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SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF LOS ANGELES

DEPARTMENT NORTHEAST "P" HON. JAN A. PLUIM, JUDGE

JESUS CASTANEDA,)	
ABEL BUELNA)	
)	
PLAINTIFF,)	
)	
VS.)	NO. GC 031549
)	
JOSE SALAZAR CASTANEDA,)	
)	
DEFENDANT.)	

REPORTER'S PARTIAL TRANSCRIPT OF PROCEEDINGS
TESTIMONY OF SONIA MERCADO
MAY 10, 2005

FOR THE PLAINTIFF: BERNARD NACIONALES
ATTORNEY AT LAW

FOR THE DEFENDANT: DAVID XAVIER
ATTORNEY AT LAW

ORIGINAL

ANDREA J. BILLUE, CSR #3678
OFFICIAL REPORTER

EXHIBIT "A"

1 HAVE.

2 THE COURT: IS THERE ANOTHER BANK ON THERE?

3 MR. XAVIER: YES.

4 THE COURT: WHAT IS THE OTHER BANK?

5 MR. XAVIER: HOME SAVINGS?

6 DO YOU HAVE A BANK ACCOUNT WITH HOME
7 SAVINGS AND LOAN?

8 THE WITNESS: I DON'T HAVE ONE. I DON'T KNOW IF
9 AT THE PRESENT TIME I DID, YOUR HONOR.

10 THE COURT: ALL RIGHT.

11 BY MR. NACIONALES:

12 Q. MS. MERCADO, HOW DO YOU USUALLY HAVE FEE
13 AGREEMENTS -- ARE THEY CONTINGENCY OR HOURLY?

14 A. I GIVE THE CLIENTS THE OPTION. THE CAN EITHER
15 PAY ME CONTINGENCY OR HOURLY. HOWEVER, AS TO RETAINER,
16 I NEVER TAKE RETAINER. I HAVE TAKEN ONE RETAINER I
17 PERSONALLY RECALL THAT WAS FOR A SHERIFF THAT WANTED ME
18 TO REPRESENT HIS SON-IN-LAW. I DON'T KNOW IF THE CHECKS
19 WERE MADE TO ME BUT MY CUSTOM AND PRACTICE WOULD BE NOT
20 TO TAKE A RETAINER. IF THERE WAS ANY MONEY GIVEN TO ME,
21 THE MONEY WOULD HAVE BEEN REIMBURSED TO CLIENT BECAUSE
22 IT WOULD ONLY GO TO THE COST OF THE CASE.

23 THE COURT: THERE IS ANOTHER CHECK HERE, THERE
24 IS EXHIBIT 191 -- 192, AND THERE IS EXHIBIT 193.

25 THE WITNESS: HE SHOWED ME BOTH.

1 DO YOU RECOGNIZE THIS LETTER DATED MARCH 3RD,
2 1998?

3 A. YES. THAT IS MY ADDRESS AND LETTERHEAD.

4 Q. IS THAT YOUR SIGNATURE?

5 A. THAT IS MY SIGNATURE.

6 Q. YOU REFERRED TO O'REILLY. IS THIS NED P.
7 O'REILLY YOU ARE REFERRING TO?

8 A. IT MUST BE. THAT IS SANTA ANA ADDRESS. IT MUST
9 BE MR. O'REILLY.

10 Q. THAT IS THE ATTORNEY WHO REFERRED THIS CASE OR
11 HAD IT PRIOR TO YOUR RETENTION ON THIS CASE?

12 A. I AM SORRY?

13 Q. THAT IS ATTORNEY WHO EITHER REFERRED THIS CASE
14 TO YOU OR YOU TOOK THIS CASE OVER FROM; IS THAT CORRECT?

15 A. MY UNDERSTANDING WAS FROM MR. JOSE CASTANEDA,
16 WAS HIS MOM'S PRIOR COUNSEL, THAT IS CORRECT.

17 Q. DID YOU EVER HAVE A BANK ACCOUNT AT HOME
18 SAVINGS?

19 A. MAY HAVE.

20 Q. IN 1996, DID YOU HAVE A BANK ACCOUNT IN HOME
21 SAYINGS?

22 A. I MAY HAVE.

23 Q. DID YOU BANK AT HOME SAVINGS RIGHT THERE AND
24 YOUR OFFICE IS DOWNTOWN? THERE IS A FACILITY, HOME
25 SAVINGS THERE?

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A. WHERE?

Q. ON FIGUEROA.

A. YES, I DID BANK ON FIGUEROA.

Q. 660 SOUTH FIGUEROA STREET, L. A., HOME SAVINGS?

A. I DON'T KNOW WHAT THE ADDRESS IS. I DID BANK ON FIGUEROA.

MR. XAVIER: THANK YOU.

I HAVE NO FURTHER QUESTIONS.

MAY THE WITNESS BE EXCUSED, YOUR HONOR?

THE COURT: THANK YOU.

(END OF REQUESTED TRANSCRIPT.)

