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EIGHTH JUDICIAL DISTRICT COURT

CLARK COUNTY, NEVADA

BEFORE THE GRAND JURY IMPANELED BY THE AFORESAID
DISTRICT COURT

THE STATE OF NEVADA,)
)
Plaintiff,)
)
vs.) No. 11AGJ037AB
)
GARY TRAFFORD, GERRI SHEPPARD,)
)
Defendants.)
_____)

Taken at Las Vegas, Nevada
Tuesday, November 15, 2011
8:44 a.m.

REPORTER'S TRANSCRIPT OF PROCEEDINGS

VOLUME 2

Reported by: Danette L. Antonacci, C.C.R. No. 222

1 GRAND JURORS PRESENT ON NOVEMBER 15, 2011

2

3 LORNA RAMSEY, Foreperson

4 CAROL DEGLMAN, Deputy Foreperson (Did not deliberate.)

5 KATHLEEN BRONSON, Secretary

6 NORANNE BRUMAGIN, Assistant Secretary

7 DONALD BAILEY, (Did not deliberate. Leaves at 10:45.a.m.)

8 DANIEL COOK

9 DENNIS DUNN

10 RICHARD FAH

11 LAWRENCE FELDMAN

12 FERNANDO GARCIA

13 BYRON GEORGE

14 MARIO GOMEZ

15 CHRISTOPHER HALLEN

16 ROSA MERGY

17 LARRY SEIBERT

18 MARGARETE SORRICK

19 ROBERT WISEMAN

20

21 Also present at the request of the Grand Jury:

22 John Kelleher, Robert Giunta,
23 Sam Kern, Helene Lester,
24 Deputy Attorney General

24

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1 LAS VEGAS, NEVADA, NOVEMBER 15, 2011

2 * * * * *

3
4 DANETTE L. ANTONACCI,

5 having been first duly sworn to faithfully
6 and accurately transcribe the following
7 proceedings to the best of her ability.
8

9 THE FOREPERSON: Let the record reflect
10 that I have canvassed the waiting area and no one has
11 appeared in response to Notice of Intent to Seek
12 Indictment.

13 MR. GIUNTA: Good morning. My name is
14 Robert Giunta from the Attorney General's Office and I'm
15 here with Mr. Kelleher, Mr. Kern and Helene Lester.
16 This is a continuation of Case Number 11AGJ037AB. And
17 our next witness is going to be a recall. We're going
18 to recall Todd Grosz. He testified last week.

19 THE FOREPERSON: Please raise your right
20 hand.

21 You do solemnly swear the testimony you are
22 about to give upon the investigation now pending before
23 this Grand Jury shall be the truth, the whole truth, and
24 nothing but the truth, so help you God?

25 THE WITNESS: I do.

1 THE FOREPERSON: Please be seated.

2 You are advised that you are here today to
3 give testimony in the investigation pertaining to the
4 offenses of notarization of signature of person not in
5 presence of notary public, offering false instrument for
6 filing or recording, and false certification on certain
7 instrument, involving Gary Trafford and Gerri Sheppard.

8 Do you understand this advisement?

9 THE WITNESS: Yes, I do.

10 THE FOREPERSON: Please state your first
11 and last name and spell both for the record.

12 THE WITNESS: Todd Grosz. T-O-D-D,
13 G-R-O-S-Z.

14 THE FOREPERSON: Thank you.
15 Please proceed.

16 TODD GROSZ,
17 having been first duly sworn by the Foreperson of the
18 Grand Jury to testify to the truth, the whole truth,
19 and nothing but the truth, testified as follows:

20
21 EXAMINATION

22
23 BY MR. GIUNTA:

24 Q. Todd, you testified last week about your
25 investigation into the robo-signing --

1 A. Yes.

2 Q. -- of documents over at the Clark County
3 Recorder's Office.

4 A. That is correct.

5 Q. During the course of that examination you
6 spoke with numerous individuals; is that correct?

7 A. Yes, that is correct.

8 Q. And the purpose of that was?

9 A. The purpose was just simply to ascertain
10 information and evidence surrounding the activities that
11 took place in the process of all of these documents.

12 Q. Is it safe to say that you assess the
13 probative value of the testimony as it related to this
14 case?

15 A. Yes, that is correct. Some of the
16 information wasn't relevant and some certainly was.

17 Q. And as the investigator in this case, was
18 it your job or were you asked to arrange for several of
19 these individuals to testify or appear in front of the
20 Grand Jury?

21 A. Yes, it was my responsibility.

22 Q. Did you in fact arrange for these
23 individuals?

24 A. Yes, I did.

25 Q. Okay. Can you give us the list of

1 individuals that you either, that you've arranged to
2 have testify in front of the Grand Jury?

3 A. I spoke with Meghan Shaw, Jennifer
4 Bloecker, Tracy Lawrence, Debra Watkins, Joseph Noel. I
5 think that's a complete list.

6 Q. Okay. And is it safe to say that these
7 individuals were either notaries or signers on the
8 notice of default documents that we submitted into
9 evidence?

10 A. Yes, they were.

11 Q. Okay. In the course of your discussions
12 with these individuals, did you discuss or did you
13 explain potential criminal charges that they might be
14 subjected to?

15 A. Yes, I did.

16 Q. Can you tell us what you told the notaries
17 and guys that signed?

18 A. I explained to them based on the
19 information that they voluntarily provided that they had
20 possibly violated the law, ranging from forgery to false
21 certification of documents, notarizing documents without
22 the subject being present. And I believe that would
23 have been it.

24 Q. Okay. And did you discuss with them the
25 possibility of reducing those charges in exchange for

1 presenting testimony in front of the Grand Jury?

2 A. Yes, I did.

3 Q. And was that done do you know?

4 A. Yes, it was.

5 Q. Do you know the reason behind giving the
6 individuals a reduced charge?

7 A. Well, these individuals were less culpable
8 then the primary subjects. These individuals were
9 simply following orders that they were given through the
10 course of their employment. They were just doing what
11 they were told to do by their employer.

12 Q. To your knowledge were any of the
13 individuals in a supervisory capacity?

14 A. None of them were, no.

15 Q. Okay. Do you know the specifics of any of
16 the agreements to cooperate that the individuals were
17 given?

18 A. They are pleading or have pled guilty to
19 one misdemeanor or one gross misdemeanor count in
20 exchange for their testimony today. Recommendation was
21 being made that they were simply to be given probation
22 as opposed to any jail time.

23 Q. And again the reason why we, why the State
24 offered a reduced charge to the individuals was why?

25 A. Well, the purpose is to gather additional

1 information to determine who truly was at fault here,
2 who was the one that set these wheels in motion so to
3 speak. If I can make an analogy. It would be like a
4 drug case, getting a street dealer to supply the name of
5 his or her supplier.

6 Q. Okay. So this is -- okay. All right.
7 That's fine. Thank you very much.

8 I don't have any further questions of this
9 witness.

10 THE FOREPERSON: Jurors, do you have any
11 questions?

12 By law, these proceedings are secret and
13 you are prohibited from disclosing to anyone anything
14 that has transpired before us, including evidence and
15 statements presented to the Grand Jury, any event
16 occurring or statement made in the presence of the Grand
17 Jury, and information obtained by the Grand Jury.

18 Failure to comply with this admonition is a
19 gross misdemeanor punishable by a year in the Clark
20 County Detention Center and a \$2,000 fine. In addition,
21 you may be held in contempt of court punishable by an
22 additional \$500 fine and 25 days in the Clark County
23 Detention Center.

24 Do you understand this admonition?

25 THE WITNESS: Yes, I do.

1 THE FOREPERSON: Thank you for your
2 testimony. You are excused.

3 MR. KERN: State calls Debra Watkins.

4 THE FOREPERSON: Please raise your right
5 hand.

6 You do solemnly swear the testimony you are
7 about to give upon the investigation now pending before
8 this Grand Jury shall be the truth, the whole truth, and
9 nothing but the truth, so help you God?

10 THE WITNESS: Yes, I do.

11 THE FOREPERSON: Please be seated.

12 You are advised that you are here today to
13 give testimony in the investigation pertaining to the
14 offenses of notarization of signature of person not in
15 presence of notary public, offering false instrument for
16 filing or recording, false certification on certain
17 instrument, involving Gary Trafford and Gerri Sheppard.

18 Do you understand this advisement?

19 THE WITNESS: Yes.

20 THE FOREPERSON: Please state your first
21 and last name and spell both for the record.

22 THE WITNESS: Debra Watkins. D-E-B-R-A,
23 W-A-T-K-I-N-S.

24 THE FOREPERSON: Thank you.

25 Please proceed.

1 DEBRA WATKINS,

2 having been first duly sworn by the Foreperson of the
3 Grand Jury to testify to the truth, the whole truth,
4 and nothing but the truth, testified as follows:

5
6 EXAMINATION

7
8 BY MR. KERN:

9 Q. Good morning Miss Watkins.

10 A. Hi.

11 Q. Where do you live?

12 A. Las Vegas.

13 Q. And are you employed?

14 A. Yes.

15 Q. How are you employed?

16 A. I'm a temporary, on a temporary assignment
17 through Workway Staffing for First American Title.

18 Q. How long have you worked there?

19 A. Almost five months.

20 Q. And what did do you before that?

21 A. I was on layoff and prior to that I worked
22 at LPS Default Title and Closing.

23 Q. When did you work there?

24 A. From, I hired in as a temp on December 17th
25 of 2007, they hired me full time September 18th of 2008,

1 and I got laid off November 18th of 2010.

2 Q. What was your job position while you were
3 there?

4 A. My title was searcher.

5 Q. And what does a title searcher do?

6 A. A title searcher goes through the various
7 programs we had available to do public search and run
8 chain of title.

9 Q. How did you come to be employed at LPS?

10 A. I had had resumes posted on different web
11 sites, and through Career Builder an organization out of
12 California called LANI, which is Loan Administration
13 Network Inc., called me one day and asked me if I was
14 available and I said yes and they sent my resume over to
15 Fidelity and I started that next Monday.

16 Q. Who actually hired you?

17 A. I worked for LANI. The staffing agency
18 actually was my employer.

19 Q. Did you --

20 A. LPS was a client.

21 Q. I'm sorry. When you're talking I'll wait
22 until you're done and then when I ask the question if
23 you could wait until the question is finished. That
24 just helps to make the record clear.

25 Did you interview with anybody at LPS?

1 A. No.

2 Q. Were you supervised by anyone at LPS?

3 A. No. My supervisor was in California.

4 Q. Who was your supervisor?

5 A. When I first started out it was Billy
6 Fernandez, then he left to go to a different position,
7 and the last six months probably it was Barbara
8 Northrup.

9 Q. Where were these offices located?

10 A. Irvine, California.

11 Q. Where were you actually working?

12 A. 500 North Rainbow here in Las Vegas.

13 Q. And in that office were you supervised by
14 anybody?

15 A. No.

16 Q. Did anybody train you in your job?

17 A. Yes.

18 Q. Who trained you?

19 A. The person that did the same job title,
20 searcher, that would have been Jessie Bewley.

21 Q. Did he train you how to be a searcher?

22 A. No, I already knew how to be a searcher so
23 no actually.

24 Q. What did he train you in?

25 A. Just LPS's way of doing searches. Which is

1 basically a chain of title search is pretty much the
2 same at any title company.

3 Q. Did you ever act as somebody who would fill
4 in for other employees?

5 A. Yes, I was the office floater so I could
6 cover Tracy's desk, Jessie's desk and Joey's desk.

7 Q. Did those individuals tell you what to do
8 when you were covering those positions?

9 A. From Joey and from Tracy, yeah, I had what
10 I would call ten minute crash course, it was not in any
11 real detail, just do this and this.

12 Q. How often would you fill in for those
13 people?

14 A. I would cover when they were on vacation or
15 out sick for a day.

16 Q. When you were filling in for these
17 individuals what duties would you perform?

18 A. On Jessie's desk was basically the same,
19 his title was the same as mine so it would be the bene
20 checks, B-E-N-E checks, beneficiaries checks is what it
21 stands for. I would do searching basically on Joey's
22 desk. There would be some documents that need to be
23 sent to the recorder's office. His end of the deal was
24 NODs, notice and default. And Tracy was more TSG which
25 is trustee sale guarantee.

1 Q. And what for Tracy?

2 A. I would do a lot of her bene checks.

3 Sometimes, yes, it would be documents that needed to be
4 signed, notices of sale or notice of default. She would
5 handle the trustees deeds.

6 Q. And did you sign those documents?

7 A. Yes, I did sign some documents as
8 authorized signatory, yes.

9 Q. Were you ever authorized by anybody to sign
10 those documents?

11 A. No, just as office floater to cover their
12 positions.

13 Q. So is it fair to say that when you were
14 covering somebody's desk they would tell you that that
15 was part of your job?

16 A. Yes.

17 Q. But again you weren't aware of any specific
18 authorization to sign those documents on behalf of any
19 other company, were you?

20 A. No.

21 Q. And with regard to the notices of default,
22 are you aware of any agency relationship between LPS and
23 those other companies?

24 A. I knew --

25 Q. Let me rephrase the question.

1 With regard to the notice of default, were
2 you aware of the agency relationship between LPS and the
3 companies that you were signing as an agent for?

4 A. I just knew that they were their vendors
5 and their clients.

6 Q. Who notarized the documents?

7 A. When Tracy was out it would be Joey, Joseph
8 Noel.

9 Q. And can you describe the order in which
10 these documents were notarized?

11 A. When Tracy would be out sometimes there
12 would be a large volume of documents and Joey would
13 notarize those documents and then as the orders came in
14 I would sign them.

15 Q. Okay. And were you signing them in your
16 name or somebody else's?

17 A. My name.

18 Q. Can you give an estimate of a typical day,
19 the number of documents that you would see coming
20 through a particular desk where the offices are?

21 A. When I first started there would
22 approximately be at least 200 a day. It was a large
23 volume.

24 Q. Was that pretty consistent throughout your
25 time there?

1 A. Yes. It did slow down towards the end of
2 last year, I'd say from June on through November it
3 slowed down somewhat, but it was still a high volume of
4 documents.

5 Q. Were you able to review all of the
6 documents that you signed?

7 A. If they come in early enough during the
8 day, yes, you could have time to review them. We'd have
9 a runner go to the courthouse at certain times and those
10 documents had to be signed and ready to go. So say it
11 was 1:30 the courthouse, the runner would go over at
12 2 o'clock, say you were still getting documents in at
13 1:30 which was all the clients knew that was pretty much
14 the cutoff time, sometimes they'd hit you with 60 at the
15 last few minutes and they'd have to be signed and ready
16 to go by 2 o'clock.

17 Q. And so were you able to review those
18 documents?

19 A. Review? Not thoroughly, no.

20 Q. When you were able to review a document
21 what did you do?

22 A. You looked to make sure that the name of
23 the person matched everything else that you knew about
24 that file, that the APNs matched, that their addresses
25 matched. You tried to make sure that -- Clark County is

1 a real stickler on how documents are recorded. You had
2 to make sure there was no writing in certain spaces
3 where say they would put their stamp. You just have to
4 review the document for clarity.

