -- recommendations for the allowance  
7 and other key credit-related numbers over to corporate  
8 accounting, and oftentimes, there would be differences  
9 between what was finally reported versus what we had  
10 recommended.

11 And when we -- when we asked, we would get an  
12 explanation of what those were. And so what I'm asking for  
13 here is if we could just do that as a matter of course so  
14 that when Rod, myself, and others looked at the numbers, that  
15 we'd understand the changes that were made.

16 Q Now, I know you have already stated a couple times  
17 that you don't really have an understanding of what  
18 Regulation SK is and that no one at Countrywide explained  
19 that to you, but did anyone ever tell you that one of the  
20 purposes of the disclosure process at Countrywide was to  
21 identify and then disclose certain trends affecting your  
22 business unit that might affect financial performance or  
23 operating results?

24 A I don't recall someone saying it in that way. As I  
25 -- if I look at -- if I look at some of the templates I was

839:1 asked to fill out, that seems to be what they're asking, and  
2 that was what I attempted to do when I answered those.

3 Q Okay. Now, do you recall if Mr. Hendry responded  
4 to your October 23rd, 2006 e-mail?

5 A He may have. And I would be surprised if he  
6 didn't, but I don't have -- I don't remember the specific  
7 response.

8 Q And you sent a similar -- well, in July -- we  
9 looked at Exhibit 234, which is a July e-mail where you  
10 raised similar concerns about environmental factors. Now, is  
11 it accurate --

12 MR. DROOYAN: Wait, wait, wait, wait. I'm sorry.  
13 Is this the one dated 7/17/06 to Greg Hendry?

14 MR. WYNN: Right.

15 MR. DROOYAN: Okay. 234?

16 MR. WYNN: Right.

17 BY MR. WYNN:

18 Q So is it accurate to say --

19 MR. TAYLOR: Just so the record is clear, on some  
20 of the copies, you can't read the exhibit numbers, so it's  
21 sometimes hard for us --

22 MR. WYNN: Oh, okay.

23 MR. TAYLOR: -- to figure out --

24 MR. WYNN: Fair enough.

25 MR. TAYLOR: -- which one you're talking about.

840:1 MR. DROOYAN: It's JPM 1039.

2 MR. WYNN: Okay. Fair enough.

3 BY MR. WYNN:

4 Q So, Mr. McMurray, is it fair to say that between  
5 July of '06 and October of '06 your concerns about adding  
6 these environmental factors to the filings had not been  
7 addressed by people in corporate accounting?

8 A How -- I'd phrase it a little differently, if I  
9 could. So these -- based on the questions that they were  
10 asking me, I thought these topics were germane, which is why  
11 I kept putting them in the answers to the templates.

12 Q Okay. Well, in Exhibit 243, you state that you  
13 would still like to see, so that seems to me that you haven't  
14 yet seen the type of environmental disclosures that you  
15 reference. Is that accurate?

16 A That's accurate. And some of those -- this is my  
17 recollection -- made it into the 10-K for that year, but I  
18 was just reminding them with this October e-mail that I had  
19 raised some of these issues previously. I didn't want them  
20 to forget that I had brought them up.

21 Q Okay. I'm going to show you Exhibit 1311. I don't  
22 think that we've seen -- well, I'm sure you've seen it  
23 before, but we haven't talked about it.

24 (SEC Exhibit No. 1311 was referred  
25 to.)

841:1 THE WITNESS: All right. I've glanced at this.

2 BY MR. WYNN:

3 Q So I want to start with your -- the bottom e-mail  
4 on the first page of the document, it's a January 29th, '07  
5 e-mail from you to Mr. Sambol and others, and you reference a  
6 meeting that was apparently going to occur on January 30th,  
7 '07?

8 A Yes.

9 Q Do you recall what that meeting concerned?

10 A What I -- what I believe this concerned -- a little  
11 while ago, I referenced the conversations I had with Eric  
12 about the delinquencies, that my belief was that they were  
13 going to increase, and then him wanting to get as specific as  
14 possible on how that would affect Countrywide. And so -- and  
15 there was an e-mail that I recall that I sent specifically to  
16 Eric on that. This one appears to be in the same vein. I  
17 don't know whether it was before or after. So I think it's  
18 connected with that. And then in addition, the other thing  
19 that we did in -- or the other thing that I did is this idea  
20 of a reserve and credit expense geography, and so it's how  
21 various credit costs would manifest themselves on -- you  
22 know, from an economic perspective with Countrywide.

23 And there were -- there were some matrix --  
24 matrices that I put together for investor presentations that  
25 dated back a couple of years that we had shared publicly, in

842:1 public presentations anyhow, that I had done. And so this  
2 was an evolution of that process to explain it in words  
3 rather than in numbers.

4 Q Okay. And at the top of the page, there's an  
5 e-mail from you to Mr. Hendry, and you state that "I think we  
6 should include a text version in this year's 10-K." Are you  
7 talking about the outline?

8 A I am talking about -- I am talking about the  
9 outline. So after I put this outline together, I thought it  
10 was a helpful way of understanding how credit costs  
11 manifested themselves at Countrywide, and as a result, it  
12 might be -- it might be useful content for the various  
13 disclosures that they put together.

14 Q Did Mr. Hendry or anyone else in financial  
15 reporting respond to your recommendation to include a version  
16 of that outline in the K?

17 A Well, a couple things. I don't remember him -- he  
18 may have responded to this, and I suspect he probably did. I  
19 just don't remember it -- I don't have a specific  
20 recollection of that. And I don't remember this making it in  
21 exactly this form into the 10-K. I do believe some of the  
22 themes -- let me look at the time frame. Some of the themes  
23 may have made it into the 10-K at that time. And I think  
24 some of these issues would have been there all along. So,  
25 for example, some of the discussion around the retained

843:1 interests and the servicing, gain on sale --

2 Q Okay.

3 A -- this just sums it up into a credit perspective  
4 in one place.

5 Q I'm going to next show you Exhibit 245, which I  
6 know we've talked about before.

7 (SEC Exhibit No. 245 was referred  
8 to.)

9 BY MR. WYNN:

10 Q Mr. McMurray, in Exhibit 245, your e-mail to Mr.  
11 Sieracki on January 2nd, 2007, you reference a midday  
12 conversation that you had. Was that with Mr. Sieracki?

13 A It was with Mr. Sieracki.

14 Q Were there any other participants in that  
15 conversation?

16 A There may have been. I know that I had a  
17 conversation with this topic with Eric, which is why I put  
18 this e-mail together. So a moment ago, when we were looking  
19 at the prior exhibit, I talked about this, and so this is the  
20 e-mail I was referring to and also the conversation with  
21 Eric.

22 Q Okay. Now, is there any relationship between the  
23 outline that appears in Exhibit 235 [sic] and the one in  
24 Exhibit 1311?

25 A I think that there is. So my recollection of the

844:1 sequence -- I first -- so Eric and I had this discussion, and  
2 there are two parts to the discussion. One is I believed  
3 that delinquencies were going to increase, and so he wanted  
4 me to outline why I held that belief. So that's part one.  
5 And then the second part was he wanted my opinion that if  
6 delinquencies did increase, how that would affect Countrywide  
7 financially.

8           And in my thinking of finance here, it's more of a  
9 financial economics type of perspective than a pure gap  
10 perspective. And so that's why this was put together. The  
11 next thing I recall in this sequence is that Eric told me  
12 that he had shared this e-mail with Dave Sambol. And in  
13 conversations with Dave, my recollection is that I -- he gave  
14 me some input, and then I put this second e-mail together,  
15 which is Exhibit 1311, and that that was -- that appears to  
16 have been put together subsequently.

17           But you'll notice that that one is addressed to  
18 Dave, and the reason is because I think he had given -- he  
19 had had a discussion with me, and so I wanted to reflect the  
20 conversations that I'd had with him.

21           Q     Mr. Sambol had a conversation with you?

22           A     This -- back on Exhibit 1311, this was in response  
23 to conversations that I had had with him.

24           Q     Is "him" Mr. Sambol?

25           A     "Him" is Mr. Sambol. I'm sorry.

845:1 Q Okay. And were the conversations that you had with  
2 Mr. Sambol a result of him having been given Exhibit 245 by  
3 Mr. Sieracki?

4 A I believe that was part of the impetus. There may  
5 have been other things that were a factor as well, but I  
6 think this was at least one of the -- one impetus for it.

7 Q If you turn to the second page of Exhibit 245, the  
8 section "Introduction: Why delinquencies will increase," the  
9 second item -- I mean the second item from the bottom of that  
10 section is "Widened Guidelines." You state that "Guidelines  
11 have a very significant impact on delinquency and default.  
12 Industry guidelines are wider than they ever have been."

13 Do you recall if the topic of widened guidelines  
14 came up in your conversation with Mr. Sambol?

15 A I don't remember if they came up specifically at  
16 that time, however -- and you've asked about this a couple  
17 times. To me, this particular topic was discussed fairly  
18 often because it affected the business. There were intense  
19 debates around it, and so even though I might not have -- you  
20 know, it might not have come up in that specific  
21 conversation, the topic, as a general topic, came up all the  
22 time, in my recollection.

23 Q Do you recall if, in response to Exhibit 245,  
24 anyone who received Exhibit 245 disagreed with your  
25 observation that guidelines have a significant impact on

846:1 delinquency and default?

2 A I don't recall anyone disagreeing with me on that.

3 Q I'm going to give you Exhibit 1305, which is a --  
4 it looks like a meeting request.

5 (SEC Exhibit No. 1305 was referred  
6 to.)

7 BY MR. WYNN:

8 Q If you look at the subject, it says, "Review credit  
9 quality disclosures for press release and SEC filings." Do  
10 you know what this meeting or meeting request related to?

11 A I don't remember this specific meeting. It looks  
12 like a meeting that -- so Vickie Misso worked for Laurie, is  
13 my recollection, but I don't -- I don't recall anything  
14 specific about this meeting.

15 Q I'll show you a similar document that I've already  
16 marked Exhibit 1307.

17 (SEC Exhibit No. 1307 was referred  
18 to.)

19 THE WITNESS: Again, it appears that Vickie is  
20 trying to set it up, and it may have happened. I don't  
21 remember specifically being at this meeting. I see the  
22 various invitees here.

23 BY MR. WYNN:

24 Q But you don't have a recollection of attending this  
25 meeting?

847:1           A     You know, I may have, but I don't specifically  
2     remember it.

3           Q     I'm going to mark as Exhibit 1350 some pages that  
4     you produced to us, apparently, from a binder or a notebook  
5     that you kept. This document is Bates No. JPM 1141 through  
6     JPM 1159. Again, it will be 1350.

7                                 (SEC Exhibit No. 1350 was marked for  
8                                 identification.)

9           MR. TAYLOR: I'm sorry. What did you mark that as?

10          MR. WYNN: 1350.

11          MR. DROOYAN: 5-0?

12          MR. WYNN: Yeah.

13          BY MR. WYNN:

14          Q     Can you identify Exhibit 1350?

15          A     1350 appears to be copies from my spiral notebook.

16          Q     Okay. And is this a notebook that you kept during  
17     your employment at Countrywide?

18          A     I kept -- wherever I've worked, I kept a spiral  
19     notebook just to jot down notes to remind myself of things.

20          Q     Okay. And to your knowledge, did the document that  
21     constitutes Exhibit 1350 come from one notebook or several?

22          A     I believe they came from -- I believe they came  
23     from one notebook. It's possible they could have covered two  
24     notebooks. I'd want to look through each of the pages.

25          Q     Okay.

848:1           A     As you're formulating a question, I do want to  
2     mention the "SK" here is Stan Kurland.  
3           Q     Okay.  
4           A     So that's the SK I'm particularly familiar with.  
5           Q     All right.  
6           A     DS is Dave Sambol.  
7           Q     Okay. So I want to draw your attention to Page  
8     1151 of Exhibit 1350 and specifically to the observation you  
9     make in the bottom left-hand corner of that document.  
10          A     I see it.  
11          Q     Who does "ES" stand for?  
12          A     Eric Sieracki.  
13          Q     How about "KB"?  
14          A     Kevin Bartlett.  
15          Q     How about "JM"?  
16          A     John McMurray.  
17          Q     And "RW"?  
18          A     Rod Williams.  
19          Q     Okay. When you get to the text down there, there's  
20     a "DS." Do you know what that stands for?  
21          A     Dave Sambol.  
22          Q     Okay. And it's dated 2/26. Do you recall what  
23     year this would have been?  
24          A     Let's see. If you allow me to look around a little  
25     bit, I can --

849:1 Q Absolutely.

2 A It's going to be '06 or '07, so let me just try to  
3 narrow it down to one of those years. Paris, my best guess  
4 is that it would have been in February of '07.

5 Q Okay. The comment I was looking at states "ES said  
6 DS had slashed some of the credit text especially around  
7 widened guidelines for affordability."

8 To your knowledge, have I accurately read that  
9 note?

10 A That's how -- I think you have accurately read that  
11 note.

12 Q And can you explain what you were writing down  
13 there?

14 A I believe what I'm writing down there is Eric was  
15 communicating to the group -- and so that would have been  
16 Kevin, me, and Rod -- about some of the text that Dave  
17 apparently didn't like around widened guidelines.

18 Q And when you say "text," like from what type of  
19 document?

20 A I suspect -- and underline "suspect" -- it probably  
21 has to do with a presentation or some other type of public  
22 disclosure, would be my suspicion.

23 Q In testimony with the staff, Ms. Milleman commented  
24 that around this time -- I showed her this document, and she  
25 commented that around the February 26th of '07 time period

850:1 they were in the midst of getting out the -- Countrywide's  
2 SEC Form 10-K for the year end 2006. Is it possible that Mr.  
3 Sieracki's comment could have had to do with the 10-K for the  
4 year end of 2006?

5 MR. TAYLOR: I'm not sure -- are you asking is it  
6 possible? I mean, anything's possible. Are you asking him  
7 if he recalls that it was in connection with that?

8 MR. WYNN: Sure.

9 BY MR. WYNN:

10 Q Do you recall if it was in connection with that?

11 A I don't -- here's what I think. I think that it's  
12 likely to do with that, especially now that you refreshed my  
13 memory on the date time frame. Do I know absolutely -- you  
14 know, I don't remember absolutely that it was that, but I  
15 think that it's probable that it was.

16 Q And are you aware that the 2006 -- the 10-K for  
17 2006 had no explicit reference to guidelines having widened  
18 at Countrywide?

