

Conrad v. A-1 Bancorp  
Case No. BC333999  
Summary of Deposition of James A. Kellogg  
January 15, 2007

PAGES/LINES	TOPIC	SUMMARY
1:20	Location	Houston, TX
2:5-2:17	Appearances	Christopher Janson, The Pullman Law Firm, Attorney for Plaintiff  Kevin Jones, Jones & Smith, LLP, Attorney for Defendant
3:15-3:16	Name	<b><u>Examination by Mr. Janson</u></b>  The deponent's full name is James Andrew Kellogg.
3:17-5:14	Admonitions	Admonitions given to deponent.
5:15-6:3	Mental state	Deponent is not taking any medications and does not possess any health problems that would affect his testimony.
6:4-6:6	Date of birth	Deponent's date of birth is 10-7-55 (age 52 at the time of the deposition).
6:7-6:17	Current residence	Deponent's current residence is 1487 Euclid Street, Houston, TX. He purchased this property in 1992.
6:18-7:11	Education	In 1977, deponent received a B.S. in Economics from Rice University.
7:12-9:17	Employment history	From 1978 through 1990, deponent was a Junior Loan Officer at Centre One Bank in Houston. From 1991 through December 2003, he was a Junior Loan Officer at A-1 Bancorp. In January 2004, deponent assumed his present position as Account Director for Smith Capital, LLC.

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9:18-12:3	Duties at A-1 Bancorp	As a Junior Loan Officer at A-1 Bancorp, deponent was responsible for identifying sound borrowers and underwriting their loans. The underwriting process included reviewing a potential borrower's credit history, tax returns and recent transactions, as well as performing a cash flow analysis and various financial projections.
12:4-15:19	Loan approval process at A-1 Bancorp	A Junior Loan Officer has the authority to unilaterally approve loans that are under \$100,000. If a proposed loan (or renewal) totals \$100,000, yet it is below \$500,000, a Senior Loan Officer can approve this loan. If a new loan or renewal is \$500,000 or greater, it must be approved by the bank's Loan Committee.
15:20-19:5	Loan Committee at A-1 Bancorp	Comprised of 5 members, the Loan Committee meets monthly and votes on all new, renewed and modified loans that are \$500,000 or greater. As previously noted, anything below \$500,000 can be approved by an individual loan officer. Other functions of this Loan Committee include review of any loan that has been specially classified by an examiner, review of monthly loan delinquency reports, and periodic review of each loan officer's lending limit.
19:6-20:8	Initial funding of the Smith Capital loan	Sometime around mid-1996, A-1 Bancorp first approved a \$75,000 revolving line of credit ("LOC") for Smith Capital, a financial consulting company. Deponent underwrote and approved this loan.
20:9-22:5	Deponent's relationship with Smith Capital	While at Rice University (1973-77), deponent was in the same fraternity as one of Smith Capital co-founders, Jerry Smith. Following graduation, they only spoke several times over the next two decades, until Mr. Smith contacted deponent in 1996 with regard to obtaining a business LOC.

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22:6-24:2	Increase/renewal of the Smith Capital loan	In 2000, the revolving LOC for Smith Capital was increased from \$75,000 to \$200,000. Deponent remained the loan officer on this account and recommended this increase based upon the borrower's credit history and annual revenue. The Senior Loan Officer that approved this increase was Jake Turner. Deponent recalls that Mr. Turner left A-1 Bancorp in late 2003 and does not know his present whereabouts.
24:3-26:21	OCC examination	In April 2003, the Office of the Comptroller of the Currency ("OCC") conducted a routine audit of A-1 Bancorp. As part of the Examiner's findings, certain loans were classified as "problem loans." However, Smith Capital's revolving LOC was not one of these problem loans.
26:22-27:25	Increase/renewal of the Smith Capital loan	In June 2003, the Loan Committee at A-1 Bancorp approved an increase in Smith Capital's LOC from \$200,000 to \$1,000,000. Once again, deponent recommended this action based upon the borrower's solid credit history and steadily increasing revenue stream. As with the previous increase, Jake Turner was the Senior Loan Officer with respect to this loan.
28:1-29:3	Deponent's relationship with Smith Capital	In January 2004, deponent left A-1 Bancorp and joined Smith Capital as an Account Director. Deponent notes that he had become increasingly friendly with Jerry Smith over the past several years (going out for occasional cocktails, etc.), yet he did not entertain the notion of leaving A-1 Bancorp until 2003. According to deponent, "Smith Capital was growing so fast that it made sense to ask Jerry for a job opportunity."
29:4-30:3	Allegations of Ponzi scheme	Even though deponent has managed accounts at Smith Capital for three years, he never witnessed any malfeasance. He first heard allegations that Smith Capital was running a pyramid scheme in January 2006, shortly after plaintiffs filed a Complaint in the present action.

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