5 Q. And is it fair to say that in the instances
6 in which you were not able to review the documents, it
7 was mostly the volume and timing of those documents
8 coming to you that made it impossible?

9 A. Yes.

10 Q. With regard to the documents that were
11 notarized before they were signed, would those documents
12 sometimes be notarized the day before they were signed?

13 A. That's possible, yes.

14 Q. Is it possible or did it occur?

15 A. It did.

16 Q. Okay.

17 A. I'd have a stack of notarized documents and
18 I'd take as much as I needed that day for that stack and
19 yes, I'd have some left over and they would probably be
20 used the next day.

21 Q. Is that something that happened fairly
22 frequently?

23 A. Yes.

24 Q. And those are documents that were notarized
25 by who?

1 A. Ninety-nine percent of them I would say
2 would be by Joey.

3 Q. And --

4 A. Because Tracy would be out.

5 Q. Okay. By Joey you mean Joseph Noel?

6 A. Joseph Noel, yes.

7 Q. Did you ever see or sign a notary log or
8 journal?

9 A. No. The only time I ever saw Tracy with a
10 journal is when someone else, we had many offices in
11 that particular building, when an attorney or someone
12 would come to her and ask her to notarize something I
13 would see her take a book and go notarize.

14 Q. Okay. Again that's not something you ever
15 filled out yourself?

16 A. No.

17 Q. Did you ever see a business license while
18 you were there?

19 A. I don't recall seeing one on the wall.

20 MR. KERN: The State has no further
21 questions.

22 THE FOREPERSON: Jurors, do you have a
23 question? Jurors?

24 By law, these proceedings are secret and
25 you are prohibited from disclosing to anyone anything

1 that has transpired before us, including evidence and
2 statements presented to the Grand Jury, any event
3 occurring or statement made in the presence of the Grand
4 Jury, and information obtained by the Grand Jury.

5 Failure to comply with this admonition is a
6 gross misdemeanor punishable by a year in the Clark
7 County Detention Center and a \$2,000 fine. In addition,
8 you may be held in contempt of court punishable by an
9 additional \$500 fine and 25 days in the Clark County
10 Detention Center.

11 Do you understand this admonition?

12 THE WITNESS: Yes.

13 THE FOREPERSON: Thank you for your
14 testimony. You are excused.

15 MR. KERN: State calls Jennifer Bloecker.

16 THE FOREPERSON: Please raise your right
17 hand.

18 You do solemnly swear the testimony you are
19 about to give upon the investigation now pending before
20 this Grand Jury shall be the truth, the whole truth, and
21 nothing but the truth, so help you God?

22 THE WITNESS: Yes.

23 THE FOREPERSON: Please be seated.

24 You are advised that you are here today to
25 give testimony in the investigation pertaining to the

1 offenses of notarization of signature of person not in
2 presence of notary public, offering false instrument for
3 filing or recording, false certification on certain
4 instrument, involving Gary Trafford and Gerri Sheppard.

5 Do you understand this advisement?

6 THE WITNESS: Yes.

7 THE FOREPERSON: Please state your first
8 and last name and spell both for the record.

9 THE WITNESS: Jennifer Bloecker.
10 J-E-N-N-I-F-E-R, Bloecker, B-L-O-E-C-K-E-R.

11 THE FOREPERSON: Thank you.

12 Please proceed.

13 JENNIFER BLOECKER,

14 having been first duly sworn by the Foreperson of the
15 Grand Jury to testify to the truth, the whole truth,
16 and nothing but the truth, testified as follows:

17

18 EXAMINATION

19

20 BY MR. KERN:

21 Q. Good morning Miss Bloecker.

22 A. Hello.

23 Q. Where do you live?

24 A. Las Vegas. Oh, right now I live -- do you
25 want my address?

1 Q. Actually the specific address isn't
2 important.

3 A. Oh.

4 Q. How are you employed?

5 A. I'm not employed right now.

6 Q. And were you employed at some point between
7 2000 and 2007?

8 A. Yes.

9 Q. Where were you employed?

10 A. Kaplan Test Prep and Admissions.

11 Q. I'm sorry, that was between 2000 and 2007?

12 A. Or -- wait. Are you asking me between 2000
13 to 2007 where I worked?

14 Q. Yes.

15 A. I'm so sorry. First American Title and
16 Fidelity National Title.

17 Q. And how were you employed there?

18 A. At Fidelity?

19 Q. Yes.

20 A. At Fidelity I was a foreclosure specialist
21 is what we called it.

22 Q. And what does a foreclosure specialist do?

23 A. My job consisted of verifying documents
24 that had been recorded with the Clark County Recorder's
25 Office. To double check the spellings of people's names

1 and see if they matched what was on a deed of trust to a
2 grant bargain sale deed.

3 Q. Did you ever act as a notary public?

4 A. I did. Because another part of the job was
5 to notarize documents and send them to the county to be
6 recorded so that foreclosure companies could start the
7 process of foreclosing on houses.

8 Q. So were you required to become a notary
9 public or to be a notary public as part of your
10 employment then?

11 A. I was.

12 Q. Were you a notary public before --

13 A. No.

14 Q. -- your employment? Did they specifically
15 ask that you become a notary public?

16 A. Yes.

17 Q. And who asked you to do that?

18 A. Gerri Sheppard.

19 Q. Taking a step back. How did you actually
20 become employed there?

21 A. My cousin worked for Gerri and then she
22 told me there was a job opening and I applied for it and
23 I got it.

24 Q. And did you interview with anybody?

25 A. I had a phone interview with Gerri Sheppard

1 and that was it.

2 Q. And was Gerri Sheppard the person that made
3 the hiring decision?

4 A. Yes.

5 Q. Did Gerri Sheppard, or actually let me
6 reask that. Who told you what your job duties would be?

7 A. Meghan was the one that trained me and told
8 me what I would be doing, but Gerri gave me the detailed
9 list of here's what your job will consist of when I
10 first got hired and part of it was to get the documents
11 ready to be recorded at the county recorder's office.

12 Q. Was Gerri Sheppard your supervisor?

13 A. Yes.

14 Q. What is Gerri Sheppard's position?

15 A. I don't know what her title was. She was
16 my boss that worked for Fidelity. I don't remember what
17 her title was.

18 Q. Do you know where her offices were located?

19 A. I think they were in Tustin, California. I
20 never went there.

21 Q. Did you ever meet Gerri Sheppard in person?

22 A. I met her once at a holiday party.

23 Q. Would you please turn to what has been
24 marked as State's Exhibit 4. It's in the packet to your
25 left. Can you please describe that document?

1 A. It is a driver's license blown-up picture
2 of Gerri with her signature. I think it's a driver's
3 license. I don't know. It looks like a driver's
4 license picture.

5 Q. Fair enough. Do you recognize that person
6 to be Gerri Sheppard?

7 A. Yes.

8 Q. And do you recognize that signature?

9 A. I do recognize the signature because when I
10 was working there when we had to do the notarizing of
11 the documents we had to write her name down even though
12 she wasn't there and sign it and this is what I used to
13 copy her signature was based off of this signature.

14 Q. So did you practice making your signature
15 look like the signature that you saw?

16 A. I probably did practice. I don't remember.
17 I just know that I did it so it would look like this
18 one.

19 Q. As a notary what did your job require of
20 you?

21 A. As a notary I, the notary was just to sign
22 her name and then sign my name. I didn't do anything
23 else as a notary that I remember. I didn't keep a log
24 because it was all just for Fidelity.

25 Q. So you would sign Gerri Sheppard's name and

1 then notarize that document?

2 A. Yes, and then sign my name.

3 Q. And then sign your name. And when you were
4 signing Gerri Sheppard's name, you didn't sign as
5 Jennifer Bloecker for Gerri Sheppard, you signed the
6 name Gerri Sheppard?

7 A. Correct, I signed the name Gerri Sheppard
8 and then notarized and stamped it and signed my name as
9 if she had been there, but she wasn't.

10 Q. Okay. And I'm sorry, if you could just
11 wait until I'm done with the question and then answer
12 and then I'll wait until you're done answering and then
13 ask another question, just so the record is clear.

14 A. Okay. Sorry.

15 Q. Can you approximate how many documents you
16 would notarize in the course of a typical day or a week
17 while you were there?

18 A. When I was there it was before the
19 foreclosure boom went crazy and so we would have some
20 days where there were none. Some days there would be a
21 couple and some days there would be 20. So it was
22 really sporadic. And I would say if you really wanted
23 to average it you could average to 15 a day maybe. I
24 don't remember there being that many when I was there.

25 Q. Did that pick up at some point?

1 A. It picked up after I left.

2 Q. Was the process by which you signed and
3 notarized these documents directed to you by anybody?

4 A. When I started and Meghan was showing me
5 what she did and what I was going to do it was just the
6 typical, this is how we do this job, here's what you do,
7 and you just do it. And so there really wasn't any
8 other directions than that. Other than these are the
9 documents that come in, you sign the name, and then we
10 send it to the county to be recorded.

11 Q. And did anybody other than Meghan ever
12 describe to you this process?

13 A. Yeah, I'm sure Gerri did because I would
14 talk to her on the phone and through emails. So she
15 would tell me to do it too. I didn't want to at first
16 because she wasn't there but then it became the point
17 of, I think what happened was Meghan was out sick one
18 day and she was the one that had been doing it and so I
19 needed to get the notary so I could do it too and so she
20 told me you need to get your notary stamp so we're going
21 to set that up for you.

22 Q. So do you remember Gerri Sheppard
23 specifically telling you that that was how it was to be
24 done?

25 A. Yes.

1 Q. Do you remember about the time period in
2 which that occurred?

3 A. Probably early 2004.

4 Q. Do you remember the names of the people
5 that worked in the office with you?

6 A. Yeah. In my direct office, it was two
7 little offices right next to each other, and in mine was
8 Meghan and myself, and then in the office next to us was
9 a lady named Tracy Lawrence and then later another woman
10 named Heather Kuhlman, K-U-H-L-M-A-N, came, but she
11 didn't do what we did, she was accounting.

12 Q. Who were your clients?

13 A. I didn't ever have to talk directly to
14 clients so I just was in-house, but I remember from
15 looking at these documents that some of them were called
16 Cal-Western, C-A-L dash Western. And I think there was
17 one called Quality something. But Gerri and her team in
18 California dealt with them and then just sent us the
19 documents to be notarized and turned to the recorder's
20 office.

21 Q. Would the documents typically come from
22 Gerri Sheppard or would they sometimes come directly to
23 you?

24 A. Oh no, I don't think I ever got anything
25 directly to me, it came from Gerri or her assistant

1 Karen.

2 Q. Did you ever receive any specific training
3 with regard to notarization of documents?

4 A. No.

5 Q. When you would notarize a document that
6 somebody else had signed would you require that person
7 to be in front of you when you did that?

8 A. No, because it was Gerri and we just signed
9 them.

10 Q. Is the only person that you ever notarized
11 a document for Gerri Sheppard?

12 A. As much as I remember, yes. It was just
13 for work so just left the stamp at work and signed all
14 her documents.

15 Q. Were you aware at the time that it's
16 improper to notarize a signature of a person that's not
17 in front of you?

18 A. Yes.

19 Q. How were you aware of this?

20 A. Because even the stamp itself, I think it's
21 a stamp, or underneath it there's a little signature
22 line that reads this person appeared before me and
23 you're signing that, so yes, it was wrong, but it was
24 also just this is what we do, this is part of the job,
25 just do it, and it's only for Gerri so no big deal.

1 Q. Did you feel as though your job was
2 dependent upon performing those duties?

3 A. Yes, they wouldn't have somewhere there who
4 wasn't going to notarize things.

5 Q. Did you ever sign anybody else's name as a
6 notary?

7 A. Yes. Oh, yes. Well, I'm pretty sure
8 before I got my stamp that I signed for my cousin Meghan
9 when she was out sick and I think that's why, I'm trying
10 to remember because it was so long ago. I think that's
11 why they wanted me to get my own stamp so that I
12 wouldn't have to sign two names, signing Gerri and
13 Meghan, so get my own stamp so I could do it myself.

14 Q. What sort of documents did you sign and
15 notarize while you were in there?

16 A. The most -- what's it called? The one that
17 occurred most often was called the notice of default and
18 it's what a lender, I think a lender will record
19 notifying the owner of a house that they're about to go
20 into foreclosure.

21 Q. In your experience can you describe the
22 process that a notice of default would go through once
23 it came to your office?

24 A. Yes. When it came to our office I would
25 use the internet and microfilm to pull up documents that

1 had been recorded before, like the deed of trust and a
2 grant bargain sale deed, and then I would verify that
3 name matched what was on the notice of default to what
4 had been previously recorded and verify that all the
5 information was the same. Then if that was all the same
6 and the document was correct we would sign it and, I'm
7 sorry, I would sign it and then wait for the okay to
8 record it from Gerri. Every day she would send me email
9 or Karen would send me email saying that it was okay to
10 record that document and I think they were waiting to
11 hear from the lenders if it was okay. So it was just
12 setting up paperwork and making sure that it was
13 correct.

14 Q. So with regard to every document that was
15 recorded you got specific authorization?

16 A. Yes.

17 Q. And that authorization was from who?

18 A. It came from either Gerri or Karen, her
19 assistant.

20 Q. And did that process apply to every notice
21 of default regardless of who the client was?

22 A. I think so. I don't remember if there was
23 some that were, okay, you can just -- I think sometimes
24 they would send it in saying this is okay to record and
25 some they would say send saying wait on this one, but it

1 was so long ago, I'm sorry, I don't remember every
2 little thing.

3 Q. Do you know why or what these documents
4 were used for, what their purpose was?

5 A. The -- money. No. Money and legal
6 reasons. Because the lender could not foreclose on the
7 house or start the foreclosure process until the
8 document had been recorded in Clark County. So it
9 needed to be recorded and it needed to be correct. If
10 the information was incorrect it could delay the
11 foreclosure process and then the lender wouldn't be able
12 to sell the house, get the money, title company wouldn't
13 make the money. So it's all money.

14 Q. Based on that statement, was it your
15 impression that this practice was to be kept secret?

16 A. I don't -- I would imagine that Gerri
17 wouldn't want us to go around saying what we were doing.
18 So yes. Because I knew, we knew it was wrong, she had
19 to have known it was wrong to sign somebody's name. So
20 I don't think it was anything that she would want us to
21 go bragging about. I don't remember if she ever said
22 don't tell anyone this. Maybe she did. I don't
23 remember.

24 Q. All right. We're going to go through some
25 of these documents. I'm going to ask you to look at

1 State's Exhibit Number 18. Do you recognize these
2 documents?

3 A. Yes, I looked through all of these and they
4 are documents that I signed as Gerri Sheppard and I also
5 notarized it as myself.