19 A I'd want to -- I'd want to relook at it, so I don't  
20 want to say that I have -- know that specifically without  
21 rereading it.

22 Q We've seen documents that -- for the three quarters  
23 in '06, you had mentioned increasingly aggressive products  
24 and widening underwriting guidelines. Do you recall ever  
25 checking to see if any of those Qs had language that

851:1 specifically noted that guidelines had been widening?

2 A So one of the things that I -- again, let's go back  
3 to the process. So they would ask me for input either in the  
4 form of that template or in the form of meetings, which I  
5 provided. And then as the final step in the process, they  
6 had the final -- the document for everyone to sign off on.  
7 And there, my instructions were to make sure there were no  
8 inaccuracies or make sure that it -- to make sure that what  
9 was in there was correct.

10 One of the things that -- to recall from some of  
11 the things that we looked at earlier is that I would remind  
12 them, "Hey, I brought this up last time, but I didn't see it  
13 in the document. I just wanted to remind you again that it's  
14 input that I'm providing."

15 Q Okay.

16 A Now, I do -- I do recall -- and I think this was in  
17 the 2006 time frame, before the 10-K -- Kevin and I were able  
18 to get -- they accommodated us on some pay option language.  
19 That's one recollection that I have.

20 Q Okay. But do you recall if at any time in '06,  
21 after reviewing a Q, you realized that they'd not included  
22 any specific language having to do with underwriting  
23 guidelines widening?

24 A You know, I vaguely recall that some of the  
25 language that had been worked out -- so again, this is after

852:1 reflecting various people's input that that got trimmed back  
2 a little further still. I don't remember -- again, this was  
3 having to do with things that I'd be particularly interested  
4 in. I don't remember exactly what it was, but I know that  
5 Mike Udovic and Susan Bow would have been -- the disclosure  
6 committee would have been involved.

7 Q Would have been involved in doing what?

8 A Well, just in a sense --

9 MR. DROOYAN: Be careful that you don't disclose  
10 anything that came from lawyers.

11 THE WITNESS: All right.

12 BY MR. WYNN:

13 Q True.

14 A Okay. So various folks from the accounting and  
15 legal departments would have been involved in assembling the  
16 materials to get to the end point -- to get to the final  
17 10-K.

18 Q Do you still have Exhibit 238 in your pile? I  
19 believe it's an MDNA questionnaire. Okay. That's not the  
20 right one. Hold on.

21 A I do.

22 Q I'm actually looking for the one after that one,  
23 where you -- okay. It's 243. I'm sorry.

24 A The one after that. 243?

25 Q Yes.

853:1 A May I just add one thing?

2 Q Sure.

3 A So a few exhibits ago, in one of the exhibits I  
4 referenced the interagency guidance on affordability  
5 products. This was also -- this was something that had to do  
6 with guidelines very explicitly. And now that I think about  
7 it, I had -- I had conversations with the financial reporting  
8 folks but also several conversations, at least, with Dave  
9 Sambol, and I can remember one or two specifically where we  
10 went over that interagency guidance element by element. And  
11 I believe that Christian was in at least one or two of those  
12 meetings. So I just -- that topic had come up, and so I just  
13 wanted to add that.

14 Q Okay. Have you found 243 yet?

15 A I have found 243.

16 Q Okay. And the second point you make about adding  
17 further detail to the risk sections, you reference the fact  
18 that you got pushed back from the bank last quarter.

19 A I did.

20 Q Do you recall what kind of push back that was?

21 A One dimension was an e-mail that I saw where the  
22 e-mail was complaining about negative language that Kevin and  
23 I wanted to add with respect to the pay options.

24 Q Again, I hate to ask you to go back, but if you  
25 could go back to Exhibit 232, which is one of the first MDNA

854:1 questionnaires we looked at for the first quarter of '06 --

2 MR. DROOYAN: What exhibit number did you say?

3 MR. WYNN: 232.

4 THE WITNESS: All right.

5 BY MR. WYNN:

6 Q The last page of that, there's that handwritten  
7 note. I want you to take another look at it. The second  
8 observation, I believe you noted some push back from the  
9 bank.

10 A I see that.

11 Q Now, that seems to me to have occurred in the first  
12 quarter of '06. And then in Exhibit 243, you're referencing  
13 some push back from the bank that, it seems to me, occurred  
14 in the second quarter of '06.

15 A That could be --

16 MR. TAYLOR: Well -- there's no question.

17 BY MR. WYNN:

18 Q So my question is, are these different incidents or  
19 is it the same incident?

20 A Sorry. I'm not sure.

21 Q Okay. Can you recall if on more than one occasion  
22 you became aware of push back from the bank with respect to  
23 language they thought was too negative in drafts of the  
24 filings?

25 A I recall the one specific instance that we just

855:1 talked about. There may have been others. I don't have as  
2 vivid a recollection of those.

3 Q Okay. Exhibit 277 is a December 7, 2006 memorandum  
4 from Mr. Mozilo to Countrywide executives and, apparently,  
5 members of the board.

6 (SEC Exhibit No. 277 was referred  
7 to.)

8 MR. DROOYAN: 277; right?

9 MR. WYNN: Yes.

10 BY MR. WYNN:

11 Q Have you ever seen Exhibit 277 before?

12 A I have.

13 Q Okay. Did you assist in the preparation of this  
14 memorandum?

15 A This -- the origin of this memorandum was a  
16 discussion that Keith Russell and I had. Keith Russell was a  
17 director of the Countrywide financial board and of the  
18 Countrywide Bank board. So after -- so Keith -- it started  
19 as a discussion between Keith and I, and then I drafted -- I  
20 drafted this e-mail -- or I drafted -- I wrote this. I  
21 drafted it. It got changed a little bit subsequently, but I  
22 was the author.

23 Q Okay. Now, how did this memorandum come to be  
24 issued by Mr. Mozilo?

25 A Keith went -- so first there was a conversation

856:1 between Keith and I, and then Keith went and saw Angelo, and  
2 then Angelo agreed to send this out.

3 Q In addition to yourself and Mr. Russell, did anyone  
4 else assist in preparation of this memorandum?

5 A Several other people looked at it before it was  
6 finalized. So as an example, Susan Bow was one I  
7 specifically recall looking at it before it went out.

8 Q Do you recall anyone else who looked at it before  
9 it went out?

10 A I'm virtually certain there were more people that  
11 looked at it than that.

12 Q Okay.

13 A She's one that I can remember specifically.

14 Q Mr. McMurray, if you could turn to Page 4 of the  
15 memorandum, under the heading "Guideline Management."

16 A Yes.

17 Q Last we talked -- well, on one of the four previous  
18 occasions that we talked, we talked about the process by  
19 which product leadership would propose guideline changes and  
20 the process by which credit risk management would assess  
21 them, and you mentioned a lot of concerns you had about that  
22 process, and I've also seen that in documents. Do you recall  
23 that?

24 A I do.

25 Q Okay. Do you know why none of those concerns made

857:1 it into this memorandum under the heading "Guideline  
2 Management"?

3 A Let me take a look at this. I think the primary  
4 reason why that didn't -- that didn't make it here, the  
5 purpose of this memo was to communicate -- to communicate  
6 information rather than having a debate about how guidelines  
7 ought to be managed. So we weren't having -- we were not  
8 having a strategy debate here. This was simply conveying the  
9 state of affairs.

10 Q Okay. In testimony I've had with specifically  
11 members of Countrywide's board of directors, they stated that  
12 having read this memo they took comfort, after reading the  
13 procedures around guideline expansions, that, you know,  
14 things were appropriate.

15 Was that one of the purposes of writing this memo  
16 -- or of putting that section in this memorandum, was to  
17 provide comfort to the board and other executives that  
18 guidelines were being expanded in the appropriate manner?

19 A Well, that -- I don't remember that being an intent  
20 of Keith's or an intent -- and it wasn't an intent of mine.  
21 The intent of this was to communicate -- to communicate the  
22 state of affairs in the market as -- in the market as a whole  
23 and as well as at Countrywide.

24 Let me also -- I want to elaborate a little bit.  
25 The process that Countrywide had for managing guidelines, the

858:1 systems and so forth, are as good as any that I've seen in  
2 comparison. My specific beef had to do with the strategy  
3 itself. So under guideline management, if you go up to the  
4 very top, where it starts, "While Countrywide's 'supermarket'  
5 strategy" and the competitive pressures requiring the company  
6 to align with the marketplace, that is a specific area that I  
7 had a -- just a strategic disagreement with.

8 Q If you turn to the second page, there's a heading  
9 for risk based pricing.

10 A I see it.

11 MR. DROOYAN: Where are you? I'm sorry.

12 MR. WYNN: Page 5.

13 MR. DROOYAN: Oh, I see. You said Page 2. My  
14 fault.

15 MR. WYNN: I'm sorry. I meant one page after the  
16 last.

17 BY MR. WYNN:

18 Q So the last time we talked, you also raised some  
19 concerns with risk based pricing and identified some  
20 limitations associated with risk based pricing. Do you  
21 recall that?

22 A I do recall that. And I also recall it's my  
23 particular point of view and not necessarily one that would  
24 have been shared by everyone.

25 Q Okay. So my question was just why those concerns

859:1 and/or limitations with risk based pricing were not included  
2 in this memorandum.

3 A Again, it's very similar to the -- the answer is  
4 very similar to the one around guideline management. The  
5 purpose of this particular memo was to communicate what was  
6 in place. It wasn't -- the idea was not to have a debate  
7 around strategy in this particular setting.

8 MR. DROOYAN: Can we take a break?

9 MR. WYNN: Sure. Off the record.

10 (A brief recess was taken.)

11 BY MR. WYNN:

12 Q Mr. McMurray, can you explain what your view of the  
13 predominant corporate culture was at Countrywide from, say,  
14 '04 to January of '07?

15 A Sure. Let me take a swing at that. That's a  
16 pretty broad question. I think that it was -- a couple  
17 elements -- one, very focused on market shares. So that was  
18 -- that was a dominant theme. Another dominant theme would  
19 be around having -- well, let me back up. So market share  
20 was a major theme. Growing organically was another major  
21 theme, and there would be subthemes under each one of these.

22 A third theme would be having the best possible  
23 infrastructure. So things like systems and processes for  
24 measuring and reporting on activity would be another -- would  
25 be another theme. So as an example, there was a monthly ops

860:1 release that Countrywide put out to the public that I recall,  
2 and so there had to be the infrastructure and systems to  
3 support that and then for that to be put out on a monthly  
4 basis. So those would be three fairly dominant themes.

5 A fourth theme I would identify is that -- I'm  
6 trying to think the best way to say this. It wasn't a warm  
7 and cuddly culture, so it was -- it was abrupt and no  
8 nonsense as far as a lot of the interaction that took place  
9 among many of the folks there.

10 Q Would you say that the matching policy that we  
11 talked about was part of the corporate culture of obtaining a  
12 larger market share?

13 A I would say that that was a very important part of  
14 it. And just -- so it would tie into the market share or the  
15 market dominance. And there was even a -- I believe he was  
16 from UCLA, but a professor or someone that they had hired to  
17 help on corporate strategy and the idea as industries mature  
18 there end up being only a couple big firms that dominate  
19 those industries, and so that tied into this market share  
20 theme.

21 And a subtheme -- and I think that we've talked  
22 about this as well -- not just the matching strategy, but the  
23 idea of no brokering, too, for the retail area of the company  
24 would have been a subcategory of that bigger theme.

25 Q In light of that theme, the themes of obtaining a

861:1 larger market share, did you ever feel -- well, in the  
2 context of Exhibit 277, did you feel any pressure to tone  
3 down some of your positions on credit risk management issues?

4 MR. DROOYAN: In connection with drafting 277? Is  
5 that what you're asking?

6 MR. WYNN: Right.

7 THE WITNESS: 277 is this memo from Angelo?

8 BY MR. WYNN:

9 Q Right.

10 A So let's back up. So this came about with Keith  
11 because Keith started this with a discussion with me that the  
12 purpose was to communicate information. So in no way was it  
13 meant to be a debate of any of the strategies but rather just  
14 a summary of -- a summary of what was going on at the time,  
15 particularly vis-a-vis this Wall Street Journal article. But  
16 it was, again, meant to communicate information, not -- it  
17 wasn't meant to be a debate of various approaches.

18 Q Okay. I understand that, but the specific question  
19 was: Did you, when you were drafting this, feel like you  
20 were in any way constrained to tone down some of your credit  
21 risk management positions in view of the corporate culture at  
22 Countrywide?

23 A This -- this is just my perspective now. I want to  
24 emphasize that. This would not have been the venue or place  
25 to bring up things that I didn't agree with. It just -- that

862:1 wasn't -- that wasn't the purpose of this. I had the  
2 concerns that I had mentioned to you in prior days that we  
3 met I did -- I did raise, and sometimes I raised those in  
4 writing, again, to the point where I was probably nails on a  
5 blackboard to some, but this particular instance was not an  
6 occasion to have that kind of a debate.

7           And so -- you asked if I felt constrained. Sure,  
8 somewhat. I was doing this for the chairman and CEO of the  
9 company who was a couple levels above me and for a director.  
10 So I don't know how you can't help but feel on your toes and  
11 wanting to be as careful as possible.

12           Q    And I don't want to push this too far, but if you  
13 look at the "Guideline Review and Verification" subheading,  
14 and the second sentence under that --

15           A    Let me make sure I'm on the right page.

16           Q    It's Page 4 of the memo.

17           MR. TAYLOR: Right here.

18           THE WITNESS: Okay. "Guideline Review and  
19 Verification."

20           MR. TAYLOR: Under "Guideline Management," right,  
21 Paris?

22           MR. WYNN: Right.

23           BY MR. WYNN:

24           Q    So as of the date of this memo, December 6th --

25           MR. DROOYAN: December 7th.

863:1 BY MR. WYNN:

2 Q -- December 7th, 2006, were you comfortable that  
3 that paragraph was accurate under "Guideline Review and  
4 Verification"?

5 A I do believe that this paragraph is accurate. You  
6 know, I want to -- since you've asked about some of the  
7 concerns that I've raised, I want to -- I want to  
8 specifically address that here. So yes, this was going on.  
9 There were specific -- there were specific instances of this,  
10 and this was by design, where issues would be caught. So  
11 product leadership would do the first analysis, and then  
12 Christian's team would do a second review of what product  
13 leadership had done. And sometimes they found things that we  
14 didn't agree with, but that was -- that was part of this  
15 process that we're describing here.

