

Susan Q. Hood  
November 17, 2006

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IN THE DISTRICT COURT OF GRADY COUNTY  
STATE OF OKLAHOMA

DAVID L. WATKINS, JR., and )  
BRIDGET WATKINS, individually )  
and as representatives of a )  
class of similarly situated )  
individuals, )  
 )  
Plaintiffs, )  
 )  
vs. ) CASE NUMBER  
 ) CJ-2000-303  
 )  
 )  
STATE FARM FIRE & CASUALTY )  
COMPANY, and DANNY WALKER, )  
and other similarly situated )  
agents of State Farm Fire & )  
Casualty Company, )  
 )  
Defendants. )

\* \* \* \* \*

VOLUME II

VIDEOTAPED DEPOSITION OF SUSAN Q. HOOD

TAKEN ON BEHALF OF THE PLAINTIFFS

ON NOVEMBER 17, 2006

IN BLOOMINGTON, ILLINOIS

\* \* \* \* \*

REPORTED BY: MELINDA R. NIEVEZ, CSR, RPR

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1 APPEARANCES:

2 MR. JEFF D. MARR, Attorney at Law, LAW  
3 OFFICE OF JEFF D. MARR, 4301 S.W. 3rd, Oklahoma  
4 City, Oklahoma 73108, appearing on behalf of the  
5 Plaintiffs.

6 MR. JOHN WIGGINS, Attorney at Law, of the  
7 firm, WIGGINS, SEWELL & OGLETREE, 3100 Oklahoma  
8 Tower, 210 Park Avenue, Oklahoma City, Oklahoma  
9 73102, appearing on behalf of the Plaintiffs.

10 MR. JONATHAN D. ECHOLS, Attorneys at Law,  
11 of the firm, CROWE & DUNLEVY, 1800 Mid-America  
12 Tower, 20 North Broadway, Oklahoma City, Oklahoma  
13 73102-8273, appearing on behalf of the Defendants.

14 MR. STUART D. KENNEY, Attorney at Law,  
15 STATE FARM INSURANCE COMPANIES, One State Farm  
16 Plaza, Bloomington, Illinois 61710, appearing on  
17 behalf of the Defendants.

18 MS. HEIDI DALENBERG, Attorney at Law, of  
19 the firm, SCHIFF HARDIN, 6600 Sears Tower, Chicago,  
20 Illinois 60606, appearing on behalf of the witness.

21 VIDEOGRAPHER: Mr. Jon Womastek, Courtroom Video

22 \* \* \* \* \*

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S T I P U L A T I O N S

1  
2 It is hereby stipulated and agreed by and  
3 between the parties hereto, through their respective  
4 attorneys, that the Volume II, Videotaped Deposition  
5 of SUSAN Q. HOOD may be taken on behalf of the  
6 Plaintiffs, on this, the 17th day of November, 2006,  
7 in the City of Bloomington, State of Illinois,  
8 before Melinda R. Nieves, Certified Shorthand  
9 Reporter and Registered Professional Reporter within  
10 and for the State of Oklahoma, pursuant to court  
11 order.

12 It is further stipulated and agreed by and  
13 between the parties hereto, through their respective  
14 attorneys, that all objections, except as to the  
15 form of the question and the responsiveness of the  
16 answer, are reserved until the time of the trial, at  
17 which time they may be made with the same force and  
18 effect as if made at the time of the taking of this  
19 deposition.

20 \* \* \* \* \*

1 (PROCEEDINGS BEGIN AT 10:23 A.M.)

2 WHEREUPON,

3 SUSAN Q. HOOD,

4 after having been first duly sworn, deposes and says  
5 in reply to the questions propounded as follows:

6 MS. DALENBERG: Before we begin, if I  
7 could, just for a moment. We have a continuing  
8 objection to the use of a videographer and a court  
9 reporter who are not commissioned in the state of  
10 Illinois taking down the proceedings today. And  
11 it's our position that this deposition is proceeding  
12 by agreement, since we waived the requirement that a  
13 further subpoena be served on Ms. Hood to require  
14 her attendance here in Illinois. In our view, the  
15 Illinois rules apply to this deposition.

16 MR. MARR: Okay. And for purposes of our  
17 record, it is not by agreement. We did agree to  
18 forego service, but it's by court order, a court  
19 order that was entered by our court in Oklahoma on  
20 October 5.

21 The rules of Oklahoma -- inasmuch as this  
22 is ordered by the Oklahoma Court, the rules of  
23 Oklahoma are applicable to these proceedings. There  
24 has not been a deposition subpoena commission for  
25 Ms. Hood. There is no Illinois case number for

1 anything relating to Ms. Hood. So I guess my  
2 question to you is, Counsel, is can I see your entry  
3 of appearance?

4 MS. DALENBERG: I did enter an appearance  
5 in the Illinois proceeding, not for this proceeding.  
6 In this proceeding, because it's occurring in  
7 Illinois, I am representing Ms. Hood as her personal  
8 counsel.

9 MR. MARR: Okay. Can you show me the  
10 Illinois proceedings referencing Ms. Hood to which  
11 you're referring?

12 MS. DALENBERG: I didn't say that there  
13 was one. What I said was, I did enter an appearance  
14 in the Illinois proceeding that you did open.  
15 Because you chose not to, and we agreed not to  
16 require you to open an Illinois proceeding for this  
17 particular deposition, I am appearing as Ms. Hood's  
18 lawyer in Illinois to defend her in this deposition.

19 MR. MARR: So I'm correct, then, that  
20 you've not made any request to the Court to be  
21 admitted pro hoc vice? Do you have an Oklahoma  
22 license?

23 MS. DALENBERG: I do not. And I did not  
24 make a request in the Oklahoma proceeding for a pro  
25 hoc appearance because we agreed to produce Ms. Hood

1 without requiring you to open a proceeding for her  
2 in Illinois and serve her with an Illinois subpoena.  
3 So I'm going to be here making my objections, and if  
4 the judge decides that I can't do that, we'll do  
5 deal with that when it happens.

6 MR. MARR: All right. Fine. I think the  
7 record is clear of our position.

8 DIRECT EXAMINATION

9 BY MR. MARR:

10 Q So with that said, Ms. Hood, it's 10:25,  
11 the deposition was supposed to commence at 9:00, but  
12 through problems -- technical problems of -- that  
13 were no fault of anyone's, we're an hour and 25  
14 minutes late. So for that, I do apologize to you.  
15 But if I was more technologically savvy or anyone  
16 else in the room was, we probably would have been  
17 able to get it done quicker, but we had some things  
18 malfunction, so.

19 A Thank you.

20 Q The -- you understand that this is a  
21 continuation of your deposition, which I took on  
22 September 7, correct?

23 A Yes, I do.

24 Q While -- while we're on the issue of  
25 apologies, do you wish to extend any apology to

1 either Mr. and Mrs. Watkins or any of the class  
2 members involved in this litigation?

3 MS. DALENBERG: Objection to form.

4 THE WITNESS: Mr. Marr, I -- I don't know  
5 yet. There are a lot of things that are going on  
6 right now. I believe at -- the last time we were  
7 together, I went through a list of some of the  
8 things that we're doing at State Farm following the  
9 Watkins verdict. You also know that we are  
10 appealing the matter. So I don't know yet whether I  
11 owe an apology.

12 I, however, will tell you that if we  
13 determine that we made any mistakes, if we find  
14 anything that we did wrong, we're going to fix them.  
15 And in the end, if that's the case, I will  
16 personally commit that I will apologize to the  
17 Watkinses.

18 Q Have you ever apologized to plaintiffs who  
19 have prevailed against State Farm in other lawsuits?

20 MS. DALENBERG: Objection to form. Her  
21 personally or State Farm?

22 Q (BY MR. MARR) Go ahead.

23 A I have not personally apologized to  
24 plaintiffs who have prevailed against State Farm,  
25 no.



1 Q Okay. Now --

2 A Not to my recollection.

3 Q Okay. Now, we'll ask it the other way.  
4 To your knowledge, has State Farm ever apologized to  
5 plaintiffs in a lawsuit who prevailed against the  
6 company?

7 A I don't know whether State Farm has  
8 apologized to plaintiffs, no.

9 Q To your recollection -- can you recall one  
10 instance wherein that happened?

11 MS. DALENBERG: Objection. Asked and  
12 answered.

13 THE WITNESS: I don't -- I don't remember.  
14 And I -- I do not recall an instance where State  
15 Farm has apologized.

16 Q (BY MR. MARR) Okay. Well, you  
17 understand, do you not, that the Watkins jury in May  
18 found that State Farm did act inappropriately and in  
19 bad faith, correct?

20 A I am aware of their verdict, yes.

21 Q I believe that the jury concluded in  
22 addition that State Farm acted maliciously toward  
23 its policyholders, correct?

24 MS. DALENBERG: Objection to form.

25 THE WITNESS: I believe that the verdict

1 indicated that State Farm acted maliciously with  
2 regard to the use of Haag and the same with regard  
3 to the use of Renfroe.

4 Q (BY MR. MARR) What does the word  
5 "malicious" mean to you personally?

6 A Personally?

7 Q Yes, ma'am.

8 A Personally, "malicious" -- well, before I  
9 would give a definition, I would prefer to -- to --  
10 to look it up in the dictionary. But you've asked  
11 me what it means personally to me.

12 Q Yes.

13 A And since there is no dictionary to -- to  
14 look it up, personally, "malicious," to me, means  
15 "mean."

16 Q And in light of that verdict, you still  
17 don't feel at this particular point in time that you  
18 should offer an apology to the Watkinses or any  
19 class members, is that your position?

20 MS. DALENBERG: Objection. Asked and  
21 answered.

22 THE WITNESS: My -- I -- I think I just  
23 answered your question. I -- I don't know yet if I  
24 owe an apology to the -- to the Watkinses.

25 Q (BY MR. MARR) Okay.

1           A       Once this is all sorted through, as I  
2       said, if it comes to be that we -- we did something  
3       wrong, then I absolutely commit to apologizing to  
4       them.

5           Q       Okay. But you do understand the jury has  
6       already concluded that you did, in fact -- and by  
7       "you" I mean State Farm -- did, in fact, do  
8       something wrong. And that not only did you do  
9       something wrong, you did it maliciously, correct?

10           MS. DALENBERG: Objection. Asked and  
11       answered repeatedly.

12           THE WITNESS: I understand that's what the  
13       jury verdict says, yes.

14           Q       (BY MR. MARR) Okay. But if I'm hearing  
15       you correctly, and feel free to correct me if I'm  
16       wrong, that is insufficient for you to feel that you  
17       owe these folks an apology?

18           MS. DALENBERG: Objection.  
19       Mischaracterizes her prior testimony, and it's been  
20       asked and answered. You may answer him again.

21           THE WITNESS: What I -- what I -- I'm  
22       going to answer it the same way. I -- the jury  
23       rendered a verdict. I certainly respect their  
24       verdict. I have concerns about their verdict, and  
25       I'm taking action about their verdict, and -- and

1 looking much further into it. Once we've sorted  
2 through the issues, and once we work the case  
3 through the appellate process, if it comes to be  
4 that we've done something wrong, then I absolutely  
5 commit to apologizing.

6 Q (BY MR. MARR) Okay. I guess my next  
7 question is, what will it take? What will it take?  
8 Are you telling me -- and maybe -- maybe you already  
9 have. Maybe you're telling me that if the Oklahoma  
10 Supreme Court affirms the Watkins verdict, then you  
11 feel that an apology is warranted; is that what you  
12 were telling me?

13 MS. DALENBERG: Objection to form.

14 THE WITNESS: I'm telling you, when we've  
15 sorted through everything, at the -- at the end of  
16 the work that we're doing, the end of the judicial  
17 process, if it comes to be that we've done something  
18 wrong, then I will apologize.

19 Q (BY MR. MARR) Okay. If the Oklahoma  
20 Supreme Court affirms the Watkins verdict, will you  
21 apologize at that point in time to the Watkinses and  
22 these class members?

23 MS. DALENBERG: Objection. Asked and  
24 answered. She's just told you that at the end of  
25 the full legal process. I object --

1 MR. MARR: Go ahead.

2 MS. DALENBERG: -- to the question.

3 MR. MARR: Limit your objection to the  
4 form.

5 MS. DALENBERG: I will object the way I  
6 see fit, sir.

7 MR. MARR: Well, then if -- if you're  
8 going to do speaking objections, which you know full  
9 well is inappropriate, that we're here today  
10 pursuant to court order, and if necessary -- we have  
11 a speaker phone right here, and the judge is  
12 available because I anticipated problems like  
13 this -- and if necessary, we can get the judge on  
14 the phone and he can inform you that speaking  
15 objections, to which you know, is -- are  
16 inappropriate. Please limit your objection to the  
17 form.

18 MS. DALENBERG: I have made my objection.  
19 You're mischaracterizing her -- her testimony and  
20 you're not listening to her testimony and you're  
21 repeatedly asking her the same questions over and  
22 over again.

23 Do you need to have his question back? Do  
24 you want to have it read by the reporter?

25 THE WITNESS: I -- yeah. I'd like to have

1 the question, again, please.

2 Q (BY MR. MARR) Okay. If the Supreme  
3 Court -- after the Supreme Court comes back, the  
4 Oklahoma Supreme Court, and affirms the Watkins  
5 verdict, do you owe them an apology at that time?

6 MS. DALENBERG: Objection. Asked and  
7 answered. Ignores the prior testimony.

8 THE WITNESS: My answer remains the same.

9 Q (BY MR. MARR) I would like a yes or no.

10 MS. DALENBERG: You don't have to answer  
11 his question yes or no if it would not be a truthful  
12 response.

13 Q (BY MR. MARR) I want you to tell me the  
14 truth, ma'am. After the -- if the Oklahoma Supreme  
15 Court comes back and affirms the Watkins verdict,  
16 will you owe these folks an apology at that point in  
17 time?

18 MS. DALENBERG: Objection. Asked and  
19 answered.

20 THE WITNESS: There's more -- I don't  
21 know. I -- I don't know.

22 Q (BY MR. MARR) Okay. And that's all I  
23 want. If you don't know, and there still may be  
24 additional information, that's what I want to know.  
25 If the Oklahoma Supreme Court affirming the Watkins

1 verdict is not sufficient to get you to apologize,  
2 what else needs to occur in order for that to  
3 happen?

4 MS. DALENBERG: Objection. Calls for  
5 speculation. It's also been asked and answered.

6 THE WITNESS: I don't know, Mr. Marr.

7 Q (BY MR. MARR) All right. When you said,  
8 "If we determine that we did anything wrong," is --  
9 was that what you said or did I misunderstand you?

10 A I -- I -- yes, that's what I said.

11 Q Okay. So it's insufficient for the jury  
12 to determine that you did something wrong, you need  
13 to make that determination internally; is that  
14 correct?

15 MS. DALENBERG: Objection. Ignores the  
16 prior testimony. Object to the form. Asked and  
17 answered.

18 THE WITNESS: I indicated I -- what I  
19 said, Mr. Marr, was that there are -- that I  
20 would -- once we work through the things that we're  
21 doing internally, as well as the judicial process,  
22 at the end, that's when I would know whether I owe  
23 the people of Oklahoma an apology.

24 Q (BY MR. MARR) Okay. Am I correct in my  
25 understanding that the judicial process alone is

1 insufficient for you to feel that you owe the  
2 Watkinses and these other class members an apology?

3 A Mr. Marr, I can't answer that, because I  
4 don't know what the results of the judicial process  
5 will be. I don't know what -- what will occur along  
6 the way. You're asking me to speculate. And I'm  
7 trying very hard to answer your question.

8 If at the end it appears that we -- we  
9 have done something wrong, I commit to apologizing  
10 to the people -- to the jury -- the people of  
11 Oklahoma. But I -- you're asking me to speculate  
12 about what I might do when I don't know what it --  
13 how it's going to look, what's -- what -- what is  
14 going to happen, what is going to transpire.

15 Q Okay. Fair enough. Fair enough. And I'm  
16 not trying to trick you or mislead you in any way.  
17 If you feel that I am, you just let me know, and  
18 I'll be happy to repeat or rephrase my question.  
19 Fair enough?

20 A That's fair enough.

21 Q Okay. If -- assume, hypothetically  
22 speaking, now that the jury has rendered its  
23 verdict, the Oklahoma Supreme Court affirms the  
24 Watkins verdict, State Farm's internal investigation  
25 reaches the conclusion that it did nothing wrong in



1 the handling of these policyholders' claims, under  
2 those circumstances, would you issue an apology to  
3 the Watkinses and other class members?

4 MS. DALENBERG: Objection. Asked and  
5 answered. Calls for speculation.

6 THE WITNESS: I -- I -- I can't -- I don't  
7 know what I would do. I -- I don't -- because there  
8 are all sorts of things that can happen along the  
9 way. Again, you're asking me to speculate. If at  
10 the end of the process, the judicial process and  
11 the -- the -- the things that we're doing at State  
12 Farm, we have done something wrong, I will  
13 absolutely apologize and will also make it right.

14 Q (BY MR. MARR) Okay. And you can -- as  
15 you sit here today, you can think of no instance  
16 where you've ever done that; is that correct?

17 MS. DALENBERG: Objection. Asked and  
18 answered.

19 THE WITNESS: I have -- certainly I've  
20 apologized to people. I apologize to people in --  
21 in -- in -- in what I do and in -- in my entire  
22 career, from time to time, I've apologized to  
23 people.

24 Q (BY MR. MARR) Okay. Well, let me -- let  
25 me clarify. You can recall no instance where you

1 apologized to plaintiffs who prevailed against your  
2 company in a lawsuit?

3 MS. DALENBERG: And, again, you're asking  
4 her personally?

5 MR. MARR: Yes.

6 THE WITNESS: I have personally not  
7 apologized to a -- to a plaintiff that -- who has  
8 prevailed.

9 Q (BY MR. MARR) Okay. Has -- to your  
10 knowledge, has State Farm ever issued any type of  
11 written apology to any policyholders who prevailed  
12 against the company in a lawsuit?

13 A I don't know.

14 Q Can you recall any?

15 A Can I recall --

16 MS. DALENBERG: Objection. Asked and  
17 answered.

18 Q (BY MR. MARR) Yes.

19 MS. DALENBERG: Lacks foundation.

20 THE WITNESS: I -- I don't understand your  
21 question.

22 Q (BY MR. MARR) I'm just trying to find  
23 out -- this has never happened before, right?

24 A What --

25 MS. DALENBERG: Objection. Asked and

1 answered.

2 Q (BY MR. MARR) Is that right?

3 A Can you ask --

4 MS. DALENBERG: It lacks -- it lacks  
5 foundation. Objection. Asked and answered.

6 Q (BY MR. MARR) Okay. That's -- my  
7 question is unclear?

8 A I don't know what your question is  
9 anymore.

10 Q Okay. All right. And like I told you, if  
11 you don't, you just let me know, okay? All right?

12 A Yes, I will.

13 Q Okay. Thank you. Does it trouble you or  
14 concern you that the allegations of State Farm's  
15 misconduct in the Gulf bear similarity to the  
16 Watkins verdict?

17 MS. DALENBERG: Objection. Assumes facts  
18 not in evidence.

19 Q (BY MR. MARR) Does that trouble you?

20 MS. DALENBERG: Lacks foundation. Object  
21 to the form.

22 THE WITNESS: I -- I don't know -- I don't  
23 know that there are similarities. I mean, there --  
24 the -- the -- yeah, I'm -- I'm not -- the -- the  
25 events are different, the claims are different, the

1 people are different.

2 Q (BY MR. MARR) Well, what about the  
3 engineers, are they different?

4 MS. DALENBERG: Object to the form.

5 THE WITNESS: There are some -- no --  
6 there's -- yes, there's some similar engineering  
7 firms.

8 Q (BY MR. MARR) And are there some similar  
9 complaints that the Watkins class members had about  
10 some of these engineering firms?

11 MS. DALENBERG: Similar to what?  
12 Objection to form.

13 Q (BY MR. MARR) Go ahead.

14 A I really don't know.

15 Q So after, let's see, what, six months now  
16 since the Watkins verdict, you're still not in a  
17 position to know whether your policyholders in  
18 Katrina are making similar allegations concerning  
19 State Farm's use of biased engineers?

20 MS. DALENBERG: Objection. To the extent  
21 that you can answer that question without disclosing  
22 advice or information from counsel, you may do so.

23 THE WITNESS: I -- I can't answer that  
24 question because I know the answer as a result of  
25 privileged conversations.

1 Q (BY MR. MARR) Privileged conversations  
2 with whom?

3 A Privileged -- privileged conversations  
4 with some of our corporate attorneys.

5 Q Well, I mean, were these corporate  
6 attorneys providing you with legal advice at the  
7 time as to how to handle the situation?

8 A Privileged -- privileged conversations  
9 involved discussions about some of the issues.

10 Q Well, I mean, I want to know if you  
11 were -- they were providing you with legal advice.

12 A Legal --

13 Q Legal advice in -- in how to handle these  
14 allegations of biased engineers.

15 MS. DALENBERG: Objection to the form of  
16 the question. Again, to the extent that you can --  
17 you can give him factual information in response to  
18 that question without disclosing the information  
19 that you were giving to your counsel and that your  
20 counsel were giving back to you in a consultative  
21 manner, then you can answer. Otherwise you can't  
22 answer the question.

23 Q (BY MR. MARR) Go ahead.

24 A I can't answer the question.

25 Q And the reason you can't is?

1           A       Because I -- because I have the answer  
2 through -- or know the answer through privileged  
3 conversations.

4           Q       Okay. And you're the highest ranking  
5 claims person at State Farm, correct?

6           A       Yes, I am.

7           Q       And it's your testimony, as you sit here  
8 today, that the only way that you know anything  
9 about allegations of State Farm using biased  
10 engineers in conjunction with Katrina is from your  
11 lawyers; is that correct?

12                   MS. DALENBERG: Objection. It misstates  
13 the testimony.

14           Q       (BY MR. MARR) Go ahead.

15           A       I know -- I -- I know -- yes. I have a  
16 lot of information. I know a lot of information  
17 from conversations with our attorneys and therefore  
18 those are privileged conversations.

19           Q       Well --

20                   MS. DALENBERG: She's not finished.

21           Q       (BY MR. MARR) Go ahead. I didn't mean to  
22 interrupt.

23           A       That's all right.

24           Q       I thought you were finished. I didn't  
25 mean to cut you off.

1           A     I -- I -- that's fine.

2           Q     Okay. And that's what I'm trying to find  
3 out, ma'am. Obviously, I don't want you -- nor are  
4 you required to, your company wouldn't let you  
5 anyway -- to disclose any confidential privileged  
6 communications with your attorneys, okay? That is  
7 not what I'm asking for in my question, all right?

8           A     Yes.

9           Q     My question is a different question. Are  
10 you telling me, as you sit here today, that the only  
11 way you know of any allegations of State Farm using  
12 biased engineers in conjunction with Katrina is from  
13 State Farm's lawyers? Is that the only way you know  
14 it?

15          A     I know I have read media reports that have  
16 had allegations in them that State Farm may have  
17 used -- or -- or had -- had statements in the media  
18 reports that suggested State Farm may have used  
19 engineers that provided biased reports.

20          Q     All right. Well, you do understand that  
21 that's similar to the extent that that is the same  
22 thing the Oklahoma jury concluded, correct?

23               MS. DALENBERG: Objection to form.  
24 Mischaracterizes the verdict.

25               THE WITNESS: That's not my understanding

1 of what the verdict was in the Watkins case.

2 Q (BY MR. MARR) What is your understanding  
3 of what the verdict was? And if you could,  
4 distinguish it for me between what I just described  
5 as going on in Katrina.

6 MS. DALENBERG: Objection to form.

7 THE WITNESS: My under- -- my  
8 understanding of the Watkins verdict is that it's a  
9 very broad verdict. The jury clearly had issues  
10 with State Farm's use of Haag Engineering, and the  
11 jury had issues with State Farm's use of the E.A.  
12 Renfroe independent adjusters.

13 Q (BY MR. MARR) Okay. Can you be any more  
14 specific than that? You said it was very broad.  
15 What do you mean when you say it was very broad?

16 A And if you could give me a copy of -- if I  
17 had an opportunity to review the verdict, I could --  
18 could be -- be more specific.

19 Q Well, right now I'm just asking you about  
20 your contention that the verdict was very broad.  
21 Can you explain what you mean to me by that?

22 MS. DALENBERG: Objection to form.

23 THE WITNESS: It had no -- there was no  
24 specific -- no specific example, no specific -- no  
25 specifics in the verdict. The verdict was written



1 in -- articulated in a very broad manner, and it  
2 referred to, to the best of my recollection, Haag --  
3 State Farm's use of Haag Engineering and State  
4 Farm's use of E.A. Renfroe.

5 Q (BY MR. MARR) Okay. And isn't State  
6 Farm's use of Haag Engineering an issue, an  
7 allegation that it was used inappropriately -- that  
8 State Farm used Haag inappropriately in the Gulf?