1 SUPERIOR COURT OF THE STATE OF CALIFORNIA

2 FOR THE COUNTY OF LOS ANGELES

3 DEPARTMENT NORTHEAST "P" HON. JAN A. PLUIM, JUDGE

4 JESUS CASTANEDA,
5 ABEL BUELNA,

6 PLAINTIFF,

7 VS.

8 JOSE SALAZAR CASTANEDA,

9 DEFENDANTS.

)
)
)
) NO. GC 031549


) REPORTER'S

)
)
) CERTIFICATE

10 STATE OF CALIFORNIA)
11) SS.
12 COUNTY OF LOS ANGELES.)

13 I, ANDREA J. BILLUE, OFFICIAL REPORTER OF THE
14 SUPERIOR COURT OF THE STATE OF CALIFORNIA, FOR THE COUNTY
15 OF LOS ANGELES, DO HEREBY CERTIFY THAT THE FOREGOING PAGES
16 1 THROUGH 15, INCLUSIVE, COMPRISES A FULL, TRUE AND
17 CORRECT TRANSCRIPT OF THE PROCEEDINGS HELD IN THE ABOVE
18 ENTITLED CAUSE ON MAY 10, 2005.

19 DATED THIS 8TH DAY OF JULY, 2005.

20
21 
22 _____

CSR #3678

23 OFFICIAL REPORTER
24
25



**HOME SAVINGS
OF AMERICA** FSB

**Step-By-Step
Statement**



660 S Figueroa ST
Los Angeles CA 90017

Page 1 of 1
Preparation Date: 9/23/97
(213)965-0400

FELICITAS CASTANEDA
630 MERCEDES AVE
PASADENA CA 91107

001

Super Savings Summary

Account # 001-196449-1

Activity from 09/02/97 through 09/19/97

Beginning Balance	0.00	Interest Earned 09/02 through 09/19	124.60
Total Additions	150,124.60	Annual Percentage Yield Earned	4.22%
Total Deductions	100,000.00	Interest Earned Year to Date	124.60
Ending Balance	50,124.60		

Account Activity

Date	Description	Deductions	Additions	Balance
09/02	BEGINNING BALANCE			0.00
09/02	CASH DEPOSIT		150,000.00	150,000.00
09/04	PREAUTHORIZED WITHDRAWAL	100,000.00		50,000.00
09/19	INTEREST PAID 09/02 THRU 09/19		124.60	50,124.60
09/19	ENDING BALANCE			50,124.60

Interest Rate Information

Date	Interest Rate	Date	Interest Rate	Date	Interest Rate	Date	Interest Rate
09/02	4.200	09/04	4.110				

Special Note Change of address? Please remember to contact TeleBanking Center at (800) 933-3000.

Jose Castaneda
1377 Rutan Way
Pasadena, CA 91104

Dear Mr. Castaneda:

We appreciate your patience while WM Financial Services' (WMFS) Complaint and Investigation Department reviewed the concerns noted in your November 1, 2006 letter addressed to the Office of Thrift Supervision (OTS), regarding Felicitas Castaneda's accounts. In your letter, you are requesting assistance in obtaining information on transactions which occurred in September of 1997 and in determining the whereabouts of approximately \$64,000 of Ms. Castaneda's funds.

Please realize that WMFS is only able to provide you with information concerning Ms. Castaneda's investment account(s). For assistance related to specific bank issues, you will need to contact a local Washington Mutual Financial Center.

We were able to pull statements from Griffin Financial Services (GFS) which show several mutual fund purchases made by Ms. Castaneda. The GFS statements (please see attached exhibit 1) indicated that the following purchases were made on September 4, 1997:

1. \$22,000 of the Griffin Growth & Income Fund Class A
 2. \$10,000 of the T. Rowe Price International Stock Fund (no-load)
 3. \$16,000 of the Griffin Short-Term Bond Fund Class A
 4. \$17,000 of the Griffin Bond Fund Class A
 5. \$17,000 of the Griffin U.S. Government Income Fund Class A
 6. \$10,000 of the Griffin Money Market Fund Class A
- Total = \$92,000

Additionally, we were unable to verify a September 4, 1997 purchase of the Griffin

1. \$7,000 from the Griffin Money Market Fund Class A on July 1, 1998
 2. \$20,000 from the Griffin Money Market Fund Class A on January 7, 1999
 3. \$7,995.75 from the WM Short-Term High Quality Bond Class A Fund on April 7, 1999
 4. \$7,969.62 from the WM Money Market Fund Class A on April 7, 1999
 5. \$14,034.63 from the WM U.S. Government Securities Fund on April 7, 1999
 6. \$10,000 from the WM Flexible Income Portfolio Class A on November 8, 1999
 7. \$26,636.25 from the WM Flexible Income Portfolio Class A on January 28, 2000
- Total = \$93,636.25

EXHIBIT "1"

As of the date of this letter, our records indicate that Ms. Castaneda does not currently have an active investment account with us.