16 So it's -- I think it's a -- although it was a  
17 process that was contentious and where I -- you know, my only  
18 issue with it is that I don't think -- if product leadership  
19 had done their job perfectly, there shouldn't have been too  
20 much for Christian's area to catch, but the fact that we had  
21 both groups looking at it helped ensure that what's described  
22 here is -- was what was in the market.

23 Q And if we can go back to these handwritten notes of  
24 yours, I just want to clarify some things on this before we  
25 go to lunch.

864:1 MR. DROOYAN: What exhibit are we talking about?

2 What exhibit?

3 MR. WYNN: 1350.

4 MR. DROOYAN: Got it. Thanks.

5 BY MR. WYNN:

6 Q On the page ending in 1143, I'm looking at the  
7 middle of the page. On the right-hand side there's a  
8 heading, "Exception Guidelines."

9 A I see that.

10 Q And the first observation is "out of sync with  
11 market." I just want to see if you can recall what you were  
12 referencing here.

13 A Let's see. I don't remember exactly what I'm  
14 referencing there. I'm just looking around. I'm not  
15 precisely sure what I'm referencing there.

16 Q And if we could turn to Page 1147, under the  
17 heading "Fannie Mae" at the top of the page.

18 A I see that.

19 Q If you go down, there's something -- a reference  
20 about a Clayton review and a "20 percent throw outs."

21 MR. DROOYAN: What?

22 MR. WYNN: "20 percent throw outs."

23 MR. DROOYAN: Okay.

24 BY MR. WYNN:

25 Q Do you know what that's referencing?

865:1           A     So Clayton was a due diligence firm. I'm not clear  
2     from this note whether Countrywide had hired them or someone  
3     else had hired them. Actually, I'm thinking about this.  
4     Okay. So go -- Paris, just go up a little bit. Do you see  
5     where it says "optimum"?

6           Q     Yep.

7           A     Optimum was an affordable -- was an affordable  
8     lending product that Fannie Mae and Countrywide did together.  
9     And so the -- part of what makes an affordable lending  
10    product affordable is that it has expanded guidelines by  
11    definition. That's how an affordable lending product is  
12    designed. And so what I believe this is is that Fannie Mae  
13    and Countrywide were taking a look at some of the optimum  
14    loans which had not performed as well as expected. So I  
15    think that's what this has to do with.

16          Q     Okay. And I can't make out what it says, but right  
17    after "70 percent significant finding rate" -- is that right?

18          A     I think that says "70 percent significant finding  
19    rate."

20          Q     Okay. And do you know what the observation to the  
21    immediate right of that is, "evidence of borrower" something?

22          A     So there's supposed to be borrower counseling. I'm  
23    not sure what -- I'm not sure what I was trying to get at  
24    there, but something having to do with the borrower  
25    counseling, which was part of this program.

866:1 Q Okay. And then below the 70 percent number,  
2 there's "24/42. SSN don't exist."

3 A So one of the issues -- as the review was being  
4 done of this program, one of the -- one of the problems that  
5 was discovered is that the social security numbers that some  
6 of the borrowers provided were inaccurate. They didn't  
7 exist.

8 Q Do you recall if it was a significant number?

9 A Again, personal perspective here, if one didn't  
10 exist, I think that's a big deal. And there were controls  
11 that Countrywide had that, if they were used, were designed  
12 to catch this kind of a thing.

13 Q But are you aware of any actual quantification of  
14 the amount of social security numbers that didn't exist? Are  
15 you aware of any -- like, how many were you personally aware  
16 of that did not match up?

17 A It would -- ordinarily, I would think it to be a  
18 fairly unusual thing. This was a sample specifically from  
19 the optimum program, and so this was one of the -- one of the  
20 findings.

21 Q Okay.

22 A And again, from looking at this, it appears to be  
23 specifically focused on this optimum program.

24 Q And under the -- well, there's the heading that  
25 says "511 Clayton Review," and then to the right of that it

867:1 says "360 with significant" -- or "360 with significant." Do  
2 you know what that means?

3 A What I think that means is that Clayton reviewed  
4 511 files, 360 of which had some type of a significant item  
5 worthy of mention. And an example of an item worthy of  
6 mention would have been one of these social security number  
7 issues.

8 Q And do you know what the "20 percent throw outs"  
9 figure means?

10 A I'm not -- I don't remember what that means.

11 Q And to your knowledge, were loans originated under  
12 this optimum program securitized and sold to the secondary  
13 market?

14 A The way these worked, they were sold to Fannie Mae,  
15 and Fannie Mae bore the credit risk on these.

16 Q Okay.

17 A Now, just to be clear, there is -- Countrywide  
18 retained some rep and warrant risk, but the major credit risk  
19 was borne by Fannie.

20 Q Do you recall how you became aware of this audit  
21 function that had been performed by Clayton?

22 A I believe this was a meeting with Fannie Mae. If  
23 you look up at the top, I say Fannie Mae and underline it.  
24 So I believe this was a meeting with them. There was a  
25 gentleman from Fannie Mae. His first name is Todd. I'll

868:1 remember his last name here in a moment. My recollection is  
2 that he came over and met with us. And when I say "us," I  
3 believe that was Kevin, myself, Christian, probably Rod, and  
4 maybe one or two others, but that's what I remember right  
5 now.

6 Q And do you recall if the result of this audit was  
7 shared with either Mr. Mozilo or Mr. Sambol?

8 A I don't -- let me think about that for a second.  
9 Angelo, I'm not sure about at all, again, because I was a  
10 couple levels removed from him. I suspect that it was shared  
11 with Dave, probably by Kevin, just to keep him in the loop  
12 with conversations going on with Fannie Mae.

13 MR. TAYLOR: John, you said you suspect it was  
14 shared by someone else. Do you have any personal knowledge  
15 as to whether it was shared with Dave Sambol?

16 THE WITNESS: Not that I recollect specifically.

17 MR. TAYLOR: Okay. I think what Paris is looking  
18 for is your personal knowledge and not your speculation as to  
19 what someone else might have done.

20 Is that fair, Paris?

21 MR. WYNN: That's fair.

22 BY MR. WYNN:

23 Q But anytime you have a good idea of something --  
24 I'm not asking for 100 percent certainty, but if you have no  
25 idea, you probably should just say, "I am just speculating."

869:1           A     All right.

2           Q     As far as your department, credit risk management,  
3 did anything come of this audit? Were any procedures  
4 changed?

5           A     I do -- I do believe that optimum got relooked at.  
6 So there was a gentleman, Tom Rzeuet, who worked for -- who  
7 worked for Christian, and Tom worked on the affordability  
8 products, and my recollection is that several of us were  
9 unhappy about these results. And there was Dottie -- I can't  
10 remember her last name. She was in the affordable area.

11                     And so there were meetings subsequent to this to  
12 talk about what needed to be done to address some of the  
13 issues that came about as a result of -- as a result of this  
14 and possibly other audits.

15           Q     To your knowledge, was Mr. Gissinger or any of his  
16 personnel in production divisions made aware of this audit  
17 information?

18           A     I believe Dottie rolled up through Drew's  
19 organization, I believe. And other than that, I'm not  
20 absolutely sure.

21           Q     And do you recall now what this gentleman's name  
22 was from Fannie Mae? It was Todd something?

23           A     I haven't remembered it yet, but just give me --  
24 let me -- it will come out at a point.

25           Q     Do you recall what his perspective was on these

870:1 findings? I mean, was he upset? Was he angry?

2 A We were all angry.

3 Q So he was angry, you'd say?

4 A I -- personal -- I don't see how he could not have  
5 been angry.

6 Q What do you mean by that?

7 A It's -- 70 percent significant finding rate, that's  
8 not good. Social security numbers that don't exist, that's  
9 not good. I think any -- anyone should be angry by this, by  
10 these results.

11 Q And right next to Fannie Mae there's a date of  
12 4/26, do you know what year that's associated with?

13 A I think that it's 2007, but hang on.

14 Q All right.

15 A So if we go right -- if we go right before that, do  
16 you see -- and I don't know whether these pages are in order  
17 or not. That's one thing that's confusing. But where it  
18 says SLK, that's Stan. And so Stan wouldn't have been there  
19 in April of 2007. So it could be -- so it could be 2006.

20 Q Okay.

21 A I'd say probably 2006, if these page orders are  
22 correct.

23 Q Okay. I want you to next turn to Page 1153. And  
24 there's a heading for subprime and a date of March 12th. And  
25 do you recall if that's in '06 or '07?

871:1 A Probably '07.

2 Q Okay. And could you identify the initials next to  
3 3/12, please.

4 A DS is Dave Sambol. E S is Eric Sieracki. KB is  
5 Kevin Bartlett. AM is Anne McCallion. Give me a moment on  
6 the other two. And then the very last one, JM, is me. Oh,  
7 JA is Josh Adler. And I'm not sure about the second to the  
8 last one.

9 Q Is Josh Adler someone in secondary marketing?

10 A He is. So he's someone that also worked for Kevin.

11 Q Okay. Was there a meeting on March 12th concerning  
12 subprime?

13 A There appears to have been.

14 Q Do you recall anything about the subject matter  
15 discussed at that meeting?

16 A I can -- let me look at these notes.

17 Q Okay.

18 A Without looking at these notes, I won't -- I don't  
19 recall anything.

20 Okay. I have a sense of the things being discussed  
21 here by glancing at this.

22 Q And am I correct that in February of '07, there was  
23 a disruption in the secondary market with respect to subprime  
24 loans?

25 A Early in '07, there was a disruption in the

872:1 secondary market for subprime loans. That's my recollection  
2 as well.

3 Q Okay. So what do you recall as far as the subject  
4 matter of this March 12th meeting?

5 A So let's just go down line by line. So on the  
6 first one, it says "DS: Lift HFI back to HFS except for  
7 seconds." So that referred -- loans can be done either held  
8 for investment or held for sale, and so this is instructions  
9 that he's giving on that matter.

10 The second line down, where it says "No 100s on  
11 2/28: DS," so I believe this is instructions he's giving as  
12 to not doing 100 percent CLTV or LTVs on 2/28s. And 2/28s  
13 was a kind of an ARM product in subprime.

14 The next line item, the -- it says less than triple  
15 B. So triple B is a rating, agency rating, and triple B is  
16 the demarcation point for investment grade. And so -- so  
17 there, what we're talking about is a position limit for the  
18 broker dealer.

19 And do you see where I've circled "Fox"? That's  
20 David Fox, who was the risk manager for the broker dealer.  
21 And then just below that, it talks about a \$100 million limit  
22 for this less than triple B.

23 I don't know what the next line is. The next  
24 couple lines, starting with the colored-in star -- the first  
25 one, "Plus 25 in rate for one-borrower loans." So one of the

873:1 pieces of statistical research that my area had done and  
2 shared with a lot of people around the company is on  
3 one-borrower loans. So this is loans where there's just one  
4 borrower rather than two borrowers. And so it looks like  
5 Dave is giving some input there. If you look over to the  
6 right, there's a bracket where it says "DS put in today."

7 And then the next one is a -- it looks like it's in  
8 quotes. "Can't be uncompetitive on guidelines or price,"  
9 which is from Dave.

10 Q Let me stop you there. When we're looking at the  
11 observations stuff with a star, are these for increases in  
12 the interest rate associated with certain loans?

13 A That's what they -- that's what they -- that's what  
14 they appear to be.

15 Q And then there's an X by some -- what look like to  
16 be proposed increases in interest rates for certain stated  
17 and full documentation products.

18 A That's right. But keep in mind I'm taking these  
19 notes as the meeting is going on, and so different ideas  
20 would have been thrown out at me and possibly retracted. So  
21 it looks like this is something that was proposed and then  
22 subsequently disagreed with.

23 Q And do you know who disagreed with that?

24 A You know, I don't remember.

25 Q And do you know what point Mr. Sambol was making

874:1 when he had in quotes, "Can't be uncompetitive on guidelines  
2 or price"?

3 A It's simply a very -- it's a recurrent theme that  
4 he doesn't want to be uncompetitive on guidelines or price.  
5 So it's not something new, but it's just -- not new that he  
6 would have said, but just something he reemphasized in this  
7 meeting.

8 Q Do you recall of any instances where you or someone  
9 else in credit risk management proposed an increase in the  
10 rates on certain products in order to adequately price for  
11 the risk in which Mr. Sambol responded by saying that we  
12 can't be uncompetitive on price?

13 A It would have been more than just my area, first of  
14 all. So it would have -- my area might have been involved,  
15 but it would have included secondary marketing as well. And  
16 the reason for that, on subprime in particular, there are  
17 going to be a couple components that go into the price.  
18 There's the major part of the asset that gets sold into the  
19 secondary market, where those investors are owning the asset  
20 and bearing the risk. There's a retained interest piece that  
21 Countrywide keeps, and that has to be valued. And then  
22 finally, there's the servicing.

23 Most of that valuation and the gathering of the  
24 market prices would have taken place in secondary marketing.

25 Q So do you recall any instance where Mr. Sambol

875:1 responded to a proposal to increase a price of a product by  
2 saying that "We can't be uncompetitive"?

3 A I'm going to try to recall some specific instances,  
4 but on this particular topic that you're bringing up now, my  
5 observation was there was constant discussion and debate on  
6 this.

7 So, for example, if you looked at the ALCO minutes  
8 -- and normally, Dave was not at ALCO, but the subject would  
9 have come up there, and then it would have subsequently been  
10 discussed with Dave outside of ALCO, not necessarily by me  
11 but by others. But I observed it being discussed lots of  
12 times.

13 Q And when you say "it being discussed," what are  
14 you --

15 A The pricing --

16 Q Okay.

17 A -- and the need to be competitive.

18 I'm more certain this is '07, by the way.

19 Q And your observation is on 1153?

20 A On 1153, I'm fairly certain this is from 2007.

21 Q All right. And on the next page, there is a -- at  
22 the bottom right-hand corner, there appears to have been a  
23 meeting on March 13th.

24 A I see that.

25 Q And could you again, you know, identify the

876:1 participants by your notations?

2 A DS stands for Dave Sambol; KB, Kevin Bartlett. DG  
3 is Drew Gissinger. ME is Mark Elbaum -- I'll come back to  
4 JS. CI is Christian Ingerslev. FA is Frank Aguilera. VL is  
5 Vijay Lala. I'm not exactly sure who the others are.

6 Q And, of course, take as much time as you need to  
7 read that section, but I just want to -- the question I'll  
8 ask you is: What transpired at that meeting?