9 MS. DALENBERG: Objection to form. Do you  
10 mean in the media reports that she's read?

11 MR. MARR: Don't coach her. Just let her  
12 answer the question.

13 MS. DALENBERG: Well --

14 MR. MARR: Object to the form.

15 MS. DALENBERG: -- what allegations?

16 Q (BY MR. MARR) Go ahead.

17 MS. DALENBERG: I object to the form of  
18 the question.

19 MR. MARR: Thank you.

20 MS. DALENBERG: It's confusing --

21 Q (BY MR. MARR) Go ahead.

22 MS. DALENBERG: -- vague, and ambiguous.

23 THE WITNESS: Can you ask the question  
24 again, please? Sorry.

25 Q (BY MR. MARR) The verdict that you just

1 described by the Watkins jury is broad as it  
2 pertains to the use of Haag. That is the same --  
3 those are the same types of allegations that are  
4 being levied against State Farm concerning the use  
5 of biased engineers relating to Katrina claims,  
6 correct?

7 MS. DALENBERG: Again, objection to form.  
8 Vague and ambiguous.

9 Q (BY MR. MARR) Go ahead.

10 A The Watkins verdict has no specifics as to  
11 characterizing State Farm's use of Haag. It --  
12 it -- it -- it has -- it -- it's very broad.

13 Q Well, didn't -- didn't it characterize  
14 State Farm's use of Haag as being malicious?

15 A It did. Yes, it did. But it didn't give  
16 any specifics about -- it said -- it -- again, if  
17 you'd give me -- if I would have an opportunity to  
18 refer to the verdict, I would be more comfortable  
19 answering your question.

20 Q Sure. Well, right now I'm just asking  
21 you -- I'm trying to find out why it was you said  
22 what you did, when you said that it was broad, okay?

23 MS. DALENBERG: Objection. The witness  
24 has now asked you twice for an opportunity to review  
25 it.

1 MR. MARR: Well, I would appreciate it if  
2 you wouldn't interrupt, Counsel. I wasn't finished.  
3 I'm affording your witness and you the same  
4 courtesy. So in the future, don't interrupt me.  
5 That's only fair. Don't you agree?

6 MS. DALENBERG: I will make every attempt  
7 not to interrupt you.

8 MR. MARR: Thank you.

9 MS. DALENBERG: But I will say again, for  
10 the record, that she has now asked you twice for an  
11 opportunity to look at the document you're asking  
12 her about and you refuse to tender it to her.

13 MR. MARR: Okay. Your objection is noted.

14 Q (BY MR. MARR) When was the last time you  
15 reviewed the Watkins verdict, ma'am?

16 A I looked at it sometime this week.

17 Q Let's talk about what you did. I know the  
18 last time when I took your deposition, you met with  
19 your lawyers, I think, for eight hours, from 8:30 to  
20 4:30. What did you do this time to prepare for your  
21 deposition?

22 A I had -- I met with my lawyers this  
23 week -- Tuesday, Wednesday, and Thursday -- for  
24 portions of the day.

25 Q When you say your lawyers, who are you

1 referring to?

2 A I'm referring to Ms. Dalenberg, and I'm  
3 referring to Mr. Tompkins, and I'm referring to  
4 Mr. Kenney.

5 Q Any other lawyers that were present during  
6 these meetings?

7 A Mr. Echols was there a short time, and --  
8 I'm sorry, I don't --

9 Q Strubhar?

10 A Is that Rustin's --

11 Q Yes, ma'am.

12 A I don't know Rustin's last name. Yeah.  
13 Mr. Strubhar was there for a short time.

14 Q Okay. So how many lawyers is that? Five?

15 A I don't know.

16 Q Well, let's -- let's -- let's count them.  
17 Count them for me.

18 MR. MARR: Heidi, I don't know how to  
19 pronounce your last name.

20 MS. DALENBERG: Dalenberg.

21 Q (BY MR. MARR) That's one, correct?

22 A Correct.

23 Q We've got Mr. Kenney. That's two, right?

24 A That's correct.

25 Q Mr. Strubhar, correct?

1 A That's correct.

2 Q Mr. Echols?

3 A Correct.

4 Q And Mr. Tompkins?

5 A That's correct.

6 Q Okay. That's five lawyers, right?

7 A That's correct.

8 Q And how long did you meet with them on  
9 Tuesday?

10 A A few hours in the afternoon.

11 Q How many hours would you say?

12 A Maybe two to three.

13 Q Okay. And what about on Wednesday?

14 A I met a few hours in the morning and a few  
15 hours in the afternoon.

16 Q How many hours would you say in total you  
17 spent that day?

18 A Maybe -- maybe four. Maybe -- I -- maybe  
19 four.

20 Q I understand. And yesterday?

21 A A few hours in the morning, and a few  
22 hours in the -- less in the afternoon.

23 Q For a total of approximately what?

24 A Maybe four hours.

25 Q What materials did you review during these

1 meetings on three separate days with five lawyers?

2 A I reviewed my deposition testimony. I  
3 reviewed the verdict. And I reviewed our commitment  
4 to your policyholders. And I reviewed the 20/20  
5 press release of us.

6 Q And why did you review that? And I don't  
7 want you to tell me anything your lawyers told you.

8 A Why did I review the 20/20?

9 Q Yes, ma'am.

10 MS. DALENBERG: If the only information  
11 you have is because your lawyers told it to you, you  
12 can't answer the question.

13 THE WITNESS: I -- I reviewed it to  
14 refresh my -- my memory about that press release.

15 Q (BY MR. MARR) And did you find anything  
16 in your press release relating to the 20/20 article  
17 that you felt was relevant to the verdict rendered  
18 in Watkins?

19 MS. DALENBERG: Again, if the only  
20 conversations you may have had on that topic were  
21 with counsel, you may not answer that question.

22 Q (BY MR. MARR) And I'm not asking you  
23 about discussions, ma'am. I'm just asking you about  
24 you personally, your opinion.

25 A You're --

1           Q     Do you see any similarities or any  
2     relevance?

3           A     Between?

4           Q     The 20/20 -- your response to the 20/20  
5     article and the Watkins verdict.

6           A     No.

7           Q     Have the policyholders in the Gulf  
8     complained about State Farm's use of Haag  
9     Engineering in the Gulf?

10           MS. DALENBERG:   Again, you may answer this  
11     question to the extent that you have information  
12     that did not come through the advice of counsel.  
13     Otherwise, you may not answer.

14           THE WITNESS:    I can't answer the question,  
15     because the knowledge I have is from privileged  
16     conversations.

17           Q     (BY MR. MARR)   Okay.  And as I told you  
18     earlier, ma'am, I don't want you to disclose any  
19     conversations that you had with your attorneys,  
20     okay?

21           A     I understand.

22           Q     All right.  So you're telling me -- and I  
23     want to be clear -- that without a lawyer, one of  
24     State Farm's lawyers having told you, you had no  
25     idea that your policyholders who sustained damage in

1 Katrina had complained to State Farm's use of Haag  
2 Engineering; is that correct?

3 MS. DALENBERG: Object to the form. It's  
4 argumentative. You can't answer to the extent that  
5 the information that you have comes from counsel.

6 Q (BY MR. MARR) Go ahead.

7 A I can't answer the question, because the  
8 information that I have comes from privileged  
9 conversations.

10 Q Okay. Well, ma'am, this is -- that's --  
11 that question's gone. This is a different question.  
12 I understand that. And I'm not wishing to intrude  
13 upon that. But my question is a different question.

14 Outside of what you know, is the only way  
15 that you learned that State Farm policyholders in  
16 the Gulf who suffered damage from Katrina were  
17 complaining of its use of Haag from lawyers?

18 MS. DALENBERG: Object to the form.

19 Q (BY MR. MARR) Is that the only way you  
20 know about it?

21 MS. DALENBERG: Object to the form.

22 THE WITNESS: My answer is the same.

23 Q (BY MR. MARR) So, yes, that's the only  
24 way you know about it?

25 A Yes.



1 Q Okay. Well, who runs the claim operation?

2 A Who -- what -- what claim operation --

3 Q Who is responsible for the claim -- the  
4 handling of claims? Who is ultimately responsible  
5 for the handling of policyholders' claims?

6 MS. DALENBERG: Objection to form. Vague  
7 and overbroad.

8 THE WITNESS: We have -- each zone has a  
9 claim operation, and there is leadership in each  
10 zone reporting up to an executive officer member.  
11 And in my department, we have some -- some claim  
12 organizations handling -- handling customers'  
13 claims. I --

14 Q (BY MR. MARR) All right.

15 A I can't answer your --

16 Q I was going to -- I was waiting for you.  
17 I thought you were going to tell me that ultimately,  
18 since you were the vice president -- or excuse me --  
19 the claims vice president and the highest ranking  
20 person in claims, that you have ultimate  
21 responsibility for the handling of policyholders'  
22 claims.

23 MS. DALENBERG: Objection to form.  
24 Argumentative. If you had asked that question, she  
25 would have told you.

1 Q (BY MR. MARR) Is that correct?

2 MR. MARR: Just limit it to the form. I  
3 know it's difficult, but give it a shot.

4 Q (BY MR. MARR) Go ahead.

5 MS. DALENBERG: Try asking fair questions  
6 and I won't have this problem.

7 MR. MARR: I don't think the witness had a  
8 problem.

9 Q (BY MR. MARR) Go ahead, ma'am.

10 A So the question is, am I ultimately  
11 responsible for all claims?

12 Q Are you ultimately responsible for the  
13 handling of claims within the State Farm  
14 organization? Does the buck stop with you?

15 MS. DALENBERG: Objection to form.  
16 Compound. Vague.

17 THE WITNESS: I would not say I am  
18 ultimately responsible for all claims.

19 Q (BY MR. MARR) Okay.

20 A I have a very competent staff in my  
21 department, and we have very competent people out in  
22 the zones who have responsibility for the day-to-day  
23 claim handling operations.

24 Q And if those people aren't doing their  
25 job, whose responsibility is that?

1           A       If the people aren't doing their jobs,  
2           there -- there are various levels within the zones  
3           who would take -- who would take action.

4           Q       Okay. So if those people in the zones  
5           aren't doing their job, who is responsible for that?

6                   MS. DALENBERG: Objection.

7           Q       (BY MR. MARR) You?

8                   MS. DALENBERG: Objection. Vague and  
9           overbroad.

10                   THE WITNESS: If the people in the zones  
11           are not doing their jobs.

12           Q       (BY MR. MARR) Well, I'm just trying --  
13           let me -- let me rephrase it.

14                   There is, I assume, some type of claim  
15           hierarchy at State Farm; is there not?

16           A       Yes, there is.

17           Q       Where are you in the hierarchy of  
18           responsibility?

19           A       I am the claims vice president, and  
20           have responsibility -- and my department has  
21           responsibility for providing guidance, oversight,  
22           philosophy to the claim organization. I -- I -- I  
23           think part of the issue here is maybe you don't  
24           understand our structure.

25                   We have 13 different zones, and in each

1 zone there's a -- there's a claim organization, and  
2 there are people handling the claims in that zone  
3 who report up through different layers of -- of  
4 leadership within that zone.

5 Q I understand that, but those zones --

6 A Sorry.

7 Q You're not -- no, that's fine. I  
8 appreciate that.

9 These zones aren't independent countries.  
10 I -- I assume that you do assume some responsibility  
11 for overseeing that they're handling these claims  
12 appropriately, do you not?

13 MS. DALENBERG: Objection to form.

14 THE WITNESS: We assume responsibility for  
15 providing the guidance, the philosophy, and the  
16 oversight. The zone is responsible for their own  
17 area, their own -- their -- their set of states or  
18 state, and they're responsible for handling the  
19 claims there.

20 Q (BY MR. MARR) Okay. Well, where does the  
21 zone receive its operation guides and policies and  
22 procedures so that they know how to handle and pay  
23 claims?

24 A It comes from my department, P&C claims.

25 Q And what mechanism or, I guess, checks and

1 balances are in place to ensure that those zones are  
2 adhering to those policies and procedures?

3 A There are a number of different  
4 mechanisms. There's surveys. There are file  
5 reviews that go on. The consultants in my  
6 department work closely with their -- their assigned  
7 zones in -- in working through issues or identifying  
8 issues, working through issues. The zones reach out  
9 to the people in my department.

10 And I have an area in my department called  
11 the claim review team, and their responsibility is  
12 to conduct regular claim reviews, and focusing on  
13 the quality of the claim handling process.

14 Q All right. To what extent is State Farm's  
15 in-house counsel involved in claims, in any aspect?

16 MS. DALENBERG: Objection to form. You  
17 can give a very general answer if it ties to the  
18 activities, but please do not disclose any advice  
19 from counsel.

20 Q (BY MR. MARR) Go ahead.

21 A The people in my department, my staff,  
22 work closely with the lawyers in our corporate law  
23 department on -- on issues that -- that need the  
24 expertise from my department and the advice from --  
25 from the lawyers. So the -- the -- my staff works

1 closely with the corporate lawyers on -- on issues  
2 where we need -- where we need assistance.

3 Q Okay. Do you mean "assistance" being  
4 legal advice or do you mean just the procedures  
5 themselves?

6 A It might be a myriad things. It could be  
7 legal advice. It could be talking about procedures.  
8 It could be talking about issues. The -- the -- my  
9 staff works closely with the lawyers on -- on all  
10 sorts of things.

11 Q What was State Farm's in-house counsel's  
12 role in investigating the Haag and Renfroe issues?

13 MS. DALENBERG: Objection to form. Vague  
14 and overbroad. And, again, you can't disclose  
15 advice given in your answer.

16 THE WITNESS: What was -- what was State  
17 Farm -- just -- the question again.

18 Q (BY MR. MARR) What were the -- State  
19 Farm's in-house lawyers, what role did they play in  
20 this investigation that you were responsible for, or  
21 are responsible for, concerning Haag Engineering and  
22 independent adjusters?

23 MS. DALENBERG: For the Watkins case?  
24 Objection. Vague.

25 THE WITNESS: Their role -- their roles --

1 the roles of the corporate lawyers were -- were  
2 various and -- and -- but -- but to -- I would  
3 characterize their roles as giving advice, having  
4 discussions about the issues, thinking about --  
5 together about what kinds of actions needed to be  
6 taken. I -- as I said earlier, my department works  
7 closely with corporate law.

8 Q (BY MR. MARR) Well, was this advice legal  
9 advice?

10 A Of course. Yes, it was legal advice.

11 Q Okay. So do these zones, as you've  
12 described them, are they pretty much responsible for  
13 policing themselves?

14 MS. DALENBERG: Objection to form.

15 THE WITNESS: The zones have  
16 responsibility for reviewing claims and -- and  
17 reviewing surveys. And my department has  
18 responsibility for doing the same, some in  
19 conjunction with the zones and some separate and --  
20 and apart from the -- from what the zone does.

21 Q (BY MR. MARR) All right. So do they  
22 police themselves, or do you police them?

23 MS. DALENBERG: Objection. Asked and  
24 answered. Objection to form.

25 THE WITNESS: It's the -- the oversight

1 is -- is done in a myriad of ways as -- or a variety  
2 of ways, as I -- as I just said. The zones do some  
3 of it. The zone management people do some of the  
4 oversight. There is some done in collaboration with  
5 my department, and there's some oversight that's  
6 done in my department.

7 Q (BY MR. MARR) All right. If you have  
8 team managers that are treating policyholders in bad  
9 faith, what is your responsibility?

10 MS. DALENBERG: Objection. Calls for  
11 speculation, improper hypothetical, and it calls for  
12 a legal conclusion.

13 THE WITNESS: You know, I think you'd have  
14 to give me a specific -- I'd have to have a specific  
15 situation. I can't tell you exactly what I would  
16 do.

17 Q (BY MR. MARR) Okay. That's fair.

18 A And my expectation is that the zones  
19 would -- would -- would deal with issues. And --  
20 and -- and as they come up through my department,  
21 there come -- there's a point in time where I need  
22 to be involved, then -- then I get involved.

23 Q How do you know whether or not you need to  
24 be involved?

25 A I have a staff that understands what my



1 expectations are. They understand what I want to  
2 know and need to know. And when issues come up --  
3 my staff works closely with -- with the zones. And  
4 when issues come up that fall within my expectations  
5 and/or need my attention, my staff brings that to my  
6 attention.

7 Q Okay. So you're working closely -- you  
8 and your staff are working closely with the zones?

9 A My staff is working very closely with the  
10 zones, yes.

11 Q And you're responsible for your staff,  
12 right?

13 A Yes.

14 Q Okay. Now, let's just say, hypothetically  
15 speaking, that you have a team manager who receives  
16 an engineering report that concludes that the damage  
17 was caused by wind -- are you with me?

18 A I'm with you.

19 Q -- doesn't like that report, then orders  
20 another report and coerces the engineer to reach the  
21 conclusion that it's caused by water, which would  
22 make it a noncovered event, what is your  
23 responsibility in regard to disciplining that team  
24 manager?

25 MS. DALENBERG: Objection to form.

1 Improper and incomplete hypothetical.

2 Q (BY MR. MARR) Go ahead.

3 MS. DALENBERG: Calls for speculation.  
4 Argumentative.

5 THE WITNESS: My -- you asked what my  
6 responsibility would be. I don't know. I need to  
7 know the specific situation. I need to know the  
8 facts behind your situation. So I can't tell you --

9 Q (BY MR. MARR) Okay.

10 A -- exactly what --

11 Q Well, under --

12 A -- my role would be.

13 Q All right. Under what scenario with what  
14 I just described be appropriate?

15 MS. DALENBERG: Same objections. And  
16 improper and incomplete hypothetical. Object to the  
17 form. Argumentative. Calls for speculation.

18 THE WITNESS: So your question is, under  
19 what situation would your scenario be appropriate  
20 or --

21 Q (BY MR. MARR) Yes.

22 A -- inappropriate?

23 Q Be appropriate.

24 A And the situation you gave me was, a team  
25 manager who received an engineering report and

1 then -- using your words -- coerced the engineer to  
2 change the report.

3 Q Right.

4 A Is that what you said?

5 Q Yes, ma'am. And then denied -- and then  
6 denied the claim.

7 A All right. I'm going to -- I'm going to  
8 answer -- I'm going to start my response this way.  
9 That's -- that's not what we're about doing.

10 Q All right.

11 A There are -- can I -- let me answer,  
12 please.

13 Q Yeah. Go ahead. Go ahead.

14 A There are -- there may be reasons for  
15 another report to be asked for, a conversation to go  
16 on with -- with an engineer and another report comes  
17 through. So I -- I'm -- you know, I'm trying to --  
18 well, if the person -- team manager requested the  
19 report, and then requested a second report and  
20 coerced, forced the engineer to change the report to  
21 the detriment of a policyholder, that wouldn't be  
22 right.

23 Q Well, obviously. But my question was,  
24 what would be your responsibility?

25 A It depends on what my -- I mean, I don't

1 know what my responsibility --

2 Q Would you discipline that -- would you  
3 discipline that employee?

4 MS. DALENBERG: Would you please let her  
5 finish her answer.

6 Q (BY MR. MARR) I thought you were. I'm  
7 sorry, ma'am.

8 MS. DALENBERG: You're stepping on her  
9 answers.

10 Q (BY MR. MARR) I apologize. I'm sorry.

11 A It depends. I don't know what my role  
12 would be. Because it -- it depends on where --  
13 where it happens, on a myriad of things.

14 Q Okay. Fair enough. Do you think it's  
15 appropriate for State Farm to go out and hire a  
16 second engineer to support its --

17 MS. DALENBERG: It might --

18 MR. MARR: Let me finish.

19 Q (BY MR. MARR) -- to support its denial  
20 just simply because it didn't like the opinion of  
21 the first engineer?

22 MS. DALENBERG: Objection. Calls for  
23 speculation. Improper hypothetical. I object to  
24 the form.

25 THE WITNESS: There may be situations

1 where State Farm does go out and asks for --  
2 someone, a claim rep or a claim rep and management  
3 person does go out and asks for a second engineering  
4 opinion, and so it might well be appropriate to do  
5 that. And, you know, you have to look at the  
6 specifics of the claim and -- and what the issues --  
7 issues are. So it could -- it might be appropriate  
8 to -- to secure a second report.

9 Q (BY MR. MARR) Okay. And you know that  
10 that has happened -- that happened both in our  
11 catastrophe in Oklahoma in May of 1999 and in  
12 Katrina, true?

13 A I'm not -- I don't know what happened  
14 in -- in Watkins. And I'm aware from media reports  
15 what -- what some of the allegations are from the  
16 Gulf Coast.

17 Q And those allegations being what, in  
18 regard to what we were speaking of?

19 MS. DALENBERG: Objection. Vague.

20 THE WITNESS: The allegation -- the media  
21 has -- has printed allegations that there have been  
22 multiple engineering reports in -- in some files.

23 Q (BY MR. MARR) Okay. I mean, do you --  
24 can you tell me any scenario where it would be  
25 appropriate to shop for an expert that -- simply

1 because they would give you an opinion that would  
2 allow you to deny a policyholder's claim?

3 MS. DALENBERG: Objection to form.  
4 Argumentative. Improper and incomplete  
5 hypothetical.

6 Q (BY MR. MARR) Go ahead.

7 A First of all --

8 MS. DALENBERG: Calls for speculation.  
9 Sorry.

10 THE WITNESS: We don't -- you know, at  
11 State Farm, we don't shop -- using your words --  
12 shop for engineering reports. We engage engineers  
13 when we need to have an objective, scientific  
14 opinion; we need some help determining the cause or  
15 the extent of the damage in a -- in a -- in a claim.

16 Q (BY MR. MARR) Okay. Do you remember my  
17 question?

18 A You need to ask it again.

19 Q Okay. Would it be appropriate for State  
20 Farm to shop for an expert that would give it an --  
21 give it an opinion that it wanted just so it could  
22 deny a claim?

23 MS. DALENBERG: Objection. Asked and  
24 answered. Incomplete hypothetical. Calls for  
25 speculation. Lacks foundation. I object to the

1 form.

2 THE WITNESS: If -- if State Farm -- if --  
3 if a situation, as you -- a hypothetical --

4 Q (BY MR. MARR) Sure.

5 A -- occurred, as you were describing, where  
6 we shopped -- using your word -- for an engineering  
7 report to -- or an -- shop for an engineer to  
8 develop or write an engineering report just so we  
9 could deny a claim, is that what you're saying?

10 Q Yes.

11 A That would be wrong, yeah.

12 Q Would that be bad faith?

13 MS. DALENBERG: Objection. Calls for a  
14 legal conclusion.

15 THE WITNESS: I -- I -- I don't know.

16 Q (BY MR. MARR) Okay. It would certainly  
17 be a violation of your commitment to policyholders,  
18 wouldn't it?

19 A Absolutely. And that's why I -- you know,  
20 that's why we focus on our commitment to our  
21 policyholders.

22 Q How do you reconcile the Watkins verdict  
23 with your commitment to your policyholders?

24 MS. DALENBERG: Objection. Calls for  
25 speculation. Lacks foundation.

1 THE WITNESS: How do I reconcile the  
2 Watkins verdict with our commitment to our  
3 policyholders? I don't -- I don't under- -- I  
4 don't --

5 Q (BY MR. MARR) Okay.

6 A -- understand your question.

7 Q If -- given the fact that the Watkins jury  
8 reached the verdict that it did, how could that  
9 happen if everyone was following -- adhering to the  
10 commitment to the policyholders?

11 MS. DALENBERG: Objection. Calls for  
12 speculation and lacks foundation.

13 THE WITNESS: I -- I don't know. I -- I  
14 don't have reason to believe that we didn't adhere  
15 to our commitment to our policyholders.

16 Q (BY MR. MARR) Okay.

17 A But I also know we have a -- have a jury  
18 verdict out there, and I respect that jury verdict,  
19 and I'm -- I'm addressing it.

20 Q Why is it nothing's changed in regard to  
21 the manner in which State Farm deals with  
22 conflicting experts -- expert reports?

23 MS. DALENBERG: Objection. Assumes facts  
24 not in evidence. Calls for speculation. Vague and  
25 overbroad.



1 THE WITNESS: I don't under- -- why has  
2 nothing changed? I don't quite under- -- I --

3 Q (BY MR. MARR) Okay.

4 A I don't understand --

5 Q Well, before the Watkins --

6 A -- any compari- -- I don't have a  
7 comparison.

8 Q Okay. Before the Watkins verdict, State  
9 Farm had nothing in writing dealing with what to do  
10 in the event of conflicting experts -- expert  
11 reports. Do you agree? Do you acknowledge that?

12 MS. DALENBERG: Objection to form.

13 THE WITNESS: I -- I will acknowledge that  
14 we had nothing in writing dealing with conflicting  
15 engineering reports. We -- we clearly teach our  
16 claim reps to deal with conflicting information.  
17 And we get conflicting information in -- in the  
18 handling of claims. It could be conflicting  
19 estimates. It could be conflicting damage reports.  
20 And so claim reps are about handling or dealing with  
21 and considering conflicting reports.