6 Q. Okay. And what sort of documents are
7 these?

8 A. These are -- sorry, I just saw one in here
9 with Meghan's name too.

10 These are what we would get through the
11 email to double check and verify the information. Such
12 as the trustor and the beneficiary and then all the
13 recording information. So we would, so it's called the
14 notice of default and that's what I would have to verify
15 and then make sure that it was ready to be recorded and
16 if it was we would, I would sign Gerri's name, stamp it
17 and date it and then sign my name.

18 Q. Okay. And I'm going to ask you to go
19 through each of these individually. I'm going to read
20 the bates number which is the number at the bottom right
21 corner.

22 A. Okay.

23 Q. And I'm going to ask you to identify that
24 these are documents that you signed and notarized as
25 well as the date on those documents and then at the end

1 I'm going to ask you whether those dates are on or about
2 the date that they were signed and notarized.

3 A. Okay.

4 Q. So please look at bates number 611 through
5 614, bates numbers 619 through 624, 635 through 636.

6 A. Wait.

7 Okay.

8 Q. 639 through 640, 643 through 644, 653
9 through 656, 661 through 662, 665 through 668, 679
10 through 680, 683 through 690, 695 through 696, 679
11 through 704, 713 through 714, 743 through 744, 747
12 through 748, 753 through 754, 759 through 764, 585
13 through 586.

14 A. Okay.

15 Q. Have you had the opportunity to review
16 these documents?

17 A. Yes.

18 Q. Is that your signature and notarization
19 located on pages 2 or 3 of these documents?

20 A. Yes.

21 Q. And whose signature were you purportedly
22 notarizing?

23 A. Gerri Sheppard.

24 Q. And who actually made that signature?

25 A. I did.

1 Q. Which clients were these documents
2 notarized for? And I'll represent to you these exhibits
3 are all a single client's.

4 A. Oh, okay. Cal-Western Reconveyance
5 Corporation.

6 Q. And are the dates on these documents on or
7 about the date on which it would have been created?

8 A. Which date?

9 Q. The date on the document.

10 A. Yes. Yes. We would get them and generally
11 record them the same day. There were a few instances
12 where it would delay a couple of days but.

13 Q. So is it fair to say it's on or about that
14 day?

15 A. Yes.

16 Q. Okay. Thank you.

17 Would you please turn to State's Exhibit
18 Number 19. And we're going to do the same thing as we
19 did with Number 18.

20 A. Okay.

21 Q. Again I want you to just look at the date,
22 the signature and the notarization. Have you seen these
23 documents before?

24 A. Yes.

25 Q. And where have you seen them?

1 A. I looked through all of them at the office
2 for the attorney general.

3 Q. Okay. Please look at bates number 579
4 through 582, 587 through 588, 591 through 592, 595
5 through 600, 605 through 608, 617 through 618, 625
6 through 628, 631 through 632, 637 through 638, 645
7 through 652, 657 through 660, 663 through 664, 669
8 through 678, 681 through 682, 691 through 694, 704
9 through 712, 715 through 720.

10 Sorry, I'm going to back up one because I
11 think I might have said the wrong number.

12 715 through 720, 723 through 736, 739
13 through 742, 745 through 746, 749 through 752, 755
14 through 758, 765 through 768, and 772 through 773.

15 A. On 674 it's not my signature. I don't know
16 if that matters.

17 Q. It does matter. Whose signature is that?

18 A. That's Meghan's.

19 Q. And is that a case in which you would have
20 signed Meghan's name?

21 A. No. I just think -- no, I just think that
22 one got mixed in. Because I would not have signed her
23 name.

24 Q. And how do you know that that's not a case
25 in which you would have signed Meghan's name?

1 A. She would have been there so there would
2 have been no need for me to sign her name. I think it's
3 just a mixed up doc.

4 Q. And as to --

5 A. Document. Sorry.

6 Q. And as to the signature above that, is that
7 your signature?

8 A. No.

9 Q. How do you know that?

10 A. That's not how I signed Gerri's name.

11 Q. Do you know who made that signature?

12 A. It would have been Meghan.

13 Q. With regards to the rest of the documents,
14 is that your signature and notarization on the second or
15 third pages of those documents?

16 A. Yes.

17 Q. And whose signatures are you purporting to
18 notarize?

19 A. Gerri Sheppard.

20 Q. And again is that in fact her signature?

21 A. No.

22 Q. Whose signature is it?

23 A. Mine.

24 Q. And the dates on those documents, does that
25 accurately reflect the date on or about in which those

1 documents would have been created?

2 A. Yes. The only other one is 766. That's my
3 signature on the notary line. I don't know who signed
4 Gerri's name. It might have been Meghan. I don't know.
5 That's not how I signed her name.

6 Q. Did you ever actually sign Gerri's name
7 with Gerri Sheppard in front of you?

8 A. No.

9 Q. Okay. So you having notarized this
10 document you can say for certain it was not Gerri
11 Sheppard's signature?

12 A. Correct.

13 Q. And again look at the signature. How are
14 you able to tell that that's not your signature?

15 A. Because I know how I signed her name and
16 especially compared to all the previous documents that I
17 just looked at that's not how I signed her name.

18 Q. So you are able to identify your signature?

19 A. Yes.

20 Q. As Gerri Sheppard?

21 A. Yes.

22 Q. Okay. And again with the representation
23 that the documents found within this exhibit are all for
24 the same client, can you tell us who that client was?

25 A. Quality Loan Service Corporation.

1 Q. I'm going to ask you to turn to Exhibit
2 Number 20.

3 A. Okay.

4 Q. Are you familiar with these documents?

5 A. Yes.

6 Q. And where have you seen them before?

7 A. They look like more documents that I would
8 have prepared and signed.

9 Q. And this group is a little different. It
10 represents documents from several different clients so
11 I'm going to ask you to look at those clients as you go
12 through the documents as well as the date and your
13 signature.

14 A. Okay.

15 Q. And notarization. Okay?

16 A. Okay.

17 Q. Please turn to, or please look at bates
18 number 583 through 584, 589 through 590, 593 through
19 594, 641 through 642, 609 through 610, 629 through 630,
20 615 through 616, 633 through 634, 697 through 698.

21 A. Okay.

22 Q. And have you had the opportunity to look at
23 these documents?

24 A. Yes.

25 Q. Whose signature is located on page 2 and 3

1 of the documents?

2 A. My signature on the notary line and me
3 signing for Gerri Sheppard.

4 Q. On the signature line?

5 A. On the signature line.

6 Q. And which clients are these documents for?

7 A. They are for 3 Arch Trustee Services and
8 LandAmerica Default Services, Asset Foreclosure Services
9 Inc, and Housekey Financial Corporation.

10 Q. Having looked at these exhibits is it safe
11 to say that the notarization procedure was the same for
12 all these documents?

13 A. Yes.

14 Q. And was it the same regardless of which
15 clients you were signing for?

16 A. Yes. No. I think there was one client
17 that was different but I don't remember who it was.

18 Q. Okay.

19 A. Sorry.

20 Q. But --

21 A. Otherwise, yes, the same.

22 Q. With regard to the documents that we see
23 today, the process was the same?

24 A. Yes.

25 Q. And were all these signatures and

1 notarizations done in Clark County, Nevada?

2 A. Yes.

3 Q. The one client that was different, do you
4 recall how it was different?

5 A. I don't remember who it was and I don't
6 even remember if it was for this document called the
7 notice of default, but there was documents where we had
8 a signature page already, as far as it had already been
9 signed and notarized and we would just attach the
10 signature page to a piece of paper. But I don't
11 remember what client it was.

12 Q. Would that document be signed and
13 notarized?

14 A. Yes.

15 Q. Okay. And it would come to you signed and
16 notarized?

17 A. Yes.

18 Q. So what were you attaching it to?

19 A. So like the first page right here, if you
20 look at 583, so just that first page, you would put that
21 with the page that had already been signed and
22 notarized.

23 Q. Okay. So you were attaching a signed
24 notarized page to a document which contained the actual
25 information?

1 A. Yes.

2 Q. And what happened to all these notices of
3 default after they're signed and notarized?

4 A. They would get taken down to the Clark
5 County Recorder's Office and be recorded and then the
6 county would mail back the original to the address on
7 the front page.

8 Q. Okay. And how do you know that?

9 A. Because that's what would happen.

10 Q. Did you see that happen?

11 A. That was the procedure, you know, I have
12 recorded documents before so I know that's what
13 happened. But we had a person, her name was Diana, and
14 she worked for a service, that she would come and pick
15 up the documents from our office, take them down to the
16 county, get them recorded, and then she would bring back
17 a copy. On these there's a stamp that you can see in
18 the upper right hand corner that says, it has a number,
19 it will say 2005, 01 -- 2005 1003, and that's an actual
20 stamp and she would bring back the copies with the
21 stamps on them so that we had proof that they had been
22 recorded that day.

23 Q. So you saw the documents leave unrecorded?

24 A. Yes.

25 Q. And you saw them come back recorded?

1 A. We saw the copies with stamps on them, yes.

2 Q. And how often was that done?

3 A. Daily.

4 Q. Did you ever receive requests from anybody
5 else in the office to notarize their signatures?

6 A. Yes. In the office next to us where Tracy
7 Lawrence was, if she was out on vacation or out sick we
8 would get emails from her boss, and his name was Gary
9 Trafford, and we would do the exact same thing but with
10 documents that he sent, so for different clients,
11 sometimes it was the same clients. And it was just
12 operating under, she was working for what was Chicago
13 National Title I think it was called. It was the same
14 thing though, the notice of default, make sure the
15 information was correct and then set up the document to
16 be recorded. And we would sign, I would still notarize
17 it in my name but sign it for Gary Trafford even though
18 I never met him, I only talked to him on the phone and
19 through emails.

20 Q. How much interaction did you have with
21 Gerri Sheppard on a daily basis?

22 A. Pretty regularly. Through emails when we
23 would get the request to do something and every once in
24 awhile over the phone.

25 Q. Did you ever have any conversations with

1 Gary Trafford?

2 A. Only if Tracy was out sick. Or on
3 vacation.

4 Q. Were those conversations in which he
5 detailed to you or directed to you how to sign his name
6 and then notarize it?

7 A. Just -- yes, when he would say sign this,
8 record it.

9 Q. Have you entered into an agreement with the
10 Attorney General's Office with regard to your
11 involvement in the activities we described here today?

12 A. Yes.

13 Q. And what is that agreement?

14 A. That I am giving you information because I
15 did something illegal and will plead that I did
16 something illegal later.

17 Q. Has that plea been entered yet?

18 A. No.

19 Q. Will you look at Exhibit Number 25.

20 A. Okay.

21 Q. Do you recognize that document?

22 A. Yes.

23 Q. What is it?

24 A. This is the agreement to cooperate document
25 that I signed which outlines the, what's the word, the

1 agreement of how I will cooperate and give information
2 and plead to a misdemeanor for what I have done.

3 Q. And what do you understand your obligations
4 to be under this agreement?

5 A. To tell you and everyone what we did and
6 what happened in the office.

7 Q. Are you obligated to say anything other
8 than the truth?

9 A. No.

10 Q. Is that your signature on page 4 of this
11 document?

12 A. Yes.

13 MR. KERN: The State has nothing further.

14 THE FOREPERSON: Jurors, do you have
15 questions?

16 BY A JUROR:

17 Q. I do. In what capacity do you know that
18 Gerri Sheppard was signing; like as an officer of the
19 company or --

20 A. I'm sorry. How do I know that she was
21 signing anything?

22 Q. Or do you know? Do you know in what
23 capacity she was signing?

24 A. As, I think as a title officer. That was
25 the farthest that I knew of it.

1 Q. Okay.

2 THE FOREPERSON: Additional questions?

3 BY A JUROR:

4 Q. In your communication with Gary Trafford or
5 Gerri Sheppard did you ever bring up your concerns that
6 it might be illegal what you're doing?

7 A. No. I talked about it with Meghan because
8 I knew that it was illegal but I didn't want to bring
9 that up with Gerri because it was my job and I didn't
10 want to risk losing it and so I didn't want to go to her
11 and say oh hey, I don't want to do this because it's
12 wrong. To me the risk of losing the job was worse than,
13 just sign it even though it's just Gerri's name, just
14 sweep it under the rug and sign it.

15 THE FOREPERSON: Additional questions?

16 Question.

17 BY A JUROR:

18 Q. You stated that you received a document
19 that was signed and then notarized and then you attached
20 it to the legal --

21 A. Correct.

22 Q. Who was the signer on that document?

23 A. I don't remember. I just barely remembered
24 right now that there were certain situations like that.
25 It did not happen very often. I might remember the name

1 if I saw it but what happened was I just remembered in
2 my file cabinet there were certain ones. It would maybe
3 be once every other week. It was not that often. But
4 there were certain clients where there was something
5 special about them and you would just use that page
6 instead. I don't remember why.

7 Q. So in the beginning when you spoke with
8 Gerri Sheppard, how did she tell you to sign her name?

9 A. In the very beginning I wasn't going to
10 have to sign anything and I was glad because I didn't
11 want to and then what happened one day was I think
12 Meghan and Tracy were both sick and it came down to the
13 fact that oh, there's nobody here with a notary, what
14 are we going to do. And so I did sign Meghan's name and
15 then Gerri's name on some documents. And it was at that
16 point where it was you need to get your own notary stamp
17 because that way you're at least signing your name in
18 case this happens again where Meghan and Tracy are not
19 there. So it was just a conversation of we need to get
20 you your own notary stamp.

21 Q. You stated that you practiced the signature
22 prior to signing it?

23 A. Yes, I would have done it off of that --
24 something. If it wasn't that exact thing it was
25 something with her signature on it. Maybe an offer

1 letter for the job or something that she had signed.

2 Q. Did someone tell you to practice this
3 signature?

4 A. No.

5 Well, I don't remember. They might have
6 because I think we were trying to get it to look like
7 hers.

8 Q. So you don't remember or you're not telling
9 me?

10 A. No, I don't remember. If I -- knowing my
11 brain and how it works it would have been that we were
12 trying to make it look like hers. We as in me and
13 Meghan.

14 Q. So did Meghan say you've got to make this
15 look like Gerri's signature or did you come up with that
16 on your own?

17 A. I don't remember.

18 THE FOREPERSON: Additional questions?

19 A JUROR: I'm not finished.

20 THE FOREPERSON: Oh, sorry.

21 BY A JUROR:

22 Q. Did anyone ever say to you that you need to
23 forge this signature to make it look like Gerri's
24 signature or --

25 A. Yes, it would have been -- yes. We need to

1 make this look like Gerri's.

2 Q. Did they use the word forge or forgery?

3 A. I don't remember. I'm sorry, it was so
4 long ago.

5 Q. Did you ever trace the signature, hold a
6 piece of paper up to a glass and another piece of paper
7 and trace over it at all, to anyone's signature?

8 A. I probably did that with Gerri's because
9 I'm OCD and I like things to look, I wanted it to look
10 like hers. But I honestly do not remember if somebody
11 told me to or not. I would imagine Meghan would have
12 said try to get this to look like this. Because we both
13 tried to look like that signature.