9 A All right. So what appears to be underway here is  
10 a discussion around guidelines. Over on the left appears to  
11 be more oriented towards subprime and over on the right more  
12 oriented towards Alt A.

13 Q Can you tell if guideline contractions are being  
14 discussed at this meeting?

15 A It appears to be guideline contractions. And the  
16 reason I say that is if you look under "Prime 100 percent Alt  
17 A," it says "no nonowner, no second homes. Reduced doc." "No  
18 investor" a little further down. So this appears to be where  
19 guidelines are being cut back.

20 And I said a moment ago that I'm virtually certain  
21 this was from the 2007 time frame, and we're now talking  
22 about March. And so the dislocation in the subprime market  
23 would have probably continued to amp up by this time frame.

24 Q Okay. If you turn to the next page, it's 1156.

25 Excuse me. Just turn to Page 1156.

877:1 A 1156.

2 Q There's a date at the top of 6/18. Is this from  
3 '07?

4 A I believe so.

5 Q And do you know what "Big Bang" is?

6 A So if you go to the left of "Big Bang," it talks  
7 about Basel II implications of Big Bang. I'm not sure if  
8 that -- so at the time, which is why I'm thinking this is  
9 '07, we were working on implementing Basel II, which is a  
10 capital standard, and it either -- it might have had to do  
11 with Basel II, or the other possibility -- I'm not sure. I  
12 don't want to -- I don't want to throw out a guess.

13 Q But are you certain that this 6/18 is from 2007?

14 A I'm virtually certain.

15 Q Okay. And to the right, there's a comment,  
16 presumably from Dave Sambol, a notation that you put. It  
17 says, "Success stories to counter horror stories." Do you  
18 know what that references?

19 A I think this is Dave was reading a lot of horror  
20 stories about people that had gotten certain types of loans,  
21 and so his -- the point that I understood him to make was  
22 that there were a lot of people that were successful with the  
23 loans and that that never got reported in the press. So I  
24 think that's what he was getting at.

25 Q Two more questions, and then we can break for

878:1 lunch.

2                   On the -- under the Basel II notation, there's  
3 another "DS," and then the observation is "Wal-Mart of  
4 mortgage business. Broadest product line, matching."

5                   Are these references that Mr. Sambol made on June  
6 18th?

7           A     I believe so, because I -- that's what I wrote  
8 down, were "DS," Dave Sambol, colon, and then he's making --  
9 then there's this comment. So if you go to the top, it says,  
10 "Corporate strategy session." So I think this is where he  
11 had, perhaps, 30 or 40 of the top people in the company in  
12 for a strategy session.

13           Q     To your knowledge, would those people have included  
14 Anne McCallion and/or Laurie Milleman?

15           A     I'm fairly certain it would have included Anne. I  
16 don't know about Laurie.

17           Q     And is it accurate to say that as of June 18th,  
18 '07, Mr. Sambol was still a proponent of Countrywide having  
19 the broadest product line and pursuing a matching strategy?

20           A     I think that is fair to say.

21           Q     And last question: If you look at the third  
22 notation for DS, to your knowledge, did he state at that  
23 meeting that matching strategy or the strategy of being the  
24 Wal-Mart of the mortgage business had started in 2000 or  
25 2001?

879:1           A     I'm reasonably certain that's what he's talking  
2     about.  And then there was an analogy -- there was a Rams  
3     analogy, which -- since I didn't grow up in Los Angeles, I  
4     didn't quite get the Rams analogy.

5               MR. WYNN:  All right.  Well, can we go off the  
6     record now.

7               (Whereupon, at 12:09 p.m., a luncheon recess was  
8     taken.)

9               MR. WYNN:  We're back on the record at 1:19 p.m.  
10              John, I want to show you another of the MDNA  
11     templates that you filled out.  This one is Exhibit 1256, and  
12     it's a series of e-mails, the last one being an April 10th,  
13     2007 e-mail from Erika Joseph to you.

14                                (SEC Exhibit No. 1256 was referred  
15                                to.)

16              THE WITNESS:  Okay.

17              BY MR. WYNN:

18              Q     John, I wanted to start on the -- actually, the  
19     first page of the document, in the middle, there is an e-mail  
20     from you to Ms. Joseph.

21              A     Mm-hm.

22              Q     And you state that "As an aside, some of my  
23     comments have made it into your previous filings."  Do you  
24     recall if you were referencing -- or had a particular comment  
25     in mind that made it into a filing?

880:1           A     I probably -- at the time, I probably had a  
2     specific comment -- or a specific comment in mind, but I  
3     don't remember what that is right now.

4           Q     Okay.

5           A     But I suspect I did at the time I wrote this.

6           Q     Okay. And if you turn to the final page of the  
7     document --

8           MR. DROOYAN: What page?

9           BY MR. WYNN:

10          Q     The final page of the exhibit, ending in 997.  
11     There are three boxes there that you're supposed to check off  
12     on, and my question is, do you know why these weren't  
13     checked?

14          A     I don't -- I don't know why.

15          Q     Okay. Now, do you recall ever becoming concerned  
16     about checking off these boxes?

17          A     Well, on some of the other versions of this that  
18     we've looked at, I tried to annotate if I thought there was  
19     something that I wanted to add.

20          Q     Okay.

21          A     So, you know, I just wanted to be sure that they  
22     had the benefit of my latest thinking.

23          Q     Okay. And I don't know if you remember, but one of  
24     the last times we talked, it was in August. We talked about  
25     when you had tendered a letter of resignation in November of

881:1 '06, and then you had a meeting with Dave and --

2 A Kevin and David.

3 Q Do you remember that?

4 A I do.

5 Q You explained to me that you had told Mr. Sambol  
6 and Mr. Bartlett that one of the reasons you were tendering  
7 the resignation is that you didn't want to be blamed for  
8 products and strategy you never supported and actually  
9 advocated against. Do you recall that?

10 A I recall it.

11 Q Okay. And that you were concerned about personal  
12 risk. Do you recall that?

13 A I recall that.

14 Q Okay. Now, when you used the phrase "personal  
15 risk," were you also thinking of the personal risk that you  
16 might entail in connection with having certified and checked  
17 off some of these questionnaires and financial statements?

18 A You know, I really wasn't. How I was thinking  
19 about it is just that people would have thought that I  
20 endorsed some of the products that were being done, is how I  
21 was thinking about it.

22 Q Okay. And just to be clear, at any point in time  
23 did you feel that you might be putting yourself in any kind  
24 of legal trouble or legal jeopardy by certifying the  
25 financial statements?

882:1           A     Well, two things. I wasn't -- I tried to  
2     participate as vigorously as I could in their process and  
3     give them access to whatever information that I had. I guess  
4     my understanding of the process -- and again, this is just my  
5     personal perspective without having knowledge of the broader  
6     process -- was that Angelo and Dave were the final  
7     certifiers, but everything that the financial reporting guys  
8     fed -- you know, gathered, information from around the  
9     company, including these subcertifications, to end up at that  
10    process.

11           Q     Okay. Well, if you look at the last page of this  
12    exhibit, do you see Item No. 10? It reads, "Based on my  
13    knowledge, the discussion of my business unit included above,  
14    as I have modified it, accurately describes my business unit  
15    for the quarter ending March 31st, 2007, in a manner that is  
16    not misleading.

17           A     I see that.

18           Q     Okay. Do you think that the credit section of  
19    Countrywide's 10-Q for March 31st, 2007, could be not  
20    misleading if it did not contain a disclosure concerning  
21    widening credit line -- excuse me -- widening credit  
22    guidelines and deterioration in loan quality?

23           A     I'm not so sure about that, so let me elaborate  
24    why. I think it identifies the key areas where Countrywide  
25    would have risk from those -- from the guidelines just in

883:1 general, including widening guidelines. My preference would  
2 have been to have them use the stuff that I provided, but I  
3 didn't think that it was inaccurate as they ended up with it.

4 Q Okay. And if you look at the first page of the  
5 exhibit again, Ms. Joseph states that she understands that  
6 some of your comments have not been made and that she will  
7 meet with you this quarter to discuss with you why certain  
8 comments haven't been made. I'm paraphrasing.

9 But do you recall meeting with Ms. Joseph and  
10 having a discussion about why some of your comments hadn't  
11 made it to the filings?

12 A I don't recall meeting with Erika. There were  
13 meetings that I had with Greg Hendry in this time frame, and  
14 so it might have been a meeting with Greg rather than with  
15 Erika. And there were -- this is '07. So for the first  
16 quarter and then the second quarter earnings call, there were  
17 two supplemental presentations that were done that I got to  
18 contribute to. And so those helped get at some of the issues  
19 that I had been raising.

20 Q You're saying that some of these earnings  
21 presentations helped get at some of the issues you had raised  
22 in the context of the preparation of the SEC filings?

23 A Well, no, not -- in the context of the issues that  
24 I was bringing up generally. So the issues that I was  
25 bringing up to these guys, I was bringing it up to them but

884:1 not just them. I was bringing it up in a broader way. So it  
2 wasn't just for their purposes, but just more generally for  
3 across the company.

4 Q Okay. Do you remember any earnings calls or  
5 presentations that you made or participated in where you  
6 referenced the fact that Countrywide's underwriting  
7 guidelines had been expanding and that, therefore, loan  
8 quality was deteriorating?

9 A I don't know that it was stated exactly that way,  
10 but in the -- there was a first and second quarter earnings  
11 call -- let me even back up. There was a presentation done  
12 in September of '06, and in that, we went through a lot of  
13 the key guidelines and then how those affected the likelihood  
14 of serious default -- or serious delinquency. Excuse me.

15 And so that was -- there was one day for equity  
16 investors, one day for fixed income investors. So it was a  
17 lengthy presentation with lots of different folks from  
18 Countrywide presenting, but the specific presentation that I  
19 gave went over those key guideline elements.

20 Q And when you gave that presentation having to do  
21 with those key guideline elements, was the information you  
22 presented done on an industry basis, or was it with respect  
23 to Countrywide's --

24 A It was done --

25 Q -- portfolio particularly?

885:1           A     Sorry.  It was done with respect to Countrywide's  
2     portfolio in particular.

3           MR. DROOYAN:  Were you going to say something about  
4     the first and second quarter earnings costs?

5           THE WITNESS:  I was.

6           So -- and just to finish up the last thought,  
7     Paris, so the study itself and the results that were  
8     presented had to do with Countrywide specifically.  You know,  
9     I may have talked generally about the industry and the  
10    presentation, but what was being presented on paper had to do  
11    with Countrywide on the issue of guidelines.  There was some  
12    house price information.  That would have been for the entire  
13    country, not just for Countrywide.

14          BY MR. WYNN:

15          Q     Can you recall specifically what you said or  
16     disclosed regarding Countrywide's guidelines in those  
17     presentations?

18          A     Sure.  I can -- I'm not going to recall every  
19     specific, but --

20          Q     And I'm sorry to cut you off.  I'm thinking  
21     specifically to the ones you mentioned in September of '06.

22          A     All right.  So in September of '06, two things I  
23     remember in particular.  So one, on key types of guideline  
24     attributes, that went through odds ratios, so in other words,  
25     how that would affect the likelihood of serious delinquency.

886:1 And again, it's just important to remember -- we've talked  
2 about this several times -- how that translates through to  
3 Countrywide.

4           It's going to get filtered through the various  
5 sales and credit enhancements that they do, so some of that  
6 is going to be borne by outsiders and not by the company.  
7 But anyhow, it showed those results which were specific to  
8 Countrywide.

9           And then in addition to that, there were also  
10 charts that showed the distribution of some of the key  
11 guidelines. So, for example, leverage CLTV or LTV ratios,  
12 there was a distribution that showed that for prime and  
13 subprime and, I believe, home equity loans. I think there  
14 was a chart on debt to income and income that was shared in  
15 that presentation. And there were probably others as well,  
16 but those are a couple that I can specifically remember.

17           And on some of the odds ratios charts, which are a  
18 way of measuring risk, I believe there was a chart on limited  
19 documentation, probably one on leverage, one on FICO. There  
20 was also -- sorry to back up, but a FICO distribution chart,  
21 too, so it would have shown the FICO distribution for  
22 Countrywide for prime and subprime so people could get a  
23 sense of where that ranged. Not just a sense of the range,  
24 but how many of the loans in Countrywide's servicing  
25 portfolio fell into each of that range. So that's '06.

887:1                   In '07, in the first and second quarter, there were  
2   two supplemental presentations for the earnings call that I  
3   got to participate on.

4                   Do you remember the e-mail that you showed me that  
5   I sent to Eric on, you know, why delinquencies are increasing  
6   and how that would -- or why I thought they would be  
7   increasing and how that would manifest itself? So both in  
8   the first and the second quarter call, we did -- there was a  
9   supplemental written presentation that had that on a couple  
10  pages. One page is -- one page actually went through the  
11  numbers. The other page went through the concepts behind  
12  that.

13                   And then in the second quarter of '07, we also --  
14  we put in a refreshed version of the odds ratio analysis, so  
15  it looked at some of the key guidelines and how that affected  
16  how the loans performed.

17                   Q   When you say "key guidelines," are you saying -- is  
18  that synonymous with key credit attributes, such as LTV  
19  documentation?

20                   A   Guidelines are made up of those attributes.

21                   Q   Okay. And what was the audience for the September  
22  '06 presentation?

23                   A   One day was for equity investors, and my  
24  recollection is that there were a couple hundred people in  
25  attendance. And then the next day -- and it was a formal

888:1 presentation, then a Q&A session. And then the next day was  
2 for fixed income investors, and so it was basically the same  
3 presentation. And then the investor relations area, their  
4 typical practice would be to put the presentation out on  
5 Countrywide's website. So if someone else wanted to look at  
6 it subsequently, they could.

7 Q Do you recall if you explicitly referenced and/or  
8 explained Countrywide's matching strategy in any of those  
9 September '06 presentations or some of the early '07  
10 presentations?

11 A I can think of a presentation that I talked about  
12 that, and it has to do with a fed presentation. In these  
13 company presentations, again, it's not the venue to have a  
14 big strategy debate in front of the whole world, so I  
15 wouldn't be talking about that, typically. I mean, that was  
16 a business strategy that was devised by another area, so it  
17 just wasn't the appropriate venue to have an argument.

18 Q Not an argument, but just to disclose that  
19 Countrywide typically would match product offerings of those  
20 competitors.

21 A I do think that in -- not -- well, two thoughts.  
22 In the presentation that I referenced in 2006, someone could  
23 get an idea of the key attributes just by looking at the  
24 charts that I showed. And I also believe in other  
25 presentations, in other words, not by me, that the idea of

889:1 having a very broad product line was discussed.