22 Q (BY MR. MARR) Okay. Well, my question  
23 was limited to writing. There is nothing in writing  
24 giving any instruction on how to -- what to do in  
25 the event of conflicting engineer reports before the

1       Watkins verdict, correct?

2                   MS. DALENBERG:  Objection.  Vague and  
3       overbroad.

4                   THE WITNESS:  There was nothing in writing  
5       before Watkins with regard to engineers.  There --  
6       I -- I don't know what is in writing.  I can't tell  
7       you specifically what's in writing for claim reps to  
8       help them when they get conflicting opinions.

9           Q       (BY MR. MARR)  Okay.

10          A       I just don't know.

11          Q       Can you tell me why that hasn't changed,  
12       why there is -- State Farm has still failed to put  
13       anything in writing telling claim personnel how to  
14       deal with conflicting engineering reports?

15                   MS. DALENBERG:  Objection.  That  
16       mischaracterizes the evidence.  It misstates the  
17       evidence.  Object to the form.

18          Q       (BY MR. MARR)  You have read  
19       Mr. Carrigan's deposition, haven't you, ma'am?

20          A       No, I haven't.

21          Q       Okay.  Would it surprise you to learn that  
22       State Farm hasn't done anything since the Watkins  
23       verdict to put into writing a policy on how to deal  
24       with conflicting engineer reports or expert reports?

25                   MS. DALENBERG:  Objection.  That

1 mischaracterizes Mr. Carrigan's testimony. It  
2 mischaracterizes the documents in the case.

3 MR. MARR: No, it doesn't.

4 MS. DALENBERG: It assumes facts not in  
5 evidence.

6 MR. MARR: Not hardly.

7 MS. DALENBERG: I object --

8 Q (BY MR. MARR) Go ahead.

9 MS. DALENBERG: I object to the form.

10 Q (BY MR. MARR) Does that surprise you,  
11 ma'am?

12 A Mr. Marr, like I said, claim reps are  
13 about dealing with conflicting -- conflicting  
14 information in their day-to-day handling of claims.  
15 It's about negotiating and -- but -- but I will  
16 acknowledge that there is nothing in writing that  
17 deals specifically with engineers.

18 Q Okay. Neither before or since the Watkins  
19 verdict, correct?

20 A Correct.

21 Q And not only engineers, there's nothing  
22 dealing with conflicting -- how to deal with  
23 conflicting expert reports, as well, correct?

24 A I -- I don't know what we have in writing  
25 dealing with conflicting information or conflicting

1 reports. I can't remember if there's something in  
2 writing. But when we -- when we train our claim  
3 people, one of the things that they learn to do is  
4 consider all of the information, all of the evidence  
5 that relates to a claim file. And -- and there are  
6 times when there is conflicting information, and  
7 they learn to -- they -- they learn to address it  
8 and -- and conclude it.

9 THE WITNESS: Could I have some water,  
10 please?

11 MS. DALENBERG: Sure. Mr. Marr, when you  
12 get to a good place for a break.

13 MR. MARR: Yeah. We're -- we're fine.

14 Q (BY MR. MARR) Do you need a break, ma'am?

15 MS. DALENBERG: Do you want to take just a  
16 couple of minutes?

17 THE WITNESS: Sure.

18 (A break was taken from 11:11 a.m. to  
19 11:22 a.m.)

20 Q (BY MR. MARR) All right, Ms. Hood. We're  
21 back on the record after a short break. Are you  
22 ready to continue?

23 A Yes, I am. Thank you.

24 Q I attach as Plaintiffs' 1 to your  
25 deposition an article from your web site -- and,

1 again, anytime I'm referring to "your," I'm  
2 referring to State Farm -- entitled "Our  
3 Communities, Our Story," ask you if you've ever --

4 MS. DALENBERG: Thank you.

5 Q (BY MR. MARR) -- seen that before.

6 A Yes, I have.

7 Q What prompted this story to be placed on  
8 State Farm's web site?

9 MS. DALENBERG: Objection. Lack of  
10 foundation.

11 THE WITNESS: I -- I really don't know  
12 exactly what prompted it.

13 Q (BY MR. MARR) Who drafted it? Do you  
14 know?

15 A I don't know.

16 Q Did you review any drafts of it before it  
17 was posted on State Farm's web site?

18 A I may have, but I don't remember.

19 Q Does this -- this version represent the  
20 one and only version of this article?

21 MS. DALENBERG: Objection. Calls for  
22 speculation.

23 THE WITNESS: I really don't know.

24 Q (BY MR. MARR) Okay. Take a look at  
25 Page 3, please.

1 MR. MARR: And, I'm sorry, I didn't bring  
2 extra copies.

3 MR. ECHOLS: That's okay.

4 Q (BY MR. MARR) Do you see the far  
5 right-hand top, the title, "Why are outside  
6 engineering firms used to help handle claims?"

7 A Yes.

8 Q Did you have any input into this?

9 A Into the -- the words?

10 Q Yes, ma'am.

11 A No. I don't -- I don't recall being asked  
12 to give input on it.

13 Q Okay. Did you -- were you asked to give  
14 input into this article at all?

15 A I may have seen a draft and been asked or  
16 given an opportunity to review it and give some  
17 input, but I really don't remember.

18 Q Which department within the State Farm  
19 organization would have been responsible for  
20 drafting and submitting this?

21 MS. DALENBERG: Objection to form.

22 THE WITNESS: There probably would have  
23 been several departments involved. It probably  
24 would have involved corporate communications and  
25 external relations, that department. It probably

1 would have included our corporate law department.  
2 It probably would have included -- I'm sure it  
3 included my claims department. I'm sure members of  
4 my staff were involved in this. And there may have  
5 been some other departments, but those would be the  
6 three -- the three that come to mind.

7 Q (BY MR. MARR) Okay. And for the record,  
8 this particular page is titled "Straight Talk from  
9 State Farm." Correct?

10 A That's the correct title of it.

11 Q And it has subtitles within this page  
12 that -- the first being, "Is State Farm still on the  
13 Coast working to resolve claims?"

14 The second, "Why are some claims not  
15 covered?"

16 The third, "Why don't insurers cover  
17 flood" -- excuse me -- "insurers cover floods?"

18 And fourth, "Does flood insurance exist,  
19 and is it available?"

20 Five, "Some have claimed that State Farm  
21 intentionally delayed claims processing on the Gulf  
22 Coast. Is this true?"

23 The next one is, "Why are lawsuits being  
24 filed?"

25 The next one, "Do all disputes end up in

1 court?"

2 The one we spoke of earlier, "Why are  
3 outside engineering firms used to help handle  
4 claims?"

5 Next, "How do catastrophes, like  
6 hurricanes, impact the price that policyholders pay  
7 in Mississippi?"

8 And lastly, "Will the 2005 hurricanes  
9 affect the future availability of insurance along  
10 the Gulf Coast?"

11 Have -- as represented here in this  
12 document, have some of your policyholders claimed  
13 that State Farm intentionally delayed claims  
14 processing on the Gulf Coast?

15 MS. DALENBERG: Objection to form. You  
16 may answer to the extent that your information comes  
17 other than from conversations with counsel.

18 THE WITNESS: I don't know.

19 Q (BY MR. MARR) You don't know whether or  
20 not those claims have been made?

21 A I don't -- I don't know whether  
22 policyholders have claimed that there have been  
23 delays in -- in handling their claims. I believe  
24 that was your question?

25 Q Yes, ma'am. And my question in response



1 is, why don't you know?

2 MS. DALENBERG: Objection to form.

3 THE WITNESS: Because I -- because I don't  
4 know. I -- things haven't been brought to my  
5 attention. I don't know. I can't answer why I  
6 don't know.

7 MS. DALENBERG: Mr. Marr, just for  
8 clarification sake, I believe that there were  
9 previous deposition exhibits marked in Ms. Hood's  
10 deposition, and you've marked this as No. 1. Just  
11 for purposes of clarity of the record, do you want  
12 to stick with the numbering --

13 MR. MARR: We're going to -- we're going  
14 to use this as Volume II, and we're going to start  
15 over with the exhibits.

16 MS. DALENBERG: Okay. I understand.  
17 Thank you.

18 MR. MARR: Sure.

19 Q (BY MR. MARR) All right. So did you say  
20 you just didn't know?

21 A I --

22 MS. DALENBERG: Her answer was --

23 THE WITNESS: Yeah.

24 MS. DALENBERG: -- what her answer was.  
25 Objection.

1 Q (BY MR. MARR) Okay. One of the topics is  
2 "Why are lawsuits being filed?" Do you know why  
3 lawsuits are being filed in the Gulf?

4 MS. DALENBERG: Same instruction. You may  
5 answer to the extent your information comes outside  
6 of conversations with attorneys.

7 THE WITNESS: I don't know specific  
8 reasons, no. But broadly, in -- in my State Farm  
9 experience, in my claim handling experience, from  
10 time to time, we have -- there are issues and --  
11 and -- and a -- a lawsuit is brought, but -- and  
12 there -- lawsuits are brought for various reasons.

13 Q (BY MR. MARR) Do you have any  
14 recollection of any case where you ever agreed that  
15 State Farm engaged in some type of wrongdoing?

16 MS. DALENBERG: Objection to form. Vague.  
17 Overbroad.

18 THE WITNESS: Have I ever been involved in  
19 a case where State Farm has been accused --

20 Q (BY MR. MARR) No, ma'am.

21 A I'm sorry.

22 Q That's fine. I'll rephrase. I'll ask it  
23 differently. Do you believe that State Farm's ever  
24 treated its policyholders in bad faith and contrary  
25 to its commitment to policyholders?

1 MS. DALENBERG: Objection to form. Vague  
2 and overbroad.

3 THE WITNESS: We handle millions of claims  
4 every year, and we're human beings, and from time to  
5 time mistakes are made. So I acknowledge the fact  
6 that we do make mistakes. I do not -- I have no  
7 knowledge -- no personal knowledge where we have  
8 intentionally tried to -- to commit a wrong against  
9 a policyholder.

10 Q (BY MR. MARR) Okay. Have you ever agreed  
11 with a jury verdict rendered against State Farm?

12 MS. DALENBERG: Again, her personally?

13 MR. MARR: Yes.

14 THE WITNESS: No, I -- I -- I -- I can't  
15 remember. Have I agreed with a jury verdict  
16 rendered against State Farm? I don't remember.

17 Q (BY MR. MARR) You can't tell me one time  
18 that you remember agreeing with a jury verdict  
19 rendered against State Farm?

20 MS. DALENBERG: Objection to form. Vague  
21 and ambiguous.

22 Q (BY MR. MARR) In other words, that the  
23 jury got it right.

24 MS. DALENBERG: Same objection.

25 THE WITNESS: I -- I don't remember.

1 Q (BY MR. MARR) Was this story -- did it  
2 come out -- was it posted to the web site after the  
3 20/20 story?

4 A I don't remember when this was posted to  
5 the web site.

6 Q All right. Well, while we're -- I'm on  
7 the issue of the 20/20 story, I want to show you a  
8 portion of it and ask you some questions about it.  
9 So if you would, maybe turn around where you -- turn  
10 around where you can see it just a little bit.

11 MS. DALENBERG: Hold on a second. Could  
12 we just go off the record for a second so we can see  
13 what the setup is going to look like on the screen?

14 MR. MARR: Sure.

15 (A break was taken from 11:32 a.m. to  
16 11:38 a.m.)

17 Q (BY MR. MARR) We're back on the record  
18 to, once again, try and cure some technical  
19 difficulties so I can show you this portion of the  
20 20/20 story. I want you to go ahead and watch it.  
21 We'll watch it together, and then I'll ask you a few  
22 questions, okay?

23 A Yes.

24 MS. DALENBERG: And please take the audio  
25 again.

1 (The 20/20 video recording is played at  
2 11:38 a.m.)

3 "MR. STOSSEL -- maternity leave.

4 "You've seen the commercials, 'Like a Good  
5 Neighbor, State Farm is There.' This giant  
6 insurance company spends millions to convince us  
7 that if something bad happens -- like a storm that  
8 destroys your home -- State Farm will be there to  
9 pay for rebuilding. But in the aftermath of last  
10 year's devastating hurricane, many people claim this  
11 so-called good neighbor acted quite badly.

12 "DEBORAH ROBERTS: That right, John.  
13 Tonight you're going to hear from two former State  
14 Farm Insurance adjusters who say that company  
15 systematically cheated many of its own customers to  
16 avoid paying to rebuild the homes of people who lost  
17 everything. Here's chief investigative  
18 correspondent Brian Ross with their claims of a good  
19 neighbor gone bad.

20 "CORI RIGSBY: Katrina was devastating,  
21 but so was State Farm.

22 "KERRI RIGSBY: A lot of people were  
23 cheated. A lot of people were cheated.

24 "CORI RIGSBY: They wanted the people to  
25 know that we had arrived" --

1           "BRIAN ROSS (Narrating): And these two  
2 sisters say they saw the cheating firsthand as  
3 independent adjusters working exclusively for State  
4 Farm Insurance.

5           "BRIAN ROSS: To all the world, you were  
6 State Farm.

7           "CORI RIGSBY: We were State Farm.

8           "BRIAN ROSS (Narrating): Tonight, Cori  
9 Rigsby and her younger sister Kerri are speaking  
10 publicly for the first time about what they say went  
11 on inside the country's largest insurance company.

12           "CORI RIGSBY: Until this storm, we were  
13 very proud to work with State Farm. I mean, we did  
14 believe they always did the right thing. We've  
15 never seen any kind of activity like this.

16           "BRIAN ROSS (Narrating): What they say  
17 they saw at State Farm's Katrina offices in  
18 Mississippi was supervisors demanding that damage  
19 reports be buried, replaced, or changed so that  
20 insurance claims would not have to be paid.

21           "KERRI RIGSBY: We realize this is -- this  
22 is widespread.

23           "BRIAN ROSS (Narrating): This damage  
24 report, the sisters say, would have backed up a  
25 policyholder's claim, but it was hidden in a special

1 file with instructions, 'Do not pay bill. Do not  
2 discuss.'

3 "CORI RIGSBY: I consider this to be a  
4 smoking gun.

5 "BRIAN ROSS (Narrating): At one point,  
6 they even took pictures of a special shredding  
7 truck. State Farm says it shreds documents to  
8 protect policyholder privacy. The sisters believe  
9 it was done to destroy key documents.

10 "KERRI RIGSBY: We felt, I think, shock  
11 was at first, because State Farm, to put themselves  
12 out there for fraudulent activity like this is huge,  
13 knowing that they could get caught.

14 "BRIAN ROSS (Narrating): The Rigsby  
15 sisters' allegations, if proven, would support the  
16 suspicions of thousands of homeowners along the  
17 Mississippi Gulf Coast who have not been able to get  
18 the insurance money to rebuild their homes. State  
19 Farm covers almost a third of the homeowners in this  
20 area. And in lawsuits, many accuse it and other  
21 insurance companies of wrongly denying or lowballing  
22 their claims.

23 "WESLEY McFARLAND: It's cruel, and it's  
24 fraud, and it -- it's every damn thing bad I can  
25 think about it.

1 "This was the front porch extensions --

2 "BRIAN ROSS (Narrating): Retired  
3 Dr. Wesley McFarland says, he was outraged to be  
4 told by the State Farm adjuster he would collect  
5 nothing for the total loss of his \$400,000 home  
6 where his family had lived for decades. Devastating  
7 news for him and especially for his wife, Rosemary.

8 "WESLEY McFARLAND: And she just sat  
9 there, and she cried a little bit. And she said,  
10 'Well, what are we going to do?'

11 "MRS. NGUYEN: There's the counter.

12 "BRIAN ROSS (Narrating): The Nguyens,  
13 refugees from Vietnam who scrimped and saved to make  
14 a home for their three children, got the same  
15 devastating news from State Farm.

16 "MRS. NGUYEN: When I was told that they  
17 denied my claim, I came out here and I cried. I sat  
18 on this one right here, and I cried until 3:30 in  
19 the morning.

20 "BRIAN ROSS (Narrating): Wind damage is  
21 supposed to be covered under State Farm policy. And  
22 during Katrina, there were gusts of up to 145 miles  
23 an hour. But water damage is not covered. And the  
24 Rigsby sisters say what they discovered was that  
25 State Farm did whatever it could to find the damage



1 was caused by water to avoid having to pay.

2 "BRIAN ROSS: So as long as it's water  
3 damage --

4 "CORI RIGSBY: As long as it's water.

5 "BRIAN ROSS -- they're very happy?

6 "CORI RIGSBY: They're very happy.

7 "BRIAN ROSS: But if it's wind damage,  
8 then everything changes. Then they're on the hook.

9 "CORI RIGSBY: Exactly.

10 "BRIAN ROSS (Narrating): The sisters say  
11 they saw a senior State Farm coordinator go to great  
12 lengths to pressure outside engineers to prepare  
13 reports concluding that damage was caused by water,  
14 not wind.

15 "CORI RIGSBY: And she pulled out an  
16 engineer report, and she was flipping through it,  
17 'Can you believe this engineer said wind damage?  
18 Call this company and tell them if we don't -- if  
19 they don't change their report, we're not paying  
20 their invoice.'

21 "BRIAN ROSS: So you heard that?

22 "CORI RIGSBY: I was standing a foot from  
23 her.

24 "KERRI RIGSBY: And -- and I believe she  
25 then followed up by saying, 'Look at all these,'

1 that she had a stack of engineer reports --

2 "CORI RIGSBY: On her desk.

3 "KERRI RIGSBY -- on her desk, and she  
4 said, 'Look at all these engineer reports that  
5 have -- that have to go back or have to be changed.'

6 "CORI RIGSBY: Uh-huh.

7 "BRIAN ROSS (Narrating): It took three  
8 engineering reports for State Farm to get one that  
9 concluded the Nguyens' damage was caused by water.  
10 State Farm mistakenly sent her the first two, which  
11 both concluded wind damage was predominantly the  
12 blame.

13 "MRS. NGUYEN: They tried to cheat me.  
14 They tried to cheat me right here.

15 "BRIAN ROSS (Narrating): The Nguyens, now  
16 living in a trailer, have hired a lawyer to sue  
17 State Farm.

18 "WOMAN'S VOICE IN STATE FARM COMMERCIAL:  
19 Whoever said calm comes after the storm probably had  
20 a State Farm agent.

21 "BRIAN ROSS (Narrating): In its  
22 commercials and slogans, State Farm has long  
23 cultivated its image as the good neighbor.

24 "STATE FARM COMMERCIAL SONG: Like a good  
25 neighbor, State Farm is there.

1 "MRS. NGUYEN: They are not good neighbor,  
2 and they not our friend anymore. They are not.

3 "BRIAN ROSS (Narrating): But the company  
4 says it has paid more than a billion dollars in  
5 claims in Mississippi, and denies cheating anyone.

6 "WAYNE DRINKWATER: We have not been  
7 cheating. Of course, we have not been cheating.

8 "BRIAN ROSS (Narrating): Instead of a  
9 company official, State Farm provided a Mississippi  
10 lawyer, Wayne Drinkwater, who told me in advance he  
11 had not been given the facts to answer many of our  
12 questions.

13 "WAYNE DRINKWATER: Brian, I don't know  
14 what the facts are behind that.

15 "I don't know what happened.

16 "Brian, I don't know the facts behind this  
17 case, as I have told you.

18 "BRIAN ROSS (Narrating): But State Farm's  
19 lawyer strongly denied the company had demanded  
20 changes in engineering reports to harm  
21 policyholders.

22 "BRIAN ROSS: You just put no pressure on  
23 the firms?

24 "WAYNE DRINKWATER: To come to any kind of  
25 preset result. We do not do that.

1                    "BRIAN ROSS: You don't promise more work  
2 or take away work?

3                    "WAYNE DRINKWATER: Based on results of  
4 reports? We do not do that.

5                    "BRIAN ROSS: Because we're told by people  
6 who worked for you, that's exactly what happened  
7 right here.

8                    "WAYNE DRINKWATER: Brian, that is not  
9 State Farm's policy. And as far as I know, we have  
10 no evidence that that has occurred.

11                   "BRIAN ROSS (Narrating): But it's not  
12 just the Rigsby sisters who say something funny has  
13 happened with the engineering reports.

14                   "Certified engineer, James Cannon  
15 Overstreet says his report about the cause of the  
16 damage to the house that once stood here was  
17 secretly changed.

18                   "JAMES OVERSTREET: Now, when I came out  
19 here, there were just snapped trees everywhere. You  
20 know, just from the basis of that, there's a  
21 percentage of wind damage to the house.

22                   "BRIAN ROSS (Narrating): His initial  
23 report concluded the damage was caused in large part  
24 by the wind. But Overstreet says someone,  
25 apparently at the engineering firm, wrote a new

1 report for State Farm three months later, changing  
2 the conclusions from wind to water, and then signed  
3 his name without his knowledge or approval.

4 "BRIAN ROSS: Is that your signature?

5 "JAMES OVERSTREET: No. Mine is a little  
6 different than that.

7 "BRIAN ROSS: Then you didn't sign this?

8 "JAMES OVERSTREET: No.

9 "BRIAN ROSS: Did you write the words  
10 saying that it was rising waters than --

11 "JAMES OVERSTREET: No. Mine said wind.  
12 A combination of wind.

13 "BRIAN ROSS: So somebody else wrote this  
14 and put your name to it?

15 "JAMES OVERSTREET: That's what it  
16 appears.

17 "BRIAN ROSS (Narrating): The engineering  
18 firm denies being pressured and says it stands by  
19 the final report.

20 "CORI RIGSBY: I can do the print now.

21 "BRIAN ROSS (Narrating): The Rigsby  
22 sisters have now downloaded thousands of documents  
23 from State Farm computer files and turned them and  
24 their own detailed statements over to federal and  
25 state prosecutors, and to Mississippi's best known

1 trial lawyer.

2 "DICKIE SCRUGGS: My eyes popped out when  
3 they were altering engineering reports and the --  
4 and the systematic way in which they were going  
5 about treating homeowners.

6 "BRIAN ROSS (Narrating): Dickie Scruggs,  
7 the lawyer who took on the big tobacco companies, is  
8 now taking on State Farm. And the Rigsby sisters'  
9 allegations are a big part of his lawsuits.

10 "DICKIE SCRUGGS: The Rigsby sisters, they  
11 know where the bodies are buried. They know who's  
12 who in that organization. They know how it works.

13 "BRIAN ROSS: And do you think the sisters  
14 have evidence that goes to criminal behavior?

15 "DICKIE SCRUGGS: If this isn't criminal,  
16 nothing is.

17 "BRIAN ROSS (Narrating): State Farm's  
18 lawyer maintained he had never heard of the Rigsby  
19 sisters.

20 "BRIAN ROSS: Are you familiar with them?

21 "WAYNE DRINKWATER: I am not.

22 "BRIAN ROSS: Is State Farm familiar with  
23 them?

24 "WAYNE DRINKWATER: I do not know the  
25 answer to that.

1 "BRIAN ROSS (Narrating): The Rigsby  
2 sisters say that is hard to believe. They say they  
3 told State Farm and its lawyers that they had given  
4 prosecutors thousands of company documents.

5 "KERRI RIGSBY: And we said, Okay. We  
6 just want to let you know right up front, this is  
7 what we've done. We believe there's been fraudulent  
8 activity, and this -- and we've turned it over for  
9 investigation. And then we were suspended at that  
10 point.

11 "BRIAN ROSS (Narrating): And for the  
12 Rigsby sisters, turning against State Farm was a big  
13 decision, after working for the company for more  
14 than eight years.

15 But it was when they came across the case  
16 of Dr. McFarland that they decided they had no  
17 choice but to go to authorities.

18 "KERRI RIGSBY: And I had to be the one to  
19 tell them that we would not pay them any -- any  
20 money for their home.

21 "BRIAN ROSS: And you thought you were  
22 doing wrong?

23 "KERRI RIGSBY: Oh, absolutely. It was  
24 gut-wrenching. It was -- it was horrible. It was  
25 wrong, and -- and we were -- we were hurting him,

1 and we didn't have to.

2 "BRIAN ROSS (Narrating): All  
3 Dr. McFarland and his wife could do was to collect  
4 from the limited federal flood insurance program.  
5 They were forced to live in a trailer just a few  
6 feet from where the family home once stood.  
7 Rosemary McFarland will never see their home  
8 rebuilt. She died this June.

9 "WESLEY McFARLAND: That contributed to  
10 Rosemary's death.

11 "BRIAN ROSS: How so?

12 "WESLEY McFARLAND: Because she started  
13 going down. Everybody, they're suffering almost a  
14 morbid depression. They're depressed.

15 "BRIAN ROSS: Do you blame State Farm?

16 "WESLEY McFARLAND: Yeah. They don't --  
17 they haven't got any money from their insurance that  
18 they thought they had, which would have put them  
19 back into their lives.

20 "JOHN STOSSEL: In response to our story,  
21 State Farm says it's launched an independent  
22 investigation into the allegations made by Cori and  
23 Kerri Rigsby.

24 "Brian Ross's report is just the first of  
25 an unprecedented week-long ABC news series called



1 Hurricane Katrina: Where Things Stand. It will  
2 continue all weekend and next week on ABC News  
3 programs. ABC News.com will have constant coverage  
4 of the one-year anniversary of Hurricane Katrina.

5 "We'll be right back."