14 Q. So in the process of doing this over and
15 over and over again, you must have realized that this
16 was wrong and illegal; is that right?

17 A. Yes.

18 Q. But you continued doing it anyway?

19 A. Yes.

20 Q. Because you wanted to keep your job?

21 A. Because I wanted to keep the job and I was
22 finishing going to school for my master's degree to
23 teach English in high schools and it was just the last,
24 I was almost done with my degree and that would be the
25 last job that I had before I taught, so I didn't want to

1 have a period of not working. So it was kind of like I
2 knew there was an end in sight, I just needed to stick
3 it out, get it done with and I would be done and able to
4 move on.

5 Q. I don't have anymore questions.

6 THE FOREPERSON: Additional questions?

7 BY A JUROR:

8 Q. Yeah. Did you ever express with your peers
9 your concerns about doing something that you thought was
10 illegal?

11 A. Yes. I know I talked to Meghan about it
12 because I didn't want to do it. I didn't like it.

13 Q. Are you aware that one person refused to do
14 this?

15 A. No.

16 Q. Okay.

17 THE FOREPERSON: Additional questions?

18 Question.

19 BY A JUROR:

20 Q. When you're a notary do you have your
21 certificate of notary from the state, is it displayed?
22 Did you ever receive a certificate that you would
23 display like you would a business license?

24 A. I don't remember. I really don't remember.

25 Q. And you wouldn't have noticed whether Gerri

1 had one there as well as Gary, a copy of theirs maybe?

2 A. I don't remember. I don't think Gerri
3 would have had anything there because her main office
4 was in California. And I don't -- I don't remember if
5 we displayed it anywhere. I don't remember if we got
6 anything. I mean I guess we did.

7 Q. Thank you.

8 A. Sorry.

9 THE FOREPERSON: Additional questions?

10 Q. Just one clarification. Your notary seal
11 has the last name of Lowe. That was the name you were
12 using at that time?

13 A. Yes, I was married and that was my name but
14 now I'm back to my maiden name of Bloecker.

15 THE FOREPERSON: Thank you.

16 By law, these proceedings are secret and
17 you are prohibited from disclosing to anyone anything
18 that has transpired before us, including evidence and
19 statements presented to the Grand Jury, any event
20 occurring or statement made in the presence of the Grand
21 Jury, and information obtained by the Grand Jury.

22 Failure to comply with this admonition is a
23 gross misdemeanor punishable by a year in the Clark
24 County Detention Center and a \$2,000 fine. In addition,
25 you may be held in contempt of court punishable by an

1 additional \$500 fine and 25 days in the Clark County
2 Detention Center.

3 Do you understand this admonition?

4 THE WITNESS: Yes.

5 THE FOREPERSON: Thank you for your
6 testimony. You are excused.

7 MR. KERN: And with your permission we
8 would like to take a five minute break.

9 THE FOREPERSON: Excellent.

10 (Recess.)

11 MR. KELLEHER: At this time the State would
12 like to recall Tracy Lawrence.

13 THE FOREPERSON: Please raise your right
14 hand.

15 You do solemnly swear the testimony you are
16 about to give upon the investigation now pending before
17 this Grand Jury shall be the truth, the whole truth, and
18 nothing but the truth, so help you God?

19 THE WITNESS: I do.

20 THE FOREPERSON: Please be seated.

21 You are advised that you are here today to
22 give testimony in the investigation pertaining to the
23 offenses of notarization of signature of person not in
24 presence of notary public, offering false instrument for
25 filing or recording, false certification on certain

1 instrument, involving Gary Trafford and Gerri Sheppard.

2 Do you understand this advisement?

3 THE WITNESS: Yes, ma'am.

4 THE FOREPERSON: Please state your first
5 and last name and spell both for the record.

6 THE WITNESS: Tracy Lawrence. T-R-A-C-Y,
7 L-A-W-R-E-N-C-E.

8 THE FOREPERSON: Thank you.

9 Please proceed.

10 MR. KELLEHER: One housekeeping matter. I
11 would ask the grand jurors if you could disregard
12 Exhibit 21 that's in your packets. We do not intend to
13 introduce that into evidence.

14 A JUROR: There is no 21 in our packet.

15 MR. KELLEHER: Okay. We wanted to make
16 sure. There were additional exhibits we presented
17 today, I thought 21 was one. If it's not in the packet
18 that you have that's great.

19 A JUROR: I have it.

20 MR. KELLEHER: You do have it? 21 is not
21 intended to be admitted or offered.

22 TRACY LAWRENCE,

23 having been first duly sworn by the Foreperson of the
24 Grand Jury to testify to the truth, the whole truth,
25 and nothing but the truth, testified as follows:

EXAMINATION

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BY MR. KELLEHER:

Q. Miss Lawrence, I'd like you to take a look at Exhibit 22 in the package in front of you, bate stamp number 951 through 953. Can you identify that document?

A. Yes.

Q. What is that?

A. A notice of default.

Q. And on page 952, the second page of that Exhibit 22, do you know who signed that?

A. Yes.

Q. Who signed it?

A. I did.

Q. Whose name did you sign?

A. Gary Trafford.

Q. And in what capacity?

A. Could you -- what do you mean? Could you clarify?

Q. He's signing as what?

A. Oh. For National Default Servicing Corporation as an agent for America Servicing Company and then by Chicago Default as agent.

Q. Okay. And then on the next page, the notary, can you identify whose signature that is?

1 A. That is mine.

2 Q. And last week when you testified you
3 described the process, correct me if I'm wrong, whereby
4 you would sign Gary Trafford's name and then notarize
5 it; is that correct?

6 A. Yes.

7 Q. Is that the process that was used with this
8 document as well?

9 A. Yes.

10 Q. And how do you know that?

11 A. That's what I did with all the documents.

12 Q. And the date on this document is, the date
13 it was notarized is what?

14 A. March 16, 2007.

15 Q. Last week I showed you numerous exhibits
16 and documents and you described the signing process.
17 Were they all signed and notarized in Clark County,
18 Nevada?

19 A. The ones that came directly to me, yes.

20 Q. The ones you signed?

21 A. Yes. Yes, in Clark County.

22 Q. Do you recall what time period it was that
23 you were signing Gary Trafford's name and notarizing it?

24 A. Like 2003 to 2008.

25 Q. And during that time period did Mr.

1 Trafford ever appear in front of you and sign in front
2 of you?

3 A. Never.

4 Q. So all the documents you looked at last
5 week were done during that time period?

6 A. I didn't look at the dates but I presume, I
7 mean they were all signed by me and notarized by me.

8 Q. And those were the dates you worked there,
9 2003 to 2008?

10 A. Yes.

11 Q. Okay. All right. And the date that you
12 signed them would that be the date that's reflected on
13 those documents?

14 A. Yes.

15 Q. Okay. Now you testified last week that you
16 were instructed by your supervisor Mr. Trafford to sign
17 his name, notarize it and then have the document
18 recorded at the county recorder's office; correct?

19 A. Yes.

20 Q. Can you estimate during the time period '03
21 to '08 how many documents to your knowledge were
22 recorded that you signed Mr. Trafford's name and
23 notarized?

24 A. Ballpark figure, maybe 25,000. Possible.

25 Q. To your knowledge was the practice you

1 described of the notaries, of signing someone's else
2 name and notarizing it, was that general practice by all
3 the notaries that worked there to your knowledge?

4 A. In the beginning, yes.

5 Q. Did it change?

6 A. Well, when, up until the point when Joseph
7 Noel was hired that was the practice of every notary to
8 my knowledge.

9 Q. What changed when Mr. Noel was hired?

10 A. He refused to do it.

11 Q. Do you know why?

12 A. What were his reasons? No. I just know he
13 refused to sign someone else's name and notarize it.

14 Q. Okay. Do you recall which clients you were
15 signing documents for? In other words signing
16 Mr. Trafford's name and then notarizing?

17 A. Yes.

18 Q. Can you to the best of your recollection
19 list them?

20 A. Cal-Western Reconveyance, California
21 Reconveyance Company, Recon Trust Company, National
22 Default Services Company, Housekey Corporation, Trustee
23 Corp. Those are the big names that I can pull out.

24 Q. Any others?

25 A. There were some that we would do, like Max

1 Default Services, I don't know if they're still around,
2 that's a smaller one I can think of. I can't really
3 think of any other smaller names.

4 Q. To your knowledge were there any clients
5 that you were signing documents on behalf of where you
6 didn't use the practice you described? In other words,
7 you actually had the representatives appear in front of
8 you and sign it in front of you?

9 A. No, no representative ever appeared in
10 front of me. Though -- well, documents that we received
11 like through Fed Ex or UPS, those were usually already
12 notarized so those obviously I did not, but no
13 representatives ever appeared before me.

14 Q. And other than notices of default were
15 there any other documents to your knowledge that you
16 were signing someone else's name and notarizing?

17 A. Yes.

18 Q. What were those documents?

19 A. Rescission of notice of defaults.

20 Q. And what's your understanding of the
21 purpose of a notice of default?

22 A. To start foreclosure proceedings on a
23 mortgage.

24 Q. Okay. So would it be fair to say that's
25 how the foreclosure process officially starts?

1 A. Yes.

2 Q. Do you know whether a foreclosure can occur
3 without the notice of default being filed and recorded?

4 A. In certain states, yes.

5 Q. In Nevada?

6 A. No.

7 Q. Last week we discussed a email that was
8 Exhibit I believe 17. Can you take a look at that
9 again?

10 The very last email exchange which is on
11 the first page of Exhibit 17, bate stamp number 245,
12 it's at the top, it's actually the second to the last,
13 it's email from you to Gary. Do you see that?

14 A. Uh-huh. Yes.

15 Q. What's the date on that?

16 A. January 26, 2006.

17 Q. And can you again read the third line, what
18 that says?

19 A. Anyway, per your instructions I will
20 continue treating our docs as I have all along, i.e.
21 signing your name and notarizing myself. If there are
22 any further changes let me know. Thanks.

23 Q. Were you ever notified by Mr. Trafford or
24 anyone else that that procedure was going to change or
25 had changed?

1 A. No.

2 Q. And what was the reason you sent this email
3 to Mr. Trafford again?

4 A. Because he had given me those instructions
5 over the phone and I wanted something in writing for my
6 own personal records.

7 Q. Did you have any reservations about the
8 legality of this practice?

9 A. Yes.

10 Q. What were those reservations? What was
11 your concern?

12 A. Well, I knew it was, it wasn't right, that
13 it was wrong, and I wanted to have some kind of
14 protection in the event that, you know, something arose
15 from the, from what we were doing.

16 Q. Did you ever express those concerns to any
17 of your co-workers or colleagues?

18 A. Probably. I couldn't give you a
19 conversation verbatim but, you know, it was something
20 that was discussed from time to time.

21 Q. Now when you testified last week, you were
22 testifying pursuant to an agreement to cooperate with
23 our office; is that correct?

24 A. Yes.

25 Q. And do you recall what the terms of that

1 agreement were, what were you required to do?

2 A. I was required to appear before this Grand
3 Jury, I was required to testify at any trial that would
4 result from this Grand Jury, and in exchange I would
5 plead guilty to a gross misdemeanor.

6 Q. Were you asked to do anything other than
7 tell the truth?

8 A. No.

9 Q. Were you coerced in any way?

10 A. No.

11 Q. And did you in fact plead guilty to a gross
12 misdemeanor in court yesterday?

13 A. Yes.

14 Q. Okay. And specifically did you plead
15 guilty to one gross misdemeanor count of violation of
16 NRS 240.155, notarization of signature of person not in
17 the presence of a notary?

18 A. Yes.

19 Q. And why did you plead guilty to that?

20 A. Because --

21 Q. Did you in fact --

22 A. -- I did do that.

23 Q. And the signature lines on the notary
24 stamps, you know, on the notary pages where you would
25 stamp, do you recall the signature line specifically

1 stating that the person was appearing in front of you?

2 A. Yes.

3 Q. And at any time when you were signing
4 documents on behalf of the company you were working for,
5 was the person standing in front of you when you
6 notarized it?

7 A. Gary Trafford, no. Occasionally other
8 employees, yes.

9 Q. For notices of default?

10 A. Yes.

11 Q. How many percentage wise would those be?

12 A. It depends on really the time frame that
13 you're talking about.

14 Q. Can you explain?

15 A. Well, like when Joey came along and
16 initially he didn't have a notary so I was the only
17 notary there, and then Meghan came along. So other than
18 when he was there, I didn't sign for any other, I didn't
19 notarize any other employees so, I don't remember how
20 busy we were when he first started.

21 Q. Was that more towards the end though?

22 A. Yeah. Yeah.

23 Q. Now can you restate for us specifically the
24 name of the company you were employed by? And the
25 reason I ask this is we've heard various names of the

1 employer. Who did you think you were working for?

2 A. The last person?

3 Q. Well, did the name change over time?

4 A. Yes.

5 Q. Can you kind of give us from start to
6 finish what the various names were again?

7 A. Okay. I was hired initially by United
8 Title of Nevada who were owned by Chicago Title of
9 Nevada who after I came on merged or was bought, I don't
10 know exactly how that worked, by Fidelity National
11 Financial. Then when I transferred to the next
12 division, at that time it was Chicago Default Services
13 which was under Chicago Title, and then it went to
14 Fidelity National Default Services who according to my
15 checks was under Fidelity National Financial. And then
16 we went to, from Fidelity National Default Services we
17 went to FIS which was Fidelity Information Services, and
18 I believe from FIS is when we went to LPS which is LPS
19 Management Lender Processing Service, and that was the
20 last person, company that I worked for.

21 Q. Did those numerous changes occur between
22 2003 and 2008 when you were working there?

23 A. They occurred between 2000 and 2010.

24 Q. Did anything other, in other words did
25 anything other than the names change? In other words

1 did the procedures change, did the way you do business
2 change, did your supervisors change?

3 A. Initially, yes, my supervisors changed a
4 few times. The procedure, nothing changed. I mean like
5 the signature lines on the documents like that we were
6 signing as an agent for a client would change, but other
7 than that there was no procedural changes.

8 Q. So this, the process that you described of
9 the notary signing the supervisor's name and then
10 notarizing it for them, that was pretty much the general
11 practice throughout the time you worked there?

12 A. Well, from 2002 to 2008 when we stopped
13 recording, yes.

14 Q. Okay. Are you aware of any instances of
15 notaries, either yourself or anyone else, notarizing
16 blank documents? In other words, notarizing a document
17 that hadn't been signed by anyone yet?

18 A. No.

19 Q. And Mr. Trafford was your direct
20 supervisor; correct?

21 A. Yes.

22 Q. Did he remain your supervisor throughout,
23 with the exception of the very first change when Mr.
24 Trafford took over, from that point on was he your
25 supervisor throughout all those various name changes?

1 A. Yes.

2 Q. Do you know whether -- did the entire time
3 you worked there during the time period you described,
4 was that all at the same physical address?

