

Exhibit A

1
2 IN THE UNITED STATES BANKRUPTCY COURT
3 FOR THE DISTRICT OF KANSAS
4 AT KANSAS CITY

4 In re:) Case No.
5) 16-21142-11
6 JOHN Q. HAMMONS FALL 2006 LLC,) (Jointly
et al.,) Administered)
7) (Re: ECF No.
8 Debtor.) 257, 269 & 771)
9
10
11

12 VIDEO DEPOSITION OF GREGGORY GROVES
13 VOLUME II

14 Taken on behalf of JD Holdings
15 January 26, 2017
16 Springfield, MO
17 9:02 a.m.
18
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23

24 REPORTED BY: KAREN VEST, RPR, CCR No. 846
25 JOB NO: 118373

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2	PAGE	2	IN THE UNITED STATES BANKRUPTCY COURT
3	DEPOSITION INFORMATION 93	3	FOR THE DISTRICT OF KANSAS
4		4	AT KANSAS CITY
5	APPEARANCES 94	5	In re:) Case No.
6		6) 16-21142-11
7	GREGGORY GROVES	7	JOHN Q. HAMMONS FALL 2006 LLC,) (Jointly
8	Direct Examination By Mr. Edelman 97	8	et al.,) Administered)
9		9) (Re: ECF No.
10	EXHIBITS	10	Debtor.) 257, 269 & 771)
11	Exhibit 1 First restatement 125	11	
12	Exhibit 2 Privilege log 237	12	VIDEO DEPOSITION OF GREGGORY GROVES,
13	Exhibit 3 Cover email 254	13	produced, sworn, and examined on the part of JD
14	Exhibit 4 Term sheet 254	14	Holdings in an action pending in the United States
15		15	Bankruptcy Court, District of Kansas, at Kansas
16	CERTIFICATE OF REPORTER 284	16	City, in re JOHN Q. HAMMONS FALL 2006 LLC, et al.,
17		17	at 9:00 a.m. on Thursday, January 26, 2017, at the
18		18	Hilton Garden Inn Springfield, 4155 South Nature Center
19		19	Way, Springfield, Missouri, before KAREN VEST, Registered
20		20	Professional Reporter, Certified Realtime Reporter,
21		21	and Certified Court Reporter within and for the
22		22	State of Missouri.
23		23	
24		24	
25		25	
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1	A P P E A R A N C E S	1	
2		2	Videographer:
3		3	MR. ANDREW NORRIS
4	For JD Holdings:	4	
5	MR. SCOTT EDELMAN, ESQ.	5	
6	MR. JED SCHWARTZ, ESQ.	6	Also Present:
7	MILBANK TWEED HADLEY & MCCLOY	7	MS. JACQUELINE DOWDY
8	28 Liberty Street	8	
9	New York, New York 10005	9	
10	For the Debtors:	10	
11	MR. MARK CARDER, ESQ.	11	
12	MR. MARK SHAIKEN, ESQ.	12	
13	STINSON LEONARD STREET	13	
14	1201 Walnut Street	14	
15	Kansas City, Missouri 64106	15	
16		16	
17	For SFI Belmont (appearing by phone):	17	
18	MR. PETER SIDDIQUI, ESQ.	18	
19	KATTEN MUCHIN ROSENMAN	19	
20	525 West Monroe Street	20	
21	Chicago, Illinois 60661	21	
22		22	
23	Court Reporter:	23	
24	MS. KAREN VEST, RPR, CCR No. 846	24	
25	///	25	