6 (The 20/20 video recording is stopped at  
7 11:48 a.m.)

8 Q (BY MR. MARR) All right, ma'am. Do you  
9 believe you owe Mr. McFarland an apology?

10 MS. DALENBERG: Objection to form and  
11 foundation.

12 THE WITNESS: I don't -- I don't know yet  
13 if I owe Mr. McFarland an apology.

14 Q (BY MR. MARR) What about the Nguyens, do  
15 you owe them an apology?

16 MS. DALENBERG: Objection to form and  
17 foundation.

18 THE WITNESS: I don't know yet if I owe  
19 the Nguyens an apology.

20 Q (BY MR. MARR) What will it take for you  
21 to make that determination?

22 MS. DALENBERG: Objection. Calls for  
23 speculation.

24 THE WITNESS: We are undergoing an  
25 investigation, and at the -- at the end, when the

1 investigation is sorted through and -- and we  
2 have -- we have done all we need to do, if we have  
3 done something wrong, then I -- I will personally  
4 apologize to them.

5 Q (BY MR. MARR) All right. So now we have  
6 a -- we've got a -- is this a separate independent  
7 investigation other than -- aside from the ones that  
8 you're doing supposedly for the Watkins verdict?

9 MS. DALENBERG: Object to the form. You  
10 can answer that yes or no.

11 THE WITNESS: Yes.

12 Q (BY MR. MARR) How many investigations  
13 does State Farm currently have going on?

14 MS. DALENBERG: Objection to form.  
15 Overbroad and vague.

16 THE WITNESS: I -- we have -- we're  
17 working on the issues following the -- the  
18 Watkins -- Watkins verdict, and I have -- I've  
19 spoken to those. And we have an investigation going  
20 on in the Gulf Coast.

21 Q (BY MR. MARR) About what?

22 MS. DALENBERG: Ma'am, you may not answer  
23 that question to the extent that your information  
24 comes from counsel and relates to the consulting  
25 relationship.

1 THE WITNESS: I can't answer that because  
2 the knowledge I have about that comes from  
3 privileged conversations.

4 Q (BY MR. MARR) Okay. You can't tell me  
5 what it is you're investigating in the Gulf?

6 MS. DALENBERG: Same objection, ma'am. He  
7 knows it's about the Gulf. That's the general  
8 topic. You may not answer beyond that, to the  
9 extent that you only know it through privileged  
10 communications.

11 THE WITNESS: I cannot give any specifics  
12 because my knowledge about that is from privileged  
13 conversations.

14 Q (BY MR. MARR) Do you think State Farm's  
15 conduct in handling Gulf Coast claims needs to be  
16 investigated?

17 A I think there are issues going -- that  
18 have arisen out of the Gulf Coast that need to be  
19 addressed, yes, I do.

20 Q So you agree with the investigation?

21 A I agree that we are -- we need to look at  
22 the issues to determine what they are, and -- and  
23 determine if -- if -- what's -- what -- what's going  
24 on there, what -- what went on.

25 Q Okay. Well, who made the determination

1 that there needed to be an investigation and ordered  
2 it?

3 MS. DALENBERG: Ma'am, you may answer  
4 that, but only to the extent that you know outside  
5 of conversations with counsel. Otherwise you cannot  
6 answer.

7 THE WITNESS: I can't answer.

8 Q (BY MR. MARR) Oh, there's nothing  
9 privileged about that. All I'm asking for is the  
10 identity. We've already been through this in prior  
11 depositions. I'm just asking the identity of the  
12 individual who ordered the investigation.

13 MS. DALENBERG: And, again, she cannot  
14 answer that if all that she knows is through the  
15 advice of counsel.

16 MR. MARR: No. The name of an individual  
17 is not privileged. Maybe the context of the  
18 conversation or communication, assuming it is  
19 providing some type of legal advice, but other than  
20 that, she's certainly entitled and required, I  
21 believe, under the court order to give me the name  
22 of the person.

23 MS. DALENBERG: One moment, please.

24 (Ms. Dalenberg and Mr. Kenney conferred.)

25 MS. DALENBERG: Ms. Hood, if you know the

1 name of the individual whose idea it was, you may  
2 answer.

3 MR. MARR: Well, I object to the  
4 suggestive nature of that instruction.

5 Q (BY MR. MARR) But go ahead. Who ordered  
6 the investigation?

7 A I -- I can't tell you exactly who ordered  
8 the investigation.

9 Q You have no idea?

10 A Yeah. I have some ideas, but I can't tell  
11 you exact -- I don't -- I don't know.

12 Q Well, who do you believe ordered the  
13 investigation?

14 MS. DALENBERG: Objection. Calls for  
15 speculation. She's now told you she doesn't know  
16 the name. Don't speculate, please.

17 Q (BY MR. MARR) Who do you believe ordered  
18 the investigation?

19 MS. DALENBERG: Objection. Same  
20 instruction.

21 Q (BY MR. MARR) Go ahead.

22 MS. DALENBERG: Same instruction. Please  
23 don't speculate.

24 THE WITNESS: You know, I can't answer  
25 that question, Mr. Marr.

1 Q (BY MR. MARR) Seriously?

2 A I can't answer that. Yeah.

3 Q You don't know who ordered the  
4 investigation into --

5 A I --

6 Q -- State Farm's handling of Katrina  
7 claims?

8 MS. DALENBERG: Objection. Asked and  
9 answered.

10 THE WITNESS: Perhaps I need to break to  
11 consult with my attorney. I am uncomfortable  
12 because so much of my knowledge comes from  
13 privileged conversations.

14 Q (BY MR. MARR) Well, ma'am, you understand  
15 that in order for a conversation to be privileged,  
16 it has to be in the context of a lawyer providing  
17 State Farm or you some type of legal advice.

18 A I understand that.

19 Q Okay. And you're telling me that the only  
20 way you can answer my question is by disclosing some  
21 privileged communication?

22 MS. DALENBERG: Hang on. Can -- can we  
23 just take a second and we'll talk to her and we'll  
24 come right back in?

25 MR. MARR: No, not right now.

1 MS. DALENBERG: Let me -- let me just say  
2 this, Ms. Hood. If you know the name of the  
3 individual whose idea it was to conduct the internal  
4 investigation, you may reveal that name and nothing  
5 more. If you don't know, then -- no -- hang on.

6 We need -- we need to talk. We're going  
7 to talk.

8 MR. MARR: I think it's --

9 MS. DALENBERG: We're going to talk  
10 whether you object to it or not. And I appreciate  
11 your position, but --

12 MR. MARR: I do object, but I understand  
13 your position.

14 MS. DALENBERG: We'll step outside and see  
15 if we can sort this out.

16 (A break was taken from 11:54 a.m. to  
17 11:57 a.m.)

18 MR. MARR: All right. We're back on the  
19 record after a short break for Ms. Hood to consult  
20 with her counsel regarding my last question.

21 Q (BY MR. MARR) Ms. Hood, now that you've  
22 had an opportunity to discuss my question with your  
23 lawyers, will you tell me who the individual is that  
24 ordered the investigation concerning State Farm's  
25 handling of Katrina claims?

1           A       The decision to undergo an investigation  
2 was a joint decision between claims and corporate  
3 law. The people who are involved in the decision  
4 were myself and Brian Boyden on behalf of claims,  
5 and Jeff Jackson and Kim Brunner on behalf of  
6 corporate law.

7           Q       Now, is Jeff Jackson the one that's  
8 scheduled to meet with the Mississippi Attorney  
9 General next week?

10           MS. DALENBERG: Objection to the form of  
11 the question. You may not answer that question to  
12 the extent that you have the information from  
13 counsel. And, Counsel, I would remind you that it  
14 is improper to ask about Mississippi grand jury  
15 proceedings.

16           MR. MARR: I'm not talking about a grand  
17 jury proceeding, Counsel. I'm talking about a  
18 meeting that was requested by State Farm.

19           THE WITNESS: I can't answer that  
20 question, because the information I have is from  
21 privileged conversations.

22           Q       (BY MR. MARR) Did State Farm approach  
23 officials in Mississippi --

24           MS. DALENBERG: Objection. Vague and  
25 overbroad.



1 Q (BY MR. MARR) -- about having a meetings?

2 A I can't answer that question because the  
3 information I know is a result of privileged  
4 conversations.

5 Q Okay. Well, who's -- is Michael Traynor  
6 involved in this investigation?

7 MS. DALENBERG: Objection. Vague. And  
8 you can't answer to that -- that question to the  
9 extent that it relates to privileged information  
10 from your attorneys.

11 MR. MARR: It's the same identity issue.

12 Q (BY MR. MARR) Is Michael Traynor involved  
13 in this investigation, as well?

14 A Not to my knowledge.

15 Q Is Mr. Robie?

16 A I don't know.

17 Q Why is it that State Farm went to  
18 Mr. Robie to seek his assistance in conducting the  
19 investigation purportedly resulting from the Watkins  
20 verdict?

21 MS. DALENBERG: Objection. You may not  
22 answer that question to the extent that your  
23 information comes from consultation with counsel.

24 THE WITNESS: I can't answer that because  
25 the information I have comes from privileged

1 conversations.

2 Q (BY MR. MARR) Do you agree with the  
3 decision to involve Mr. Robie?

4 MS. DALENBERG: Again, you may not answer  
5 that question to the extent that it involves  
6 discussion that you had with your counsel.

7 MR. MARR: I don't think it does.

8 Q (BY MR. MARR) I just asked if you agree  
9 with it, as vice president of claims.

10 MS. DALENBERG: You cannot comment on  
11 advice that was given to you by your lawyers.

12 Q (BY MR. MARR) Go ahead.

13 A I'll heed the advice I was just given, and  
14 I decline to answer the question.

15 Q I mean, is Mr. Robie's advice the kind  
16 that you think benefits State Farm's policyholders?

17 MS. DALENBERG: Again, you may not answer  
18 that question to the extent that any information you  
19 have in response comes from consultation with  
20 counsel, and you may not comment on your counsel's  
21 advice.

22 THE WITNESS: I can't answer the question.

23 Q (BY MR. MARR) Okay. Did you do anything  
24 to investigate Mr. Robie's history with the company?

25 MS. DALENBERG: Her personally?

1 MR. MARR: Yes.

2 MS. DALENBERG: Okay.

3 THE WITNESS: I have not.

4 Q (BY MR. MARR) What kind of person would  
5 you want -- what are the characteristics of a person  
6 that you would want to conduct this independent  
7 investigation?

8 MS. DALENBERG: Objection.

9 Q (BY MR. MARR) And by this one, I'm still  
10 referring to the one following the Watkins  
11 verdict -- the investigation into State -- excuse  
12 me -- State Farm's use of Haag Engineering and using  
13 independent adjusters. What kind of person would  
14 you want to get involved? What are the  
15 characteristics you would look for in outside  
16 counsel?

17 MS. DALENBERG: Objection. There were  
18 about five questions in there.

19 MR. MARR: Yeah, there were. There were  
20 quite a few. It started off one way and then it  
21 went another.

22 THE WITNESS: Why don't we start over.

23 Q (BY MR. MARR) We'll start over, that's  
24 probably good.

25 MR. MARR: Do we have an Etch-A-Sketch

1 around here?

2 Q (BY MR. MARR) Whenever -- you personally,  
3 if you were looking for outside counsel to conduct  
4 an independent investigation of State Farm's claim  
5 handling activities, what type of characteristics  
6 would you look for?

7 MS. DALENBERG: I'm going to object again  
8 to that question. You really are asking her  
9 questions about how she would conduct herself on  
10 behalf of the company in connection with engagement  
11 of counsel.

12 MR. MARR: That wasn't my question.

13 MS. DALENBERG: Well, I -- I think it was.

14 MR. MARR: But I don't think there's  
15 anything objectionable about that question. And  
16 it's certainly not appropriate for you to instruct  
17 her not to answer. All I asked her for is what type  
18 of characteristics she would look for in a person  
19 that she was going to have conduct an independent  
20 investigation.

21 MS. DALENBERG: Well, that's a different  
22 question. You can answer that.

23 THE WITNESS: I -- I'm going to have to  
24 speculate somewhat because you're asking me a  
25 hypothetical, and I would want to know the details

1 or would have to know the details about what the  
2 issues are.

3 But I would look for somebody who has  
4 possibly some expertise in the area, who has a  
5 proven track record as -- in their area of the law.  
6 Somebody who has a broad network of experts that he  
7 or she might engage in the process. And depending  
8 on the investigation, somebody who knows State Farm  
9 or doesn't know State Farm.

10 But I -- I'm really speculating, because I  
11 think that the person I would engage would be --  
12 might be different depending on the investigation  
13 that -- that I was going to undertake.

14 Q (BY MR. MARR) Well, one thing I didn't  
15 hear you say, wouldn't you want that person to be  
16 honest?

17 A That goes without saying.

18 Q Right.

19 A Honest, high integrity.

20 Q Professional?

21 A Absolutely. Who's a leader in their area  
22 of -- of -- of -- of even the law.

23 Q Objective?

24 A That -- absolutely. That goes without  
25 saying, yes.

1 Q Those would be things that I think would  
2 also fall under the State Farm's commitment to  
3 policyholders, correct?

4 A They would, yes.

5 Q I mean, you wouldn't -- you wouldn't want  
6 someone, for example, who displayed conduct that was  
7 contemptuous, showed contempt for the courts, would  
8 you?

9 MS. DALENBERG: Object to the form of the  
10 question. It calls for speculation. It lacks  
11 foundation.

12 THE WITNESS: I -- I -- I think it goes  
13 without saying that the person has to have the  
14 highest morals and -- and integrity, and then all  
15 the other things that go around --

16 Q (BY MR. MARR) The specifics, depending  
17 on --

18 A There's some --

19 Q Right.

20 A I mean, there's an underlying assumption  
21 that this person is going to be a professional  
22 and -- and hold themselves to the highest integrity  
23 and ethics, and all of those kinds of things. And  
24 then the way I answered the question is, the other  
25 things that I might look --

1 Q Right.

2 A -- for in that expert.

3 Q Right. I mean --

4 MS. DALENBERG: Hang on. Hang on. If you  
5 could just let her finish her answer --

6 MR. MARR: Sure.

7 MS. DALENBERG: -- because you're  
8 stepping --

9 MR. MARR: Sure.

10 MS. DALENBERG: -- on her again.

11 Q (BY MR. MARR) Would you agree with me  
12 that the investigation is only as objective as the  
13 person conducting it?

14 MS. DALENBERG: Objection. Calls for  
15 speculation.

16 THE WITNESS: I -- I don't know. I mean,  
17 I think -- I'd have to speculate. I mean, I'd want  
18 somebody objective.

19 Q (BY MR. MARR) That's what your  
20 policyholders would be entitled to certainly.

21 A Absolutely.

22 MS. DALENBERG: Objection to the form.

23 THE WITNESS: The policyholders are  
24 absolutely entitled to that.

25 Q (BY MR. MARR) Okay. All right. Marked

1 as Plaintiffs' Exhibit 2 to your deposition, an  
2 order, judgment for sanctions in favor of the  
3 plaintiffs against State Farm in the Campbell  
4 matter. I hand you that.

5 And I'd ask that you turn to Page 12 of  
6 this sanction order. And at the bottom, the last  
7 sentence at the bottom of Page 12, it will continue  
8 on to 13. Do you see where it says -- well, what  
9 does it say right there. Why don't you read that  
10 for our jury, beginning with, "In awarding."

11 A "In awarding this sanction, the Court  
12 finds that the actions of Jon Kodani, James Robie,  
13 Stephen Hayes, and State Farm at the time of the  
14 deposition of Jon Kodani, were outrageous,  
15 contemptible, and with an absence of  
16 professionalism."

17 Q Okay. Now you think --

18 A Did you want me to --

19 Q Do you think it was --

20 A -- read on?

21 Q Right now that's fine. Do you think it  
22 was a good idea now for State Farm to recruit  
23 Mr. Robie and get his advice on conducting this  
24 independent internal investigation?

25 MS. DALENBERG: Again, objection. You're



1 now talking her -- about her specific retention of a  
2 person to the extent she was involved. And you  
3 cannot answer that question to the extent the only  
4 information you have --

5 Q (BY MR. MARR) Go ahead.

6 MS. DALENBERG: -- came from lawyers.

7 Q (BY MR. MARR) Do you think it was a good  
8 idea now that you've -- after reading this?

9 MS. DALENBERG: Again, same instruction.  
10 If the only conversations you had about retention of  
11 Mr. Robie were with counsel, you may not answer that  
12 question.

13 Q (BY MR. MARR) Ma'am, you just read this.  
14 In your personal opinion, as claims vice president  
15 for State Farm Companies, do you think it was a good  
16 idea to hire someone that has been found by a court,  
17 whose conduct was described as outrageous,  
18 contemptible, and with an absence of  
19 professionalism? Do you think that's a good idea  
20 personally?

21 MS. DALENBERG: Objection. Calls for  
22 speculation, lacks foundation. And, again, you  
23 cannot disclose why or what you thought about the  
24 retention of Mr. Robie if the only conversations you  
25 had in that regard were with counsel.

1 Q (BY MR. MARR) Go ahead.

2 A I don't -- I don't -- I don't have a good  
3 understanding of the context of this. I've read the  
4 words, but I am not familiar with this proceeding.

5 Q Okay. Well --

6 A And, therefore, I don't think I can answer  
7 your question.

8 Q Okay. Well, let me ask you this. You  
9 said that you would want a person that was  
10 professional. And I think you said "absolutely"  
11 when I asked that question, correct?

12 A Yes.

13 Q And here we have someone that has an  
14 absence of professionalism, according to this court,  
15 whose conduct is outrageous and contemptible. Now,  
16 is that the type of person that you want giving  
17 direction to State Farm on an investigation?

18 MS. DALENBERG: Objection. Calls for  
19 speculation, misstates the evidence, lacks  
20 foundation, and it assumes facts not in evidence.

21 Q (BY MR. MARR) Go ahead.

22 A Again, Mr. Marr, I read this, I don't know  
23 enough about this. I haven't had an opportunity to  
24 read it all. So I -- I can read the words here, but  
25 I don't know the context around which any of these

1 people are being referred to --

2 Q Okay.

3 A -- in that manner.

4 Q All right.

5 A So I'm having trouble with your question.

6 Q Sure. On your commitment to your  
7 policyholders that you referred to several times,  
8 both today and in your last deposition, one of them  
9 is "make an objective evaluation of the facts and  
10 circumstances supporting our policyholders' claims."  
11 Is that correct?

12 A Yes, that's correct.

13 Q Now, let's -- let's read on. After  
14 "outrageous, contemptible, and with an absence of  
15 professionalism." Continue then after, please.

16 A "Attorney James R. Robie repeatedly  
17 instructed the witness not to answer based on the  
18 most specious possible pretexts."

19 Q Go ahead.

20 A "The Court specifically finds that the  
21 inappropriate actions of these three individuals  
22 were taken to further the interests of State Farm."

23 Q Okay. Is that why Mr. Robie's involved,  
24 why he was selected as a intermediary to help with  
25 this investigation because it will further the

1 interest of State Farm?

2 MS. DALENBERG: Objection. Compound --  
3 hang on. Misstates the evidence, lacks foundation,  
4 and calls for speculation. You may answer.

5 THE WITNESS: I can't comment on -- on --  
6 or can't answer the question about Mr. Robie's  
7 retention because I would be divulging privileged  
8 conversations.

9 Q (BY MR. MARR) Okay. But so far, as to  
10 what you've read right now, you don't have a problem  
11 with him being involved; is that correct?

12 MS. DALENBERG: Objection to form.  
13 Argumentative. Ignores the prior testimony.

14 THE WITNESS: Again, I -- this is --  
15 you've just put this in front of me.

16 Q (BY MR. MARR) Uh-huh.

17 A I don't have the context for this. I  
18 haven't had an opportunity to go through the entire  
19 document, and so I can't answer your question.

20 Q Does it cause you any concern?

21 MS. DALENBERG: Same objections.

22 THE WITNESS: Does -- does what I read  
23 cause you concern? Some of the words are  
24 concerning, but I don't --

25 Q (BY MR. MARR) Does this order?

1           A       Does what?

2                   MS. DALENBERG:  Objection.

3           Q       (BY MR. MARR)  Does this order?  Because  
4 you understand this is an order awarding  
5 sanctions --

6                   MS. DALENBERG:  Objection.

7           Q       (BY MR. MARR)  -- against State Farm?

8                   MS. DALENBERG:  Calls for speculation,  
9 lacks foundation, and she hasn't even had a chance  
10 to look through the whole document.  You may answer.

11                   THE WITNESS:  I understand this is an  
12 order, but I have only been able to read parts of  
13 two pages.  And, again, I haven't had an opportunity  
14 to read the entire document and I don't have the  
15 context -- the entire context --

16           Q       (BY MR. MARR)  Okay.

17           A       -- in which this was drafted.  It's dated  
18 March 1996.

19           Q       Okay.

20           A       And -- and so I -- I -- I cannot answer  
21 your question.

22           Q       Has Mr. Robie been associated with State  
23 Farm that far back?

24                   MS. DALENBERG:  Objection to form.

25                   THE WITNESS:  I don't know.

1 Q (BY MR. MARR) Well, is this something  
2 you're going to look into, now that I've brought it  
3 to your attention, this type of conduct --

4 MS. DALENBERG: Objection. Calls for  
5 speculation.

6 Q (BY MR. MARR) -- and see if it supports  
7 your commitment to your policyholders?

8 MS. DALENBERG: Same objection.

9 THE WITNESS: I don't know what I'll do  
10 with this document after --

11 Q (BY MR. MARR) Okay.

12 A -- the deposition.

13 Q Well, go ahead. After it says,  
14 "individuals were taken to further the interest of  
15 State Farm," what does the next sentence say?

16 A "At the time of the deposition, State Farm  
17 had the right to control the positions taken by said  
18 three individuals who are attorneys retained on a  
19 routine basis to represent State Farm and State Farm  
20 is responsible for their actions." Do you want me  
21 to read on?

22 Q No. Is that going to be the case in  
23 regard to the investigation? Is State Farm going to  
24 be responsible for the actions of these individuals  
25 that it's retained to conduct this investigation?

1 MS. DALENBERG: Objection to form.

2 THE WITNESS: Your question is, is State  
3 Farm going to be responsible for the people we've  
4 retained in the -- which investigation?

5 Q (BY MR. MARR) Going to be -- yeah, I  
6 know, there are several.

7 Is State Farm going to be responsible for  
8 these folks' actions, these folks that they have  
9 retained to do these investigations, all of the  
10 investigations -- the investigations in their claim  
11 handling in the Gulf, the investigations in their  
12 claim handling in the Oklahoma tornados -- is State  
13 Farm going to be responsible for these folks'  
14 actions?

15 MS. DALENBERG: Objection. Vague,  
16 overbroad, compound, calls for speculation, and  
17 lacks foundation.

18 THE WITNESS: Yes. From my -- my  
19 knowledge, State Farm has been and will be  
20 responsible.

21 Q (BY MR. MARR) Okay. So if these are  
22 proven -- these investigations are proven to be  
23 biased or slanted or contrary to the best interest  
24 of the policyholders, that State Farm is going to  
25 step up and take responsibility for that; is that

1 correct?

2 MS. DALENBERG: Objection. Calls for  
3 speculation. It's an improper hypothetical. I  
4 object to the form.

5 THE WITNESS: It is State Farm's intent  
6 that the investigations are conducted in an -- in an  
7 objective manner, and --

8 Q (BY MR. MARR) Is that why -- go ahead.  
9 Sorry.

10 A That's all right. Go ahead.

11 Q No. Go ahead. I didn't mean to  
12 interrupt.

13 MS. DALENBERG: You can finish your  
14 answer.

15 THE WITNESS: I lost it.

16 Q (BY MR. MARR) Okay. And is that why you  
17 went to Mr. Robie, because you knew you would get an  
18 objective investigation?

19 MS. DALENBERG: Objective. Do not talk  
20 about the reasons you retained counsel if the only  
21 information you have in that regard came from your  
22 lawyers.

23 THE WITNESS: I can't answer the question,  
24 because the knowledge I have is a result of  
25 privileged conversation.



1 Q (BY MR. MARR) How bad does a problem have  
2 to get in a catastrophe situation before you learn  
3 about it? And by "problem," I mean a problem with  
4 claim handling.

5 MS. DALENBERG: Objection. Calls for  
6 speculation.

7 THE WITNESS: It depends on what the issue  
8 is, Mr. Marr. And -- and there are different kinds  
9 of things brought to my attention. Most typically  
10 the things that come to my attention are those that  
11 have a broader-reaching impact on our policyholders.

12 Q (BY MR. MARR) Have you ever disciplined  
13 anyone for their handling of a policyholder's claim?

14 A Have I ever disciplined anybody?

15 Q Yes.

16 A Certainly, I have counseled in -- in my --  
17 in my years of experience in -- in supervising  
18 people. I have counseled claim representatives. I  
19 have coached them. I have done various things in  
20 managing them and -- and claim units, claim --  
21 portions of the claim organization.