5 A. Us?

6 Q. Yeah.

7 A. Yeah, we were always at 500 North Rainbow.

8 Q. Do you know whether any of the other
9 notaries working in your office in Las Vegas, whether
10 they were employed by any other companies other than the
11 ones you were working for?

12 A. No.

13 MR. KELLEHER: I have no further questions
14 Thank you.

15 THE WITNESS: Thank you.

16 THE FOREPERSON: Jurors, do you have any
17 questions?

18 BY A JUROR:

19 Q. Did, you had various supervisors that kept
20 changing with the different titles of the companies that
21 you were working with.

22 A. No, I did not.

23 Q. Were they always the same people?

24 A. Initially there was one different person, a
25 gentleman named Chris Lewis, and that was from 2002 to

1 2003, and then from 2003 to the end of my employment in
2 2010 it was Gary Trafford all the way.

3 Q. Oh, okay. You didn't have any supervisors
4 here in Las Vegas then?

5 A. No. We never did. From the start.

6 Q. Thank you.

7 THE FOREPERSON: Questions?

8 BY A JUROR:

9 Q. During the signing process were you ever
10 aware of any errors or incorrect legal information on
11 the documents and someone told you to sign it anyway?

12 A. Legal in what way?

13 Q. Any part of the document. Was the APN
14 always correct, the legal description, who the trustor
15 was or --

16 A. Well, NODs don't have to have a legal
17 description, that's not required. An APN is required.
18 And when the volume was such that it was so busy, we
19 didn't have time to check that they were actually
20 correct so usually we would find out when the county
21 would reject it. So your question is not, it doesn't
22 really apply.

23 Q. Well, my question is was there any document
24 that you signed that there was some part of the document
25 that you knew was incorrect but someone said sign it

1 anyway?

2 A. Oh, no. No.

3 THE FOREPERSON: Questions?

4 BY A JUROR:

5 Q. When you sought protection can you explain
6 exactly what you did to protect yourself?

7 A. What do you mean?

8 Q. You said you were trying to protect
9 yourself.

10 A. Oh. By keeping a copy of that email. I
11 mean that email is five years old, you know, I kept a
12 copy of it.

13 Q. Did you think that was actually going to
14 protect you?

15 A. In the event that something came out and
16 they tried to say that I was lying, yes, I did.

17 THE FOREPERSON: Additional questions?

18 BY MR. KELLEHER:

19 Q. I have one more as a housekeeping.

20 Can you look at Exhibit 23 and identify
21 that document?

22 A. It's an agreement to cooperate.

23 Q. Can you look at the last page, page 4 of
24 that exhibit. Did you sign this document?

25 A. Yes.

1 Q. Is this the agreement to cooperate that you
2 signed with our office?

3 A. Yes.

4 MR. KELLEHER: And for the record I'd also
5 at this time like the record to reflect that we've
6 attached as Exhibit 24 the agreement to cooperate for
7 Meghan Shaw who testified last week and Exhibit 26,
8 Joseph Noel, who will be testifying next.

9 THE FOREPERSON: Additional questions?

10 By law, these proceedings are secret and
11 you are prohibited from disclosing to anyone anything
12 that has transpired before us, including evidence and
13 statements presented to the Grand Jury, any event
14 occurring or statement made in the presence of the Grand
15 Jury, and information obtained by the Grand Jury.

16 Failure to comply with this admonition is a
17 gross misdemeanor punishable by a year in the Clark
18 County Detention Center and a \$2,000 fine. In addition,
19 you may be held in contempt of court punishable by an
20 additional \$500 fine and 25 days in the Clark County
21 Detention Center.

22 Do you understand this admonition?

23 THE WITNESS: Yes.

24 THE FOREPERSON: Thank you for your
25 testimony. You are excused.

1 THE WITNESS: Thank you.

2 MR. KELLEHER: At this time the State would
3 like to call its next witness, Joseph Noel.

4 THE FOREPERSON: Please remain standing.
5 Please raise your right hand.

6 You do solemnly swear the testimony you are
7 about to give upon the investigation now pending before
8 this Grand Jury shall be the truth, the whole truth, and
9 nothing but the truth, so help you God?

10 THE WITNESS: So help me God.

11 THE FOREPERSON: Please be seated.

12 You are advised that you are here today to
13 give testimony in the investigation pertaining to the
14 offenses of notarization of signature of person not in
15 presence of notary public, offering false instruments
16 for filing or recording, false certification on certain
17 instrument, involving Gary Trafford and Gerri Sheppard.

18 Do you understand this advisement?

19 THE WITNESS: Yes, I do.

20 THE FOREPERSON: Please state your first
21 and last name and spell both for the record.

22 THE WITNESS: My first name is Joseph, my
23 last name is Noel.

24 THE FOREPERSON: Please spell both for the
25 record.

1 THE WITNESS: J-O-S-E-P-H is the first,
2 last name is N-O-E-L.

3 THE FOREPERSON: Thank you.

4 Please proceed.

5 JOSEPH NOEL,
6 having been first duly sworn by the Foreperson of the
7 Grand Jury to testify to the truth, the whole truth,
8 and nothing but the truth, testified as follows:

9
10 EXAMINATION

11
12 BY MR. KELLEHER:

13 Q. Mr. Noel, are you a resident of Las Vegas,
14 Nevada?

15 A. Yes, I am.

16 Q. How long have you lived here?

17 A. My whole life.

18 Q. And what is the extent of your education?

19 A. High school diploma.

20 Q. During the period of -- are you familiar
21 with -- let me ask it this way. Are you currently
22 employed?

23 A. No, I'm not. I'm unemployed.

24 Q. What was your last employer?

25 A. My last employer was Workway. I was laid

1 off at the same time around LPS.

2 Q. So you worked for a company named LPS?

3 A. Yes, I did.

4 Q. What time period is that?

5 A. I began beginning of '07 and I was laid off
6 November 18th of 2010.

7 Q. Do you know what LPS stands for?

8 A. Lender Processing Services.

9 Q. Do you know what kind of company that is?

10 A. I thought it was a default company.

11 Q. For foreclosures?

12 A. Yes.

13 Q. And how were you hired? Who hired you?

14 A. I was working for Fidelity National Title,
15 in the beginning of '05 I was hired and at the end of
16 '07 I was asked if I wanted to go upstairs, there was a
17 job opportunity, they were cutting back in customer
18 service, so I went upstairs and I started around
19 February or March for LPS.

20 Q. Do you recall the physical address of the
21 office you worked at?

22 A. 500 North Rainbow.

23 Q. Now you said prior to working for LPS you
24 worked for Fidelity National Title?

25 A. Yes, I did.

1 Q. Is that also in the same --

2 A. Same building.

3 Q. Just different floor?

4 A. LPS was Suite 300-42, Fidelity National
5 Title was Suite 100 on the first floor.

6 Q. To your knowledge were they separate
7 companies?

8 A. Yes, they were.

9 Q. What were you hired to do? What was your
10 job?

11 A. I was never given a job title, ever. What
12 I did was run title, or property profiles, pulled the
13 legal description on the property, run the chain, pull
14 the deed of trust that was in question, and then that's
15 when the customers would send the documents either
16 online or over email and that's how the NODs were set
17 up, I'd match it to a property profile by APN number and
18 address.

19 Q. Who was your supervisor?

20 A. My supervisor was Gerri Sheppard.

21 Q. Did you ever meet Gerri Sheppard
22 personally?

23 A. Never.

24 Q. Would you be able to identify her?

25 A. No.

1 Q. During your employment did you ever act in
2 the capacity of a notary public?

3 A. What do you mean? Can you say that in a
4 different way? I don't understand.

5 Q. Were you a notary?

6 A. Yes, I was. I became a notary April of
7 2007.

8 Q. And was that something you did on your own
9 or --

10 A. No, I did not. The company sent me down
11 with a check to pay for the notary stamp. Two weeks
12 later I got the stamp in the mail.

13 Q. What type -- did you notarize documents for
14 LPS?

15 A. Only one type of documents, notice of
16 defaults.

17 Q. When you notarized documents would the
18 person be standing in front of you?

19 A. Every time the document was signed Jessie
20 Bewley sat 3 feet from me. The only person that I knew
21 signing my documents. Deb Watkins I believe did it a
22 couple of times when Bewley was out sick.

23 Q. Who is Jessie Bewley?

24 A. He was a searcher who sat in another desk
25 in the same office as me. There was two of us that sat

1 in one office and then there was a door and then there
2 was two other employees that sat in a back office.

3 Q. Were you ever asked to sign someone else's
4 name and notarize it during your employment there?

5 A. Now that I think about it I was asked one
6 time by Gerri Sheppard to sign somebody else's name but
7 I never did. I told her I refuse to do it.

8 Q. Why did you refuse?

9 A. Because I wouldn't do it. I wasn't forging
10 anybody's name.

11 Q. You felt that was improper?

12 A. It was improper, yes, it was.

13 Q. Did she ever ask you to do it after that?

14 A. No, she did not.

15 Q. Are you aware of any other notaries working
16 there that signed documents for Gerri Sheppard?

17 A. When I was out sick Tracy would, we were
18 the only two notaries in the office, me and Tracy
19 Lawrence, if I was out sick she would help Bewley set up
20 my documents and it was vice versa if she was out sick.

21 Q. Do you know if Tracy every signed Gerri's
22 name and then notarized it?

23 A. Not that I know of.

24 Q. Do you know who Tracy reported to, who her
25 supervisor --

1 A. Gary Trafford. Everybody in the office had
2 an individual manager.

3 Q. Do you know whether Tracy ever signed Gary
4 Trafford's name and then notarized it?

5 A. No, I do not.

6 Q. Okay. But you personally refused to do
7 that?

8 A. Yes, I did.

9 Q. Okay. Are you aware of or have you ever
10 signed notarized documents that had not yet been signed?

11 A. I would set the documents up. I was the
12 person who pulled the documents off either email or the
13 web site that LPS provides. We'd pull it off, I'd set
14 them up, I'd notarize them, I'd sign them, give them to
15 Jessie Bewley.

16 Q. So it was kind of in reverse then, the
17 notary would happen before the signature?

18 A. When I got there that's what I was shown.
19 Meghan Bloecker was the one that pretty much showed me
20 how to do my job. I would set the document up, I would
21 check first APN number, property address, borrower's
22 name, then I would sign it, notarize it and give it to
23 Jessie Bewley to sign.

24 Q. Was Jessie always right there?

25 A. Yes, he was. He was literally as far as me

1 to her.

2 Q. So you personally knew he was signing?

3 A. Yes, I did.

4 Q. Are you aware of anybody else working there
5 that was notarizing documents in blank without a
6 signature?

7 A. Not that I know of.

8 Q. Can you tell us what your understanding of
9 the purpose of a notary signature is?

10 A. To be honest I don't even know. I mean I
11 was hired in '07, I was provided, I was told to go get a
12 notary stamp. I was just trying to hold a job for my
13 family.

14 Q. Do you know what the purpose of an NOD is?

15 A. To foreclose on a house, start the process.

16 Q. And the documents that you were notarizing,
17 were they recorded in Clark County?

18 A. Yes, they were.

19 Q. Can you kind of describe the process?

20 A. The process is we'd get -- the whole
21 process?

22 Q. With respect to what you were doing.

23 A. I would pull the NOD off the system or pull
24 them out of email, print them to a printer, I would take
25 the property profile or title report, whatever you want

1 to call it, and match it to the NOD. Like I said it
2 would be borrower's name, APN, property address, order
3 number, all that would have to match before it could
4 record. Then I would send it down to the county with a
5 recorder. She would take not only my documents of Gerri
6 Sheppard's unit, she would take Gary Trafford's and
7 Tracy's documents as well.

8 Q. Do you know how many documents per day were
9 being recorded?

10 A. Every day was a different day. It would go
11 from 10 to 200 to 300 between both of our desks. There
12 was that many documents recording at one time.

13 Q. Do you recall the name of the clients that
14 you were signing documents for?

15 A. The only ones I believe I notarized for was
16 Quality Loan Center, California Reconveyance Corporation
17 or Company, and Cal-Western. Executive and all the
18 other clients had their documents set up ready to
19 record. They sent it to us ready. All I did was hand
20 it to the recorder, I never put my finger on it, I just
21 handed it over pretty much.

22 Q. And after the documents were recorded were
23 copies of those sent back to Gerri Sheppard?

24 A. There was always a confirmation copy and an
25 original copy. The original copy would go back to the,

1 actually the confirmation would go to California, the
2 originals would go to the county.

3 Q. Would the client get a copy as well?

4 A. I believe they all had access to the LPS
5 system. So what they would go and do is punch in their
6 order number and they can check under the documents
7 recorded to see what documents were uploaded and that's
8 how they know if their documents are recorded.

9 Q. The LPS is a computer system?

10 A. Yes, online .com LPS. We have a log in.

11 MR. KELLEHER: I have no further questions.

12 Thank you.

13 THE FOREPERSON: Jurors, do you have
14 questions for this witness?

15 By law, these proceedings are secret and
16 you are prohibited from disclosing to anyone anything
17 that has transpired before us, including evidence and
18 statements presented to the Grand Jury, any event
19 occurring or statement made in the presence of the Grand
20 Jury, and information obtained by the Grand Jury.

21 Failure to comply with this admonition is a
22 gross misdemeanor punishable by a year in the Clark
23 County Detention Center and a \$2,000 fine. In addition,
24 you may be held in contempt of court punishable by an
25 additional \$500 fine and 25 days in the Clark County

1 Detention Center.

2 Do you understand this admonition?

3 THE WITNESS: Yes, I do.

4 THE FOREPERSON: Thank you for your
5 testimony. You are excused.

6 THE WITNESS: Thank you.

7 MR. KELLEHER: At this time the State has
8 two remaining witnesses, however due to scheduling
9 conflict neither could be here until 1 o'clock so we
10 would ask to take a lunch break until 1:00.

11 THE FOREPERSON: Okay. Thank you.

12 (Recess.)

13 (At this time, Juror Donald Bailey exits
14 the proceedings and is no longer present.)

15 MR. KERN: State calls John Shaffer.

16 THE FOREPERSON: Please raise your right
17 hand.

18 You do solemnly swear the testimony you are
19 about to give upon the investigation now pending before
20 this Grand Jury shall be the truth, the whole truth, and
21 nothing but the truth, so help you God?

22 THE WITNESS: I do.

23 THE FOREPERSON: Please be seated.

24 You are advised that you are here today to
25 give testimony in the investigation pertaining to the

1 offenses of notarization of signature of person not in
2 presence of notary public, offering false instruments
3 for filing or recording, and false certification on
4 certain instrument, involving Gary Trafford and Gerri
5 Sheppard.