2           The comment I remembered -- and I don't remember a  
3 specific presentation where he said this, but a comment that  
4 Dave often used was the idea of being ubiquitous, so being  
5 everywhere with everything. So that ubiquitous term was  
6 something that he used to describe that.

7           One other quick thing while you're looking, just to  
8 finish that up. Another thing that I haven't mentioned but  
9 that was an important element of the strategy is that there  
10 was the matching strategy in the primary market, but the  
11 other thing that the company sought to do was to be able to  
12 sell -- to have the avenue of selling everything that it  
13 produced as well.

14           So it might select some of the loans for its bank  
15 portfolio, but the other -- you know, another strategy that  
16 the company had was that they wanted to be able to securitize  
17 or sell the various products that were produced as well.

18           Q     Okay. Does that somehow relate to the discussion  
19 we were having about whether or not the matching strategy was  
20 known publicly?

21           A     You've asked about the risk of increasing  
22 guidelines and so forth. So it relates directly -- excuse  
23 me. It relates directly to that. Because what's important  
24 from the company's perspective is the net risk that's left,  
25 not necessarily the risk that you start out with but what

890:1 you're left with, if you're talking about just solely from  
2 the company's perspective.

3 Q And you were aware of that strategy to securitize  
4 most of what Countrywide produced since you started the  
5 company; is that right?

6 A I was aware of that.

7 Q So you were aware of that strategy when you were,  
8 you know, raising credit concerns to senior executives? Is  
9 that right also?

10 A That's right. And -- I'm sorry.

11 Q You can add. That was my only question about that.

12 A Yeah. So this is my personal view. Beyond  
13 anything to do with the company, beyond anything to do with  
14 the investors, there's -- you know, there's still a human  
15 that's associated with all of these loans, and so I thought  
16 it was important to consider things in a broader context.

17 We had a responsible conduct committee that one of  
18 the purposes of that committee was to consider things from  
19 that perspective. So in my opinion, these broader guidelines  
20 were particularly important with respect to that because even  
21 if the company was able to sell the risk, the particular  
22 individual that took one of these loans -- even if it was an  
23 affordability product that Fannie Mae or someone else had  
24 endorsed, they were still running a higher risk, those  
25 individuals.

891:1 Q And I'm sorry to switch topics totally, but since  
2 this is on my mind, I wanted to ask you a question about the  
3 bank's investment policy and the bank's credit policy. In  
4 discussions with the staff, Mr. Garcia repeatedly referred me  
5 to you when I asked him questions about the bank's credit  
6 policy. So my question is: How much control did you have  
7 over the credit policy at the bank?

8 A I had input into it, but I would not use the word  
9 "control over it." I vigorously participated there. There  
10 were some -- there were some things that they pursued that I  
11 wouldn't have endorsed and didn't endorse, but I did not  
12 control it. I wouldn't use that word.

13 Q And how much control did you have over the bank's  
14 investment strategy?

15 MR. TAYLOR: I'm sorry, Paris. I'm confused.  
16 You've used credit policy, investment policy, investment  
17 strategy in your last couple questions.

18 Are you distinguishing between those or --

19 MR. WYNN: Yeah.

20 BY MR. WYNN:

21 Q Mr. McMurray, do you understand there's two  
22 different concepts, credit policy and investment policy?

23 A I understand that they're different concepts, but  
24 they are highly related to one other.

25 Q Okay. That's my understanding as well, but I do

892:1 want to separate them a little bit. So the first question I  
2 asked was on the credit policy. The question I want to ask  
3 you now is how much control you had over the investment  
4 policy.

5 A I had an opportunity to provide input. I was not  
6 the final say by a long shot, but I did have an opportunity  
7 to provide an opinion.

8 Q I'm going to show you Exhibit 1210, which is an  
9 April 25th, '07 e-mail from you to Ms. Ling.

10 (SEC Exhibit No. 1210 was referred  
11 to.)

12 BY MR. WYNN:

13 Q Mr. McMurray, why did you send this e-mail to Ms.  
14 Ling?

15 A Well, I wanted to remind her that I've -- that I  
16 had communications with them, and so I wanted to remind them  
17 of that. That was the purpose of sending this to them.

18 Q I'm going to mark as Exhibit 1351 an April 25th,  
19 '07 fax to Ms. Ling from your secretary. I always  
20 mispronounce her name. It's Katica Rich?

21 A Katica.

22 Q Katica Rich. This document will be Bates No. JPM  
23 1097 through JPM 1100.

24 (SEC Exhibit No. 1351 was marked for  
25 identification.)

893:1 MR. DROOYAN: Which exhibit number did you say this  
2 is?

3 MR. WYNN: 1351.

4 THE WITNESS: All right. I've taken a glance at  
5 this.

6 BY MR. WYNN:

7 Q If you turn to Page 8 of 1351 --

8 MR. TAYLOR: You mean Bates No. 1098?

9 THE WITNESS: 1098.

10 BY MR. WYNN:

11 Q I'm sorry. It's actually the last page of the  
12 exhibit, Item 8. My question is simply: If you included  
13 this referral in Item 8, why did you think it was necessary  
14 to also send an e-mail, you know, and basically say the same  
15 thing?

16 A Well, I don't know that it's for the same thing.

17 Q Okay.

18 A So here's what I think.

19 Q Okay.

20 A I'm not absolutely certain about this. They had  
21 these certifications -- these electronic certifications where  
22 you clicked a button, and so I think this e-mail has to do  
23 with that, not with this fax form.

24 Q Okay. I'm sorry. The next exhibit I'll show you  
25 is Exhibit 1258.

894:1 (SEC Exhibit No. 1258 was referred  
2 to.)  
3 MR. WYNN: Sorry, guys. I only have those copies.  
4 BY MR. WYNN:  
5 Q I just want you to turn to the page ending in 426.  
6 There's the May 7th, '07 e-mail -- excuse me -- memorandum  
7 from Mr. Hendry to the file.  
8 MR. TAYLOR: 426?  
9 MR. WYNN: Yeah.  
10 THE WITNESS: And by the way, I haven't seen this  
11 with these initials on it.  
12 BY MR. WYNN:  
13 Q Okay. Do you recognize the initials?  
14 A No. This is May 7th?  
15 Q Yes.  
16 A Okay. I see it.  
17 Q Have you ever seen this memorandum before?  
18 A I may have.  
19 MR. WYNN: Do you guys want to go off the record  
20 and make a copy of this? Are you okay, Richard?  
21 MR. DROOYAN: It's okay with me.  
22 MR. KNOWLES: Do you want a copy?  
23 MR. TAYLOR: No. I'm okay. I'll look over John's  
24 shoulder here.  
25 THE WITNESS: Can I go off the record and ask him a

895:1 question?

2 MR. WYNN: Sure. Off the record.

3 (A discussion was held off the record.)

4 MR. WYNN: Back on the record.

5 MR. TAYLOR: I assume, Paris, when you ask him that  
6 kind of a question, you're excluding anything that his  
7 counsel might have shown him?

8 MR. WYNN: Yes.

9 THE WITNESS: All right. That's what I wanted to  
10 clarify.

11 BY MR. WYNN:

12 Q Okay. So, Mr. McMurray, outside of any, you know,  
13 meetings or discussions with your attorneys, have you ever  
14 seen Mr. Hendry's May 7th, 2007 memo before?

15 A He may have presented a copy to me. I don't have a  
16 specific recollection. Over the course of the several years  
17 that we were --

18 MR. TAYLOR: The question is not what may have  
19 happened.

20 THE WITNESS: All right. I'm sorry.

21 MR. TAYLOR: It's what do you recall happened.

22 A I don't remember going over this with Greg.

23 BY MR. WYNN:

24 Q Okay. Do you remember meeting with Greg to review  
25 your MDNA template for the quarter ending March 31st, 2007?

896:1           A     On that -- I remember meeting with Greg on a number  
2     of occasions, but when you're -- to pick out one specific  
3     instance, it's hard for me to zero in on that.

4           Q     Okay. If you look at the background heading on  
5     this memorandum, the last sentence of that paragraph states,  
6     "Therefore, I met with John on Friday, May 4th, 2007, to  
7     review his questions and to determine whether the issues  
8     required further follow-up or a reopening of the company's  
9     books."

10          A     I see that.

11          Q     All right. What does that -- when he says  
12     "reopening of the company's books," what does that mean to  
13     you?

14          A     I'm not sure what that -- I don't know exactly what  
15     he means by that.

16          Q     Okay.

17          A     And I don't know whether if that's from a financial  
18     perspective or some other perspective, in other words, the  
19     numbers or something else.

20          Q     All right. If you turn to the third page of the  
21     memorandum --

22          A     Page 3 of 7?

23          Q     Right. I'm looking at the second row, and the  
24     identifier is preliminary template response e-mail. In the  
25     third bullet point, Mr. Hendry states that he identified risk

897:1 in a credit environment.

2 A I see that bullet.

3 Q And then in the resolution, he stated, "John  
4 indicated that he is comfortable that the quarterly report  
5 identifies the risk and uncertainties in the current  
6 environment."

7 Do you recall making such a representation to Mr.  
8 Hendry?

9 A I don't think I ever would have used the word  
10 "comfortable" in talking about something that was out in the  
11 future. I don't know how someone could be comfortable when  
12 we're talking about the environment and what may happen in  
13 the future. So I would be surprised if I had used that word.

14 Q Do you recall if when you met with Mr. Hendry --  
15 well, I'm sorry. Let me back up a little bit. I already  
16 asked you this, but I forgot what you said, obviously. Do  
17 you recall -- do you have a specific recollection of meeting  
18 with Mr. Hendry in May of '07 to talk about that quarter's  
19 10-Q?

20 A I don't have a specific recollection meeting with  
21 him on that day about that particular topic. There were  
22 numerous meetings that I had with him over time, and so it's  
23 -- I mean, there are certain ones that I can remember where  
24 we talked about a specific topic, not what day it occurred  
25 on, and I don't remember going over this memo with him.

898:1 Although it could have occurred, I just don't remember right  
2 now.

3 Q Do you remember having a conversation with him  
4 concerning your MDNA template for the first -- excuse me --  
5 your completed MDNA questionnaire for the first quarter of  
6 '07?

7 A I remember having conversations with him about the  
8 input that I gave them, including on the MDNA template. As  
9 to which quarter it went to, that I don't remember  
10 specifically.

11 Q I'm going to show you Exhibit 1269, which is an  
12 August 4th, '07 e-mail from you to Ms. Joseph.

13 (SEC Exhibit No. 1269 was referred  
14 to.)

15 MR. TAYLOR: Are we marking this?

16 MR. WYNN: Oh, no. It's already marked as Exhibit  
17 1269.

18 MR. TAYLOR: 1269?

19 MR. WYNN: Yeah.

20 THE WITNESS: Do you want me to read through the  
21 whole thing or --

22 BY MR. WYNN:

23 Q No.

24 A Okay.

25 Q In Exhibit 1269, you appear to be giving your

899:1 comments on a draft of the 10-Q for the second quarter of  
2 2007; is that right?

3 A It appears that way.

4 Q And I'm going to give you Exhibit 1270, which  
5 appear to be some comments from Mr. Hendry regarding your  
6 comments and then your responses to those.

7 (SEC Exhibit No. 1270 was referred  
8 to.)

9 A Okay. Do you want me to read through or --

10 Q The area we're going to focus on in both exhibits  
11 is the "Page 95, prospective trends" comments.

12 A All right. I see that.

13 Q So if you look at Exhibit 1270 and Mr. Hendry's  
14 comments on the prospective trend section, he states that "I  
15 have drafted some language and will be on the third floor for  
16 a 9 a.m. meeting tomorrow. If you are around before that, I  
17 would like you to look at them before I try to get the  
18 language added tomorrow."

19 Do you recall if Mr. Hendry ever showed you some  
20 proposed language having to do with prospective trends?

21 A He may have. I don't recall it specifically.

22 Q Okay. Exhibit 1271 is an August 7th e-mail from  
23 you to Mr. Hendry.

24 (SEC Exhibit No. 1271 was referred  
25 to.)

900:1 MR. KNOWLES: Exhibit 1271?

2 MR. WYNN: Yeah.

3 BY MR. WYNN:

4 Q If you look at Mr. Hendry's e-mail to you, August  
5 7th, '07, he states, "FYI - I did not make changes to the  
6 overview/prospective trends section because I was getting too  
7 many changes from too many directions and expect those  
8 changes to be trumped by certain reviewers today or  
9 tomorrow."

10 Do you know who he had in mind when he said  
11 "certain reviewers"?

12 A I can't be certain who he had in mind.

13 Q Did he tell you that certain people were likely to  
14 trump any changes that were made in that section?

15 A The way I understand it, I provided my input, but,  
16 you know, it would be reviewed by a lot of other -- a lot of  
17 other folks along the way, and the final document reflected  
18 -- was an amalgamation by them of input they received from a  
19 lot of people, input and direction. That was my  
20 understanding, but I would hesitate to speculate who he's  
21 talking about here.

22 Q Okay. And if that was your position, that, you  
23 know, that your suggestions have been made but then others  
24 have made comments along the way as well that resulted in  
25 your language not being included, why did you then send Mr.

901:1 Hendry additional thoughts for the trend section?

2 A Just because I was trying to give him some  
3 additional ammunition to go in with. I thought that it would  
4 be helpful for him to have it. So, in other words, you know,  
5 if there was anything I could do to help bolster, you know,  
6 my particular view, I wanted to do that. So I was just  
7 elaborating is all.

8 Q And in his e-mail to you, he has a P.S. It says,  
9 "Please discard this document once you are done looking at  
10 it." Did Mr. Hendry typically ask you to discard drafts of  
11 filings -- drafts of SEC filings?

12 A You know, I didn't even notice that on here until  
13 you just pointed it out to me, but no, I don't remember him  
14 typically asking to discard things. And just as an aside,  
15 how can you discard something that's in an e-mail?

16 Q So we'll come right back to Exhibit 1271. I wanted  
17 to show you Exhibit 1314, which is your senior executive  
18 officer certification for the second quarter of '07, and it's  
19 signed by you. The date is August 8th, '07.

20 (SEC Exhibit No. 1314 was referred  
21 to.)

22 THE WITNESS: Do you want me to look at a specific  
23 page here?

24 BY MR. WYNN:

25 Q Yes. Specifically, the page ending in 443.

902:1 There's an e-mail from you to Mr. Thomas Saletta, it looks  
2 like.