22 Q Have you ever terminated a single person  
23 relating to their handling of a policyholder's  
24 claim?

25 A Probably. I don't -- one doesn't come to

1 mind now. But I have -- over 25 years, I've had a  
2 lot of experiences working with policyholders and  
3 our people, so I could have.

4 Q Can you name me one?

5 A No, I --

6 MS. DALENBERG: Objection. Asked and  
7 answered.

8 THE WITNESS: I can't -- I can't remember  
9 one right now, no.

10 Q (BY MR. MARR) Okay. Did you terminate  
11 anyone in connection with State Farm's handling of  
12 the Northridge earthquakes?

13 MS. DALENBERG: Her personally?

14 MR. MARR: Yes.

15 THE WITNESS: I was not -- I wasn't  
16 involved in the Northridge earthquakes.

17 Q (BY MR. MARR) Okay. Did you terminate  
18 anyone in relation to State Farm's claim handling of  
19 Oklahoma's May 3, 1999, F5 tornado?

20 A I wasn't involved in -- in that  
21 catastrophe.

22 Q So that's a no to both of those?

23 A That's correct.

24 Q All right. Have you terminated anyone in  
25 connection with State Farm's claim handling from

1 Katrina?

2 MS. DALENBERG: And that's, again, her  
3 personally?

4 MR. MARR: Yes.

5 THE WITNESS: I have not. I have not.

6 Q (BY MR. MARR) Do you know of anyone being  
7 terminated as a result of their claim handling  
8 practices in Katrina?

9 A No, I don't.

10 Q Do you think anyone should be terminated  
11 as a result of the way they handled policyholders'  
12 claims arising from Katrina?

13 MS. DALENBERG: Objection. Calls for  
14 speculation and lacks foundation.

15 THE WITNESS: I don't know. I -- I -- I  
16 don't know. There may have been -- I certainly have  
17 a -- a competent staff and -- and competent  
18 management people, so I -- I don't know. They're  
19 dealing with the issue, the day-to-day issues.

20 Q (BY MR. MARR) You said you have a  
21 competent staff and competent, what, management  
22 people?

23 A Yes.

24 Q Okay. Well, I want to ask you a few  
25 questions about that.

1 MS. DALENBERG: Do we need to adjust the  
2 frame again?

3 MR. MARR: No. Actually, I think we're  
4 good on this one.

5 (Discussion off the record at 12:17 p.m.  
6 for less than a minute.)

7 Q (BY MR. MARR) This is a clip of Alexis  
8 King.

9 (A video recording was played.)

10 "JEFF MARR: Let me ask my question again,  
11 ma'am. Are there similarities between the findings  
12 of the Watkins jury in Oklahoma and the allegations  
13 being levied against State Farm in regard to Katrina  
14 and Rita concerning the use of Haag?

15 "RUSTIN STRUBHAR: Same objection.

16 "ALEXIS KING: Because of the ongoing  
17 state and federal investigation, on advice of  
18 counsel, at this time, I must invoke my  
19 constitutional right to remain silent."

20 (The video recording was stopped.)

21 Q (BY MR. MARR) The next clip.

22 (A video recording was played.)

23 "JEFF MARR: How many State Farm employees  
24 were involved in concealing the use of biased  
25 engineers and other experts to wrongfully deny

1 policyholders' claims in catastrophe situations?

2 "ALEXIS KING: Because of the ongoing  
3 state and federal investigations, on advice of  
4 counsel, at this time, I must invoke my  
5 constitutional right to remain silent."

6 (The video recording was stopped.)

7 Q (BY MR. MARR) The next clip of Ms. King.

8 (A video recording was played.)

9 "JEFF MARR: So you can't tell me why,  
10 just like in the Oklahoma catastrophe, State Farm is  
11 continuing to pick and choose those engineering  
12 reports which support its denial of claims?

13 "RUSTIN STRUBHAR: Same objections, and  
14 object to the form.

15 "ALEXIS KING: Because of the ongoing  
16 state and federal investigations, on advice of  
17 counsel, at this time, I must invoke my  
18 constitutional right to remain silent."

19 (The video recording was stopped.)

20 Q (BY MR. MARR) The next clip of Lecky  
21 King, one of your managers.

22 (A video recording was played.)

23 "JEFF MARR: How many claims was State  
24 Farm able to deny both in Oklahoma and in the Gulf  
25 Coast states by the use of biased engineers?

1 "RUSTIN STRUBHAR: Note my continuing  
2 objections.

3 "ALEXIS KING: Because of the ongoing  
4 state and federal investigation, on advice of  
5 counsel, at this time, I must invoke my  
6 constitutional right to remain silent.

7 "JEFF MARR: Do you want to tell me, but  
8 for the criminal investigation, you can't?

9 "ALEXIS KING: Because of the ongoing  
10 state and federal investigation, on advice of  
11 counsel, at this time, I must invoke my  
12 constitutional right to remain silent."

13 (The video recording was stopped.)

14 Q (BY MR. MARR) The next one.

15 (A video recording was played.)

16 "JEFF MARR: Can you tell me about the  
17 bonuses that catastrophe personnel received based on  
18 their ability to keep down the average amount paid  
19 on claims?

20 "RUSTIN STRUBHAR: Object to the form.

21 "ALEXIS KING: Because of the ongoing  
22 state and federal investigations, on advice of  
23 counsel, at this time, I must invoke my  
24 constitutional right to remain silent."

25 (The video recording was stopped.)

1 Q (BY MR. MARR) The next one.

2 (A video recording was played.)

3 "JEFF MARR: In our catastrophe of May 3,  
4 1999 in Oklahoma and the Hurricane Katrina  
5 catastrophe that affected the Gulf Coast states, who  
6 was your superior?

7 "ALEXIS KING: Because of the ongoing  
8 state and federal investigation, on advice of  
9 counsel, at this time, I must invoke my  
10 constitutional right to remain silent."

11 (The video recording was stopped.)

12 Q (BY MR. MARR) The next one.

13 (A video recording was played.)

14 "JEFF MARR: Who directed your activities  
15 and evaluated your performance both in conjunction  
16 with the Oklahoma catastrophe of 1999 and the  
17 Hurricane Katrina catastrophe?

18 "ALEXIS KING: Because of the ongoing  
19 state and federal investigations, on advice of  
20 counsel, at this time, I must invoke my  
21 constitutional right to remain silent."

22 "JEFF MARR: Can you tell me the route  
23 that you took to get here today to your deposition?

24 "ALEXIS KING: Because of the ongoing  
25 state and federal investigation, on advice of

1 counsel, at this time, I must invoke my  
2 constitutional right to remain silent."

3 (The video recording was stopped.)

4 Q (BY MR. MARR) So these are the management  
5 people that you have such confidence in?

6 MS. DALENBERG: Objection to form.  
7 Argumentative.

8 THE WITNESS: That is one management  
9 person.

10 MS. DALENBERG: Can you turn that machine  
11 off, it's --

12 MR. MARR: No. It has to wind down.

13 MS. DALENBERG: How about unplugging? Is  
14 that an option?

15 Q (BY MR. MARR) Ma'am, do you find what you  
16 just viewed there, Ms. King's testimony, do you --  
17 do you find that despicable?

18 MS. DALENBERG: Objection to form.  
19 Argumentative.

20 THE WITNESS: No, I don't find that  
21 despicable.

22 Q (BY MR. MARR) Can you think of any reason  
23 why it is she couldn't tell me even what route she  
24 took to get to her deposition?

25 MS. DALENBERG: Objection. Calls for



1 speculation and lacks foundation.

2 THE WITNESS: I don't really know. I -- I  
3 don't know. There was some voice in the background,  
4 so I -- I'm going to speculate that her attorney  
5 advised her to do so.

6 Q (BY MR. MARR) Which attorney?

7 A I don't know. There was some voice in the  
8 background.

9 Q Can you tell me why it is a State Farm  
10 employee, a management employee, one of which you  
11 rely upon, can't answer those questions?

12 MS. DALENBERG: Objection. Calls for  
13 speculation, lacks foundation, and is argumentative.

14 THE WITNESS: I'm sorry, I lost the  
15 question.

16 Q (BY MR. MARR) Can you tell me why a  
17 management employee, one of which you rely upon,  
18 like Ms. King, can't answer those questions?

19 MS. DALENBERG: Objection to form. Calls  
20 for speculation, lacks foundation.

21 THE WITNESS: I -- I think she -- she set  
22 it forth in the clips that you showed me. She --  
23 she had a prepared statement and she set forth why  
24 she couldn't answer your questions.

25 Q (BY MR. MARR) And why couldn't she answer

1 my questions?

2 MS. DALENBERG: Objection. Calls for  
3 speculation, lacks foundation, and form.

4 THE WITNESS: I can't quote exactly what  
5 she said, but she talked about ongoing  
6 investigations and she -- essentially she's  
7 exercising her Fifth Amendment right.

8 Q (BY MR. MARR) So do you have a problem  
9 with your management employees taking the Fifth  
10 Amendment in a civil deposition?

11 MS. DALENBERG: Objection. Form and  
12 foundation.

13 THE WITNESS: No, I don't have a problem  
14 with that.

15 Q (BY MR. MARR) Why is it that it's come to  
16 the point -- your claim handling has come to a  
17 point -- reached a point that they're -- State Farm  
18 is being investigated criminally? How did that  
19 happen?

20 MS. DALENBERG: Objection to the form of  
21 the question. To the extent that you can answer  
22 that question without talking about the advice of  
23 counsel, you may do so. It also mischaracterizes  
24 the record and assumes facts not in evidence. To  
25 the extent that you know anything about

1 investigations outside of conversations with  
2 counsel, you may answer.

3 MR. MARR: You know, Counsel, I've given a  
4 lot of leeway, but your objections are getting  
5 longer and longer and longer, and I believe that  
6 it's intentional.

7 Now, an objection to the form is  
8 sufficient. It's not necessary for you to then  
9 articulate each and every reason why you're  
10 objecting to the form. It's disruptive to the  
11 depositions, it's obstructive, and it's causing this  
12 witness, more times than not, to forget the question  
13 that was originally asked.

14 So I would ask that you limit your  
15 objection to the form, and I would stipulate that in  
16 so doing, you have preserved all of your objections,  
17 the basis for your objections, and, consequently,  
18 there is no need to articulate each and every one of  
19 them.

20 MS. DALENBERG: Well, Mr. Marr, I  
21 appreciate your offer of a stipulation, but I have a  
22 job to do and I'm going to do it the way that I see  
23 that it's necessary to do.

24 Part of the reason for the length of the  
25 objection is that I am doing my best to make sure

1 that Ms. Hood does not waive the attorney-client  
2 privilege. In order to do that and still make sure  
3 that she does everything she can to answer your  
4 questions to the best that she is able to do, I need  
5 to give her instructions, that's all I'm attempting  
6 to accomplish here.

7 So when I need to tell her that she can  
8 give you information that she knows other than what  
9 she learned through counsel, I am attempting to  
10 limit the -- the nature of the instruction in an  
11 appropriate fashion, and I will continue to do that.

12 MR. MARR: Well, so will you agree that  
13 form will cover everything, you don't need to say  
14 each and every basis? You can go ahead and give  
15 your instruction that she is not to answer anything  
16 that would cause her to produce some -- you know,  
17 reveal some privileged communications?

18 MS. DALENBERG: I'm sorry, sir, but I  
19 cannot give you that agreement.

20 MR. MARR: Well, ma'am, that's what the  
21 Oklahoma rules --

22 MS. DALENBERG: You're interrupting me --

23 MR. MARR: -- provide for.

24 MS. DALENBERG: -- and I don't appreciate  
25 it.

1 MR. MARR: Well --

2 MS. DALENBERG: Please let me finish.

3 MR. MARR: -- I -- I don't appreciate your  
4 disrupting my deposition repeatedly.

5 MS. DALENBERG: Sir, if it were only  
6 situations of a compound question or something of  
7 that nature, I wouldn't have as big of a problem.

8 MR. MARR: Uh-huh.

9 MS. DALENBERG: The issue here is that you  
10 are mischaracterizing evidence, misstating the  
11 record, and assuming facts not in evidence in your  
12 questions, and I need to preserve those objections.  
13 So, again --

14 MR. MARR: That is a mischaracterization,  
15 granted you're new to this case, and you're not  
16 licensed to practice in Oklahoma. But I would  
17 encourage you, if that's truly your position, you  
18 might want to pull out the deposition testimony and  
19 the trial transcripts to just see what actually  
20 the -- the evidence is, and you'll note that there  
21 has been no mischaracterization.

22 MS. DALENBERG: That's not the evidence  
23 that I was talking about, sir. So I think you  
24 misunderstood me.

25 THE WITNESS: As soon as we come to --

1 Q (BY MR. MARR) All right. Let's go  
2 back --

3 THE WITNESS: -- an appropriate time --

4 Q (BY MR. MARR) -- to it. Let's go back --

5 THE WITNESS: -- I would like --

6 Q (BY MR. MARR) -- to the question.

7 THE WITNESS: -- to take a break.

8 MS. DALENBERG: Hang on a second.

9 Ms. Hood has said she'd like to have a break.

10 MR. MARR: Well, she can have a break  
11 after she answers a question. I believe somewhere  
12 back there before the dissertation there was a  
13 pending question, and I'd ask the court reporter to  
14 go back and see. If there is a pending question, I  
15 would like an answer to it. If not, I have no  
16 problem accommodating her break right now.

17 MS. DALENBERG: I appreciate that. Thank  
18 you.

19 MR. MARR: Sure.

20 Q (BY MR. MARR) All right. Yes, there was  
21 a question. That question was, "Why is it that it's  
22 come to a point -- your claim handling has come to a  
23 point -- reached a point that State Farm is being  
24 investigated criminally? How did that happen?"

25 A I can't answer that.

1 Q Okay.

2 MS. DALENBERG: All right. We're taking a  
3 break.

4 (A break was taken was from 12:28 p.m. to  
5 12:44 p.m.)

6 Q (BY MR. MARR) All right. Ms. Hood, we're  
7 back on the record after another break. Are you  
8 ready to proceed with your deposition?

9 A Yes, I am. Thank you.

10 Q Why doesn't Lecky King's refusal to answer  
11 those questions on State Farm's claim handling in a  
12 civil deposition violate your code of conduct?

13 MS. DALENBERG: Objection to form.

14 THE WITNESS: Why doesn't it?

15 Q (BY MR. MARR) Yes. How is that not a  
16 violation of State Farm's code of conduct to be  
17 honest and truthful and forthcoming with  
18 information?

19 MS. DALENBERG: Objection to form.

20 THE WITNESS: I don't think she's been  
21 dishonest at all. She hasn't been -- she hasn't  
22 offered the information. I think she has the right  
23 to exert her Fifth Amendment right, especially when  
24 she's advised to do so by her counsel. But I -- I  
25 don't know that -- it's not a violation of code of

1 conduct.

2 Q (BY MR. MARR) Okay. So Lecky King taking  
3 the Fifth in response to questions posed in a civil  
4 deposition does not violate State Farm's code of  
5 conduct?

6 MS. DALENBERG: Objection. Asked and  
7 answered.

8 THE WITNESS: No. To -- I mean -- I --  
9 I -- to the best of my knowledge, it doesn't violate  
10 the code of conduct, and I -- I don't believe she's  
11 been dishonest in doing -- in doing what she's done.

12 Q (BY MR. MARR) Do you think her answers  
13 were beneficial to the class members in this case  
14 and to the policyholders in Katrina?

15 MS. DALENBERG: Objection. Argumentative.

16 THE WITNESS: I don't know.

17 Q (BY MR. MARR) Can you tell me how they  
18 would be?

19 MS. DALENBERG: Objection. Argumentative.  
20 Calls for a legal conclusion.

21 THE WITNESS: I don't -- I don't know -- I  
22 don't know that her answers are beneficial to the  
23 policyholders.

24 Q (BY MR. MARR) She provided no information  
25 in response to those questions, correct?



1 MS. DALENBERG: Objection.

2 THE WITNESS: She did -- you're right.  
3 She did not provide any information. She didn't  
4 answer any questions.

5 Q (BY MR. MARR) And that doesn't violate  
6 State Farm's code of conduct?

7 MS. DALENBERG: Objection. Asked and  
8 answered repeatedly.

9 THE WITNESS: What she did does not  
10 constitute being dishonest. And to the best of my  
11 knowledge, does not violate our code of conduct.

12 Q (BY MR. MARR) Well, how is it that  
13 Ms. King, one of your cat managers, got into a  
14 position where she has to take the Fifth in the  
15 first place?

16 MS. DALENBERG: Objection. Calls for  
17 speculation. Lacks foundation. And, again, please  
18 don't divulge the advice of any lawyers.

19 THE WITNESS: I can't -- I can't answer  
20 your question because the information that I have is  
21 the result of privileged conversations.

22 Q (BY MR. MARR) Okay. With your lawyers  
23 again?

24 A Yes.

25 Q Okay. Are you talking about State Farm's

1 in-house lawyers?

2 A Yes.

3 Q Okay. So if State Farm's lawyers hadn't  
4 told you that Lecky -- Lecky King was in trouble  
5 relating to a criminal investigation, you wouldn't  
6 have known it?

7 MS. DALENBERG: Object to the form of the  
8 question. You've phrased that in a way that seems  
9 to call for her to talk about what advice she was or  
10 wasn't given. So could you please rephrase the  
11 question?

12 MR. MARR: Well, no. I thought that was  
13 pretty good.

14 MS. DALENBERG: Well --

15 MR. MARR: I liked it that way.

16 MS. DALENBERG: I bet you did, but it  
17 makes it impossible for her to answer. So, again, I  
18 instruct you not to answer the question. I'm sorry,  
19 Ms. Hood.

20 Q (BY MR. MARR) Okay. You're not going to  
21 answer the question?

22 A I'm going to heed the advice of my  
23 counsel.

24 Q Okay. How many -- is Lecky King a  
25 target --

1 MS. DALENBERG: Objection. Don't answer  
2 that question.

3 Q (BY MR. MARR) -- in a criminal  
4 investigation?

5 MS. DALENBERG: Objection. Don't answer  
6 the question. First, to the extent that you have  
7 any information that came from your lawyers. If you  
8 know anything outside of what you know from your  
9 lawyers, you may answer that. But, again --

10 Counsel, I would caution you that if  
11 you're talking about the state investigation in  
12 Mississippi --

13 MR. MARR: Yes.

14 MS. DALENBERG: -- by statute, she is not  
15 permitted by law to discuss any details relating to  
16 that investigation. And I'm referring to  
17 Mississippi Code Section 97-9-53.

18 So, again, Ms. Hood, if you have any  
19 information outside of what you know from your  
20 lawyers, you may answer the question.

21 Q (BY MR. MARR) Ma'am, did you know that's  
22 a matter of public record?

23 A What is a matter of public record?

24 Q That Lecky King is a target --

25 MS. DALENBERG: Objection. Assumes facts

1 not in evidence.

2 Q (BY MR. MARR) -- in a criminal  
3 investigation? Did you know that? Did you know  
4 there's a pleading on file -- an affidavit that her  
5 criminal lawyer filed stating that she is a target?

6 MS. DALENBERG: Objection. Calls for  
7 speculation and lacks foundation.

8 THE WITNESS: I -- I'm not aware of that,  
9 no.

10 Q (BY MR. MARR) You didn't -- you didn't  
11 know that? You didn't know her criminal lawyer  
12 filed an affidavit saying she shouldn't have to give  
13 her deposition in civil cases because she's one of  
14 the several State Farm employees being investigated  
15 criminally?

16 MS. DALENBERG: Objection. Assumes facts  
17 not in evidence. It calls for speculation and lacks  
18 foundation. And it's also asked and answered.

19 Q (BY MR. MARR) Go ahead.

20 A Actually, I'm -- I'm -- I'm uncomfortable  
21 with this. I don't think I can answer your question  
22 because the information that I have is a result of  
23 privileged communications.

24 Q Okay. So you haven't read the filings in  
25 the courts down there in Mississippi where it says

1 for all the world to see that Lecky King and three  
2 or four others are targets in a criminal  
3 investigation?

4 MS. DALENBERG: Objection. Assumes facts  
5 not in evidence, lacks foundation, and calls for  
6 speculation. You can answer whether or not you've  
7 read any materials.

8 THE WITNESS: I have not read these  
9 materials that you're referring to.

10 Q (BY MR. MARR) Have you done anything to  
11 investigate the allegations that you saw on the  
12 20/20 article, Mr. McFarland, Ms. Nguyen, any of the  
13 others to see whether or not they were telling the  
14 truth?

15 MS. DALENBERG: Objection. You may not  
16 answer that question if the only information you  
17 have came from lawyers.

18 THE WITNESS: I can't answer your question  
19 because the knowledge I have comes from privileged  
20 communications.

21 Q (BY MR. MARR) Okay. So you didn't do  
22 anything on your own without the assistance or  
23 involvement of any State Farm lawyers, is that what  
24 you're telling me?

25 A That's what I'm telling you.

1 Q Do the State Farm in-house lawyers -- how  
2 many do you have anyway, roughly?

3 MS. DALENBERG: For the whole company?

4 MR. MARR: Yeah.

5 THE WITNESS: I don't know how many we --  
6 how many total we have.

7 Q (BY MR. MARR) Roughly, how many are over  
8 here in this building?

9 A You know, Mr. Marr, I don't know. It  
10 would be a guess if I came up with a number.

11 Q Well, does --

12 A I do not know.

13 Q -- 800, thereabout, sound right?

14 A I don't know.

15 Q Why does State Farm need so many in-house  
16 lawyers?

17 MS. DALENBERG: Objection. Call for  
18 speculation and lacks foundation.

19 THE WITNESS: I -- I can't answer that  
20 question.

21 Q (BY MR. MARR) I mean, are the lawyers the  
22 ones that are involved in all the claim handling  
23 activities to somehow insulate or try to insulate  
24 the management by asserting privilege every time  
25 there's a problem?

1 MS. DALENBERG: Objection to form.  
2 Argumentative, calls for speculation, and lacks  
3 foundation.

4 THE WITNESS: No, Mr. Marr.

5 Q (BY MR. MARR) That's not how it works?

6 A No, it doesn't work that way.

7 Q Is State Farm still involved with McKinsey  
8 & Company?

9 MS. DALENBERG: Objection. Calls for  
10 speculation.

11 THE WITNESS: When you ask "involved,"  
12 what do you mean?

13 Q (BY MR. MARR) Does State Farm still pay  
14 McKinsey & Company any money?

15 MS. DALENBERG: Calls for speculation.

16 THE WITNESS: I don't -- I don't know what  
17 State Farm is paying McKinsey & Company right now.

18 Q (BY MR. MARR) Is McKinsey & Companies  
19 involved in any aspect of State Farm's operation  
20 right now?

21 A Yes, I think they are.

22 Q In what capacity?

23 A I don't know in every capacity.

24 Q Is it --

25 A I don't know all the different things

1 McKinsey might be doing for the company.

2 Q Which ones do you know of?

3 A I know some -- some work that McKinsey is  
4 doing in my respective department.

5 Q Which is?

6 A The work?

7 Q Yes.

8 A They are working with us right now in  
9 reviewing the materials that we use for -- for  
10 building estimates and the contents that -- that --  
11 and how we replace contents for our policyholders.

12 Q Estimatics or Xactimate?

13 A That's the -- Xactimate is --

14 Q Right.

15 A It's the same -- is an estimatics  
16 platform.

17 Q Right.

18 A I don't know -- they're involved in the --  
19 the materials that are used in estimates, or helping  
20 us review the materials that we use in estimates.

21 Q And who made the decision to get them  
22 involved?

23 MS. DALENBERG: Objection to form.

24 THE WITNESS: Members of my staff.

25 Q (BY MR. MARR) So it was a decision by the



1 claims department?

2 A Yes.

3 Q You included?

4 A I was consulted, yes.

5 Q Was it a directive or a suggestion that  
6 came down from any member of the chairman's council?

7 A No.

8 Q Is the chairman's council aware of  
9 McKinsey & Company's involvement?

10 A They may or may not be. I -- I really  
11 don't know what their knowledge is of -- of  
12 McKinsey's involvement.

13 Q Well, you report to a member of the  
14 chairman's council, don't you?

15 A I report to a member of the chairman's  
16 council --

17 Q Okay.

18 A -- yes.

19 Q Have you --

20 A I believe your question was, does the  
21 chairman's council know. And I don't know what,  
22 broadly, the chairman's council knowledge is.

23 Q Well, no, ma'am. That's a separate  
24 question. Have you reported McKinsey's involvement  
25 and what they're doing to this member of the

1 chairman's council?

2 MS. DALENBERG: Objection to form.

3 THE WITNESS: I believe -- I have not  
4 personally reported on the work that McKinsey has  
5 done, or an interim report on the work McKinsey has  
6 done, but I believe the member of chairman's council  
7 to whom I report is aware that we have engaged  
8 McKinsey.

9 Q (BY MR. MARR) Okay. Is McKinsey given  
10 any estimates or predictions on whether or not this  
11 new program will save State Farm any money?