6 Do you understand this advisement?

7 THE WITNESS: I do.

8 THE FOREPERSON: Please state your first
9 and last name and spell both for the record.

10 THE WITNESS: John Shaffer. J-O-H-N,
11 S-H-A-F-F-E-R.

12 THE FOREPERSON: Thank you.

13 Please proceed.

14 JOHN SHAFFER,
15 having been first duly sworn by the Foreperson of the
16 Grand Jury to testify to the truth, the whole truth,
17 and nothing but the truth, testified as follows:

18

19 EXAMINATION

20

21 BY MR. KERN:

22 Q. Good afternoon, Mr. Shaffer.

23 A. Good afternoon.

24 Q. Can you tell us how you are employed?

25 A. I'm the program director and morning news

1 anchor at News Talk 720, KDWN. I work for Beasley
2 Broadcasting.

3 Q. What's your educational background?

4 A. I have a bachelor of arts degree from Penn
5 State University.

6 Q. Where do you live?

7 A. 8708 Foggy Bay Lane in Las Vegas, 89117.

8 Q. Do you own or rent that property?

9 A. I own that property.

10 Q. When did you purchase that property?

11 A. In the summer of 2008. June I believe.

12 Q. And what were the circumstances of that
13 purchase?

14 A. I had rented for the first two years that I
15 lived here and when the market started to fall apart and
16 I realized I could actually afford to buy a house in Las
17 Vegas I decided it was time to start looking. So I
18 found a real estate agent that was recommended from some
19 friends of mine and we went out, I told him I only
20 wanted to look at foreclosed properties and after
21 looking at about 25 houses I settled on the one I
22 bought.

23 Q. And was that in fact a foreclosed property?

24 A. Yes.

25 Q. You didn't know the person that owned the

1 property before you purchased it, did you?

2 A. I did not.

3 Q. Do you know who your lender is?

4 A. It was New South Federal Savings Bank.

5 Q. How much did you purchase the property for?

6 A. \$232,000.

7 Q. And when you bought that property did you
8 expect that you had full ownership rights to the
9 property?

10 A. Yes, I did.

11 Q. You didn't think that anybody else would be
12 able to come after you bought that property and assert
13 ownership rights to the property, did you?

14 A. No.

15 Q. So it was your belief so long as you
16 complied with the terms of your mortgage that you would
17 be able to have, that you owned the property?

18 A. Yes.

19 Q. Okay. Will you please look at the packet
20 in front of you. There's tab number 27. State's
21 Exhibit 27. Do you recognize those documents?

22 A. Yes.

23 Q. What are they?

24 A. They're the closing documents from when I
25 bought my house.

1 Q. Okay. And if you could please turn to
2 bates number 1116, it's going to be towards the end or
3 the back of those, or that exhibit. Do you recognize
4 that document?

5 A. Yes, I do.

6 Q. What is it?

7 A. It was the sale document.

8 Q. Can you read the title of the document for
9 us?

10 A. It is the Grant Bargain and Sale Deed.

11 Q. And looking to the top left corner of that
12 document, do you recognize the address listed there?

13 A. Yes, I do.

14 Q. And whose address is that?

15 A. It is my address.

16 Q. What is that address?

17 A. 8708 Foggy Bay Lane, Las Vegas, Nevada,
18 89117.

19 Q. Okay. Looking to the very top left of that
20 corner, do you see an APN number listed there?

21 A. Yes, I do.

22 Q. Can you read the number?

23 A. 16308612016.

24 Q. So does this exhibit comprise your loan
25 file as you recognize it?

1 A. Yes, it does.

2 Q. And I'm going to ask you to turn to Exhibit
3 Number 22 as well. That's in a different packet. Have
4 you seen that document before?

5 A. It does not look familiar, no.

6 Q. Will you please, I believe it's in the top
7 left of that document. There should be an APN number on
8 that as well.

9 A. There is, yes.

10 Q. Can you read that number for us please?

11 A. 16308612016.

12 Q. Did you purchase title insurance when you
13 bought this house?

14 A. Yes.

15 Q. Sorry. Let me take a moment here.

16 And we'd like the record to reflect that
17 the APN numbers on both Exhibits 22 and 27 match.

18 Going back to the title insurance, what was
19 your understanding with regard to what the title
20 insurance would actually cover?

21 A. My understanding of title insurance is that
22 if there would be a problem with the title after I
23 purchased the house that that would cover me in case
24 anyone else decided to come back and actually say they
25 had title to the house or I didn't have title like I

1 thought that I did.

2 Q. Do you know what exclusions are included in
3 your title insurance?

4 A. I do not.

5 Q. Did anybody ever explain that to you?

6 A. No.

7 Q. Did your realtor ever tell you what it was
8 for?

9 A. No.

10 Q. In a general sense did your realtor ever
11 tell you what title insurance was for?

12 A. Not outside of it's something you should
13 have.

14 Q. And did you read through the policy?

15 A. I did not.

16 Q. Are you aware of there being any problems
17 with regard to the title to your home?

18 A. I am not aware of any problems, no.

19 Q. Are you aware of any problems with regard
20 to the documents used to foreclosure the home?

21 A. I have been made aware that the signatures
22 were forged on those documents.

23 Q. And how did you become aware of that?

24 A. I co-host a radio show with a local real
25 estate attorney Trisha Black and she said two weeks ago

1 we're going to talk about foreclosed properties but from
2 the problem of people who purchased the properties, not
3 from the issue of people who are being foreclosed on,
4 and I just happened to say oh, that's funny, I bought a
5 foreclosed house. So she pulled up my records on the
6 county assessor's web site and said it looks like you
7 may have an issue, let me look further into, and last
8 week before the show she called and said there is a
9 problem with your paperwork and that's when she
10 explained to me that the signatures matched signatures
11 of people who were under an investigation.

12 Q. What did you do after that?

13 A. She asked me if it was okay at that point
14 since I am a private citizen if my documents were turned
15 over to the Attorney General's Office for the Grand Jury
16 investigation and I said that was fine.

17 Q. Did you in fact turn those documents over?

18 A. Yes.

19 Q. Have you ever talked with Tara Newberry?

20 A. Not that I'm aware of, no.

21 Q. Did you have a telephone conference in
22 which Tara Newberry was also on the telephone?

23 A. Yes. Yes, sir.

24 MR. KERN: That's all the State has.

25 THE FOREPERSON: Jurors, do you have any

1 questions of this witness?

2 BY A JUROR:

3 Q. Yes. Have you discussed this with the
4 title company that provided you with insurance?

5 A. I have not.

6 Q. Do you plan to?

7 A. I will talk to Trisha Black more and find
8 out what the next step I should do as I'm not sure what
9 to do. This kind of all blindsided me two weeks ago so
10 I'm still not quite sure what is going on with my house
11 and what I need to do next.

12 THE FOREPERSON: Additional questions,
13 jurors?

14 By law, these proceedings are secret and
15 you are prohibited from disclosing to anyone anything
16 that has transpired before us, including evidence and
17 statements presented to the Grand Jury, any event
18 occurring or statement made in the presence of the Grand
19 Jury, and information obtained by the Grand Jury.

20 Failure to comply with this admonition is a
21 gross misdemeanor punishable by a year in the Clark
22 County Detention Center and a \$2,000 fine. In addition,
23 you may be held in contempt of court punishable by an
24 additional \$500 fine and 25 days in the Clark County
25 Detention Center.

1 Do you understand this admonition?

2 THE WITNESS: I do.

3 THE FOREPERSON: Thank you for your
4 testimony. You are excused.

5 THE WITNESS: Thank you.

6 MR. KERN: All right. With your permission
7 and our apologies, we'd like to take a brief recess to
8 wait for our last witness to arrive.

9 THE FOREPERSON: Recess, jurors.

10 (Recess.)

11 MS. LESTER: The State calls Tara Newberry.

12 THE FOREPERSON: Please remain standing.

13 You do solemnly swear the testimony you are
14 about to give upon the investigation now pending before
15 this Grand Jury shall be the truth, the whole truth, and
16 nothing but the truth, so help you God?

17 THE WITNESS: I do.

18 THE FOREPERSON: Please be seated.

19 You are advised that you are here today to
20 give testimony in the investigation pertaining to the
21 offenses of notarization of signature of person not in
22 presence of notary public, offering false instruments
23 for filing or recording, and false certification on
24 certain instrument, involving Gary Trafford and Gerri
25 Sheppard.

1 Do you understand this advisement?

2 THE WITNESS: I do.

3 THE FOREPERSON: Please state your first
4 and last name and spell both for the record.

5 THE WITNESS: Tara Newberry. T-A-R-A,
6 N-E-W-B-E-R-R-Y.

7 THE FOREPERSON: Thank you.

8 Please proceed.

9 TARA NEWBERRY,
10 having been first duly sworn by the Foreperson of the
11 Grand Jury to testify to the truth, the whole truth,
12 and nothing but the truth, testified as follows:

13

14 EXAMINATION

15

16 BY MS. LESTER:

17 Q. Could you please state your profession.

18 A. I'm an attorney in the State of Nevada as
19 well as California.

20 Q. And what type of law do you practice?

21 A. I practice general real estate as well as
22 bankruptcy and foreclosure defense.

23 Q. Can you explain to the Grand Jury
24 generally, you know, what an attorney that practices in
25 your area, bankruptcy, real estate and foreclosure, does

1 and what type of cases you handle?

2 A. Typically a client comes in in financial
3 distress and/or having a problem with regards to a
4 pending foreclosure and I will look at their financial
5 scenario and come up with a plan for either a resolution
6 that allows them to keep the property, dispose of it or
7 dispose of their debt in order to get them a fresh
8 start.

9 Q. How long have you practiced law?

10 A. I've been a licensed attorney in Nevada
11 since 2007 and California as well since 2007.

12 Q. Do you do anything in addition to your law
13 practice?

14 A. Take care of my son, attend the occasional
15 bar function or some other type of networking business
16 event, but family and the firm tend to predominate.

17 Q. What about a mediator?

18 A. Oh, yes, I am also a mediator for the State
19 of Nevada Foreclosure Mediation Program. I was
20 appointed in the first group in August of 2009
21 immediately after the Nevada Foreclosure Mediation
22 Program went into effect.

23 Q. Can you explain to the Grand Jury a little
24 bit about what the duties are as a mediator?

25 A. Mediator is responsible for facilitating a

1 discussion between the homeowner who has elected
2 mediation as well as the lender or the beneficiary under
3 the note or the deed of trust who has the right to
4 appear at mediation and negotiate alternatives to
5 foreclosure.

6 Q. And do you have any special training that
7 you had to go through to become a mediator?

8 A. I did. There was an original training that
9 took place and there have been continuing education,
10 some are mandatory, some are voluntary, that have gone
11 on for the past two years.

12 Q. Can you tell us a little bit about your
13 professional background as an attorney?

14 A. Yes. I graduated from California Western
15 School of Law in San Diego, California in December of
16 2006. I took the February California bar exam and then
17 the July Nevada bar exam, I passed both first try. And
18 I started my first position as a law clerk at Alverson,
19 Taylor, Mortensen and Sanders here in Las Vegas, Nevada
20 working insurance defense, predominantly medical
21 malpractice and denial of endorsements on other
22 insurance relative to construction defect as well as
23 some civil rights litigation involving medical
24 practitioners and their insurance related to that. So
25 most of it was large issues of wrongful death,

1 catastrophic injuries, things like that.

2 Q. What did you do after Alverson Taylor?

3 A. I went to a small boutique real estate firm
4 here in Las Vegas Deaner, Deaner, Scann, Malan and
5 Larsen was the name at the time. It is now Deaner,
6 Malan, Larsen and Ciulla.

7 Q. What type of work did you do with them?

8 A. I mostly did consumer bankruptcy as well as
9 some title policy work for one of the partners there. I
10 pretty much was their litigation associate so there were
11 a variety of cases, but my practice was building in the
12 area of bankruptcy as well as foreclosure defense.

13 Q. And what do you do now?

14 A. Now I only do consumer litigation as well
15 as bankruptcy practice.

16 Q. Who do you work for now?

17 A. Myself and my partner Paul Connaghan. The
18 name of the firm is Connaghan Newberry Law Firm.

19 Q. What types of cases does your firm handle?

20 A. We handle a variety of cases. We assist
21 with short sale negotiations, real estate transactions,
22 we handle some commercial litigation, although Paul does
23 the predominance of that work. And I take consumer
24 cases relative to wrongful foreclosure, bankruptcy. I
25 assist homeowners in foreclosure mediation in addition

1 to being a mediator for the State of Nevada foreclosure
2 Mediation Program, I have a conflict list of the banks
3 that I don't mediate cases for and then I take
4 homeowners representation for those banks.

5 Q. And I know you've mentioned this a little
6 bit. In order to practice law in Nevada you need to
7 obtain a license; correct?

8 A. That's correct. You have to sit for a bar
9 exam, you have to pass a, well, you have to graduate
10 from law school and prove that you completed the course
11 work, then you have to sit for the bar exam, you have to
12 take a ethics and professional responsibility exam and
13 you have to pass a background check for good moral
14 character. The conditions of those are a little
15 different between California and Nevada but the premise
16 is the same, that you must take the examination and pass
17 all of those different credentialing issues in order to
18 be licensed.

19 Q. And then do you also have to take
20 continuing education classes?

21 A. You do. State of Nevada requires 12 hours
22 of continuing education including ethics credits. State
23 of California, it's every three years, 24, 25. I've
24 also had double or triple the requirement so I haven't
25 ever had an issue of not having enough credits.

1 Q. What about your undergrad degree, where did
2 you go to school for your undergrad?

3 A. I went to the University of Cincinnati in
4 Cincinnati, Ohio. I was dually enrolled in the College
5 of Arts and Sciences and the College of Education and I
6 obtained a degree in history as well as a degree in
7 criminal justice.

8 Q. And did you do anything before you pursued
9 your career as an attorney?

10 A. I did. I was, as soon as I graduated from
11 my undergrad I was sworn in as a police officer for the
12 City of Cincinnati where I worked as a police officer up
13 until a week before going to law school.

14 Q. Can you tell us a little bit about some of
15 the things that you did as a police officer?

16 A. I started out in uniform patrol, just
17 responsible for radio runs and responding to calls for
18 service, as well as investigating crimes and some
19 proactive routine uniform work. I was assigned to the
20 central vice unit in the narcotics and vice squad
21 responsible for liquor enforcement and drug
22 investigations dealing with agencies such as ATF, the
23 liquor board for the State of Ohio, we worked in
24 cooperation to investigate those vice crimes that are
25 being reported. I also worked in the Resource Bureau, I

1 was in the Grants Management Unit and I assisted with
2 the application and management of grant funds that were
3 obtained from the federal government as well as the
4 State of Ohio, helped acquire funds for different
5 programs that the police department had initiated to
6 solve different problem-oriented policing issues. I
7 also was in the neighborhood officers, it was the last
8 job that I had while I was still in the police
9 department and was responsible for meeting with
10 community leaders, business leaders and coming up with
11 problem orienting policing tactics to solve some of
12 those problems.

13 Through the course of my police career I
14 did go to the investigators school that the police
15 department put on which was a intensive course about
16 everything from initiating an investigation to closing a
17 case start to finish regardless of the type of crime.