Hopefully, our letter provided you with useful information that will help you in your research of this matter. We appreciate your business and thank you for bringing this matter to our attention. If you have any additional questions or concerns, please do not hesitate to write to me at the address listed on the bottom of page one.

Sincerely,

WM Financial Services, Inc.



David W. Andersen
Compliance Specialist

Enclosures

January 17, 2007

Jose Castaneda
1377 Rutan Way
Pasadena, CA 91104

Dear Mr. Castaneda:

We appreciate your patience while WM Financial Services' (WMFS) Complaint Department reviewed your concerns noted in your December 11, 2006 letter, regarding Felicitas Castaneda's investment account. In this letter, you again are requesting assistance in understanding several transactions which occurred in her account.

As you know, we provided statements from Griffin Financial Services (GFS) enclosed in our previous letter which indicated that the following purchases were made on September 4, 1997:

1. \$22,000 of the Griffin Growth & Income Fund Class A
 2. \$10,000 of the T. Rowe Price International Stock Fund (no-load)
 3. \$16,000 of the Griffin Short-Term Bond Fund Class A
 4. \$17,000 of the Griffin Bond Fund Class A
 5. \$17,000 of the Griffin U.S. Government Income Fund Class A
 6. \$10,000 of the Griffin Money Market Fund Class A
- Total = \$92,000

As stated in our previous letter, we were unable to verify a September 4, 1997 purchase of the Griffin Growth Fund Class A shares. However, an account statement dated December 31, 1998 indicated this investment had a value of \$8,240.75 as of that date. Therefore, it is reasonable to assume the total of all purchases made on September 4, 1997 was approximately \$100,000.

As stated in our previous letter, we were able to identify the following redemptions:

1. \$7,000 from the Griffin Money Market Fund Class A on July 1, 1998
 2. \$20,000 from the Griffin Money Market Fund Class A on January 7, 1999
 3. \$7,995.75 from the WM Short-Term High Quality Bond Class A Fund on April 7, 1999
 4. \$7,969.62 from the WM Money Market Fund Class A on April 7, 1999
 5. \$14,034.63 from the WM U.S. Government Securities Fund on April 7, 1999
 6. \$10,000 from the WM Flexible Income Portfolio Class A on November 8, 1999
 7. \$26,636.25 from the WM Flexible Income Portfolio Class A on January 28, 2000
- Total = \$93,636.25

REGIONAL OFFICE P.O. Box 19399 | Irvine, California 92623-9399
TEL 800 888 0055 URL www.wmfinancial.com

WM Financial Services (WMFS) is an affiliate of Washington Mutual, Inc. and its banking subsidiaries. Investments offered through WMFS.
NOT A DEPOSIT • NOT FDIC INSURED • NOT BANK GUARANTEED • NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY • MAY LOSE VALUE

EXHIBIT "1"

However, an additional \$20,000 withdrawal occurred from the WM Flexible Income Portfolio Class A on September 1, 1999. This withdrawal was recently discovered by you and it was not contained on the previous list. The total amount of withdrawals that we can verify is now \$113,636.25. Further, we were unable to locate any other withdrawals in September 1999.

In your letter, you are also requesting verification that the redemptions proceeds were received by Ms. Castaneda. Unfortunately, the account statements do not indicate where the proceeds were sent after the redemptions of the investments occurred. However, the ongoing research being conducted by Washington Mutual Bank may provide some insight.

As stated in our previous letter, the Griffin mutual funds owned by Ms. Castaneda converted to similar mutual funds at the WM Group of Funds on March 5, 1999. After the fund conversion, there were seven mutual funds from the WM Group of Funds which remained. The enclosed statements show that on July 16, 1999 the WM Growth Fund, WM Short-Term High Quality Fund, WM Growth & Income Fund, WM Income Fund, WM Money Market Fund, WM U.S. Government Securities Fund and the WM High Yield Fund were exchanged into the WM Flexible Income Portfolio (fund #137). Our records indicate that prior to July 16, 1999 Ms. Castaneda did not own the WM Flexible Income Portfolio. Therefore, statements for the WM Flexible Income Portfolio did not exist prior to this date.

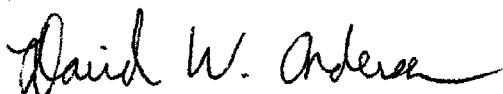
We are unable to determine the Griffin Financial Consultant who originally assisted Ms. Castaneda with her investment account. However, our records indicate that WMFS' Financial Consultant, Christian Holt was assigned to her account soon after the conversion to the WM Group of Funds. He is no longer is employed with our firm.

Per your request, please find enclosed the remaining statements that were not included in our last correspondence.

We appreciate your business and thank you for bringing this matter to our attention. If you have any additional questions or concerns, please do not hesitate to write to me at the address on the bottom of page one.

Sincerely,

WM Financial Services, Inc.



David W. Andersen
Compliance Specialist

Enclosures

EXHIBIT "1"