12 MS. DALENBERG: Objection to form.  
13 Foundation. Calls for speculation.

14 THE WITNESS: I don't know what kind of --  
15 what McKinsey has developed or projected. I -- I  
16 haven't -- it's still work in progress, so I really  
17 haven't seen anything.

18 Q (BY MR. MARR) I mean, you're aware, are  
19 you not, that McKinsey & Company was the same one  
20 that brought in the -- the ACE program to State  
21 Farm?

22 A I'm aware that State Farm worked with  
23 McKinsey on the development of ACE, yes.

24 Q Okay. As did many other insurance  
25 carriers, correct?

1 MS. DALENBERG: Objection. Calls for  
2 speculation.

3 THE WITNESS: I don't know.

4 MS. DALENBERG: Lacks foundation.  
5 Assumes --

6 Q (BY MR. MARR) Why is it State Farm has  
7 chosen to continue its relationship with McKinsey &  
8 Company?

9 MS. DALENBERG: Again, you can answer that  
10 question to the extent you have information other  
11 than consultation with counsel.

12 THE WITNESS: Why has State Farm continued  
13 to work with McKinsey?

14 Q (BY MR. MARR) Yes.

15 A Is that your question?

16 Q That's my question.

17 A Because McKinsey can provide an area of  
18 expertise or -- or consulting information that --  
19 that assists in -- I'll speak for my own department  
20 right now -- that can assist us in -- in the work  
21 that we're doing.

22 Q Are State Farm's in-house counsel  
23 participants in this program with McKinsey that's  
24 going on currently?

25 MS. DALENBERG: Objection to form.

1                   THE WITNESS: I don't know whether  
2 State -- whether any of our corporate attorneys are  
3 involved in this work. I would -- I would -- I'd be  
4 specul- -- well, I'll say it this way. I assume  
5 that there probably is an attorney working with us.

6                   Q       (BY MR. MARR) Who is your contact at  
7 McKinsey & Company concerning this project?

8                   A       I -- I personally do not have a contact,  
9 and I don't know who the contact is for my  
10 department.

11                  Q       Okay. Well, give me some of the names of  
12 the McKinsey people that you do know?

13                  MS. DALENBERG: That she just knows from  
14 any experience at all?

15                  MR. MARR: Sure.

16                  THE WITNESS: I have had conversations  
17 with Mike Pertulla (phonetic). I've had  
18 conversations with Navdeep (phonetic) Aurora. I've  
19 had conversations with a person named Kevin Ratichis  
20 (phonetic), and those are the people that I remember  
21 right now.

22                  Q       (BY MR. MARR) When was the last time you  
23 had a conversation with anyone at McKinsey &  
24 Company?

25                  A       Oh, I really -- I don't remember.

1 Q Are there any McKinsey & Company employees  
2 over at your corporate headquarters --

3 A I don't know.

4 Q -- today?

5 A Oh, I don't know.

6 Q Why is it State Farm would associate --  
7 continue to associate with a consulting firm that  
8 also was the same consulting firm utilized by Enron?

9 MS. DALENBERG: Objection to the form of  
10 the question. Assumes facts not in evidence. To  
11 the extent you can answer, you may.

12 THE WITNESS: I -- I, quite frankly --  
13 maybe I -- I don't know. I -- I wasn't aware that  
14 McKinsey was involved in Enron, so I don't know.

15 Q (BY MR. MARR) Does that concern you?

16 MS. DALENBERG: Objection to form and  
17 foundation. Calls for speculation.

18 THE WITNESS: No, it doesn't concern me.

19 Q (BY MR. MARR) Okay. Do you see any  
20 reason to discipline Lecky King for refusing to  
21 discuss State Farm's claim adjustment behavior with  
22 Haag and Renfroe?

23 A Can you please ask your question again?

24 Q Do you see any reason to discipline Lecky  
25 King for refusing to discuss State Farm's claim

1 adjustment behavior with Haag and Renfroe?

2 MS. DALENBERG: Objection to the form of  
3 the question.

4 THE WITNESS: No, I don't see any reason  
5 to discipline Ms. King.

6 Q (BY MR. MARR) Has she been promoted since  
7 Katrina?

8 A No, she has not.

9 Q To your knowledge, was any disciplinary  
10 action taken against any State Farm employee as a  
11 result of the Oklahoma tornado of May 3, 1999?

12 MS. DALENBERG: Objection to form.

13 THE WITNESS: I don't know. And as I -- I  
14 don't know. And as I told you earlier, I wasn't in  
15 place at that time.

16 Q (BY MR. MARR) Okay. Well, I still just  
17 wanted to know if you had any knowledge of it. And  
18 you don't, right?

19 A I don't.

20 Q I want to ask you a question and see if  
21 you agree with --

22 A Do I need to move aside again?

23 Q Yes, ma'am.

24 MS. DALENBERG: And can we turn down the  
25 volume again? That was very loud. It's distracting

1 to the witness.

2 MR. MARR: We can't win for losing with  
3 you all.

4 MS. DALENBERG: Well, Mr. Marr, that's --

5 MR. MARR: I'll turn it down --

6 MS. DALENBERG: -- really an  
7 inappropriate --

8 MR. MARR: -- if you want.

9 MS. DALENBERG: -- thing to say. We had  
10 no problem with the audio yesterday. I don't know  
11 what you're talking about in that regard. The  
12 witness has said before she found it distracting, so  
13 I'm asking you to turn it down.

14 MR. MARR: Well, Counsel, I did turn it  
15 down. I mean, it's no big deal. I'll turn it down  
16 again.

17 MS. DALENBERG: Well, I appreciate that.  
18 That's all you needed to say.

19 MR. MARR: Well, that's what I'll do,  
20 ma'am. Okay.

21 Q (BY MR. MARR) Is that all right for you?  
22 Right there?

23 A Yes. Thank you.

24 Q Sure.

25 (Technical interruption. Discussion off

1 the record from 12:58 p.m. to 12:59 p.m.)

2 Q (BY MR. MARR) Ma'am, is Ed Rust, Jr.,  
3 your superior?

4 A He's not my direct -- he's not my direct  
5 superior, no.

6 Q Okay. My question was -- was not, was he  
7 your direct superior. Is he your superior in the  
8 State Farm organization?

9 A He --

10 MS. DALENBERG: Object to the form. And,  
11 sir, if you're going to examine her away from the  
12 clip, then let's have this stuff turned off. But if  
13 you're going to run a clip, let's run a clip. I  
14 object to having the deposition proceed for regular  
15 questioning when you've got all this --

16 MR. MARR: Why?

17 MS. DALENBERG: -- stuff going on here.

18 MR. MARR: Is it just confusing you?

19 MS. DALENBERG: It's inappropriate, and I  
20 object to it, so please.

21 MR. MARR: How is it inappropriate,  
22 Counsel?

23 MS. DALENBERG: Because I object to it.  
24 It's not an appropriate way to frame the witness.

25 MR. MARR: All right. Well, I'm not



1 trying to frame the witness.

2 Q (BY MR. MARR) All right, ma'am. This is  
3 the chairman of the board of State Farm. Maybe you  
4 know him.

5 (A video recording was played.)

6 "JEFF MARR: Let me finish my question,  
7 Mr. Rust. For example, sending a letter out on  
8 State Farm letterhead and representing themselves to  
9 be a claim representative when, in fact, they're an  
10 employee of E.A. Renfroe & Company, do you find that  
11 appropriate?

12 "EDWARD RUST: I find that they are  
13 empowered to act on behalf of State Farm.

14 "JEFF MARR: So is that a yes? You find  
15 that appropriate?

16 "EDWARD RUST: I see no problem with it."  
17 (The video recording was stopped.)

18 Q (BY MR. MARR) What about -- what about  
19 you, Ms. Hood, do you have a problem with it?

20 MS. DALENBERG: Objection to form and  
21 foundation.

22 THE WITNESS: A problem with --

23 Q (BY MR. MARR) Independent adjusters  
24 holding themselves out as State Farm employees.

25 MS. DALENBERG: Objection to form and

1 foundation. It misstates the testimony that was  
2 just given.

3 Q (BY MR. MARR) Go ahead.

4 A You're asking me if I have a problem with  
5 independent adjusters representing themselves as  
6 State Farm employees?

7 Q Yes.

8 MS. DALENBERG: Again, before you answer,  
9 Ms. Hood. Sir, I ask that you either run the clips  
10 or not run the clips --

11 MR. MARR: Counsel --

12 MS. DALENBERG: -- but I don't agree to  
13 have the witness --

14 MR. MARR: Let's go off the record.

15 (Discussion off the record from 1:01 p.m.  
16 to 1:04 p.m.)

17 Q (BY MR. MARR) All right, ma'am. Do you  
18 agree with Mr. Rust that when he says that he has no  
19 problem with independent adjusters representing  
20 themselves to be claim representatives when, in  
21 fact, they're an employee of E.A. Renfroe & Company?

22 MS. DALENBERG: Objection. That misstates  
23 Mr. Rust's testimony.

24 Q (BY MR. MARR) Go ahead.

25 MS. DALENBERG: Calls for speculation and

1 lacks foundation.

2 Q (BY MR. MARR) Do you think that's  
3 appropriate?

4 A I don't think that's -- I don't -- I do  
5 not think that's inappropriate, no.

6 Q Okay. All right. Well, I'm going to go  
7 to a clip now, so -- and ask you another question.  
8 Who is Michael Carroll, ma'am?

9 A Mr. Carroll is a director in my  
10 department. A member of my staff.

11 Q Would you be surprised to learn that his  
12 position on the independent adjusters holding  
13 themselves out as State Farm's employees is contrary  
14 to yours and Mr. Rust?

15 MS. DALENBERG: Objection to form and  
16 foundation. Calls for speculation.

17 Q (BY MR. MARR) Would that surprise you?

18 MS. DALENBERG: Misstates her testimony.

19 THE WITNESS: I don't know what his  
20 position is.

21 Q (BY MR. MARR) Okay. Well, let's find  
22 out.

23 (A video recording was played.)

24 "JEFF MARR: So after this lawsuit, now  
25 with the verdict and after the litigation ongoing

1 for six years, are you telling me you don't even  
2 know" --

3 (The video recording was stopped.)

4 MR. MARR: Hang on. Wrong one. That's  
5 what happens when you turn off the light.

6 Q (BY MR. MARR) All right. Here we go,  
7 ma'am. I apologize.

8 (A video recording was played.)

9 "MICHAEL CARROLL: To the extent that  
10 individuals signed letters indicating that they were  
11 State Farm claim representatives, that would be  
12 misleading and, in my opinion, that would be wrong.

13 "JOHN WIGGINS: Why?"

14 (The video recording was stopped.)

15 Q (BY MR. MARR) Do you agree with that?

16 A If -- if the independent adjuster misled  
17 the policyholder, yeah, I don't think that's  
18 appropriate. But I don't know the -- I don't know  
19 the context behind the questioning for Mr. Carroll,  
20 and I don't know the context behind your example.

21 The independents may have appropriately  
22 identified themselves to the policyholder as  
23 independents. There may have been multiple  
24 interactions with the -- with the policyholder, so  
25 I --

1 Q All right. Well, you're --

2 A I don't know that I'm -- I don't believe  
3 I'm necessarily in conflict with Mr. Carroll's  
4 statement.

5 Q Okay. So you agree with Mr. Carroll when  
6 he says, "To the extent that individuals signed  
7 letter indicating that they were State Farm claim  
8 representatives, that would be misleading and, in my  
9 opinion, that would be wrong," you agree with  
10 Mr. Carroll?

11 A I don't know that I agree or disagree with  
12 Mr. Carroll.

13 Q Well, I want to know.

14 A Well, I don't know.

15 Q Okay.

16 A I'd like to have the context of the  
17 questioning for Mr. Carroll, and I'd like to have  
18 the context behind why an independent would -- did  
19 that.

20 Q Okay. Well, have you read Mr. Carroll's  
21 deposition?

22 A No, I haven't.

23 Q Why not?

24 MS. DALENBERG: Objection to form.  
25 Argumentative.

1 Q (BY MR. MARR) Go ahead.

2 A Are we going back or are we still on here?  
3 Going back or stay on here?

4 Q You're on. No.

5 A Why haven't I read his deposition?

6 Q Yes, ma'am.

7 A Because in my preparation, my -- my  
8 counsel did not recommend that I do so.

9 Q Well, aren't you at least curious to see  
10 what these folks are testifying about?

11 MR. MARR: Stu, you can hit that button  
12 again if you want.

13 THE WITNESS: Certainly I would -- I'm  
14 interested in -- in how they've testified.

15 Q (BY MR. MARR) Okay. So don't you think  
16 it would be for the benefit of the company and the  
17 policyholders to see what his testimony was  
18 throughout the course of this litigation?

19 MS. DALENBERG: Objection. Calls for  
20 speculation. And hang on. Are we done with the  
21 videos now?

22 MR. MARR: For now.

23 MS. DALENBERG: Can we turn the screen off  
24 and can we get the witness properly framed again?

25 MR. ECHOLS: She's framed.

1 MS. DALENBERG: Okay.

2 MR. MARR: She's framed.

3 MS. DALENBERG: She looks uncomfortable.  
4 She's sitting to the side --

5 MR. MARR: Well, I can't do anything about  
6 that, Counsel.

7 THE WITNESS: That's okay. Thanks.

8 Q (BY MR. MARR) Have you -- what's your  
9 position on State Farm requesting and receiving  
10 unsigned advanced copies of engineering reports?

11 MS. DALENBERG: Objection. Assumes facts  
12 not in evidence. Calls for speculation.

13 THE WITNESS: I can't -- I -- I'd have to  
14 speculate. I'd need to know the -- the claim that  
15 was involved. I need to understand why somebody  
16 might have asked for it. I need to -- need to have  
17 specific information about the -- about the claim  
18 and surrounding the handling of the claim --

19 Q (BY MR. MARR) So you think --

20 A -- to answer your question.

21 Q Do you think that's --

22 MS. DALENBERG: Can you please --

23 Q (BY MR. MARR) -- appropriate?

24 MS. DALENBERG: Sir, can you, again,  
25 please let her finish before you start your next

1 question.

2 MR. MARR: I did.

3 MS. DALENBERG: You didn't. You stepped  
4 on her answer.

5 Q (BY MR. MARR) Do you think that was -- do  
6 you think that's appropriate --

7 MS. DALENBERG: Objection to form.

8 Q (BY MR. MARR) -- for State Farm claim  
9 adjusters to receive unsigned advanced copies of  
10 engineering reports?

11 MS. DALENBERG: Objection. Assumes facts  
12 not in evidence.

13 Q (BY MR. MARR) Go ahead.

14 MS. DALENBERG: Calls for speculation.

15 Q (BY MR. MARR) Go ahead.

16 MS. DALENBERG: Lacks foundation.

17 Q (BY MR. MARR) Go ahead.

18 MS. DALENBERG: And asked and answered.

19 Q (BY MR. MARR) Go ahead.

20 A I can't answer unless I have the specific  
21 situation.

22 Q Okay. So just as a normal course of  
23 business, you don't have a problem with that?

24 MS. DALENBERG: Objection. Same  
25 objections.



1 THE WITNESS: I didn't -- I didn't say  
2 that, Mr. Marr. Your question was, do I have a  
3 problem with unsigned engineering reports.

4 Q (BY MR. MARR) No, ma'am.

5 A Okay.

6 Q And I just --

7 A Please ask your --

8 Q -- want to clear it up right now --

9 A Please ask your question again.

10 Q -- to make sure. I don't want for you to  
11 misunderstand.

12 Unsigned advanced copies of engineering  
13 reports, do you think that's appropriate? Do you  
14 have a problem with that?

15 MS. DALENBERG: Objection to form. Calls  
16 for speculation.

17 THE WITNESS: I -- I can't answer yes or  
18 no as to whether I would have a problem with it. I  
19 would want to understand the reason that it is being  
20 received, and I would want to understand the facts  
21 around the claim. I would probably want to talk to  
22 the people involved.

23 Q (BY MR. MARR) So you may have a problem  
24 with it and you may not have a problem with it. Is  
25 that --

1 MS. DALENBERG: Objection.

2 Q (BY MR. MARR) -- a fair assessment of  
3 your answer?

4 MS. DALENBERG: Asked and answered.

5 Q (BY MR. MARR) Go ahead.

6 A I think my answer -- I would -- the answer  
7 that I -- I provided you is -- is the answer.

8 Q Okay. Are you aware that that's an  
9 issue -- or was an issue at the Watkins trial --

10 MS. DALENBERG: Objection.

11 Q (BY MR. MARR) -- that the jury considered  
12 was adjusters receiving unsigned advanced copies of  
13 engineering reports?

14 MS. DALENBERG: Objection to form.

15 THE WITNESS: No, I was not aware of that.

16 Q (BY MR. MARR) So, consequently, you've  
17 taken no action to try and eliminate that process;  
18 is that right?

19 MS. DALENBERG: Objection to form.

20 Assumes facts not in evidence.

21 THE WITNESS: I wasn't aware of it.

22 Q (BY MR. MARR) Okay.

23 A I have not taken any action. And as I've  
24 said before, I don't know that that is actionable.

25 Q Okay. I'll mark as Plaintiffs' 3, one of

1 the class members, in fact, that's going to go to  
2 trial in January, Freda Kyle. And what's the stamp  
3 say across that from Haag Engineering?

4 A It says "Unsigned Advanced Copy."

5 Q Okay. And that seems appropriate to you?

6 A My --

7 MS. DALENBERG: Objection. Hang on a  
8 second. You can take a second to look through the  
9 document, if you would, Ms. Hood.

10 MR. MARR: All right. Let's go off the  
11 record.

12 (A break was taken from 1:12 p.m. to  
13 1:16 p.m.)

14 Q (BY MR. MARR) All right. Ms. Hood. Is  
15 Exhibit 4 that's before you, now having had an  
16 opportunity to review it --

17 MS. DALENBERG: It's Exhibit 3.

18 THE WITNESS: Mine says --

19 MR. MARR: 3?

20 THE WITNESS: -- Exhibit 3.

21 MS. DALENBERG: 3.

22 MR. MARR: All right. Well, we'll deal  
23 with that later.

24 Q (BY MR. MARR) For purposes of identifying  
25 it, it is the Haag Engineering report of Freda Mae

1 Kyle, correct?

2 A Dated -- yes. Dated June 18, 1999.

3 Q Okay. Is that the first notice that you  
4 have that unsigned advanced engineering copies are  
5 being sent to State Farm?

6 MS. DALENBERG: Objection to form and  
7 foundation.

8 THE WITNESS: I have never -- I haven't  
9 seen a report before that has had "Unsigned Advanced  
10 Copy" on it.

11 Q (BY MR. MARR) Okay. So this is your  
12 first notice of it?

13 MS. DALENBERG: Objection to form. Asked  
14 and answered.

15 THE WITNESS: Yes, this is my first notice  
16 of it.

17 Q (BY MR. MARR) Okay. And you don't know  
18 whether or not you view that as problematic? It  
19 depends on the circumstance; is that right?

20 MS. DALENBERG: Objection. Asked and  
21 answered.

22 THE WITNESS: Yes. What I said before  
23 was, I -- I -- I don't know that it's a problem  
24 because I -- I need to get the information about why  
25 it was sent early and -- and talk to the folks

1 involved.

2 Q (BY MR. MARR) Okay. Attached as  
3 Plaintiffs' 4 -- is that right?

4 A That's correct.

5 Q Okay. Is another unsigned advanced copy  
6 of another class member whose case is going to trial  
7 in January of Mr. Knighten. Am I correct in my  
8 representation that there's a file stamp across that  
9 Haag Engineering report that says "Unsigned Advanced  
10 Copy"?

11 A Yes. There is a -- that stamp at the top  
12 of each page.

13 Q Okay. Marked as Plaintiffs' 6  
14 correspondence dated August, it looks like,  
15 the 12th, 1999, from a Ron Booth.

16 MS. DALENBERG: 5?

17 Q (BY MR. MARR) What do you got?

18 MS. DALENBERG: You're up to 4.

19 THE WITNESS: I have -- I have Plaintiffs'  
20 Exhibit 4, so I'm assuming the next one that you're  
21 going to hand me should be 5.

22 Q (BY MR. MARR) Okay. 5.

23 A I have four exhibits in front of me. The  
24 last --

25 Q Well, 4 does -- 5 does come after 4, so

1 you're right. Now we're good.

2 I'll mark this Plaintiffs' Exhibit 5. It  
3 is the letter dated August 12, 1999, from Ron Booth  
4 to Tim Marshall at Haag Engineering. And the reason  
5 for my attaching this particular letter is, do you  
6 see the first sentence in the second paragraph?

7 A Yes, I do.

8 Q Where it says, "If possible, give us a  
9 verbal or fax report prior to your written report"?

10 A I see that sentence, yes.

11 Q Why do you think that is?

12 MS. DALENBERG: Calls for speculation.  
13 Lacks foundation.

14 THE WITNESS: I don't know. I'd have  
15 to -- to ask -- ask the person who authored this.

16 Q (BY MR. MARR) I mean, can you think of  
17 any reason why they need to know verbally before a  
18 formal written report was done?

19 MS. DALENBERG: Objection. Calls for  
20 speculation. Lacks foundation.

21 THE WITNESS: I would have to -- I would  
22 have to guess --

23 MS. DALENBERG: Don't guess.

24 THE WITNESS: -- or speculate. There  
25 might be different reasons to -- to -- to ask for a

1 report early like this. I really don't know.  
2 I'd -- again, I'd want to ask the people who were  
3 involved.

4 Q (BY MR. MARR) Do you think it might be so  
5 you can get a preview of what the report is going to  
6 say, and if you don't like it, you can have the  
7 engineer change it to benefit State Farm?

8 MS. DALENBERG: Objection. Calls for  
9 speculation and lacks foundation. Argumentative.

10 THE WITNESS: I don't know why we would  
11 ask for an advanced copy. I -- I could -- I would  
12 be speculating. I do not think it's for the reason  
13 you so set forth, because that clearly would be in  
14 opposition to our commitment to our policyholders.  
15 That's not the way we do our business.

16 Q (BY MR. MARR) Isn't that --

17 A It could --

18 Q Excuse me.

19 A Go ahead.

20 Q Isn't that the very type of conduct that  
21 the Rigsby sisters described in the 20/20 program  
22 that you saw earlier?

23 MS. DALENBERG: Objection to form and  
24 foundation.

25 THE WITNESS: Faxed reports?

1 Q (BY MR. MARR) Manipulating the outcome of  
2 engineering reports to support State Farm's  
3 position.

4 A I -- I -- I recall that's the -- that's  
5 the information that they spoke about or gave to the  
6 reporter, yes.

7 Q How many millions of dollars has State  
8 Farm paid of policyholders' money to settle cases  
9 concerning its claim handling practices?

10 MS. DALENBERG: Objection to form.  
11 Foundation.

12 THE WITNESS: I can't answer that. I  
13 don't know.

14 Q (BY MR. MARR) Would you be surprised to  
15 learn it's hundreds of millions of dollars?

16 MS. DALENBERG: Objection. Calls for  
17 speculation and lacks foundation.

18 THE WITNESS: I -- I don't know.

19 Q (BY MR. MARR) You don't know?

20 A I -- you're -- would I be surprised?

21 Q Yes.

22 A Is that your question?

23 Q Yes.

24 MS. DALENBERG: Same objections.

25 THE WITNESS: I -- I -- I can't tell you



1 what my reaction would be. I don't know how -- the  
2 answer to your question about how much has been  
3 paid.

4 Q (BY MR. MARR) Okay. Do you think in  
5 paying hundreds of millions of dollars to settle  
6 cases, State Farm -- that would be indicative that  
7 State Farm has problems with its management?

8 MS. DALENBERG: Objection to form.  
9 Foundation. Assumes facts not in evidence, calls  
10 for speculation. You may answer.

11 THE WITNESS: I can't confirm or deny your  
12 suggestion that State Farm has paid millions of  
13 dollars, and -- and I -- I can't say that the  
14 payment of that money is connected to our -- to the  
15 management people.

16 Q (BY MR. MARR) I mean, State Farm wouldn't  
17 pay money to settle -- hundreds of millions of  
18 dollars to settle cases if it hadn't actually done  
19 something wrong, would it?

20 MS. DALENBERG: Objection. Calls for  
21 speculation, lacks foundation, and it's directly  
22 contrary to the rules of evidence, even in Oklahoma,  
23 and that I am sure of, so.

24 Q (BY MR. MARR) Go ahead.

25 MS. DALENBERG: Calls for speculation.

1 THE WITNESS: Just -- ask -- ask the  
2 question again, please.

3 Q (BY MR. MARR) Does State Farm --

4 A I'm sorry.

5 Q -- have an obligation to spend its  
6 policyholders' dollars wisely?

7 MS. DALENBERG: Objection. Vague and  
8 overbroad.

9 THE WITNESS: Absolutely. We have -- we  
10 do have an obligation to spend our policyholder  
11 dollars wisely.

12 Q (BY MR. MARR) Are you familiar with  
13 the \$200 million lawsuit that State Farm settled in  
14 1998 wherein it was alleged that State Farm  
15 committed fraud, negligence, and breach of contract  
16 in its life insurance dealings with its  
17 policyholders?