18 Q. As a lawyer do you belong to any
19 professional organizations?

20 A. I do. I'm a member of the State Bar of
21 California, State Bar of Nevada, the American Bar
22 Association, and also the National Association of
23 Consumer Bankruptcy Attorneys.

24 Q. Have you taught any classes or lectures as
25 an attorney?

1 A. I have. I forgot one organization. The
2 Clark County Bar Association I'm also a member of. I
3 have taught two CLE courses now consecutively entitled
4 Nevada Homeowners, Their Legal Options, in light of the
5 foreclosure crisis.

6 Q. And who gets invited to those courses?

7 A. They invite a variety of attorneys that
8 practice in particular areas that have, you know, a
9 certain sense of knowledge and information that's
10 enlightening and can share with, you know, other
11 practitioners that don't necessarily practice in that
12 area of law. There's a CLE committee and they reach out
13 to lawyers in the profession and ask them to come in and
14 teach the classes. And that's how, I had someone on the
15 CLE committee ask me if I would teach the course.

16 Q. You touched on this a little bit, but is
17 reviewing notices of default or other documents related
18 to the foreclosure process and, you know, closing
19 packets in a real estate transaction, are those the
20 types of things that you generally review in your daily
21 practice?

22 A. Yes. Anyone who is coming in for a client
23 consultation with me regarding their options with
24 regards to financial distress or even housing, I ask
25 them to bring in their closing package and as much

1 documentation they have received with regard to the
2 foreclosure process so that I can assess not only what
3 their options are in the sense of getting out of debt
4 but also whether there has been any violations of state
5 or federal law that could raise claims that can either
6 lead to litigation or a lawsuit or simply just leverage
7 in negotiating a loan modification or short sale,
8 whatever it is that becomes the outcome.

9 Q. Between your practice as an attorney and,
10 you know, what you do as a mediator, do you have any
11 idea of how many files you reviewed?

12 A. Wow. I would guess just in client
13 consultations alone I've probably reviewed close to a
14 hundred if not more closing packages just in the past
15 year, year and a half. And with regard to mediation, we
16 don't see the closing package itself, we really only see
17 the notice of default, the trustee's submission to the
18 foreclosure program as well as the borrower's financial
19 information. We will get, any and all assignments are
20 required to be produced at the mediation as well as the
21 original note or certification that the copy of the
22 original note is being produced as well as the original
23 deed of trust, and if not, a certification that a
24 certified copy is being produced at mediation. So I
25 probably looked at probably 200 I would say since I've

1 been a mediator, if not more.

2 Q. And can you explain, I'm going to ask you
3 to, at some point to kind of explain what original
4 copies mean, number one, and then ultimately I want you
5 to kind of explain the whole non-judicial foreclosure
6 process in Nevada.

7 A. The foreclosure process in Nevada is
8 initiated by a notice of default or a breach in election
9 to sell that's recorded by the trustee after a homeowner
10 has failed to make a certain number of payments. In the
11 State of Nevada a non-judicial foreclosure is the
12 predominance of the way that a home would be foreclosed
13 upon. We do have the option of a judicial foreclosure
14 but up until recently a non-judicial foreclosure was
15 always the process used to take back the collateral when
16 there was a default on the loan.

17 Q. And explain exactly what the notice of
18 default is, what that means and what's generally
19 contained in it.

20 A. A notice of default is a statement to the
21 homeowner that they're behind on payments and that
22 failure to cure any default will result in their home
23 being sold at a trustee sale. The notice of default
24 will generally state the amount of arrearages or failed
25 payments and any costs that have been advanced by the

1 lender with regards to the foreclosure process itself,
2 potentially county taxes, homeowners insurance, the
3 hazard insurance, and it will give a name and
4 description of whom to contact if there is going to be
5 an effort to cure. And recently some of the changes to
6 the statute has required also a disclaimer with regards
7 to other housing information and options that the
8 homeowner has such as to contact a HUD counselor, the
9 State of Nevada, the Attorney General's Office, with
10 regards to loss mitigation options to cure the default,
11 other than just simply paying the whole amount that's
12 listed on the notice of default. Once the notice of
13 default has been recorded the homeowner has 30 days if
14 it's their primary, principle residence to elect
15 mediation. By law, the law that led to my appointment
16 as a mediator requires that a lender provide an election
17 of mediation form along with any notice of default
18 that's recorded after July 1st of 2009. Any homeowner
19 in the State of Nevada would have to file that election
20 form through the Foreclosure Mediation Program. In
21 effect that halts the foreclosure process.

22 Q. How does the homeowner get a copy of the
23 notice of default?

24 A. The notice of default must be posted on the
25 property itself with blue tape and the lender's also

1 required to mail a copy of the notice of default as well
2 as the election of mediation form and contact
3 information sheets that are required. That has to be
4 mailed by certified mail to the homeowner's last know
5 address which is typically the residence that's being
6 foreclosed upon, but occasionally it will be a post
7 office box or if they've listed something else with
8 either the lender or the assessor.

9 Q. So in the process what generally happens
10 after the notice has been filed with the recorder's
11 office and then mailed to the homeowner?

12 A. If the homeowner elects mediation the
13 Foreclosure Mediation Program will immediately notify
14 the trustee who caused the notice of default to be
15 recorded to halt the foreclosure process and requires
16 both parties to exchange documents. Those documents are
17 what assist the opposing side in negotiating or
18 discussing the alternatives to foreclosure. Part of the
19 Foreclosure Mediation Program itself is to have this,
20 you know, face-to-face meeting between the homeowner and
21 the lender to reduce the breakdown in communications so
22 there can be an honest and open discussion about
23 options.

24 Q. Can you explain too, you mentioned trustee,
25 and, you know, trustee kind of pops up in this area of

1 law in several capacities. Can you explain just a
2 little bit about the different trust deeds within the
3 foreclosure and I guess homeownership in general?

4 A. Generally when a deed of trust is recorded,
5 State of Nevada we use deeds of trust. Oftentimes
6 people will use the term mortgage. It's interchangeable
7 for a layman's term with regard to mortgage and deed of
8 trust. Simply to most people it means making your loan
9 payment to whomever it is that lent you the money or the
10 servicer who's collecting the money on behalf of the
11 lender. Most people refer to that as a mortgage but in
12 Nevada it's a deed of trust.

13 The deed of trust is a security instrument.
14 When you purchase a home and you don't have the full
15 amount of cash you will sign a promissory note
16 obligating yourself to pay whatever the amount of money
17 that was lent to you to repay that note. In order for
18 the lender to have some type of assurance that you will
19 repay that note they will take out a deed of trust or a
20 mortgage, in Nevada a deed of trust, giving them the
21 power of sale should you not make payment on that note.
22 So the deed of trust is the security instrument that
23 would give them the right to foreclose upon the property
24 and take title from the homeowner if they fail to pay
25 under the terms of the note.

1 Q. And another word for fail to pay is
2 default?

3 A. That's correct. Default. When you
4 originally take out the deed of trust there is a trustee
5 who is established in the deed of trust who is acting as
6 a third party. Typically if the loan goes from
7 inception to the payoff that trustee doesn't really do
8 anything. In effect to the homeowner they won't have
9 any interaction whatsoever. If there is a default, that
10 is when the trustee under the deed of trust then has the
11 power of sale, to sell the property on behalf of the
12 beneficiary, and the beneficiary of the deed of trust is
13 the lender that's identified in the note.

14 Q. Okay. What happens after, you know, next
15 in the foreclosure process after the notice of default,
16 what's the next thing that a homeowner would know about?

17 A. The homeowner, if they elect mediation,
18 would get a notice or phone contact from the mediator
19 that's been assigned to their case asking, they
20 collaborate to try to find a date that's mutually
21 available between the mediator, the lenders, trustee or
22 trustee's counsel that they've hired to appear on their
23 behalf and the homeowner. And once the parties agree
24 upon a date then a mediation takes place, usually within
25 45 days of that notice, and the parties exchange the

1 documents I discussed previously at least ten days prior
2 to that mediation.

3 Q. What if there's not a mediation? What if
4 the homeowner doesn't elect to --

5 A. If the homeowner doesn't elect to mediate,
6 the lender, if it's a residential property the lender
7 must still request a certificate of completion from the
8 Foreclosure Mediation Program. Once they obtain that
9 certificate of completion showing that they have
10 complied with the Foreclosure Mediation rules in the
11 statute, that certificate of completion gives them
12 permission to notice the trustee sale which is the
13 completion of the foreclosure process when that sale
14 happens. So if a homeowner does not elect mediation,
15 and keep in mind this is only for notices of default
16 that were recorded after July 1st, 2009, the lender has
17 to get that certificate of completion. Prior to
18 October 1st, 2009, there's a waiting period of 90 days
19 from the date that the notice of default is recorded to
20 the point that the trustee would be able to notice the
21 sale. The notice of the sale is typically 21 days from
22 the date that the notice of the trustee sale is
23 recorded.

24 Q. You should have a big packet of exhibits in
25 front of you. Can you turn to Exhibit 22. It might be

1 in the smaller packet.

2 A. Okay.

3 Q. Can you identify for the Grand Jury what
4 that document is?

5 A. This is a notice of default and election to
6 sell under deed of trust.

7 Q. Okay. And can you turn to page 2?

8 A. Uh-huh.

9 Q. Which is, just so we're keeping it, it's
10 bates number 952.

11 A. Okay.

12 Q. Who signed that document?

13 A. It appears to be Gary Trafford is the
14 printed name. There's a signature above that that's
15 not, it's in cursive so it's not especially legible, but
16 Gary Trafford is the printed name.

17 Q. And on the third page can you take a look
18 there and can you tell who notarized that document?

19 A. There's a signature, it looks like two
20 eights on top of each other as a signature and there's a
21 printed name Tracy N. Lawrence.

22 Q. And there is also below that a notary
23 stamp?

24 A. Yes. It says Tracy N. Lawrence, Notary
25 Public, State of Nevada, with the appointment number and

1 the expiration date.

2 Q. Okay. Can you refer to Exhibit 27?

3 A. Yes.

4 Q. Have you seen that before?

5 A. I have.

6 Q. Can you explain to the Grand Jury what that
7 is?

8 A. This is a closing package with the contract
9 for purchase of sale, a good faith estimate, HUD 1
10 settlement statement, a preliminary title report, and an
11 owner's title policy relative to a transaction that
12 happened between U.S. Bank National Association, as
13 trustee for Credit Suisse First Boston, that was the
14 seller, and the borrower was a John R. Shaffer, Jr.

15 Q. Have you had a chance to review all the
16 documents inside the packet?

17 A. I have.

18 Q. And can you explain to the Grand Jury, you
19 know, what types of things you were looking for in your
20 review?

21 A. Usually when I'm looking at the closing
22 package it's because someone has already received a
23 notice of default and in this scenario it hadn't. So
24 the first thing I would look at is whether or not the
25 notice of default as far as the parties identified in

1 the notice of default matched the parties that are in
2 the actual lending documents. That's usually the first
3 thing I'm looking for. So in this case it was not an
4 issue, it's simply looking to see if the grant deed was
5 there and who the party was, whether it matched up with
6 the loan instruments, the settlement statement and the
7 other documentation that's listed throughout. And it
8 did.

9 The other thing I was looking for since
10 this property had been purchased post foreclosure was
11 whether or not there was a title policy that had been
12 issued to the owner.

13 Q. And was there a title policy in there?

14 A. Yes. It begins on page 1126.

15 Q. Can you explain a little bit to the Grand
16 Jury, you know, the different types of policies and
17 basically, you know, what they cover?

18 A. Sure. When a contract for purchase comes
19 in, and actually I'll refer back to page 1016. When a
20 contract for purchase, when a buyer and a seller agree
21 upon a purchase price, they sign a contract and usually
22 the purchaser, the buyer, is applying for some type of a
23 loan or financing of some sort in order to make that
24 purchase. When that happens the money that's put down
25 as a deposit goes into what's called an escrow account.

1 Then a title company is usually the escrow officer that
2 holds the funds but they also will be charged with doing
3 a search of title to see if there's a clear title in
4 order for there to be a transfer from the purchaser to
5 the seller so that it's marketable.

6 So on page 1016 is a preliminary report top
7 sheet. That is where Chicago Title Agency of Nevada
8 started what's considered to be a title search. A
9 preliminary report is the actual title search that's
10 done.

11 If you turn to the next page, 1017, that's
12 the preliminary report and the certification with
13 regards to the policy of title of insurance.

14 The next page is 1018, that's the actual
15 report itself, it's effective as of June 4, 2008, and it
16 was regarding the property address 8708 Foggy Bay Lane,
17 Las Vegas, Nevada.

18 Q. And just so we're clear, this relates back
19 to Exhibit 22, the notice of default, the same property?

20 A. Yes, the land description is the same.

21 Q. Okay.

22 A. The preliminary report as you go through it
23 you will see what's contemplated in the report and what
24 that means is whomever's done the search has gone back
25 through the land record through the recorder's office

1 and public records to ensure there are no letter of
2 liens or encumbrances or rights to property that are
3 still lingering out there that would cause the lender
4 for the buyer to not issue a loan. That's the purpose
5 of a title search is to make sure that you can convey
6 actual title to the property.

7 Q. And can you tell us briefly what they were
8 able to find?

9 A. Their conclusion, which is on page 1021 in
10 item number 11, is that they show no open deeds of trust
11 affecting the property described herein. The only deed
12 affecting the land which was recorded within 24 hours of
13 the date of this report was National Default Servicing
14 Corporation as the grantor to grantee U.S. Bank National
15 Association as trustee for Credit Suisse First Boston.
16 Recorded November 8, 2007. The instrument number was
17 002258 and the book number was 2007-1108 of official
18 records.

19 Q. So again it's referring to the property
20 that this notice of default election to sell, Exhibit
21 22?

22 A. Yes, that's correct. There's actually a
23 legal description frequently titled Exhibit A that gives
24 a assessor's parcel number of 16308612016, and then it
25 gives the metes and bounds legal description of the

1 land. And that matches the notice of default that we
2 just discussed.

3 Q. After reviewing all of the documents were
4 you able to form any type of legal opinion with regard
5 to this matter?

6 A. It appears that the homeowner in this
7 instance has obtained title insurance and that there is
8 a clear title conveyed in accordance with the title
9 report. However, after reviewing the documents in this
10 case and specifically the notice of default as well as
11 the substitutions and assignments that occur between the
12 notice of default and the time that Mr. Shaffer
13 purchased the home, it does raise issues as far as the
14 question on whether or not that foreclosure was
15 completed properly.

16 Q. Do you base that opinion on the fact that
17 there may be questions with regard to the notice of
18 default itself?

19 A. That and the fact that an assignment
20 occurred much later from the time of the notice of
21 default and it's not clear who the beneficiary was at
22 the time that the notice of default was recorded.

23 Q. Would your opinion be different if you were
24 told that with regard to Exhibit 22 that the notary had
25 signed the document and then also notarized the same

1 document?

2 A. Yes. Signing someone else's name and
3 notarizing it would cause this notice of default to not
4 be valid and subsequently every action that happened
5 after that point in time would not be valid. Including
6 the transfer to Mr. Shaffer.