3 A Okay. It looks like an August 8th, perhaps?

4 Q Yeah.

5 MR. TAYLOR: Page 443?

6 MR. WYNN: Right.

7 BY MR. WYNN:

8 Q Do you recall why you wrote this e-mail to Mr.  
9 Saletta?

10 A The reason that I wanted him to have this is  
11 because this is something I had shared with the financial  
12 reporting folks. He was in a different -- he ultimately  
13 reported up through Anne, but he was more in the SOX area, so  
14 I don't know whether they had shared my views with him.

15 Q And why did you want him to have your views?

16 A I thought it would be helpful for the particular  
17 job that he was doing. So I thought it was helpful context  
18 relative to the quarterly SOX certification.

19 Q And did he contact you after you received this  
20 e-mail?

21 A He may have. I don't remember specifically whether  
22 he did.

23 Q Do you recall if anyone in financial reporting  
24 contacted you regarding your e-mail to Mr. Saletta?

25 A I recall a contact from Anne. May I just look at

903:1 this for a moment to see if this might have been --

2 Q Sure.

3 A -- the one?

4 I'm not sure this was the one that Anne contacted  
5 me on, so I don't remember a specific contact from someone on  
6 this.

7 Q Well, if you turn to the page ending in 445 --

8 A All right.

9 Q -- there's another copy of your e-mail to Mr.  
10 Saletta that has been, I guess, forwarded or shared with Ms.  
11 McCallion.

12 A With all the handwritten notes on it?

13 Q Yeah.

14 A This looks like a little better copy of the e-mail,  
15 too.

16 Q So looking at Page 445, do you think that this is  
17 the e-mail that you think you may have had a meeting with Ms.  
18 McCallion about?

19 A Well, down at the bottom here, she's talking about  
20 these residual evaluations. So I do remember talking to  
21 financial -- either Laurie or Anne about this. I don't know  
22 that they said it was -- it may have been relative to this  
23 e-mail, but I don't remember that specifically. But I  
24 remember them talking to me about that.

25 And then the specific issue I mentioned earlier

904:1 that I remember Anne calling me about had to do more with a  
2 market-to-market procedure, but I don't see that. Let's see  
3 here. Oh, here it is. So do you see this -- do you see  
4 "HFS" about midway up the page?

5 Q Mm-hm.

6 A And then "MTM" right below that, which stands for  
7 market-to-market. And so I remember Anne having a call with  
8 me about that.

9 Q Did Ms. McCallion ever give you a copy of this  
10 e-mail to Mr. Saletta, this marked-up e-mail?

11 A I don't recall seeing this prior to now. With the  
12 handwriting on it?

13 Q Right.

14 A Yeah, I don't recall seeing it before now.

15 Q Okay. And if you look at the -- on Page 445, under  
16 the unchartered territory discussion, there's a heading for  
17 products and guideline expansion, and in the right-hand  
18 column, there's some handwritten notation that says "Noted.  
19 Production disclosed." Do you know what that's referencing?

20 A What that -- and again, I'm going to be  
21 representing somebody else's view a little bit here. So it's  
22 the idea that on the production if you split out the  
23 different types of loans that were being originated and then  
24 show that for different time periods, that people would get  
25 an idea of how the overall volume was trending as well as the

905:1 composition of that volume. So I think that's what they're  
2 getting at.

3 Q To your recollection, did anyone tell you that  
4 there was no need to explicitly note that underwriting  
5 guidelines had been expanding because you could figure that  
6 out by engaging in the production calculations you just  
7 mentioned?

8 A I don't recall -- I recall conversations around  
9 that, but I don't recall, you know, someone -- I don't recall  
10 a specific instance, but I recall somebody going through that  
11 rationale.

12 Q Do you recall who it was?

13 A I don't recall who -- I don't recall who it was. I  
14 do recall somebody going through that rationale, though.

15 Q And the page ending in 446, which is the next page  
16 over --

17 A All right.

18 Q -- at the bottom, there's the handwritten notation  
19 from Ms. McCallion.

20 A I'm not sure whose writing it is.

21 Q Just to be clear, in testimony with the staff, she  
22 identified that the handwriting is hers.

23 A All right.

24 Q And she has a quote, you know, midway down. She  
25 says, "He said it's not a big enough deal to affect the

906:1 financial statements or the 10-Q filing."

2 MR. TAYLOR: I'm sorry, Paris. Where are you?

3 MR. WYNN: I'm at the bottom of Page 446.

4 MR. TAYLOR: The bottom. Okay.

5 THE WITNESS: So what -- what I think she's getting  
6 at here -- see the little 1?

7 BY MR. WYNN:

8 Q Yep.

9 A I think that goes to the 1 on the market-to-market  
10 issue.

11 Q Okay.

12 A And I believe that we talked about this on one of  
13 the prior meetings that we had. So she called me. I was  
14 about to have hemorrhoid surgery, and so we talked through  
15 this issue right before I went into the surgery. And I got  
16 comfortable, you know, that it wasn't a big enough issue to  
17 hold everything up over.

18 Q Was that in connection with the second quarter of  
19 '07 that you were having that surgery?

20 A That sounds like about the right time frame.

21 Q So, to your knowledge, the conversation that Ms.  
22 McCallion had with you that she's documenting this exhibit  
23 occurred sometime in August of '07?

24 A That sounds about right because that's about the  
25 time that I had the surgery. And she called me on my cell

907:1 phone right before I was going into the doctor's office, and  
2 so we had a discussion on this market-to-market issue.

3 And I think you may have asked me about -- I think  
4 we may have talked about it on one of the prior occasions.

5 Q Okay. In that phone call with you, did she go over  
6 all of the concerns that are listed in your e-mail to Mr.  
7 Saletta, or was it just the market-to-market issue?

8 A The issue I remember on the phone call was the  
9 market-to-market issue.

10 Q Okay.

11 A There could have been other conversations that she  
12 had with me outside of -- but I remember the market-to-market  
13 issue on the phone call vividly.

14 Q Okay. In testimony with the staff, Ms. McCallion  
15 testified that she, you know, raised the concern set forth in  
16 your August 8th, '07 memorandum with Mr. Sambol and Mr.  
17 Sieracki and that both of those gentlemen indicated that they  
18 were comfortable with the filing as is and there was no need  
19 to add any language regarding product and guideline  
20 expansion.

21 Did she ever tell you that when you returned from  
22 having your surgery?

23 A Well, there was that -- there was that note that we  
24 went over, my handwritten note. Can we look back at that?  
25 Do you mind?

908:1 Q Oh, no. I think I know the note you're talking  
2 about. It's Exhibit 13 --

3 A 1350.

4 Q -- 50. It's Page 1151.

5 A So this would have been one instance, just by  
6 showing me the notebook, that something like that would have  
7 been communicated to me.

8 Q I understand. I think that -- you think that was  
9 from February of '07 then?

10 A Well, that's what this was dated.

11 MR. TAYLOR: That's what the notes -- handwritten  
12 notes were dated.

13 THE WITNESS: That's what the handwritten notes  
14 were dated.

15 MR. WYNN: Okay.

16 MR. TAYLOR: Which is Exhibit 1350.

17 MR. WYNN: Right.

18 THE WITNESS: So she may have communicated that to  
19 me. I don't remember for this specific instance. I do  
20 recall from time to time them saying that the different ideas  
21 that I proposed were not ultimately used because someone  
22 thought that they weren't necessary or there was something  
23 better, but as far as this specific time, I don't recall it.

24 BY MR. WYNN:

25 Q And this specific time is in August of '07?

909:1           A     This specific time is August of '07.

2           Q     Do you recall having a conversation with Mr.  
3 Sieracki sometime in 2007 as to whether or not you had  
4 qualified your certification for the 10-Q for the second  
5 quarter of '07?

6           A     I don't remember -- I'm not sure.

7           Q     Okay. Well, let me back up and ask you: By  
8 attaching that note to your certification and making the  
9 notations to see other documents, in your mind, were you  
10 qualifying your certifications?

11          A     You know, I don't know that I would use that word.  
12 What -- and again, let's think back to -- the market troubles  
13 that started in subprime in the first quarter of '07 had  
14 worsened by this time. They were quite a bit worse. And so  
15 I don't know if "qualifying" is the right verb, but these  
16 were issues that I wanted to be sure to have Tom see as I  
17 sent this over to him.

18          Q     Do you recall anyone asking you, "John, is your  
19 certification for this quarter qualified?"

20          A     I don't remember anyone asking that. I don't know  
21 -- when you say "qualified," I guess that's not -- whether  
22 this was qualified or not, I don't know what that means  
23 exactly.

24          Q     Okay.

25          A     I do know that I wanted them to see this, which is

910:1 why I went to the trouble to put it together.

2 Q And testimony with Mr. Sieracki said that after  
3 some type of earnings call in '07, he passed by you in the  
4 hallway and asked you whether or not you had qualified your  
5 certification for the second quarter of '07 and that you said  
6 no, it was unqualified. Do you recall that?

7 A I don't remember that.

8 Q Okay. Mr. McMurray, based upon the documents I  
9 have, with respect to the first quarter of '06, the second  
10 quarter of '06, third quarter of '06, 10-K for '06, and the  
11 first two quarters for '07, there was no explicit disclosure  
12 regarding the fact that Countrywide's underwriting guidelines  
13 were expanding or the deterioration of loan quality or the  
14 likely consequences of the deterioration of loan qualities  
15 had increased to develop into delinquencies. Outside of  
16 looking at any documents, is that also your understanding, or  
17 would you need documents to confirm that?

18 A Yeah, I'd want to go back through them before I --

19 Q Okay.

20 A Again, it's been a while since I've looked at a lot  
21 of this, so.

22 Q Okay. And, you know, the question -- in your MDNA  
23 templates and in e-mails with respect to the filings for  
24 first quarter of '06, second quarter of '06, third quarter of  
25 '06, 10-K for '06, first quarter of '07 and second quarter of

911:1 '07, you repeatedly are raising a point that underwriting  
2 guidelines have expanded and that loan quality has  
3 deteriorated. And I've asked people in financial reporting  
4 why that didn't make it in the filings, and I've gotten  
5 several responses that I want to run by you and just get your  
6 impact.

7 A All right.

8 Q One of them is that Ms. McCallion stated that "If  
9 John really wanted something in the filings, we sat on the  
10 same floor. He could have come in my office and told me  
11 that."

12 Do you recall any instance where you went into Ms.  
13 McCallion's office and told her that you wanted certain  
14 information in the filings?

15 A You know, I don't recall -- I mean, there were  
16 probably conversations that I had around these topics. You  
17 know, as far as going in there insisting, I don't recall a  
18 specific instance. Again, as far as what needed to be in  
19 there or not needed to be in there, what I wanted to do is  
20 make sure they had the benefit of my view. And I was sitting  
21 on the same floor, too. When those templates went over, they  
22 could have come right down the hall and talked to me as well.

23 I wanted them to be sure that they had my view on  
24 these matters. You know, I wasn't the one that ultimately  
25 determined what did or didn't go in, but I at least wanted to

912:1 be sure they had my view.

2 Q Another comment I've gotten, and this one was from  
3 Ms. Milleman, is that on a number of occasions, you would  
4 raise issues, and they would reach a resolution of the issue  
5 with you and then you would forget that the issue was  
6 resolved and the next quarter would raise the same issue.

7 Do you recall that?

8 A Well, we may have talked about it, but if I still  
9 held -- if I still held that view, I was going to resurface  
10 it. So on the issue of the guidelines, as an example, that  
11 still would have been an environmental factor that was out  
12 there that I thought would be important for people to  
13 understand. When they talked about how has your business  
14 changed and -- that is an important environmental feature, so  
15 I wanted to be sure to provide my view on that.

16 Q Do you ever recall telling anyone in financial  
17 reporting that it was not something important enough that it  
18 had to be in a filing?

19 A I'm not -- I'm not sure that I'd be qualified to  
20 know what would have to be in or not.

21 Q So you don't recall ever telling anyone that?

22 A I don't recall telling someone that.

23 Now, there is -- just to go back to one of the  
24 things, on this conversation I had with Anne, I was -- you  
25 know, after I talked with her on the phone about this

913:1 specific issue that we talked about a moment ago, you know, I  
2 was comfortable -- and again, careful to use the word  
3 "comfortable," but I understood better kind of the picture  
4 after she had the conversation with me. So that's a specific  
5 instance I can think of.

6 While you're looking there, I'm going to go down to  
7 the rest room.

8 MR. WYNN: Oh, off the record.

9 (A brief recess was taken.)

10 BY MR. WYNN:

11 Q Mr. McMurray, if you still have Exhibit 1271 in  
12 front of you -- I think you just had it. It's this one.

13 MR. TAYLOR: Yeah. It didn't have a number on it.  
14 Actually, it did.

15 MR. DROOYAN: Which one is it?

16 MR. WYNN: It's the --

17 MR. DROOYAN: I've got it.

18 THE WITNESS: August 7th to Greg --

19 BY MR. WYNN:

20 Q Yeah.

21 A -- from me?

22 Q Right. Do you see there's an attachment where it's  
23 asking you "Please discard this document once you're done  
24 looking at it"?

25 A I see that.

914:1 Q Okay. So I'm going to hand you what's been marked  
2 as Exhibit 1312, which are excerpts from that attachment.  
3 It's a draft of the 10-Q for the period ending June 30th,  
4 '07.

5 (SEC Exhibit No. 1312 was referred  
6 to.)

7 BY MR. WYNN:

8 Q And I just want to draw your attention to the  
9 prospective trend section that starts on 95.

10 A All right.

11 MR. KNOWLES: And, Paris, I'm sorry. Are you  
12 representing that this is the attachment --

13 MR. WYNN: Yes.

14 BY MR. WYNN:

15 Q Now, if you look under the heading "United States  
16 mortgage market" --

17 A All right.

18 Q -- the second sentence says, "The housing market is  
19 undergoing a significant contraction and lenders and  
20 investors are tightening their credit standards."

21 A I see that.

22 Q Now, to your knowledge, is that language that you  
23 advocated being included in the document?

24 A I don't know if I specifically advocated that, but  
25 as I look at it right now, it's something that I -- that I

915:1 would be very likely to advocate.

2 Q Okay. And I'm going to mark -- well, the next  
3 document I'm going to give you is excerpts from the actual  
4 10-Q for a period ending June 30th, 2007. We'll mark it as  
5 Exhibit 1352.

6 (SEC Exhibit No. 1352 was marked for  
7 identification.)

