

Exhibit C

1 UNITED STATES OF AMERICA
2 Before the
3 CONSUMER FINANCIAL PROTECTION BUREAU
4

5 ----- -x

6 ADMINISTRATIVE PROCEEDING :
7 File No. 2015-CFPB-0029 :
8 In the matter of: :
9 INTEGRITY ADVANCE, LLC and :
10 JAMES R. CARNES. :

11 ----- -x

12 Deposition of MANOJ HASTAK, PH.D.
13 Washington, D.C.

14 Friday, March 11, 2016

15 9:45 a.m.

16

17 SUBJECT TO PROTECTIVE ORDER IN 2015-CFPB-0029

18

19

20 Job No.: 106250

21 Pages: 1 - 289

22 Reported by: Karen Young

Deposition of Manoj Hastak, Ph.D.
Conducted on March 11, 2016

2

1 Deposition of MANOJ HASTAK, PH.D., held at the
2 offices of:

3 VENABLE LLP
4 575 Seventh Street, Northwest
5 Washington, D.C. 20004
6 (20) 344-4000

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

Pursuant to Notice, before Karen Young,

Notary Public of the District of Columbia.

Deposition of Manoj Hastak, Ph.D.
Conducted on March 11, 2016

3

1 A P P E A R A N C E S

2 ON BEHALF OF THE CONSUMER

3 FINANCIAL PROTECTION BOARD:

4 WENDY J. WEINBERG, ESQUIRE

5 VIVIAN W. CHUM, ESQUIRE

6 ALUSHEYI J. WHEELER, ESQUIRE

7 CONSUMER FINANCIAL PROTECTION BUREAU

8 1700 G Street, Northwest

9 Washington, D.C. 20006-4702

10 (202) 435-7688

11

12

13

14

15

16

17

18

19

20

21

22

Deposition of Manoj Hastak, Ph.D.
Conducted on March 11, 2016

4

1 ON BEHALF OF INTEGRITY ADVANCE, LLC and

2 JAMES R. CARNES:

3 ALLYSON B. BAKER, ESQUIRE

4 PETER FRECHETTE, ESQUIRE

5 VENABLE LLP

6 575 Seventh Street, Northwest

7 Washington, D.C. 20004

8 (202) 344-4000

9

10 HILLARY S. PROFITA, ESQUIRE

11 VENABLE LLP

12 Rockefeller Center

13 1270 Avenue of the Americas

14 New York, New York 10020

15 (212) 307-5500

16

17

18

19

20

21

22

Deposition of Manoj Hastak, Ph.D.
Conducted on March 11, 2016

1	C O N T E N T S	5
2	EXAMINATION OF MANOJ HASTAK, PH.D.	PAGE
3	By Ms. Baker.....	6
4		
5		
6		
7		
8		
9		
10		
11		
12		
13	E X H I B I T S	
14	(Attached to Transcript)	
15	Exhibit 1 Report by Manoj Hastak, Ph.D.....	12
16	Exhibit 2 Publication, ".com Disclosures".....	22
17	Exhibit 3 Paper by Garrison et al.....	86
18		
19		
20		
21		
22		

Deposition of Manoj Hastak, Ph.D.
Conducted on March 11, 2016

6

1 P R O C E E D I N G S

2 MANOJ HASTAK, PH.D.,

3 having been duly sworn, was examined as follows:

4 - - -

5 EXAMINATION BY COUNSEL FOR INTEGRITY ADVANCE, LLC

6 and JAMES R. CARNES.

7 BY MS. BAKER:

8 Q Good morning, Dr. Hastak. Am I pronouncing
9 your last name correctly?

10 A Very close, thank you.

11 Q Would you want to correct me so I pronounce
12 it --

13 A It's Hastak.

14 Q Hastak.

15 A Yes.

16 Q Thank you, Dr. Hastak. Can you please
17 spell your full name for the record before we begin?18 A M-A-N-O-J. That's the first name,
19 H-A-S-T-A-K. That's the last name.20 Q Thank you. My name is Allyson Baker. I'm
21 an attorney representing respondents in this matter,
22 and I'll be taking your deposition today in this

Deposition of Manoj Hastak, Ph.D.
Conducted on March 11, 2016

43

1 the term "advertising" or "promotion" in a fairly
2 broad manner. The term "advertising" is used broadly
3 to reflect communication between a marketer and a
4 consumer that might impact consumer decision-making.
5 So the FTC's interest is in whether or not, for one
6 thing, disclosures that may be relevant to consumer
7 decision-making are appropriately presented in
8 communication, which consumers might rely upon. So
9 I'm -- I'm using the term "advertising" or
10 "promotion" in that broad sense.