<p style="text-align: right;">Page 264</p> <p>1 Gregory Groves</p> <p>2 MR. CARDER: Object to form.</p> <p>3 THE WITNESS:</p> <p>4 A. I don't know that I really had an</p> <p>5 opinion. I looked at it -- I listened to it and</p> <p>6 then I never really thought about it after that.</p> <p>7 I just know that it deemed -- it</p> <p>8 seemed to me, regardless of what it meant, that he</p> <p>9 was going to grant specific performance to Mr.</p> <p>10 Eilian.</p> <p>11 MR. EDELMAN:</p> <p>12 Q. And did you understand that he was</p> <p>13 entering the status quo order to preserve what he</p> <p>14 viewed as Mr. Eilian's rights to own the property?</p> <p>15 A. I had a concern. I don't know that</p> <p>16 that's why he entered -- I wouldn't say I thought</p> <p>17 that's why he entered the status quo order.</p> <p>18 Q. When you say you had that concern, what</p> <p>19 do you mean?</p> <p>20 A. I had that concern by -- again, I'm</p> <p>21 assuming -- I would have to go back and look if</p> <p>22 that's when he actually said they were the equitable</p> <p>23 owner. And I think that it was, even though he</p> <p>24 didn't make a finding.</p> <p>25 But the fact that he had entered the</p>	<p style="text-align: right;">Page 265</p> <p>1 Gregory Groves</p> <p>2 status quo order in and of itself made me -- and</p> <p>3 called us serial breachers made me concerned that he</p> <p>4 was going -- that this was not going to bode well</p> <p>5 for JQH.</p> <p>6 Q. Now you've also cited that litigation</p> <p>7 with SFI Belmont is one of the factors that resulted</p> <p>8 in you filing for bankruptcy. Correct?</p> <p>9 A. That is correct.</p> <p>10 Q. And in particular you focused on a</p> <p>11 motion that SFI Belmont had made where it was</p> <p>12 seeking acceleration of the entire outstanding loan</p> <p>13 amount, right?</p> <p>14 A. There were two motions that were coming</p> <p>15 up on June 28 that particularly concerned me.</p> <p>16 Q. One was seeking acceleration of the</p> <p>17 whole loan amount, right?</p> <p>18 A. One was seeking acceleration of the</p> <p>19 entire loan amount.</p> <p>20 Q. And what was the other seeking?</p> <p>21 A. The other was seeking a determination</p> <p>22 of default.</p> <p>23 Q. But that one was not seeking</p> <p>24 acceleration. Right?</p> <p>25 A. It was not seeking acceleration at that</p>
<p style="text-align: right;">Page 266</p> <p>1 Gregory Groves</p> <p>2 particular time, that's correct.</p> <p>3 Q. And the portion of the motion</p> <p>4 seeking -- so -- so just the declaration didn't</p> <p>5 trigger any imminent danger to the company, right?</p> <p>6 A. I don't know that the declaration</p> <p>7 triggered imminent danger as far as going in to be</p> <p>8 able to seize or foreclose on assets.</p> <p>9 But what it did, if I had a</p> <p>10 determination of default, I was through trying to</p> <p>11 get any refinancing. Regardless of what happened</p> <p>12 anywhere else, I wouldn't be able to get</p> <p>13 refinancing.</p> <p>14 Q. Refinancing from whom?</p> <p>15 A. For other loans that may have come</p> <p>16 to --</p> <p>17 Q. With respect to the acceleration, do</p> <p>18 you recall what the basis was for SFI Belmont's</p> <p>19 claim for acceleration?</p> <p>20 A. Yes.</p> <p>21 Q. What was it?</p> <p>22 A. It was the fact that Mr. Eilian when he</p> <p>23 purportedly liquidated came out with an additional</p> <p>24 48 -- 47, 48, 49 million in excess proceeds.</p> <p>25 And he presented us checks for about</p>	<p style="text-align: right;">Page 267</p> <p>1 Gregory Groves</p> <p>2 900,000 of those proceeds, claiming he was entitled</p> <p>3 to the other difference, whatever, 40 plus million.</p> <p>4 And SFI believed that any monies we</p> <p>5 received from that purported liquidation was theirs</p> <p>6 and we hadn't paid it to them.</p> <p>7 And therefore, they thought we were in</p> <p>8 default and they were entitled to it. And because</p> <p>9 we were in default, they wanted to accelerate the</p> <p>10 entire loan.</p> <p>11 Q. And so they -- so basically they were</p> <p>12 complaining that you hadn't forwarded them a million</p> <p>13 dollars in payments on the loan?</p> <p>14 A. That is ultimately what they were</p> <p>15 claiming, yes.</p> <p>16 Q. They were saying they were entitled to</p> <p>17 a million dollar prepayment for money that you had</p> <p>18 received on the preferred interest, right?</p> <p>19 A. For money that we received from the</p> <p>20 purported liquidation, correct.</p> <p>21 Q. And so you could have made that whole</p> <p>22 issue go away by forwarding the million dollars to</p> <p>23 them, right?</p> <p>24 A. Well, that's easier said than done.</p> <p>25 Because if we give them that money, then there is an</p>