18 MS. DALENBERG: I'm going to instruct that  
19 you can answer that question to the extent that you  
20 have knowledge that comes outside of conversations  
21 with lawyers.

22 THE WITNESS: I don't know -- I don't know  
23 about that case.

24 Q (BY MR. MARR) Where the company and its  
25 agents were accused of misleading buyers of life

1 insurance?

2 MS. DALENBERG: Objection. Assumes facts  
3 not in evidence and calls for speculation and lacks  
4 foundation.

5 THE WITNESS: I'm sorry. I don't know  
6 what your question is.

7 Q (BY MR. MARR) Where State Farm was  
8 artificially inflating dividend projections.

9 MS. DALENBERG: Objection. Calls for  
10 speculation and lacks foundation and assumes facts  
11 not in evidence.

12 THE WITNESS: Again, I don't know what  
13 your question is, Mr. Marr.

14 Q (BY MR. MARR) Who is Roger Tompkins?

15 A Mr. Tompkins was an executive in the -- in  
16 the life company.

17 Q Is he no longer with the company?

18 A He's retired, yes.

19 Q Would you ever pay \$238 million to settle  
20 a case if you haven't done -- if you hadn't done  
21 anything wrong?

22 MS. DALENBERG: Objection to the form of  
23 the question. You can't answer that to the extent  
24 that it would involve conversations with your  
25 counsel. Calls for speculation, lacks foundation.

1 Q (BY MR. MARR) Would you ever do that?

2 A Did I ever do that?

3 Q Would you.

4 A Would I ever do that?

5 Q Yeah.

6 A I can't answer that. I don't -- you know,  
7 we'd have to have a specific case at hand. I have  
8 to clearly understand the facts behind it. So I --  
9 I can't answer what I would do.

10 Q Would you -- would you agree with me that  
11 it wouldn't be a good use of policyholder money to  
12 spend \$238 million to settle a case if you had done  
13 nothing wrong?

14 MS. DALENBERG: Again, objection.  
15 Counsel, you know very well that there is no  
16 permissible of adverse inference that can be drawn  
17 about fault or guilt from a settlement. This is  
18 absolutely inappropriate questioning.

19 Q (BY MR. MARR) Go ahead.

20 MS. DALENBERG: It calls for speculation.  
21 It lacks foundation.

22 MR. MARR: Limit your objection to the  
23 form and be quiet.

24 MS. DALENBERG: Don't --

25 MR. MARR: Can you do that?

1 MS. DALENBERG: How about you try to be a  
2 little bit civil?

3 MR. MARR: How about we just stop the  
4 deposition and we get the judge on the phone, or we  
5 put the judge on the speaker phone so he can hear  
6 this. Limit your objection to the form of the  
7 question, period.

8 MS. DALENBERG: I'm going to make my  
9 objections the way I think is necessary. This is  
10 inappropriate --

11 MR. MARR: And what we'll do is we'll  
12 terminate this deposition, we'll go back and we'll  
13 get a court order, and we'll bring her back here --  
14 bring her back to Oklahoma this time as a sanction.

15 MS. DALENBERG: Counsel, she's ready to  
16 answer your question as soon as --

17 MR. MARR: Well, let her answer.

18 MS. DALENBERG: -- as soon as you are  
19 finished with your diatribe.

20 Q (BY MR. MARR) Go ahead, ma'am. Would  
21 that be appropriate to spend millions of  
22 policyholders' dollars to settle a claim if you had  
23 done nothing wrong?

24 MS. DALENBERG: Same objections.

25 THE WITNESS: I can't answer that,

1 Mr. Marr, unless I knew the specifics, the details  
2 about the case.

3 Q (BY MR. MARR) Okay. So it may be  
4 appropriate to pay 200-plus million dollars to  
5 settle a case if you'd done nothing wrong, depending  
6 on the circumstances?

7 A I'm not --

8 MS. DALENBERG: Same objections. Go  
9 ahead.

10 THE WITNESS: I'm not saying it could be  
11 wrong, and I'm not saying it could be right. I am  
12 saying I can't answer your question. I can't give  
13 you a definitive answer without having a specific  
14 case in front of me that I understand and -- and --  
15 and can then give you a specific answer.

16 Q (BY MR. MARR) Sure. Why is it that you  
17 didn't know about any of these hundreds of millions  
18 of dollars in settlements --

19 MS. DALENBERG: Objection.

20 Q (BY MR. MARR) -- that State Farm has paid  
21 in cases while at the same time denying any  
22 wrongdoing?

23 MS. DALENBERG: Objection. Calls for  
24 speculation, is argumentative, lacks foundation,  
25 assumes facts not in evidence.

1 THE WITNESS: You -- you asked me why I  
2 don't know about these cases. What cases?

3 Q (BY MR. MARR) Settlements.

4 A What cases are you -- I don't know what  
5 cases you're talking about.

6 Q You don't know?

7 A I don't know what cases you're talking  
8 about, Mr. Marr.

9 Q Okay. Do you have any recollection of  
10 State Farm paying settlements of millions of dollars  
11 while at the same time denying that it did anything  
12 wrong?

13 A No, I can't -- I can't -- I can't give you  
14 an example right now, no.

15 Q Do you -- do you agree that it would be a  
16 misuse of policyholder funds to pay millions of  
17 dollars to settle a case that there was no  
18 wrongdoing?

19 MS. DALENBERG: Objection. Improper  
20 questioning, calls for speculation, lacks  
21 foundation, assumes facts not in evidence.

22 Q (BY MR. MARR) Go ahead.

23 A I can't answer --

24 Q Okay.

25 A -- your question, Mr. Marr, because I

1 don't have the specifics of the case. So I can't  
2 answer --

3 Q All right.

4 A -- that would be appropriate or  
5 inappropriate.

6 Q Okay. Well, tell me a scenario where it  
7 would be appropriate for State Farm to pay hundreds  
8 of millions of dollars in policyholders' money to  
9 settle a case when it did nothing wrong.

10 MS. DALENBERG: Objection. Calls for  
11 speculation and form.

12 THE WITNESS: I can't -- I can't do that.  
13 I mean --

14 Q (BY MR. MARR) I mean, you wouldn't pay  
15 for something if you hadn't done anything wrong,  
16 would you?

17 MS. DALENBERG: Same objections.

18 THE WITNESS: I've -- I've tried to answer  
19 that question. You're asking me to speculate.  
20 Unless I have the specific situation and I  
21 understand the facts, I can't answer that question  
22 as to whether it would be or would not be  
23 appropriate.

24 Q (BY MR. MARR) Okay. Have you reviewed  
25 any of the engineering reports out of the Gulf?



1           A       No, I have not.

2           Q       Why not?

3                   MS. DALENBERG:  Objection.  Argumentative.

4                   THE WITNESS:  Because there is an ongoing  
5 investigation.

6           Q       (BY MR. MARR)  Exactly.  Isn't that why  
7 you would do it?

8                   MS. DALENBERG:  Objection.  Argumentative.

9                   THE WITNESS:  Excuse me?

10          Q       (BY MR. MARR)  Isn't that exactly the  
11 reason you would look into it?

12                   MS. DALENBERG:  Objection.  Argumentative.

13                   THE WITNESS:  I have -- I have the  
14 appropriate people looking at those reports.

15          Q       (BY MR. MARR)  But you just haven't taken  
16 the time to do it personally?

17          A       I -- that's absolutely not the reason.  
18 There's an ongoing investigation going on, and when  
19 it is concluded, I will be given the information.

20          Q       Okay.  But you have no personal  
21 involvement in the investigation?

22          A       I do not --

23                   MS. DALENBERG:  Objection.

24                   THE WITNESS:  I do not right now.

25          Q       (BY MR. MARR)  I mean, weren't you curious

1 when you saw the 20/20 story, with the article that  
2 has the "Put in wind file, do not pay bill, do you  
3 not discuss?" Weren't you at least curious to see  
4 if that really existed?

5 MS. DALENBERG: Objection to form.

6 THE WITNESS: I certainly had some  
7 questions, yes.

8 Q (BY MR. MARR) Did you go look to see if  
9 it did?

10 MS. DALENBERG: That's a yes or no.  
11 Please don't divulge any advice of counsel.

12 Q (BY MR. MARR) Oh, yes or no would be  
13 fine.

14 A No, I did not.

15 Q Why?

16 MS. DALENBERG: Objection. Argumentative.

17 THE WITNESS: You know, we're -- maybe we  
18 need to stop. I'm feeling uncomfortable because I  
19 am -- I have information and knowledge as a result  
20 of privileged conversations.

21 MS. DALENBERG: You can't answer to the  
22 extent that that's where it comes from, ma'am.

23 Q (BY MR. MARR) Ma'am, you just told me you  
24 hadn't reviewed one engineering report out of the  
25 Gulf, right?

1 A That's correct.

2 Q Not a one. Not even the ones that were on  
3 the 20/20 story, right?

4 MS. DALENBERG: Objection. Objection  
5 again. You can't answer that to the extent that it  
6 involves consultation with counsel. Otherwise you  
7 can answer.

8 Q (BY MR. MARR) I'm just asking you about  
9 what you did.

10 A I have not reviewed one.

11 Q Okay. So you were curious -- were you  
12 curious about it when you saw it?

13 MS. DALENBERG: Objection. Asked and  
14 answered.

15 THE WITNESS: I think I -- I answered that  
16 I had questions.

17 Q (BY MR. MARR) But you're depending on  
18 somebody else to give you the answer?

19 MS. DALENBERG: Objection to form.  
20 Argumentative.

21 THE WITNESS: I'm -- I'm -- yes.

22 Q (BY MR. MARR) Okay. Well, what  
23 conversations have you had with chairman's council  
24 member Brian Boyden?

25 MS. DALENBERG: Again, to the extent you

1 can answer that without revealing advice of counsel,  
2 you can. So that's fine.

3 Q (BY MR. MARR) And more specifically,  
4 about your -- either your Katrina Gulf Coast  
5 investigation or your Oklahoma investigation.

6 A I have had conversations with Mr. Boyden.  
7 The conversations, I cannot divulge the specifics of  
8 the conversation because they have been privileged.

9 Q Well, that's what you say, but why are  
10 they privileged?

11 A Because I have had them in the presence  
12 of -- of our attorneys.

13 Q Okay. Well, were your attorneys present  
14 providing you with legal advice to how to defend the  
15 company?

16 MS. DALENBERG: It's broader than that,  
17 ma'am.

18 MR. MARR: What's that mean?

19 MS. DALENBERG: It doesn't have to be just  
20 in advice of litigation. It can be any kind of  
21 consultation.

22 MR. MARR: Object to the form. Don't  
23 suggest answers.

24 MS. DALENBERG: Well --

25 Q (BY MR. MARR) Go ahead.

1           A       During the -- the question was, were they  
2 giving advice --

3           Q       Giving you legal advice, or were they just  
4 sitting in the room?

5           A       Oh, no, they were not just sitting in the  
6 room.

7           Q       Okay. What were they doing?

8           A       We were engaged in conversations.

9           Q       Were they providing you with legal advice  
10 on how to defend the company?

11           MS. DALENBERG: Objection. Again, you're  
12 giving -- you cannot reveal the advice of counsel,  
13 ma'am. Otherwise you can answer his question.

14           THE WITNESS: I can't -- I can't divulge  
15 the specifics of those conversations.

16           Q       (BY MR. MARR) Well, ma'am, are you under  
17 the delusion that simple because one of State Farm's  
18 800-plus in-house lawyers is in the room that  
19 whatever you discuss is then automatically  
20 confidential?

21           A       I don't think I'm under any delusion,  
22 Mr. Marr.

23           Q       Do you think that's the way it works?

24           A       I think the way it works is that when I  
25 have -- when I'm in conversations with counsel and

1 we're discussing issues, whatever they are, those  
2 conversations are privileged.

3 Q Why is it counsel's involved in claim  
4 issues?

5 MS. DALENBERG: Objection to form. You  
6 can't talk about it to the extent it gives advice.

7 THE WITNESS: I engage counsel in claim  
8 issues when I need their expertise or their  
9 background or whatever to address the issues at  
10 hand.

11 Q (BY MR. MARR) Okay. Well, I mean, do  
12 these attorneys -- they don't have any background in  
13 claim handling, do they?

14 A Some do.

15 Q Okay. Have you made any notes or anything  
16 relating to any of your conversations with  
17 Mr. Boyden concerning either the Katrina  
18 investigation or the investigation following the  
19 Watkins verdict?

20 A I don't -- I don't recall taking any  
21 notes.

22 Q So there's no way for anyone to tell what  
23 was said in the room?

24 MS. DALENBERG: Objection to form.

25 THE WITNESS: I don't recall taking any

1 notes, Mr. Marr.

2 Q (BY MR. MARR) Is there any way that we  
3 know -- anything we could look to to see who was  
4 actually in the room, other than what you're telling  
5 me?

6 MS. DALENBERG: Objection to form.  
7 Argumentative and insulting.

8 THE WITNESS: I've -- I've given you an  
9 honest answer, Mr. Marr.

10 Q (BY MR. MARR) Is there anything that we  
11 can look to to see who was actually present in the  
12 room during these meetings?

13 MS. DALENBERG: Objection. Asked and  
14 answered.

15 THE WITNESS: No, there is not.

16 Q (BY MR. MARR) Nothing?

17 MS. DALENBERG: Objection. Asked and  
18 answered.

19 THE WITNESS: There is not anything.

20 Q (BY MR. MARR) Okay. And you think that's  
21 in the best interest of the policyholder?

22 A I think what I am -- what we are doing,  
23 whenever -- we are putting the policyholder first,  
24 and, yes, I do think it's in the best interest of  
25 the policyholders.

1 Q Okay. Now, you said that you never  
2 reviewed an engineering report from the Gulf,  
3 correct?

4 MS. DALENBERG: Objection. Asked and  
5 answered.

6 Q (BY MR. MARR) Arising from Katrina, more  
7 specifically; is that correct?

8 A I --

9 Q Did I misunder- --

10 A That's what I said.

11 Q Okay. Well, it's true, isn't it?

12 MS. DALENBERG: Objection. Counsel,  
13 that's just insulting.

14 Q (BY MR. MARR) Isn't it?

15 A Mr. Marr, I've told you earlier and I told  
16 you at my last deposition, that I am absolutely  
17 telling you the truth.

18 Q Okay. Good. That's all we want, ma'am.

19 A And I would like to take a break right  
20 now.

21 Q You want to take a break?

22 MS. DALENBERG: Yes, she does.

23 MR. MARR: Okay.

24 (A break was taken from 1:36 p.m. to  
25 1:40 p.m.)



1 Q (BY MR. MARR) Ms. Hood, I'm attaching as  
2 Plaintiffs' Exhibit 6 to your deposition one of the  
3 engineering reports that was referenced in the 20/20  
4 article that you viewed a little earlier. It is on  
5 the McIntosh resident in -- residence done by  
6 Forensic. Are you familiar with Forensic  
7 Engineering?

8 A I know there is an engineering firm called  
9 Forensics.

10 Q Have there been any -- has anyone in the  
11 Gulf, any of your policyholders called into question  
12 the objectivity or the scientific basis for their  
13 opinions in the Gulf?

14 MS. DALENBERG: You may answer that  
15 question to the extent that the information doesn't  
16 come from counsel.

17 THE WITNESS: I can't answer that, because  
18 the knowledge I have comes from privileged  
19 conversations.

20 Q (BY MR. MARR) If you'd review these  
21 reports yourself, you wouldn't have to rely on  
22 lawyers to do it for you, right?

23 MS. DALENBERG: Objection to form.  
24 Argumentative. Lacks foundation.

25 THE WITNESS: I don't -- I -- I don't

1 know.

2 Q (BY MR. MARR) And then if you'd review  
3 these reports yourself, then I would be able to ask  
4 you about your opinions and your findings, wouldn't  
5 I?

6 MS. DALENBERG: Objection to form.  
7 Argumentative.

8 THE WITNESS: I don't know.

9 Q (BY MR. MARR) Can you think of a reason  
10 why -- why you wouldn't be able to answer a question  
11 like that if you were the one that looked at them  
12 yourself?

13 MS. DALENBERG: Objection to form.  
14 Argumentative.

15 THE WITNESS: I can't think of a reason.

16 Q (BY MR. MARR) Okay. Now, you see this  
17 report is dated October 12, correct?

18 A Yes, it is.

19 Q And you see the sticky on there -- as a  
20 matter of fact, why don't you hold it up for just a  
21 second so the videographer can get a picture of  
22 it -- of the sticky that was on the front. Where it  
23 says "Put in wind file. Do not pay bill. Do not  
24 discuss." Okay. Thank you, ma'am.

25 Is here today the first time you've ever

1 reviewed a copy of this actual report?

2 A Yes.

3 Q Okay. As I said, you'll see it's dated  
4 October 12. And take a look at the conclusions.

5 A On what page are you -- would you like me  
6 to refer?

7 Q The conclusions page. I think it's Page 3  
8 of your document.

9 A It's on Page 2.

10 Q It's on Page 2, but it's on the third page  
11 of the document of the exhibit, correct?

12 A That's correct.

13 Q Okay. Page 2 on the actual report itself,  
14 correct?

15 A That's correct.

16 Q And the conclusions states that "The roof,  
17 door, carport, and window damage was caused by  
18 wind and wind driven debris." Correct?

19 MS. DALENBERG: Objection to form.

20 Q (BY MR. MARR) Did I read that --

21 A That's -- that's what Bullet No. 2 does  
22 say.

23 Q Okay. And what does the next bullet --  
24 which would be the first bullet on Page 3.

25 A "It is FAEC's opinion that the interior

1 damage of the structure is primarily the result of a  
2 failure of the windows, walls, and doors due to  
3 wind."

4 Q Okay. And as vice president -- or as  
5 claims vice president for State Farm, with that  
6 determination as to causation, that would make this  
7 a covered loss, wouldn't it, if it was caused by the  
8 wind?

9 MS. DALENBERG: Objection. Calls for  
10 speculation, lacks foundation.

11 Q (BY MR. MARR) Wouldn't it?

12 MS. DALENBERG: Same objections.

13 THE WITNESS: It would probably be a  
14 covered loss. But before I would commit to that, I  
15 would like to have had an opportunity to review the  
16 file and talk to the people who were involved.

17 Q (BY MR. MARR) Okay. And why didn't you  
18 do that in this case?

19 MS. DALENBERG: Objection to form.

20 THE WITNESS: Why didn't I do that in this  
21 case?

22 Q (BY MR. MARR) Yes.

23 A Because I told you I didn't review any --  
24 I have not reviewed any of the engineering reports.  
25 I rely on my people to handle the claims.

1 Q You've got your people. But you could  
2 have done it if you wanted to?

3 MS. DALENBERG: Objection to form.

4 Q (BY MR. MARR) Right?

5 MS. DALENBERG: Objection to form.

6 Argumentative.

7 THE WITNESS: If I wanted to review it,  
8 yes, I could have.

9 Q (BY MR. MARR) Okay. I mean, after you  
10 saw the 20/20 story and you saw this sticky on the  
11 front of this particular report, you could have  
12 said, Get me that file, I want to review it. True?

13 MS. DALENBERG: Objection. Calls for  
14 speculation. Argumentative.

15 THE WITNESS: I could have.

16 Q (BY MR. MARR) Okay. But you chose not  
17 to, correct?

18 MS. DALENBERG: Objection to form.

19 THE WITNESS: I can't answer that, because  
20 of privileged conversations.

21 Q (BY MR. MARR) Okay. Did you want to  
22 review the file?

23 MS. DALENBERG: Same -- follow your  
24 instruction, ma'am. If you have to reveal the  
25 advice of counsel, you cannot answer the question.

1 THE WITNESS: I don't remember what --  
2 exactly what I wanted to do after 20/20.

3 Q (BY MR. MARR) Were you told not to review  
4 any of these engineering reports?

5 MS. DALENBERG: Again, you cannot answer  
6 that question one way or the other if the only  
7 information you have in response is from counsel.

8 MR. MARR: I disagree.

9 Q (BY MR. MARR) Go ahead.

10 A I can't answer that.

11 Q Okay. And then attached as Exhibit 7 is  
12 another engineering report from the same engineering  
13 firm, on the same residence, eight days later,  
14 correct?

15 MS. DALENBERG: Objection. Calls for  
16 speculation, lacks foundation.

17 THE WITNESS: The Exhibit 7 that you just  
18 gave me is dated October 20. Yes, that's eight days  
19 after the first report, which is Exhibit 6.

20 Q (BY MR. MARR) Okay. And it's on the same  
21 residence, the McIntosh residence, correct?

22 MS. DALENBERG: Objection. Calls for  
23 speculation and lacks foundation.

24 THE WITNESS: The same residence. I have  
25 to assume it is the same insured. I don't -- I

1 haven't had an opportunity to go through it --

2 Q (BY MR. MARR) Okay.

3 A -- to know if it's exactly the same  
4 residence. But it is on the same --

5 Q Okay.

6 A It's -- the insured is the same.

7 Q All right. Well, realizing that you've --

8 A Oh, yeah.

9 Q -- never seen one of these before, it  
10 says -- do you see where it says the investigation  
11 and evaluation of the reported damage to the  
12 residence located at 2558 South Shore Drive in  
13 Biloxi, Mississippi?

14 A Yes. I now see that in the first  
15 paragraph.

16 Q Is that on the -- is that the same that's  
17 on Exhibit 6, the report eight days earlier?

18 A Yes, it is.

19 Q Okay. So it is, in fact, the same  
20 residence now, correct?

21 MS. DALENBERG: Objection. Calls for  
22 speculation and lacks foundation.

23 THE WITNESS: I'm going -- it appears to  
24 be. I haven't had an opportunity to look at this  
25 report, but the first paragraphs in both of them

1 refer to the same residence.

2 Q (BY MR. MARR) Okay. Is it the same claim  
3 number?

4 A Yes, it is.

5 Q Okay. All right. Let's turn to Page 3  
6 and look under the conclusions now in this report  
7 eight days later. And do you see the second bullet?

8 MS. DALENBERG: Do you want her --

9 Q (BY MR. MARR) It says the appear- --  
10 "There appears to have been damage to the structure  
11 by wind as evidenced by missing shingles on parts of  
12 the roof structure. Damage to the second story  
13 floor and first floor ceilings was predominantly  
14 caused by wind and intruding rainwater." Okay.

15 And the third bullet concludes that "The  
16 damage to the first floor walls and floors appears  
17 to be predominantly caused by rising water from  
18 storm surge and waves." Did I read that correctly?

19 A Yes, you did.

20 Q Okay. So the report eight days later says  
21 it's caused by the wind, which would make it  
22 covered. The second report says now that it's --  
23 the damage to the first floor is predominately  
24 caused by water, correct?

25 MS. DALENBERG: Objection to form.



1 Compound. Calls for speculation, lacks foundation.

2 Q (BY MR. MARR) Correct?

3 A The -- the second report dated October 20  
4 indicates in the third bullet that the damage to the  
5 first floor appears to be predominantly caused by  
6 water. The second bullet indicates -- seems to  
7 indicate that there is some damage from the wind.

8 Q Okay. And the first one said it was  
9 caused by the wind.

10 MS. DALENBERG: Objection.  
11 Mischaracterizes the document.

12 Q (BY MR. MARR) And that's the one --  
13 Exhibit 6, that's the one that has the note on it  
14 that says, "Put in wind file. Do not pay bill. Do  
15 not discuss." Correct?

16 A Yes. There is a sticky on the October 12  
17 report.

18 Q Okay. Who -- who put that sticky on  
19 there?

20 MS. DALENBERG: Calls for speculation.  
21 Lacks foundation.

22 THE WITNESS: I don't know.

23 Q (BY MR. MARR) Okay. Have you done any  
24 type of investigation to find out after you saw that  
25 on 20/20? And by "you," I mean you personally.

1           A       I have not personally done any  
2       investigation.

3           Q       Do you think that's in the best interest  
4       and consistent with your commitment to  
5       policyholders?

6           MS. DALENBERG:   Objection to form.  
7       Argumentative with regard to her prior testimony.

8           Q       (BY MR. MARR)   Go ahead.

9           A       I can't answer whether it's in the best  
10      interests of -- of our policyholders.

11          Q       Okay.   Do you think that's treating the  
12      McIntosh family like a good neighbor?

13          MS. DALENBERG:   Objection to form.  
14      Argumentative.

15          THE WITNESS:   I -- I cannot, based on  
16      these two engineering reports that you've just given  
17      me, comment on how this policyholder was treated.

18          Q       (BY MR. MARR)   But had you reviewed the  
19      file, requested to review the file after you saw the  
20      20/20 story, you would certainly be able to comment  
21      on the file, wouldn't you?

22          MS. DALENBERG:   Objection.   Calls for  
23      speculation.   Lacks foundation.

24          THE WITNESS:   I might be.   I don't know.

25          Q       (BY MR. MARR)   I'm going to mark as

1 Plaintiffs' Exhibit 8, another engineering report  
2 out of the Gulf, this is on the Mullins residence,  
3 the first one being dated October 23, 2005. Did I  
4 correctly represent that? October 23, 2005 is the  
5 date of the report, correct?