11 Q So is it -- is it your testimony that the
12 loan agreements are akin to advertising?

13 A Well, the way I would characterize the loan
14 agreement is that it's a document that communicates
15 information to consumers that's relevant to their
16 decision-making. It's information communicated by a
17 marketer to a consumer, and it includes information
18 that's relevant to their decision-making. So I see
19 it as including promotional or marketing information.

20 Q And when you say it's -- it's -- it's
21 conveyed or relayed by a marketer, what is your
22 understanding of what a marketer is?

Deposition of Manoj Hastak, Ph.D.
Conducted on March 11, 2016

51

1 consumers signed off on. So that was one important
2 document that consumers could rely on to form
3 judgments about the nature of the loan, and that was
4 the basis for deciding -- or at least recommending to
5 the CFPB that it would be worth evaluating the
6 clarity of the disclosures of that document.

7 Q What other documents did you review but
8 determine were not worth evaluating the clarity of
9 disclosures in?

10 A Well, I looked at the loan application, the
11 template for that, and it was clear to me that there
12 were no cost disclosures that I could see in the loan
13 application. It was also my understanding that many
14 consumers may have had a representative of Integrity
15 Advance on the phone with them while they reviewed
16 the loan application, but there is no -- in my
17 opinion, there is no systematic way of evaluating a
18 telephone conversation that a salesperson might be
19 having with the consumer. That varies with the
20 salesperson, with the situation in terms of how it
21 might affect consumer processing of disclosures.

22 So my assessment was that that aspect of

Deposition of Manoj Hastak, Ph.D.
Conducted on March 11, 2016

117

1 incur," they or their being customers. What is your
2 understanding of what their assessment of the cost of
3 the loan they'll incur should be?

4 A Well, it's my understanding that a
5 majority, 80 percent I believe was the number
6 represented to me, of Integrity Advance customers
7 roll over their loan. For those customers, the
8 understanding that they should have is that the cost
9 of the loan to them would be significantly higher
10 than what's represented in the TIL box. So that's
11 what I'm thinking about.

12 Q And you say -- use the phrase "should
13 have." What do you mean by that phrase? You just
14 used it in your description or your response to my
15 question. I don't believe it's in this sentence.
16 What is it you mean by should have?

17 A Could I ask the sentence be read back?

18 Q Absolutely.

19 A I think I know, but I just want to be
20 clear.

21 MS. BAKER: Would you please read back the
22 witness' last response to my question? Thank you.

Deposition of Manoj Hastak, Ph.D.
Conducted on March 11, 2016

275

1 customers?

2 A Well, I'm simply evaluating what the
3 paragraph does or doesn't do. I'm not opining on
4 what it should do. I'm just saying when I evaluate
5 the paragraph in terms of clarity, I don't find it to
6 be terribly clear.

7 Q Okay. You've testified earlier today that
8 you were aware of instances where customers spoke on
9 the phone simultaneously with an Integrity Advance
10 representative while they were completing the
11 application. Do you recall that testimony?

12 A Yes, I do.

13 Q Are you aware of any other communications
14 that Integrity Advance had with its customers
15 concerning the loan application?

16 A I understand that customers -- at least
17 some customers got e-mails from Integrity Advance
18 after the loan application had been approved.

19 Q Have you reviewed those e-mails?

20 A I've looked at -- I've looked at a template
21 of the e-mails, a couple of e-mails.

22 Q And by a template, what's your

Deposition of Manoj Hastak, Ph.D.
Conducted on March 11, 2016

276

1 understanding of that? What do you mean by template?

2 A I think it was a standard form. I mean, I
3 haven't looked at actual copies of e-mails.

4 Q And do you have an opinion as to whether or
5 not that standard form e-mail that you reviewed
6 informs a customer's understanding the loan
7 application?

8 A I did not review the e-mails in terms of
9 their impact on the customers. That was not
10 something I did.

11 Q Why?

12 A So the e-mails come after consumers have
13 already made a decision about getting a loan from
14 Integrity Advance, and have actually signed the loan
15 agreement document. So my focus was primarily on
16 factors that might affect the decision to take a
17 loan, and since the e-mail came after, that was one
18 of the major reasons why I did not look at it. The
19 other issue with e-mails of course is that people
20 often don't open e-mails. There's a lot of
21 literature in e-mail marketing which sort of suggests
22 that certainly e-mails from marketers are often not