7 Q. And what do you base that opinion on?

8 A. The requirement that recording such as a
9 notice of default has to be without defect and without
10 fraud.

11 Q. Have you reached any other conclusions with
12 regard to the documents?

13 A. Yes. With regards to the title policy that
14 was issued, there is an owner's policy, there's
15 different kinds of title insurance. Generally title
16 insurance when it's first taken out is for the loan
17 itself, it's called a loan policy. A loan policy only
18 protects the lender. So the purchaser, if you put money
19 down on the home and you don't get an owner's policy and
20 there's an issue with title that comes along, you're not
21 protected. In this instance Mr. Shaffer does have an
22 owner's policy but there are several exclusions listed
23 here that could cause him to have potential exposure or
24 have to file a lawsuit.

25 Q. Can you refer us to the bate stamp that

1 points out the exclusions?

2 A. I can. If you turn to the beginning of the
3 actual policy itself that was issued, it begins bates
4 number 1127.

5 Q. Okay.

6 A. That's the table of contents that begins
7 the policy. If you turn to the second page, which is
8 1128, there is a list of the covered title risks. This
9 policy covers the following title risks if they affect
10 your title on the policy date. Someone else owns an
11 interest in your title. A document is not properly
12 signed, sealed, acknowledged or delivered. Forgery,
13 fraud, duress, incompetency, incapacity or
14 impersonation, or defective recording of any instrument.
15 There's some other covered titled risks that are in
16 there but whenever you read an insurance policy you have
17 to read what's covered but then you have to read the
18 exclusions to figure out if your particular situation
19 would raise that.

20 Q. And where are the exclusions?

21 A. The exclusions are listed on 1129.

22 Q. At the top of the page?

23 A. Yes, it talks about certain title risks
24 that are excluded. Then it discusses the conditions.

25 Q. Yes. And what concerns do you have?

1 A. The concern that I have is that in the
2 owners' policies occasionally there's exclusions with
3 regard to creditors' interest and when there are
4 mortgages that are sold on the secondary market, a
5 mortgage backed security, there are usually creditor
6 rights, endorsements, that would cause, if there's a
7 fraudulent conveyance or something that would arise in a
8 bankruptcy context with regards to how the documents and
9 the loans were transferred, it could cause there not to
10 be coverage if it's listed as an endorsement or
11 exclusion.

12 In this instance, I don't have the loan
13 policy, I only have the owner's policy, what protects
14 the owner. So that would be part of the concern. The
15 other concern is that if you look at the next section
16 which is conditions -- I'm sorry, I'm on the wrong page.

17 Q. So we're still on bate stamp 1129?

18 A. Yes.

19 Q. Okay.

20 A. Yes, we're on 1129. If you read that it
21 gives instructions on how to make a claim. If you turn
22 to the next page, I'm sorry, it's at the top of 1130.

23 Q. Okay.

24 A. Number 4 talks about our choices when you
25 notify us of a claim.

1 Q. Yes.

2 A. After we receive your claim notice or in
3 any other way learn of a matter for which we're liable
4 we can do one or more of the following.

5 So the title insurer has the option to
6 decide how to handle the claim. They can pay the claim
7 against the title. They can negotiate a settlement.
8 They can prosecute and defend. They can pay the amount
9 required by the policy. And the amount required by the
10 policy is the purchase price of the home. In this
11 particular loan that was the amount that was listed in
12 the preliminary report and then the actual insurance.
13 So the insurer only has to pay the amount required by
14 the policy which the purchase price of this home would
15 be the limit thereof. They also have the ability to
16 cancel the policy by paying the policy amount then in
17 force and only those costs, attorney fees and expenses
18 incurred up to that time which they're obligated to pay.
19 The concern there would be that a purchaser of a
20 foreclosed property, if they basically purchased a
21 lawsuit so to speak and tender a claim to their
22 insurance on the title policy, the concern would be if
23 there had developed any equity in the property above
24 that policy amount there's no coverage or protection for
25 the owner. There's also the issue of litigation fees,

1 that if the insurer simply decides to pay the full note,
2 purchase price of the home, they're no longer under any
3 duty to defend. So someone could put money down, get a
4 purchase, you know, purchase policy amount, but be out a
5 lot of money if that home was to appreciate.

6 Q. Can you kind of put that in laymen's terms
7 for the Grand Jury so that they understand. I mean
8 we've been talking a lot in terms of the policy and
9 exclusions and all that. Basically what it would mean
10 to a homeowner who purchases a foreclosed property.

11 A. Most homeowners, if they ever know that
12 they have title insurance or understand it, would
13 believe that the insurance company would indemnify them,
14 defend them, with regards to that marketability of
15 title.

16 In a situation where the foreclosure was
17 done fraudulently or not correctly and there's a course
18 where the land records would revert back to that
19 original owner, the new purchaser is left in a situation
20 of only being able to collect the money damages. They
21 can't get the actual property itself if there was a
22 wrongdoing that happened prior to them being introduced
23 to the chain of title. In light of that, if there was
24 appreciation of the home that would translate to a loss
25 to that homeowner.

1 Q. Is there a possibility that the homeowner
2 that purchased the foreclosed property may not even have
3 legal standing to bring those causes of action?

4 A. That's correct. There's a possibility that
5 if the foreclosure itself is deemed void as though it
6 has never happened and by operation of law it never
7 happened, then that means they never were a landowner, a
8 titled landowner of that property. So there are
9 instances where they, and there have been cases that
10 have come up recently on this issue where judges have
11 found that the purchaser of the foreclosed property
12 doesn't even have standing to raise claims.

13 Q. So somebody could purchase a foreclosed
14 home, start making payments and then find out that they
15 don't own the home?

16 A. That's correct. And I actually have had
17 clients come in that have purchased foreclosed property
18 and usually within a couple months of that we do have
19 under the NRS if a home is foreclosed and the prior, the
20 foreclosed homeowner believes that there was a wrongful
21 act by the lender, they have a time period in which
22 they're able to file a wrongful foreclosure action even
23 after the foreclosure has ended.

24 So I've had clients come in that have gone
25 and either purchased at the foreclosure sale or they've

1 purchased from a bank who has completed the foreclosure
2 sale and they've been drug into a lawsuit where the
3 homeowner has sued for wrongful foreclosure.

4 Q. One second.

5 The State doesn't have anything else.

6 THE FOREPERSON: Jurors, do you have any
7 questions?

8 BY A JUROR:

9 Q. I'd like to ask you, I'm trying to make
10 sense of all this in laymen terms. So let me throw up a
11 scenario to you and maybe you could advise me. You used
12 the words fight a lawsuit. Suppose there has been a
13 foreclosure and then it's deemed not correct because
14 there is a forgery on the foreclosure and then the
15 person, the individual being foreclosed on decides to
16 sue or decides to get his property back. In the
17 meantime someone else has purchased the property. Let's
18 say they purchased it for cash and let's say they find
19 that all these actions were illegal. What happens to
20 the individual that purchased the property with cash if
21 he has no grounds to sue?

22 A. It would depend on whether there was title
23 insurance that would provide coverage for the lack of
24 the marketability of the title. If there's no title
25 insurance, and oftentimes if you are getting a loan

1 policy it doesn't always mean that there's an owner
2 policy. Oftentimes you have to check an additional box
3 on the request to the escrow officer. So there are
4 instances where if you purchase a home and it's financed
5 and the loan policy is issued, it doesn't mean that
6 there's an owner's policy. Without an owner's policy,
7 whether it's a cash buyer or a financed buyer, they're
8 going to lose that money.

9 Q. Now what if the owner, the new owner,
10 alleged new owner, buys from say the bank, wouldn't the
11 bank be held responsible?

12 A. It's possible. They would have, it depends
13 on the transaction. There's lots of language. If it's
14 a, if there's no warranties in the deed with regards to
15 marketability and you're just taking it on the word of
16 the person, then no, there wouldn't be a recourse. But
17 if there are warranties and guarantees in that deed then
18 yes they would be able to sue the lender for not being
19 able to produce what they guaranteed.

20 Q. Let's say there's no lender, they just
21 paying cash, but they do buy, there's a lot of property
22 for sale by banks. So I guess don't they always get a
23 warranty deed when they purchase a property?

24 A. Not always. There are many different ways
25 of structuring a deed.

1 Q. Let's say they do get a warranty deed from
2 the bank and it later turns out that the title is
3 defective because there was a forgery. So wouldn't the
4 bank that sold the property to these new buyers be held
5 responsible?

6 A. If they're responsible for the bad, the
7 forgery, the documents, yes, then there would be a claim
8 against them for you having, you know, if nothing else
9 an unjust enrichment for having received the proceeds of
10 the sale.

11 Q. What if they're not responsible for the
12 forgery?

13 A. Then you would still have to kind of go
14 through the train because it depends on who knew and the
15 notice. These types of lawsuits are extremely complex.

16 Q. So it's possible the original person,
17 individual foreclosed on, could wind up with the
18 property back?

19 A. Yes.

20 Q. And the person that purchased the property
21 is out, completely out, he may not have any recourse?

22 A. Correct, that's a possibility.

23 Q. Has that happened to your knowledge or
24 based on your experience?

25 A. I don't know here in the State of Nevada.

1 I have read cases from across the country where yes,
2 that has happened.

3 THE FOREPERSON: Additional questions?

4 BY A JUROR:

5 Q. Does this lawsuit clock in the thousands of
6 documents that were submitted and recorded, does that
7 now deem all of those deeds to have a cloud on the
8 title; is it a clouded title then?

9 A. I'm not sure. These are the only documents
10 that I looked at that I discussed today so I don't know
11 what the other documents are that you all have been
12 presented with. What I can tell you is that clouded
13 title isn't really something that's tangible. Clouded
14 title is exactly just as simple as it sounds. It's
15 fuzzy, it's not clear. It's not a clear day, there's
16 clouds, somebody is obscuring, you know, what you're
17 looking at. And so clouded title can just simply be
18 that there's doubt. You know, clouded title exists when
19 the escrow officer forgets to cut a check to Republic
20 Services for the \$30 lien for not paying trash. That's
21 a cloud on title. It's not a big deal, you can clean it
22 up pretty easy and fix it. So clouded title is kind of
23 a layman's term but it's not, it doesn't really cover
24 the severity of the different things that can happen
25 with regards to chain of title and the marketability of

1 title. It's easy to go back and fix, you know, liens
2 that were left out of the title search or some of those
3 other types of small things that can be financially
4 changed.

5 With regards to, you know, forged
6 instruments that are recorded, there's going to be very
7 far back in the chain potentially numerous purchasers of
8 the home that if that sale is deemed void, and again a
9 sale would be deemed void by a court, not the attorneys
10 who have an opinion on their case, because you had said
11 if, you know, as much as I think there is that cloud and
12 as much as I might have the opinion that my client's
13 rights in the property are tarnished by the cloud, it
14 still takes going to a trier of fact, either a judge or
15 a jury, to make that final determination with regards to
16 whether or not the sale is void. And that's the
17 hardship that I think and the risk in purchasing the
18 foreclosed property is that you might have to endure one
19 of those litigations and even if it comes out in your
20 favor, you can't sell, you can't do anything while it's
21 pending, you're going to have potentially legal fees and
22 costs if you don't have the title policy coverage even
23 if you're done nothing wrong.

24 THE FOREPERSON: Additional questions?

25

1 BY A JUROR:

2 Q. Yeah. There's a company named Chicago
3 Title. I'm assuming that they have deep pockets. And
4 if they're implicated in these forgeries simply because
5 they worked with another company, could they be held
6 liable for all the damages suffered?

7 A. In a civil sense, you know whenever there
8 are these types of lawsuits you name everybody in the
9 chain and then usually the defendants all point fingers
10 at one another and try to figure out who really is at
11 fault. In a civil context most of these cases settle
12 which means you don't really know who's really at fault,
13 there is never really that determination. I've not
14 taken any of these types of cases to trial. They don't
15 go to trial.

16 Q. Would you recommend anyone that has been
17 foreclosed on to check their documents to see if it was
18 perhaps improperly done?

19 A. Yes. You know there's always statutes of
20 limitations that come into effect with regard to claims
21 you can raise with regard to civil litigation. So, you
22 know, if you had a foreclosure in the '80s, probably
23 not, but anyone that has been foreclosed in the past
24 four or five years, certainly.

25 Q. Thank you.

1 THE FOREPERSON: Additional questions?

2 By law, these proceedings are secret and
3 you are prohibited from disclosing to anyone anything
4 that has transpired before us, including evidence and
5 statements presented to the Grand Jury, any event
6 occurring or statement made in the presence of the Grand
7 Jury, and information obtained by the Grand Jury.

8 Failure to comply with this admonition is a
9 gross misdemeanor punishable by a year in the Clark
10 County Detention Center and a \$2,000 fine. In addition,
11 you may be held in contempt of court punishable by an
12 additional \$500 fine and 25 days in the Clark County
13 Detention Center.

14 Do you understand this admonition?

15 THE WITNESS: I do.

16 THE FOREPERSON: Thank you for your
17 testimony. You are excused.

18 THE WITNESS: Okay.

19 MR. KELLEHER: We may have one 5-minute
20 witness. I just want to see if she's here. If not
21 we'll just submit at this point.

22 I apologize for the delay. The State has
23 concluded its presentation of the evidence in this
24 matter. Are there any questions regarding the evidence
25 or the elements or any of the offenses?

1 Seeing none, this matter is submitted for
2 deliberation.

3 THE FOREPERSON: Thank you.

4 (At this time, all persons, other than
5 voting members of the Grand Jury, exit the room at
6 2:26 p.m. and return at 3:16 p.m.)

7 THE FOREPERSON: Mr. and Madame District
8 Attorney, by a vote of 12 or more grand jurors a true
9 bill has been returned against defendants Gary Trafford
10 and Gerri Sheppard, charging the crimes of notarization
11 of signature of person not in presence of notary public,
12 offering false instruments for filing or recording, and
13 false certification on certain instruments, in Grand
14 Jury Case Number 11AGJ037A-B. We instruct you to
15 prepare an Indictment in conformance with the proposed
16 Indictment previously submitted to us.

17 MR. KELLEHER: Ask the record to reflect
18 that a copy of the Indictment has been given to the
19 foreperson and I'll be signing it now.

20 THE FOREPERSON: Okay.

21 (Proceedings concluded.)

22 --oo0oo--

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REPORTER'S CERTIFICATE1
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STATE OF NEVADA)
 : Ss
COUNTY OF CLARK)

I, Danette L. Antonacci, C.C.R. 222, do hereby certify that I took down in Shorthand (Stenotype) all of the proceedings had in the before-entitled matter at the time and place indicated and thereafter said shorthand notes were transcribed at and under my direction and supervision and that the foregoing transcript constitutes a full, true, and accurate record of the proceedings had.

Dated at Las Vegas, Nevada,
November 30, 2011.

Danette L. Antonacci, C.C.R. 222