6 A Yes, it is.

7 Q And it's on the Terri Mullins residence,  
8 correct?

9 MS. DALENBERG: Objection. Lacks  
10 foundation.

11 THE WITNESS: That's correct. Well, wait.  
12 The insured says Ms. Mullins --

13 Q (BY MR. MARR) Okay.

14 A -- and there's an address in the first  
15 paragraph.

16 Q Okay.

17 A I -- not being familiar with it, I am  
18 going to speculate that that address in the first  
19 paragraph is the Mullins residence.

20 Q Okay. Now, I'll mark as Plaintiffs'  
21 Exhibit 9 to your deposition. Once again, a second  
22 report obtained by State Farm on the same residence,  
23 correct?

24 A It appears to be a January 3 report. The  
25 insured is Mullins, and the same -- there's the same

1 claim number and the same residence location that's  
2 referred to in the first paragraph.

3 Q Okay. Now, let's go back to the report  
4 dated October 23, 2005, and look at Page 2 of the  
5 report under Conclusions.

6 A Okay.

7 Q And tell me what this engineering's firm  
8 conclusion is as to the cause of the damage.

9 MS. DALENBERG: Are you asking her to read  
10 the bullet point?

11 MR. MARR: Yes, ma'am.

12 THE WITNESS: The bullet under Conclusions  
13 reads, "FAEC has concluded that the primary and  
14 predominant cause of damage to the subject property  
15 was due to hurricane force winds. This is based on  
16 the displacement of the house and the absence of  
17 water damage to the same. However, this  
18 displacement was facilitated by the poor anchoring  
19 and supporting observed."

20 Q (BY MR. MARR) So it was caused by wind,  
21 which would make it a covered loss under the policy,  
22 correct?

23 MS. DALENBERG: Objection. Calls for  
24 speculation. Lacks foundation.

25 THE WITNESS: It says that the cause of

1 damage was due to hurricane force winds. Before I  
2 could agree with what you -- how you summarized it,  
3 I want to have an opportunity to see the file.

4 Q (BY MR. MARR) Okay. And, again, you had  
5 access to the file, had you chosen to review it,  
6 correct?

7 MS. DALENBERG: Objection. Argumentative.  
8 Asked and answered.

9 THE WITNESS: I could have reviewed the  
10 file.

11 Q (BY MR. MARR) I mean, this report is  
12 dated when?

13 MS. DALENBERG: Objection. Asked and  
14 answered.

15 THE WITNESS: This report is dated  
16 October 23, 2005.

17 Q (BY MR. MARR) Okay. So it's been over a  
18 year now, right?

19 MS. DALENBERG: Objection. Asked and  
20 answered.

21 THE WITNESS: Yes, it has been over a  
22 year.

23 Q (BY MR. MARR) And this is the first time  
24 you've reviewed this report, correct?

25 A Yes.

1 MS. DALENBERG: Objection. Asked and  
2 answered.

3 THE WITNESS: Yes, it is.

4 Q (BY MR. MARR) Okay. All right. Well,  
5 let's look at the subsequent report, the January 3  
6 report that State Farm received. And under  
7 Conclusions on Page 3, do you see the third bullet  
8 where it now says that the house -- "The movement of  
9 the house across the street with minimal obvious  
10 wind damage is consistent with a buoyant force  
11 applied to the building by rising water allowing the  
12 wind to blow the house northwards until it reached  
13 an obstruction." Did I read that correctly?

14 A Yes, you did.

15 Q Would that be a covered -- would that be a  
16 covered loss?

17 MS. DALENBERG: Objection. Calls for  
18 speculation. Lacks foundation.

19 THE WITNESS: I don't know. Clearly, it's  
20 attributing the -- the water to be -- caused the  
21 movement of the house. But to answer your question,  
22 I would want to have an opportunity to review the  
23 file and talk about this with the people who handled  
24 it.

25 Q (BY MR. MARR) And do you have any plans

1 on doing that?

2 MS. DALENBERG: Her personally?

3 THE WITNESS: Do I have plans of  
4 personally doing this?

5 Q (BY MR. MARR) Yes, ma'am. You're the  
6 claims vice president, the highest ranking claims  
7 person for the State Farm organization, do you have  
8 plans on doing that?

9 A I don't have any plans right now, no.

10 Q Okay.

11 A But that's not to say I might not have  
12 some in the future.

13 Q All right. Is there any reason for the  
14 delay?

15 A In the delay of?

16 Q You not having done it already.

17 MS. DALENBERG: Objection to form.  
18 Argumentative. Ignores the prior testimony.

19 THE WITNESS: No.

20 Q (BY MR. MARR) Okay. I'm going to  
21 attach -- now we're back to our catastrophe in  
22 Oklahoma. I'm going to attach as Plaintiffs'  
23 Exhibit 10, an engineering report that was requested  
24 by State Farm on Pam and Larry Love's residence.  
25 And the first page is a billing sheet, correct?

1 MS. DALENBERG: What? Is that a question?

2 MR. MARR: Yes.

3 THE WITNESS: Yes, it is. It is the bill.  
4 It's an invoice.

5 Q (BY MR. MARR) Okay. And the amount of  
6 the invoice was how much for this engineering  
7 report?

8 MS. DALENBERG: Objection. Calls for  
9 speculation.

10 THE WITNESS: There's the amount of  
11 \$350 on the invoice page.

12 Q (BY MR. MARR) Okay. And the report is  
13 dated May 24, 1999, correct?

14 A Yes, it is.

15 Q And did I accurately represent that it is  
16 on the Lowe residence, correct?

17 A It says the Lowe residence.

18 Q Yeah. The Lowe residence.

19 A And it has the Lowe residence and an  
20 address. Without looking at the file, I can't  
21 answer whether that's their residence. I'm  
22 speculating that it is.

23 Q All right. Well, let's take a look at  
24 the -- it's 1200 Southwest 133rd Place, according to  
25 the invoice on the first page, correct?



1 A Yes.

2 Q And there's a claim number. Do you see  
3 that, 36-C190-265?

4 A Yes.

5 Q And as I stated, that report is dated  
6 May 24, 1999, correct?

7 A That's correct.

8 Q And it was sent to State Farm, correct?

9 A Yes, it was.

10 Q Okay. And I'm going to attach as  
11 Plaintiffs' Exhibit 11 to your deposition, a  
12 subsequent request for an engineer report from Haag  
13 Engineering, and the report -- the report is  
14 attached to it as well, and that report is dated  
15 June 11, 1999, correct?

16 MS. DALENBERG: Can you remember what he  
17 said?

18 THE WITNESS: The report is dated June 11,  
19 1999, yes.

20 Q (BY MR. MARR) Whereas the first report  
21 was dated earlier, May 24, 1999, correct?

22 A Yes.

23 Q Okay. Do you see under there it has Larry  
24 Love, and it has the address of 1200 Southwest  
25 133rd Place?

1 A Yes, I do.

2 Q All right. So obviously we're talking  
3 about the same property, correct?

4 MS. DALENBERG: Objection. Calls for  
5 speculation and lacks foundation.

6 THE WITNESS: I -- the same address is --  
7 is noted on both of the reports.

8 Q (BY MR. MARR) Okay. Same claim number?

9 A Same claim number, yes.

10 Q Okay. And this report -- let's go back to  
11 the report that's Exhibit 10, and go to -- there's a  
12 Bates number on the bottom right-hand corner. Do  
13 you see those?

14 A Yes, I do.

15 Q Go to Bates No. 405041.

16 A I'm there.

17 Q And under Conclusions & Recommendations,  
18 it states, "The foundation appears to be sound and  
19 without damage. The roof has been racked, causing  
20 rafters to separate from ridge support beams." Did  
21 I read that correctly?

22 A Yes, you did.

23 Q "Rain leakage could occur due to resultant  
24 openings in the sheathing. Also, this situation  
25 could become unsafe if the rafters pull further

1 out." Correct?

2 A Yes, that's correct.

3 Q And they make a recommendation on the  
4 method of repair, correct?

5 A Yes.

6 Q All right. So we have racking caused by  
7 the wind in this report. And in the Haag report  
8 that State Farm ordered thereafter -- let's go to  
9 the last page of Exhibit 11, which would be Bates  
10 No. 405009. And what is the -- did you find it?

11 A Yes.

12 Q Okay. And what is the opinion? What is  
13 Haag's opinion on the same property?

14 MS. DALENBERG: Objection to form. It  
15 mischaracterizes the first document. You may answer  
16 the question.

17 THE WITNESS: Under the conclusion --

18 Q (BY MR. MARR) No, ma'am. Under the  
19 opinion right now.

20 A Oh, I'm sorry. I'm sorry.

21 Q That's okay.

22 A The -- in our -- under the Opinion  
23 section, "It is our opinion that the Love residence  
24 was not structurally damaged by wind, and the frame  
25 requires no repairs. Cladding and finish damage can

1 be addressed as described in this report."

2 Q Okay. So the first report that State Farm  
3 ordered for this policyholder concluded that the  
4 roof had been racked, causing the rafters to  
5 separate from the roof support beams. So State Farm  
6 goes out and gets another report, calls in Haag,  
7 gets a report that makes -- reaches the conclusion  
8 that the house was not structurally damaged by the  
9 wind. Should State Farm have paid that claim?

10 MS. DALENBERG: Object -- I'm sorry.

11 MR. MARR: That's okay.

12 MS. DALENBERG: Objection. Calls for  
13 speculation. Mischaracterizes the two documents.

14 Q (BY MR. MARR) Go ahead.

15 MS. DALENBERG: Assumes facts not in  
16 evidence. Lacks foundation.

17 THE WITNESS: Should State Farm --

18 Q (BY MR. MARR) Well, let me rephrase it.  
19 Should State Farm be able to pick and choose which  
20 engineering report it wants to go with so that it  
21 can support its denial of a policyholder's claim?

22 MS. DALENBERG: Objection to form.

23 THE WITNESS: State Farm --

24 MS. DALENBERG: Calls for speculation.

25 THE WITNESS: State Farm doesn't pick and

1 choose the engineering report.

2 Q (BY MR. MARR) Should they?

3 MS. DALENBERG: Objection to form.

4 THE WITNESS: I said State Farm does not  
5 pick and choose an engineering report.

6 Q (BY MR. MARR) Okay. Well, how do you  
7 explain, then, these past few engineering reports  
8 that you've seen, where you see one report that says  
9 it was caused by an event that would make it a  
10 covered loss, then State Farm calls out a second  
11 engineer, gets a report that says it wasn't caused  
12 by a covered loss, and then goes with the latter so  
13 it can deny the claim?

14 MS. DALENBERG: Objection to form. Calls  
15 for speculation. Assumes facts not in evidence.

16 THE WITNESS: I can't answer what happened  
17 on these -- these claims that you gave to me. I  
18 can't answer why there was one report and -- and --  
19 or one opinion and another opinion.

20 There -- there may be times when the claim  
21 rep or the claims people request a -- a -- a second  
22 -- second report or a second opinion. But I can't  
23 answer the question unless I know many more details  
24 about these claims.

25 Q (BY MR. MARR) Well, what if the

1 second -- the first report would support -- excuse  
2 me -- payment and the second report wouldn't,  
3 shouldn't you give the policyholder the benefit of  
4 the doubt and go with the first report from the  
5 first engineering firm that you hired?

6 MS. DALENBERG: Objection. Calls for  
7 speculation. It's an improper hypothetical. You  
8 may answer.

9 THE WITNESS: I can't -- I can't say what  
10 we should have done, Mr. Marr, because I don't know  
11 the specifics. There may have been -- there may be  
12 very valid reasons for doing what was done. But I  
13 would be speculating. I would need to look at the  
14 file and talk to the people about why they did what  
15 they did.

16 Q (BY MR. MARR) Do you think Lecky King  
17 could have shed any light on it?

18 MS. DALENBERG: Objection to form. Calls  
19 for speculation. Lacks foundation.

20 THE WITNESS: I don't know.

21 MS. DALENBERG: Sir, I'd ask that you wrap  
22 up. We're at the two-hour mark -- or the 2:00 mark.

23 Q (BY MR. MARR) Okay. The last exhibit.  
24 All right, ma'am. Now, there's been no moratorium  
25 or investigation concerning E.A. Renfroe & Company,

1 correct?

2 MS. DALENBERG: Objection to form.

3 THE WITNESS: There has been no moratorium  
4 on the use of E.A. Renfroe, no.

5 Q (BY MR. MARR) And there has been no  
6 investigation into E.A. Renfroe specifically,  
7 correct?

8 MS. DALENBERG: Objection to form. Vague  
9 and confusing.

10 THE WITNESS: There has not been -- there  
11 hasn't been no review of E.A. Renfroe specifically,  
12 no.

13 Q (BY MR. MARR) Attached as Exhibit 12 to  
14 your deposition, a series of -- a couple of e-mails.  
15 Who is Rachel McFarland?

16 A Rachel McFarland is a director in my  
17 catastrophe services operation.

18 Q What's her -- what does she do?

19 A I can't tell you exactly what her job  
20 description is, but she is involved in -- in -- in  
21 catastrophes when they occur, and she's involved  
22 when they're not going on in -- in planning and --  
23 and staffing and things like that.

24 Q So she's involved in planning and staffing  
25 of catastrophes?

1           A       Ms. McFarland would be involved in -- in  
2       the planning -- in strategic planning for  
3       catastrophe aware- -- preparedness. She would be  
4       involved in working with staffing capacity. She  
5       would be outside of catastrophe. She would be  
6       involved during the times of catastrophe in the  
7       issues -- the issues that come up in a  
8       catastrophe -- staffing and -- and logistics and --  
9       and planning and that sort of thing.

10          Q       Okay.

11          A       I can't give you her specific job  
12       description.

13          Q       And here it looks like she's involved in  
14       getting money back from independent adjusting firms  
15       based upon unacceptable performance, doesn't it?

16                MS. DALENBERG: Ms. Hood, take your time  
17       to take a look at the document.

18                THE WITNESS: Yes. That -- that is --  
19       that -- that appears to be what Rachel is involved  
20       with, and -- and she does get involved in the -- the  
21       independents.

22          Q       (BY MR. MARR) Well, this kind of shoots  
23       down the -- the claim that these independent  
24       adjusters are just as good as State Farm adjusters,  
25       doesn't it?



1 MS. DALENBERG: Objection. Calls for  
2 speculation, lacks foundation, and mischaracterizes  
3 the document.

4 THE WITNESS: No. I don't think this --  
5 this at all supports what you just said, that  
6 independents aren't as good as our own staff  
7 adjusters. What this says to me -- if I can answer  
8 your question.

9 Q (BY MR. MARR) Please.

10 A -- is that there were some independents  
11 that performed unacceptably and it appears that we  
12 let them go and we were looking for -- looking to  
13 get our money back, which is good for our  
14 policyholders.

15 Q Well, where does it say you let them go?  
16 I don't see that part.

17 MS. DALENBERG: Objection. Argumentative.

18 Q (BY MR. MARR) Is it in there?

19 A No, it is -- that is not in there. I -- I  
20 made that --

21 Q Up?

22 MS. DALENBERG: Objection. That's it.  
23 You know, that is so inappropriate.

24 MR. MARR: I don't think it is.

25 Q (BY MR. MARR) I think that's what you

1 were going to say. If it's not, ma'am --

2 A I did not --

3 Q -- tell me what you were going to say.

4 A -- make this up, Mr. Marr.

5 Q Okay.

6 A And I have been absolutely honest with  
7 you.

8 Q Okay. Well -- so there's nothing in  
9 here that says --

10 A And I -- I --

11 THE WITNESS: I need --

12 MS. DALENBERG: We're finished. We're  
13 done.

14 MR. MARR: You're done?

15 MS. DALENBERG: The deposition is  
16 finished. You personally insulted the witness for  
17 the last time today.

18 MR. MARR: No. Well, I think the record  
19 is clear that I didn't, but --

20 MS. DALENBERG: You just called her a  
21 liar --

22 MR. MARR: -- you make whatever record you  
23 want.

24 MS. DALENBERG: -- on the record,  
25 Mr. Marr.

1 MR. MARR: Huh?

2 MS. DALENBERG: You just called her a liar  
3 on the record, and she doesn't appreciate it.

4 MR. MARR: Well, do you want to read the  
5 record back and see if I called her a liar?

6 MS. DALENBERG: You said she made  
7 something up under oath.

8 THE WITNESS: I can answer that, but I  
9 would like to start off.

10 MS. DALENBERG: You may.

11 MR. MARR: Well, let's see. What's the  
12 last thing?

13 Q (BY MR. MARR) Okay. What were you going  
14 to say, ma'am? When you --

15 A What I would like to say before I --

16 Q You said, no --

17 MS. DALENBERG: Hold on.

18 MR. MARR: Let me finish.

19 MS. DALENBERG: Let her --

20 MR. MARR: No. Let me finish my record.

21 Q (BY MR. MARR) The last question that I  
22 asked you was -- you said -- I said, "Where does it  
23 say that you let them go? I don't see that part."

24 "Objection."

25 Then, "Is it in there?"

1                   "ANSWER: No, that is not in there. I  
2           made that" --

3                   And then I said, "Up?"

4                   What were you going to say? "I made  
5           that" -- what?

6           A        I made a mistake. And before I answer  
7           your question, I would like to, for the record, say  
8           that I have been completely honest with you, and I  
9           resent any suggestion that I have been less than  
10          honest, and I feel that you have questioned my  
11          integrity.

12                   My answer to the question is, yes. I made  
13          the assumption as I read this that we may have let  
14          them go because we were asking for our retainers up.  
15          I did not make anything up. But as I read this, we  
16          clearly had some issue with some independents not  
17          performing appropriately and -- and in -- and it  
18          appears that we asked for retainers back. We asked  
19          for our money back, which is the right thing to do  
20          for our policyholders.

21                   I did not make anything up. I misread  
22          this.

23          Q        Okay.

24          A        And I apologize --

25          Q        That's fair enough.

1 A -- for misreading this.

2 Q And I apologize as well.

3 A What do you apologize for?

4 Q Well, do you not accept it?

5 MS. DALENBERG: Are you -- do you have  
6 another question? Because I think we're finished.

7 MR. MARR: Yes, ma'am, I do.

8 MS. DALENBERG: How many more? Because  
9 we're now ten minutes after 2:00 and you agreed --

10 Q (BY MR. MARR) Take a look --

11 MS. DALENBERG: -- to finish at 2:00.

12 Q (BY MR. MARR) Take a look at the next  
13 page, ma'am. Is Renfroe one of the firms that  
14 you're getting money back on because of their  
15 adjusters' unacceptable performance?

16 MS. DALENBERG: Objection to form. Calls  
17 for speculation and lacks foundation.

18 Q (BY MR. MARR) And I apologize for the  
19 quality of the copy. This is the best that was  
20 provided to me.

21 MS. DALENBERG: This is an illegible  
22 document.

23 MR. MARR: Well --

24 MS. DALENBERG: I object to the use --

25 MR. MARR: -- you can see it.

1 Q (BY MR. MARR) Do you see where it says  
2 E.A. Renfroe, ma'am, third one?

3 A Yes, I do.

4 Q Do you see, "Retainer Fees,  
5 Recovered/Credited" over there? It looks like 87 or  
6 97,000?

7 MS. DALENBERG: Object again. This  
8 document is illegible.

9 Q (BY MR. MARR) Well, I would --

10 A I see some -- some very blurry numbers  
11 in -- in the -- in the columns. I cannot tell you  
12 what the numbers are, what the amounts are.

13 Q Okay. But Renfroe is listed as one of the  
14 firms -- and this is the southern zone, isn't it?

15 MS. DALENBERG: Objection to form.

16 THE WITNESS: This is in the southern --  
17 yes. The top of the sheet says "Florida/Southern  
18 Zone."

19 Q (BY MR. MARR) Would you have any  
20 objection, ma'am, to instructing your lawyers -- one  
21 of your lawyers to give me a legible copy of this  
22 document?

23 A You can --

24 MS. DALENBERG: Objection. Counsel, if  
25 you need to confer with us about the legibility of a

1 document, I'm sure that we can handle that. That's  
2 not appropriate to ask a witness to do something  
3 like that, and you well know it.

4 MR. MARR: And there's nothing  
5 inappropriate about that request, Counsel.

6 MS. DALENBERG: There's something very  
7 inappropriate about it.

8 MR. MARR: No, there's not.

9 MS. DALENBERG: You're using a deposition  
10 setting to try to have a one-on-one conversation  
11 with the witness, not about testimony.

12 Q (BY MR. MARR) All right, ma'am. So how  
13 many hundreds of thousand of dollars -- let me ask  
14 this question.

15 Did you go back and tell these  
16 policyholders whose claims were adjusted by these  
17 independent adjusters whose performance was  
18 unacceptable, did you go back and tell them that  
19 their claim was adjusted by someone whose  
20 performance wasn't up to snuff?

21 MS. DALENBERG: Objection to form.

22 THE WITNESS: I don't know what was done  
23 after these claims, Mr. Marr. And I -- I am  
24 speculating that some of these independents may not  
25 never have handled any claims. And if they handled

1 some claims and they made a mistake, you can bet  
2 that we went back and took care of the mistake.

3 Q (BY MR. MARR) And do you know that or are  
4 you speculating?

5 A I speculated.

6 Q Okay. It says that these were based upon  
7 evaluations -- performance evaluations, correct? Do  
8 you see that in the second paragraph that begins  
9 with "Rick, the attached spreadsheet shows the total  
10 retainer fees and the recoveries, credits, and  
11 reimbursements we have gotten back from all 16  
12 independent firms we worked with during the Florida  
13 hurricanes. I negotiated most of the recoveries  
14 from performance evaluations you sent to me when the  
15 adjusters left. If the evaluations were not up to  
16 our standards, I asked for the retainer fees back."  
17 Did I read that correctly?

18 A Yes, you did.

19 Q Did you know it's been represented to us  
20 that since the outset of this litigation that State  
21 Farm had no performance evaluations of independent  
22 adjusters?

23 MS. DALENBERG: Objection. That  
24 mischaracterizes the record and the evidence.  
25 That's --



1 MR. MARR: It doesn't.

2 Q (BY MR. MARR) Go ahead.

3 MS. DALENBERG: It does.

4 THE WITNESS: I don't know what was  
5 represented to you.

6 Q (BY MR. MARR) Okay. Are there  
7 performance evaluations on these independent  
8 adjusters?

9 A I don't know that -- I don't know that  
10 their perform- -- I don't know the status of the  
11 performance evaluation on these that they're  
12 referring to, but we do performance evaluations.  
13 It's my understanding that we do performance  
14 evaluations on our independents, yes.

15 Q Is -- is this done in relation to  
16 particular catastrophes or on an annual basis or  
17 how?

18 A I don't really know.

19 Q Okay.

20 MS. DALENBERG: Do you know when --

21 MR. MARR: We're done. We're done. Thank  
22 you, ma'am, for your time.

23 Oh, under Oklahoma law, you have the right  
24 to read and sign your deposition --

25 MS. DALENBERG: We will definitely read.

1                   MR. MARR:  -- to check it for accuracy,  
2  but you need to let the court reporter know what you  
3  want to do.

4                   MS. DALENBERG:  We're definitely going to  
5  read and sign.  And I would --

6                   (The witness and her attorneys conferred.)

7                   THE WITNESS:  You don't have my permission  
8  to give my deposition to the media.

9                   (DEPOSITION CONCLUDED AT 2:12 P.M.)

10                                   \* \* \* \* \*

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C E R T I F I C A T E

1  
2 STATE OF OKLAHOMA )  
3 ) SS:  
4 COUNTY OF OKLAHOMA )

5 I, MELINDA R. NIEVEZ, Certified Shorthand  
6 Reporter within and for the State of Oklahoma, do  
7 hereby certify that the above-named SUSAN Q. HOOD  
8 was by me first duly sworn to testify the truth, the  
9 whole truth, and nothing but the truth, in the case  
10 aforesaid; that the above and foregoing videotaped  
11 deposition was by me taken in shorthand and  
12 thereafter transcribed; that the same was taken on  
13 the 17th day of November, 2006, in the City of  
14 Bloomington, State of Illinois, pursuant to court  
15 order, and under the stipulations hereinbefore set  
16 out; and that I am not an attorney for nor relative  
17 of any of said parties nor otherwise interested in  
18 the event of said action.

19 IN WITNESS WHEREOF, I have hereunto set my  
20 hand and official seal this 26th day of November,  
21 2006.  
22

23 \_\_\_\_\_  
24 MELINDA R. NIEVEZ, CSR, RPR  
25 Oklahoma Certified Shorthand Reporter  
Registered Professional Reporter  
Certificate No. 01539  
Exp. Date: December 31, 2006

Susan Q. Hood  
November 17, 2006

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1 ERRATA SHEET  
2 VIDEOTAPED DEPOSITION OF SUSAN Q. HOOD  
3 REPORTER: MELINDA R. NIEVEZ, CSR, RPR  
4 DATE DEPOSITION TAKEN: NOVEMBER 17, 2006

5	Page	Line	Correction
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