8 MR. TAYLOR: And we marked that as 1352?

9 MR. WYNN: Right.

10 MR. TAYLOR: And you said this is the actual  
11 published 10-Q --

12 MR. WYNN: Right, for the second quarter of '07.

13 MR. TAYLOR: 2Q 2007.

14 BY MR. WYNN:

15 Q I just want to draw your attention to Page 95 of  
16 this document.

17 A All right. I'm on 95.

18 Q All right. In the final paragraph of the document,  
19 it states that "In response to the current environment,  
20 Countrywide is making changes to tighten the underwriting  
21 guidelines through loan products offered and adjusting loan  
22 pricing to reflect market conditions."

23 A I see that.

24 Q To your knowledge, are you responsible -- did you  
25 advocate for the inclusion of that language?

916:1           A     I don't remember specifically advocating for it.

2     As I reread it again, it's not -- I don't have an issue with  
3     it.

4           Q     Okay. Well, if you look back at 1271, you're  
5     noting that industry guidelines expanded well beyond anything  
6     ever seen historically.

7           A     Where are -- back on here?

8           Q     Yeah. I'm sorry.

9           A     Okay. Yes. All right.

10          Q     Okay. And my question is, you reviewed the 10-Q  
11     prior to the time it was filed?

12          A     I did. And so there would probably be -- there's  
13     some context here that's probably helpful. So the way I  
14     approached this is I try to make my views known, and I  
15     typically try to do that in an organized way by laying it out  
16     in writing oftentimes. And so I shared that with the people  
17     that were doing the disclosures. In a lot of these cases, it  
18     was a question of, I think, one, how much -- how to disclose  
19     it, how much to disclose, and then also reflecting the other  
20     views.

21                 And so at times they would come back and explain  
22     why something differed from my particular view, not always.  
23     But again, as far as what should or shouldn't go in, what  
24     that standard was, you know, to meet the regulation, that's  
25     not something I would have been familiar with. And, you

917:1 know, that's something that I was looking for them to make  
2 the final determination on what needed to go in or not.

3 So, like, the idea of me walking down after being  
4 very clear on my view with them and then telling Anne, you  
5 know, "After you've gone through this entire process, now you  
6 need to overturn it," it just strikes me as a little odd and  
7 not how I observed the process while I was there. You know,  
8 I gave them my view. They listened. I'm sure they listened  
9 to other views that were expressed.

10 I'm sure some of the things that I suggested were  
11 not stated in the same way that would be consistent with  
12 other's views, and so it ended up with something -- kind of  
13 the how and the how much ended up differently in the end, but  
14 that's just some context.

15 Q Well, when you certified your section of the Q for  
16 the period ending the second quarter of '07, did you think it  
17 was misleading to state to investors that Countrywide is  
18 tightening its underwriting guidelines without providing the  
19 context that the guidelines had been expanded to historically  
20 unprecedented levels?

21 A That, I don't know. You know, they had, in my  
22 opinion, expanded beyond -- I think it would have been  
23 misleading not to say that they had been tightening because  
24 this -- this was the second quarter of '07? Does it say  
25 that? This is the second quarter of '07?

918:1 Q Right.

2 A At this particular time, the guidelines were being  
3 slashed drastically. So while they were expanding, that was  
4 a slow process that occurred over many years. This process  
5 of cutting them back was very abrupt and happened over a very  
6 short time period.

7 Again, as far as expanded guidelines go, again,  
8 there would -- if it was solely up to me, and again without,  
9 you know, specific knowledge of how much is enough, I might  
10 have gone about it differently. But there were the  
11 production tables. That was one of the things we talked  
12 about a moment ago that -- one of the comebacks to me. And  
13 then also, on other occasions, I included some stuff on  
14 presentations I personally worked on that would give people a  
15 sense of what the key guideline attributes were for  
16 Countrywide.

17 Q Do you recall ever seeing a draft 10-K or Q where  
18 there was actually language explicitly stating that  
19 underwriting guidelines had been expanding?

20 A There may have been.

21 MR. TAYLOR: The question is, do you recall that?

22 THE WITNESS: Well, I don't specifically recall it.

23 BY MR. WYNN:

24 Q Okay.

25 A Sorry. And one -- just one other quick thought

919:1 here. On -- so on the actual -- the guidelines being cut  
2 back abruptly would have been a far more consequential thing  
3 than the gradual widening of those guidelines over time, just  
4 in terms of how it could affect Countrywide directly.

5 Q When you say "abruptly," it's my understanding it  
6 was a process that started in the first quarter of '07. It  
7 was largely restricted to subprime products and then extended  
8 until -- you know, it didn't really reach prime until August  
9 of '07, when the -- there were the liquidity problems in the  
10 market in general. Is that correct?

11 A Let's see. There would have been -- there was a  
12 key round of cutbacks in July or August of '07, but there may  
13 have been some before that. And then the subprime was cut  
14 back pretty hard prior to that, but I think there may have  
15 even been some Alt A type of cutbacks prior to the August  
16 time frame.

17 And again, even though this was evolving over a  
18 period of months, it was literally taking stuff out that had  
19 taken years to evolve. So it was unwound much faster than it  
20 grew into place over the years. Again, that's just my  
21 opinion.

22 MR. WYNN: Can we go off the record.

23 (A brief recess was taken.)

24 BY MR. WYNN:

25 Q Back on the record. John, I want to go back to the

920:1 Exhibit 1350, your handwritten notes.

2 A Okay.

3 Q And the page I'm looking at is 1151.

4 A All right. I'm on 1151.

5 Q At this February 26th meeting, do you recall if Mr.  
6 Bartlett made any comments in connection with Mr. Sieracki's  
7 statement that Mr. Sambol had slashed some of the credit  
8 language?

9 A I don't remember whether he did or didn't.

10 Q Okay. Did you have a practice of showing Mr.  
11 Bartlett your completed MDNA questionnaires?

12 A No.

13 Q Okay. Did he ever assist you in putting those  
14 together, or did you -- did he ever assist you in putting  
15 those together?

16 A No. There were some issues that we discussed from  
17 time to time, but here again, some context may be in order.  
18 He and I weren't the ones -- we were helping the finance  
19 folks put them together, but, I mean, we were just responding  
20 to what they had asked for. So he would work on his; I would  
21 work on mine. They would gather the stuff together.

22 From time to time, there might be issues that the  
23 two of us talked about. The pay option is one that I can  
24 think about -- or one that I shared with you that I recalled.

25 Q And I'm going to give you a document I've already

921:1 marked as exhibit -- that I'm going to mark as Exhibit 1353.

2 It's an e-mail from Vijay Bhasin to Patrick Furtaw dated  
3 February 10th, '07.

4 (SEC Exhibit No. 1353 was marked for  
5 identification.)

6 BY MR. WYNN:

7 Q Do you know who Vijay Bhasin is?

8 A Yeah. Vijay Bhasin, he was a gentleman who  
9 reported to me.

10 Q What were his responsibilities?

11 A His responsibility was called capital management,  
12 and so he joined, I believe, in 2006, perhaps. And Vijay and  
13 I had worked together at Freddie Mac years before.

14 Q And do you know who Patrick Furtaw is?

15 A Patrick Furtaw was a gentleman who worked for  
16 Vijay. And to be clear, when I'm talking about capital, I'm  
17 talking about economic capital.

18 Q And could you explain for the record what that is.

19 A So economic capital is the amount of capital a  
20 firm, based on its internal assessments -- it could be  
21 internal assessments or it may be using some techniques that  
22 are recommended externally, but it's an assessment of how  
23 much capital would be optimal to operate the business.

24 Q Okay. And when Mr. Furtaw states in his e-mail to  
25 Mr. Bhasin that --

922:1 MR. DROOYAN: Wait. Wait. Did you say Mr. Furtaw  
2 sent an e-mail?

3 MR. WYNN: Oh, yeah, I did.

4 BY MR. WYNN:

5 Q So when Mr. Bhasin states in his e-mail to Mr.  
6 Furtaw on the 10th of February of '07 that "Laurie has moved  
7 closer to our position - don't know if this is close enough  
8 for John and Kevin," do you know what he's talking about?

9 A I think I do. So the economic -- so at about this  
10 time, there was a regulation called Basel II, and we saw that  
11 in my handwritten notes. That was coming into effect. In  
12 addition, leading up to this, we had been regulated by the  
13 federal reserve, and so they wanted us to beef up our efforts  
14 in the economic capital area.

15 And so as we beefed those up and put together an  
16 economic capital framework, Vijay drafted some language to  
17 propose to Laurie Milleman for potential inclusion in  
18 disclosures, and it included both text as well as the actual  
19 numerical results.

20 And so Kevin and I were of the opinion that it was  
21 more complete if it had the numerical results. I don't think  
22 that everyone agreed with us. In fact, I know that everyone  
23 didn't agree with us.

24 Q Who disagreed with you?

25 A I think Eric thought since -- based on the newness

923:1 of this whole exercise that he would be more comfortable with  
2 the text and not necessarily adding in the numerical calcs.

3 Q And what would these numerical calculations  
4 represent again?

5 A They would be calculations of economic capital.  
6 So, for example, how much economic capital would be required  
7 for market risk, how much for credit risk. I think we had  
8 something for -- I think we had something for model risk, how  
9 much for operational risk. Then you try to take into account  
10 any diversification effects that might be relevant across  
11 those different types of risks, and then that would be your  
12 economic capital target.

13 At about this time, Vijay and I also had done a  
14 presentation for the full board and proposed an economic  
15 capital standard that -- for the board and the company to  
16 consider following.

17 Q And do you recall if the numerical chart made it  
18 into the 10-K for 2006?

19 A My recollection is that it did not.

20 Q And do you know where Mr. Krsnich is employed now?

21 A Nick is -- he has his own firm called JMN  
22 Financial.

23 Q Do you know where he's located?

24 A I think it's in Westlake Village.

25 Q Oh, Bank of California?

924:1           A     Yes.

2           Q     To your knowledge, did people from financial  
3 reporting have access to minutes that were generated from  
4 corporate credit risk committee meetings?

5           A     Certainly, if they wanted them, they would have  
6 easy access to them. And then there was also the actual  
7 presentations themselves that we did. And in addition to the  
8 corporate credit committee meetings, we also did -- there was  
9 a board credit committee meeting that we did as well, and so  
10 those -- so those documents would have been available. And  
11 then the minutes for that meeting were taken by Derrick  
12 Stark, and I think he worked with Susan Bow.

13                     And so -- who worked on disclosure issues. So they  
14 could have just pulled those out as well. Some of the same  
15 type of topics that were covered in the corporate credit risk  
16 committee meeting were covered in the board credit risk  
17 committee meeting.

18           Q     In testimony from Mr. Aguilera, he mentioned that  
19 for certain products, loan products, where the expected  
20 modelled losses were in excess of 8 percent, those products  
21 had to go to the ALCO committee to be approved. Do you  
22 recall that?

23           A     I do. I recall in one of the prior conversations  
24 that we had I told you about the three R approach that I had  
25 come up, when Stan was still at the company, risk,

925:1 responsibility, and return.

2 Q Right.

3 A And so one of the risk measurements was just on the  
4 loans themselves, what type of expected loss would be  
5 generated. Now, that's not necessarily the loss Countrywide  
6 would bear itself because of its -- because of its strategy,  
7 but just from a risk and a responsibility perspective, it was  
8 just one of the ways of evaluating prospective guidelines.

9 Q And with respect to this ALCO committee approval  
10 procedure, do you know if it was a full ALCO committee had to  
11 approve these products, or was it just an individual or a  
12 group of individuals?

13 A It would typically be a group of individuals  
14 because these were fairly detailed write-ups. And so it  
15 wouldn't be conducive to presenting it in a broad meeting.  
16 So typically, where those kinds of sign-offs were required,  
17 different individuals would be tracked down so that it could  
18 be presented to them and they could have a chance to review  
19 it.

20 Q Do you know what individuals typically reviewed and  
21 signed off on those products?

22 A I can recall Nick signing off on some. You know, I  
23 don't remember a specific instance with Stan, although we may  
24 have had instances where we discussed it with him. I do  
25 recall a time or two with Nick.

926:1 Q Do you recall Mr. Sambol ever doing that?

2 A I do recall -- I do recall bringing things like  
3 that for him to approve it. I don't think that at the time  
4 you're talking about that he was on the ALCO committee. He  
5 may have subsequently been on it, but for -- while Stan was  
6 still there, Dave did not attend the ALCO committee.

7 Q Okay. And Mr. Aguilera also stated that for the  
8 time period from '05 all the way through -- from late '05 all  
9 the way through '06, basically, all the additions to his  
10 product menu, the subprime products, did have modelled losses  
11 in excess of 8 percent and had to go to ALCO. Does that  
12 sound right to you?

13 A We need to -- the word "all," I think, would be  
14 going a bit far. There would be aspects of the product  
15 changes that would have that feature you just described where  
16 they'd have a loss in excess of 8 percent, but I want to --  
17 it wouldn't necessarily mean every single loan, but all of  
18 the product guidelines that were being considered had  
19 elements or what we call cells that would take it outside of  
20 that range.

21 Q What do you mean by that?

22 A So let's say you're considering a particular  
23 product, and it's going to have a series of different  
24 combinations of attributes. Depending on the specifics of a  
25 transaction, it may or may not have had a loss beyond that

927:1 threshold. And so when I say "cells," you would take the  
2 various attributes and the range that they could take on, and  
3 then you could -- that could -- think of a three-dimensional  
4 box, each consisting of hundreds or thousands of little  
5 cubes. Within that cube, those are what I'm referring to as  
6 cells.

7           So very -- a simple version would be just if you  
8 took loan to value and FICO and you did just a  
9 two-dimensional cube. You could divide that into a grid, and  
10 each one of those cells in the grid would have a different  
11 loss expectation. So what I'm -- what I mean by that, when  
12 -- why I'm reacting to all is not necessarily all cells in  
13 that grid would have losses beyond that threshold. Some of  
14 them did.

15           Q     Would you say the majority of them had losses  
16 within an 8 percent threshold?

17           A     The majority of the cells?

18           Q     The majority of the additions to the subprime menu  
19 from late '05 throughout 2006.

20           A     I would say a majority of the product requests  
21 would have had cells -- a majority of the product requests  
22 would have had cells that would have touched that boundary.

23           Q     Okay. And in a conversation I had with Mr.  
24 Ingerslev, he mentioned that as Countrywide's underwriting  
25 guidelines widened and went further down the risk spectrum,

928:1 it became more and more difficult to model losses because, I  
2 think he said, it was uncharted territory. Is that your  
3 impression also?