<p style="text-align: right;">Page 268</p> <p>1 Gregory Groves</p> <p>2 argument that we have deemed that the liquidation</p> <p>3 and the manner in which that 47 million was</p> <p>4 distributed, that we were approving that.</p> <p>5 And so had we given them that, then I</p> <p>6 might have -- not might, I would have had JD</p> <p>7 Holdings on the other side at some point arguing</p> <p>8 that we had agreed that there was a valid</p> <p>9 liquidation and that the proceeds had been</p> <p>10 distributed in a proper manner and that was -- we</p> <p>11 were not in agreement with that at all.</p> <p>12 Q. So you're testifying there was no way</p> <p>13 to pay them that million dollars with the</p> <p>14 reservation of rights and appropriate language that</p> <p>15 would eliminate this risk of a default which you're</p> <p>16 claiming was part of the reason you filed for</p> <p>17 bankruptcy without giving up your claims in the</p> <p>18 Delaware litigation?</p> <p>19 A. And I don't know how deep I dug into</p> <p>20 that, but I did not see a way to validly do that</p> <p>21 without hurting an argument in the JD Holdings</p> <p>22 liquidation case.</p> <p>23 Q. And could you have just paid them a</p> <p>24 million dollars -- withdrawn.</p> <p>25 Money's fungible, right?</p>	<p style="text-align: right;">Page 269</p> <p>1 Gregory Groves</p> <p>2 A. What do you mean by that?</p> <p>3 Q. Do you know what the phrase money is</p> <p>4 fungible means?</p> <p>5 A. I do know -- I think I know what it</p> <p>6 means. I mean I can give a dollar here or take it</p> <p>7 out of here and --</p> <p>8 Q. Why didn't you just pay them -- you had</p> <p>9 76 million dollars of unrestricted cash on your</p> <p>10 balance sheet as of March 31, 2016?</p> <p>11 A. Right.</p> <p>12 Q. Why couldn't you just take a million</p> <p>13 dollars from somewhere else and pay it down and say,</p> <p>14 "We don't need to be fighting about this"?</p> <p>15 A. Because I still believed that JD</p> <p>16 Holdings would have taken the position that the mere</p> <p>17 fact that we paid a million dollars or the amount</p> <p>18 that we had to pay them or that SFI thought we had</p> <p>19 to pay them would have been deemed by JD Holdings</p> <p>20 support or a waiver of any arguments we might have</p> <p>21 in the liquidation, regardless of whether it came</p> <p>22 from what asset, regardless of how it came out.</p> <p>23 Q. Have the approximately million dollars</p> <p>24 in checks been cashed as of today?</p> <p>25 A. No.</p>
<p style="text-align: right;">Page 270</p> <p>1 Gregory Groves</p> <p>2 Q. Who has possession of them?</p> <p>3 A. Jacquie Dowdy and I do.</p> <p>4 Q. Was that included as an asset in your</p> <p>5 Chapter 11 petition?</p> <p>6 A. You know, I don't remember, Mr.</p> <p>7 Edelman, if it --</p> <p>8 Q. You stated that the debtors did not</p> <p>9 believe that a supersedes bond would have been a</p> <p>10 realistic option in the Delaware case. Is that</p> <p>11 right?</p> <p>12 A. That is correct.</p> <p>13 Q. Why not?</p> <p>14 A. Because my experience with appeal</p> <p>15 bonds, and that's -- at that point what it would</p> <p>16 be -- there are actually two options.</p> <p>17 One, you still have the specific</p> <p>18 performance issue. But the bond itself, the problem</p> <p>19 is you have to come up with a basically dollar for</p> <p>20 dollar in my experience on an appeal bond.</p> <p>21 And we thought that, based on where the</p> <p>22 judge was, that it was not something that would be</p> <p>23 feasible.</p> <p>24 Q. Did you do any investigation on that?</p> <p>25 A. I don't know that I did any other</p>	<p style="text-align: right;">Page 271</p> <p>1 Gregory Groves</p> <p>2 investigation. I appealed cases.</p> <p>3 I didn't -- you know, in my career</p> <p>4 before that was always the case with appealing a</p> <p>5 bond from a final judgment.</p> <p>6 Q. Why did you file a motion for a TRO</p> <p>7 enjoining JD Holdings from proceeding against</p> <p>8 nondebtor entities that were in litigation?</p> <p>9 A. You mean after the bankruptcy was</p> <p>10 filed?</p> <p>11 Q. Right.</p> <p>12 A. I can't answer that without</p> <p>13 attorney-client privilege.</p> <p>14 Q. Was one of the reasons that you filed</p> <p>15 for bankruptcy that you were trying to get away from</p> <p>16 Judge Laster making the decision in your case?</p> <p>17 A. I filed for bankruptcy to stop all of</p> <p>18 the litigation that might result in diminishing the</p> <p>19 value of the companies, that would result in</p> <p>20 dismemberment of the companies.</p> <p>21 I was looking to bankruptcy for the</p> <p>22 relief that it could offer, and that's why we filed</p> <p>23 bankruptcy.</p> <p>24 Q. Was one of the reasons that you filed</p> <p>25 for bankruptcy that you were trying to get away from</p>