4 A Yeah. So any time -- it's much easier to -- well,  
5 a couple things. First off, predicting the future is always  
6 difficult just -- even when you have something where you've  
7 had some experience, because you're talking about an economic  
8 environment that can take on lots of different forms and then  
9 how humans are going to behave in that economic environment,  
10 which can also take on a lot of different forms. But the  
11 point, I suspect, that he was getting at is the idea that as  
12 the boundaries inched out, these would have been combinations  
13 that hadn't been done before, so the reliability of any  
14 forecast wouldn't have been as high.

15 Q And during that same conversation with Mr.  
16 Ingerslev, he opined that this volatility and difficulty of  
17 modelling losses was one of the things that led to the  
18 secondary market basically retrenching in the first quarter  
19 of '07, and the product we were talking about was subprime  
20 80/20s that investors and secondary markets were surprised by  
21 the losses because they were in excess of what had been  
22 modelled. Do you recall that situation?

23 A That could be his opinion. In my opinion, that's a  
24 wild oversimplification of what happened.

25 Q Okay. Did he ever discuss that with you?

929:1           A     Sure. We discussed the meltdown. I don't remember  
2     him talking about this particular theory, but my own view is  
3     that the situation is much more complicated than that.

4           Q     Okay. And could you briefly explain why you think  
5     it's more complicated than that? I don't mean briefly. Take  
6     as much time as you need.

7           A     Okay. Well, first, I think it started in the  
8     subprime area. And an overlay I'll make on all of this is  
9     the idea of liquidity. So as I think back on Countrywide and  
10    what caused their distress in mid to late '07 and eventually  
11    forced them over to B of A, by and large, in my opinion, it  
12    has to do with liquidity and that being withdrawn from the  
13    market.

14                   I do -- I do think -- so that is a big factor. I  
15    think some of that was influenced by the type of thing that  
16    Christian was talking about. I wouldn't single -- I wouldn't  
17    single out the 80/20s by themselves. So one of the reactions  
18    in the second quarter -- in the second quarter earnings call  
19    that Countrywide held, we produced a supplemental  
20    presentation that was distributed out, and I had people from  
21    outside the company calling angry at me because we had  
22    suggested some prime type of products were starting to  
23    deteriorate.

24                   So, for example, HELOCs, some of which might have  
25    been 100 percent CLTV but many of which were lower CLTVs than

930:1 that, were starting to show signs of stress. And I even -- I  
2 even recall a diagram where we showed the change in home  
3 prices on one axis, and then we had three separate lines  
4 representing different leverage levels. And in each case --  
5 one, there was a leverage effect. So as you moved out in  
6 leverage, the performance was worse, but how those borrowers  
7 reacted to changes in home price was similar across the  
8 various leverage levels.

9 And so that was the first time that I can think of  
10 that anybody suggested that there were problems outside of  
11 subprime and that some of the prime residential products  
12 might be under pressure.

13 Q You think that your presentation, the Countrywide  
14 presentation, in that time period was the first time that  
15 there was a public suggestion that there might be  
16 deterioration of the performance of prospective prime  
17 products?

18 A So Tom Casey from WaMu told me that's -- "You  
19 kicked the rock down the hill that caused the avalanche," is  
20 his view, by that earnings call and the presentation that was  
21 shared.

22 Q Any issues with HELOC?

23 A Well, that was one of the issues, but the point  
24 that I was trying to make -- you singled out the 80/20 and  
25 Christian talking about one thing and the difficulty

931:1 modelling. In my mind, sure, that may have been an element  
2 of it, but it was more complicated than that. So in the  
3 first quarter, there was some concern around the subprime  
4 area, and a lot of that was liquidity driven and not just  
5 performance driven.

6 In the second quarter, there were signs that we  
7 shared, anyway, where some prime products were starting to  
8 have difficulty, and HELOCs would have been one of the  
9 examples.

10 Q John, I don't have -- excuse me. Mr. McMurray, I  
11 don't have any more questions for you today.

12 A You can call me John.

13 Q Since we're closing, I should be more formal. I  
14 don't have any more questions for you today, but I would like  
15 to afford you and your counsel an opportunity to make any  
16 clarifying statements or ask any clarifications.

17 A Sure. And on that last one, I may -- I can go on  
18 for a long time on that issue, so if you ever want more on  
19 it, I'm happy to provide that.

20 MR. WYNN: I appreciate that.

21 MR. TAYLOR: Paris, thanks for that opportunity. I  
22 do want to clarify just one thing --

23 MR. WYNN: Sure.

24 MR. TAYLOR: -- that you had asked John about.

25 John, this is Exhibit 1352, which is what Mr. Wynn

932:1 represented was an excerpt from the second quarter 2007 10-Q  
2 that was actually published. And turn to Page 95. He asked  
3 you some questions about this last paragraph on Page 95 and  
4 asked you in particular whether the -- you thought the first  
5 sentence here was misleading. That's where it says, "In  
6 response to the current environment, Countrywide is making  
7 changes to tighten the underwriting guidelines for loan  
8 products offered and adjusting loan pricing to reflect market  
9 conditions."

10 Do you see that?

11 THE WITNESS: I see that.

12 MR. TAYLOR: Okay. And do you recall those  
13 questions about whether that was misleading?

14 THE WITNESS: I do.

15 MR. TAYLOR: Let me -- let me ask you a question.

16 In your view, was that sentence in that 10-Q  
17 misleading?

18 THE WITNESS: That sentence is accurate in my  
19 opinion.

20 MR. TAYLOR: When you signed the certifications for  
21 10-Qs and 10-Ks at Countrywide, did you evaluate the factual  
22 accuracy of the information that you were asked to certify?

23 THE WITNESS: I evaluated the factual accuracy and  
24 wouldn't have signed if I wasn't comfortable with the factual  
25 accuracy. I didn't evaluate it in terms of whether it -- you

933:1 know, whether it was detailed enough relative to a particular  
2 regulatory standard.

3 MR. TAYLOR: So if an entry for part of a 10-Q or  
4 10-K that you were responsible for was, in your view,  
5 factually wrong or misleading, would you have certified it?

6 THE WITNESS: I wouldn't have.

7 MR. TAYLOR: Did you believe that it was your role  
8 to make the ultimate determination as to the legal  
9 sufficiency of a disclosure in a 10-Q or a 10-K?

10 THE WITNESS: No. I wouldn't have been qualified  
11 to do that.

12 MR. TAYLOR: For example, did you view it as your  
13 role to determine whether the 10-Qs and 10-Ks were in  
14 compliance with SEC regulations?

15 THE WITNESS: No. And again, I wouldn't have had  
16 the training or background to be able to do that.

17 MR. TAYLOR: While you were at Countrywide, did you  
18 rely on other Countrywide employees to make those  
19 determinations?

20 THE WITNESS: I did, because there were people  
21 there that had that background.

22 MR. TAYLOR: And who were some of those people?

23 THE WITNESS: I know you guys get excited about  
24 this, but there were people in legal that seemed to be very  
25 familiar with that type of thing. So people in legal, some

934:1 of whom I've named, and then also the people in financial  
2 accounting. So Anne McCallion's team, as an example, and  
3 Greg and Erika in particular seemed to be very focused on  
4 this.

5 MR. TAYLOR: Did Countrywide also have a disclosure  
6 committee?

7 THE WITNESS: To my knowledge, they did.

8 MR. TAYLOR: Were you part of that disclosure  
9 committee?

10 THE WITNESS: I wasn't on the disclosure committee.

11 MR. TAYLOR: And Mr. Wynn has showed you some of  
12 the e-mails that you sent to various people in the finance  
13 group and others in connection with 10-Qs and 10-Ks. Why did  
14 you provide those e-mails to them?

15 THE WITNESS: Because I thought it was my role to  
16 provide them with my view so that they would have my view  
17 along with lots of others to put into the mix to determine  
18 what ultimately took shape.

19 MR. TAYLOR: And did you have any training in  
20 connection with SEC regulations or the law around public  
21 disclosures?

22 THE WITNESS: No.

23 MR. TAYLOR: Did you have any experience in it  
24 prior to Countrywide?

25 THE WITNESS: No, not really. The only thing I

935:1 could think about is that there was Mortgage REIT that I  
2 worked at briefly that worked on -- I think it was an S1, but  
3 as far as 10-Ks or Qs, no.

4 MR. TAYLOR: And was the S1 ever published?

5 THE WITNESS: The company never went public.

6 MR. TAYLOR: And when you sent information to the  
7 finance group and others in connection with Qs and Ks, did  
8 they sometimes take your information and make changes to the  
9 documents?

10 THE WITNESS: Let me make sure I understand it.  
11 You mean take my information and then change it?

12 MR. TAYLOR: And make changes to the 10-Qs or  
13 10-Ks.

14 THE WITNESS: Well, there were things that I  
15 suggested that prompted changes. So the answer to that is  
16 yes. If you're answering [sic], did they take exactly what I  
17 sent over, that would be almost never, but there were changes  
18 that I prompted.

19 MR. TAYLOR: And were there sometimes times when  
20 they didn't make changes in response to your comments?

21 THE WITNESS: There were.

22 MR. TAYLOR: And did they sometimes explain to you  
23 why they were not doing that?

24 THE WITNESS: Sometimes.

25 MR. TAYLOR: Sometimes did they not?

936:1 THE WITNESS: Sometimes they did not.

2 MR. TAYLOR: Okay. And ultimately, in each  
3 circumstance, when you signed your certification, were you  
4 comfortable that the document that -- the portion of the  
5 document that you were reviewing was factually accurate and  
6 not misleading?

7 THE WITNESS: Well, my approach was to read through  
8 the whole thing to see if I spotted any inaccuracies. And  
9 again, I wouldn't have -- I would have held up my hand if I  
10 thought something was inaccurate.

11 MR. TAYLOR: Okay. Fair enough. No more  
12 questions.

13 BY MR. WYNN:

14 Q Would you have raised a question or held up your  
15 hand if you felt something was misleading?

16 A Yeah, I think so. Again, on the -- as far as the  
17 volume and so forth, that one is a harder one to evaluate.  
18 Some of the things that we've talked about is how something  
19 would be disclosed, whether it was my language or -- or that  
20 production table is one of the examples that we talked about,  
21 so that one is a tougher one. But if I thought something was  
22 either inaccurate or was misleading, yes, I would have said,  
23 "Please stop."

24 Q And why did you retain your completed MDNA  
25 questionnaires?

937:1           A     Well, I think I -- and maybe I didn't explain this  
2     to you, but I did a lot of work at home at night.  Rather  
3     than staying late every night at the office, I brought a lot  
4     of stuff home, and that would have been the type of thing I  
5     would have read and worked on at home.

6           Q     And, Mr. McMurray, when you resigned from the  
7     company, subsequent to your resignation in September of '07,  
8     you sent an e-mail to certain personnel saying that you heard  
9     that you were being blamed for certain things and that you  
10    were prepared to defend yourself if necessary but you hoped  
11    it never came to that.  Do you remember that?

12          A     I do.

13          Q     While you were --

14                MR. TAYLOR:  I'm going to just object.  I think  
15    that mischaracterizes the e-mail somewhat, but --

16                BY MR. WYNN:

17          Q     Okay.  While you were at the company, were you  
18    compiling documents, keeping key documents, because you felt  
19    that one day you might need to defend yourself?

20          A     No.  I wasn't -- I wasn't doing that.  Let's -- can  
21    we back up on the e-mail, too, please?

22          Q     Sure.

23          A     Because what I'm afraid that you're doing is  
24    putting it through -- and I understand why you would do this  
25    -- putting it through kind of the SEC prism.  That wasn't --

938:1 when I sent that e-mail, that wasn't what I was thinking  
2 about at all. It has more to do with what we talked about a  
3 little earlier today. What I had heard is that I somehow  
4 endorsed the guidelines, you know, and that -- or the  
5 strategy, and I think it's clear from the e-mails that I did  
6 not endorse the strategy.

7 In fact, I was a -- whatever the opposite of an  
8 advocate would be, but an antagonist to that strategy. And  
9 so that's the particular thing I was getting at in the  
10 e-mail. And I guess from this particular perspective, that  
11 didn't even cross my mind.

12 Q When you say "this particular perspective," do you  
13 mean the perspective of whether or not Countrywide's SEC  
14 filings were sufficient?

15 A Yeah, exactly.

16 Q Okay.

17 A Again, it was just being blamed. "Oh, you did the  
18 80/20. You endorsed that," when that's -- no, I did not  
19 endorse it. I did not endorse that or endorse people, you  
20 know, getting loans that would have possibly caused them  
21 difficulties.

22 MR. WYNN: Okay. So that's all my questions, but I  
23 don't know if I've raised anything that warrants additional  
24 questions from you guys.

25 MR. TAYLOR: No. I just wanted to clarify the

939:1 questions around that one --

2 MR. WYNN: Okay.

3 MR. TAYLOR: -- document, Paris.

4 MR. WYNN: Why don't we go off the record at 3:30

5 p.m., February 11th, 2009.

6 (Whereupon, at 3:30 p.m., the examination was

7 concluded.)

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940:1 UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
2 REPORTER'S CERTIFICATE  
3 I, Valerie L. Torgerson, CCR, RPR, hereby certify that  
4 the foregoing transcript consisting of 159 pages is a  
5 complete, true, and accurate transcript of the testimony  
6 indicated, held on February 11, 2009 at 1201 Third Avenue,  
7 Suite 4800, Seattle, Washington, in the matter of Countrywide  
8 Financial Corporation. I further certify that this  
9 proceeding was recorded by me, and that the foregoing  
10 transcript has been prepared under my direction.

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Date: February 11, 2009

Reporter: \_\_\_\_\_  
Valerie L. Torgerson, CCR, RPR,  
Notary public in and for the  
State of Washington

941:1 PROOFREADER'S CERTIFICATE

2

3 In the Matter of: COUNTRYWIDE FINANCIAL CORP.

4 Witness: John P. McMurray

5 File Number: LA-03370-A

6 Date: Wednesday, February 11, 2009

7 Location: Seattle, WA 98101

8

9

10 This is to certify that I, Donna Raya, (the  
11 undersigned), do hereby swear and affirm that the attached  
12 proceedings before the U.S. Securities and Exchange  
13 Commission were held according to the record and that this is  
14 the original, complete, true and accurate transcript that has  
15 been compared to the reporting or recording accomplished at  
16 the hearing.

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