

1 **QUINN EMANUEL URQUHART & SULLIVAN, LLP**

Michael B. Carlinsky (*pro hac vice*)  
2 *michaelcarlinsky@quinnemanuel.com*  
295 Fifth Avenue, 9th Floor  
3 New York, NY 10016  
Telephone: 212.849.7000  
4 Facsimile: 212.849.7100

5 Derek L. Shaffer (SBN 212746)  
6 *derekshaffer@quinnemanuel.com*  
555 13th St. NW, Suite 600  
7 Washington, D.C. 20004  
Telephone: 202.538.8000  
8 Facsimile: 202.538.8100

9 *[Additional counsel listed on next page]*  
10 Attorneys for Defendant  
11 SAN DIEGO COUNTY CREDIT UNION

12 **IN THE SUPERIOR COURT OF THE STATE OF CALIFORNIA**

13 **COUNTY OF SAN DIEGO**

14 CALIFORNIA COAST CREDIT UNION, a  
California Nonprofit Corporation

15 Plaintiff,

16 vs.

17 SAN DIEGO COUNTY CREDIT UNION, a  
California Nonprofit Corporation

18 Defendant.  
19

Case No.: 25CU063843C

Assigned for All Purposes to:  
Honorable Carolyn M. Caietti, Department C-  
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**DECLARATION OF CAROLYN KISSICK  
IN SUPPORT OF SAN DIEGO COUNTY  
CREDIT UNION'S OPPOSITION TO  
CALIFORNIA COAST CREDIT UNION'S  
MOTION FOR PRELIMINARY  
INJUNCTION**

*[Filed concurrently with Opposition to the  
Motion for Preliminary Injunction;  
Declarations of Teresa Campbell, David  
Perkins, Charles Grice, and Derek Shaffer;  
Compendium of Evidence]*

**HEARING DATE**

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1 **QUINN EMANUEL URQUHART & SULLIVAN, LLP**

Christopher Tayback (SBN 145532)

2 *christayback@quinnemanuel.com*

J'me K. Forrest (SBN 290579)

3 *jmeforrest@quinnemanuel.com*

865 S Figueroa St, 10th Floor

4 Los Angeles, CA 90017

Telephone: 213.443.3000

5 Facsimile: 213.443.3100

6 Jonathan E. Feder (*pro hac vice*)

*jonathanfeder@quinnemanuel.com*

7 295 Fifth Avenue, 9th Floor

8 New York, NY 10016

Telephone: 212.849.7000

9 Facsimile: 212.849.7100

10 **HOLLAND & KNIGHT LLP**

11 Sarah Kelly-Kilgore (SBN 284571)

*sarah.kellykilgore@hklaw.com*

12 Amir A. Shakoorian (SBN 324442)

*amir.shakoorian@hklaw.com*

13 Zachary J. Watson (SBN 348019)

*zachary.watson@hklaw.com*

14 4675 MacArthur Court, Suite 900

Newport Beach, CA 92660

15 Telephone: 949.833.8550

Facsimile: 949.833.8540

16 Attorneys for Defendant

17 SAN DIEGO COUNTY CREDIT UNION

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1           5.       Cal Coast hired Cornerstone and Travis Harrell (a former Cal Coast employee who  
2 Cal Coast said would be a fair neutral) to coordinate the merger integration process, which set up a  
3 working framework with the Integration Steering Committee (“ISC”) being the ultimate decision-  
4 making body. The ISC was co-chaired by the two credit unions’ CEOs, Teresa Campbell for  
5 SDCCU and Todd Lane for Cal Coast. Cornerstone would also set forth certain milestones for the  
6 merger integration workstreams.

7           6.       At the first meeting—a social gathering—between the merger team leads from the  
8 two credit unions, Travis Harrell was talking to me and Teresa Campbell and made a comment like:  
9 *You don’t want to make Todd mad, he will yell at you.* I looked to Ms. Campbell in disbelief. She  
10 shrugged and said she had never heard anything about Mr. Lane yelling at his staff.

11          7.       I was on both the ISC and the Integration Management Office (“IMO”), and I served  
12 as team lead with Kellen Gill, Cal Coast’s Chief Audit & Risk Officer, on the Enterprise Risk and  
13 Compliance team. Mr. Gill and I had regular risk and compliance meetings.

## 14       **II. Compliance Concerns**

15          8.       Between July and October 2025, I and my SDCCU colleagues identified numerous  
16 instances where Cal Coast lacked policies and procedures, or lacked monitoring, testing, or  
17 oversight mechanisms to ensure compliance with federal and state regulations; or otherwise engaged  
18 in practices that violated regulatory requirements including requirements for fair banking and safety  
19 and soundness. Several of these are already identified in my Declaration in Support of San Diego  
20 County Credit Union’s Opposition to California Coast Credit Union’s Ex Parte Application for  
21 Temporary Restraining Order and Order to Show Cause Regarding Preliminary Injunction.

22          9.       My colleagues and I sent some of the most concerning issues to Sheppard Mullin and  
23 shared the resulting memos with Cal Coast.

### 24               **A. Discretionary Certificate Rate Negotiation: UDAAP Violations and the** 25               **Pattern of Reversal**

26          10.       In a meeting dated July 10, 2025, Sheena Peoples, SDCCU’s EVP of Operations told  
27 me she had learned that Cal Coast engaged in discretionary negotiation of certificate rates.  
28 Certificates in a credit union are the equivalent of certificates of deposit (“CDs”) in a bank. At Cal

1 Coast, members who were savvy enough to ask could negotiate their certificate rate, with Cal Coast  
2 employees vested with discretion on a case-by-case basis with no objective criteria governing which  
3 members received better rates nor how high rates could be set.

4 11. After learning of this practice, I reviewed Cal Coast's board policies and other  
5 materials and confirmed that this practice was not formalized in a written board policy. Instead,  
6 through my discussions with Cal Coast personnel and review of their materials, I learned it was  
7 based on informal notes and the broad discretion of individual employees and managers. I asked  
8 Mr. Gill many times but he has never produced a written procedure governing this practice.

9 12. As SDCCU's Chief Risk Officer, upon discovering Cal Coast's practice, I believed  
10 that it would cause a credit union of Cal Coast's size, and certainly the Combined Credit Union, to  
11 treat similarly situated members differently. Any experienced credit union executive knows that  
12 myriad federal and state regulations require treating similarly situated members the same.

13 13. On July 18, 2025, Sheppard Mullin prepared a memo titled "Risk Assessment and  
14 Policy Recommendations: Negotiation of Individual Certificate of Deposit (CD) Rates." The memo  
15 confirmed my concerns, identifying that Cal Coast's practice of allowing individualized rate  
16 negotiation without clearly defined, objective, and consistently applied criteria implicated exposure  
17 to disparate impact claims under the Equal Credit Opportunity Act and Unfair, Deceptive, or  
18 Abusive Acts or Practices ("UDAAP"). Sheppard Mullin warned that "[r]ate-setting practices that  
19 appear opaque, arbitrary, or discriminatory may still attract scrutiny." After SDCCU and Cal Coast  
20 established a shared integration folder for legal guidance documents, SDCCU uploaded the memo  
21 on August 1, 2025, providing Cal Coast's leadership with access to Sheppard Mullin's analysis.

22 14. In my risk and compliance meeting with Mr. Gill on July 16, 2025, I raised concerns  
23 about this practice with Mr. Gill. He initially agreed that the discretionary certificate rate  
24 negotiations created regulatory risk and that Cal Coast would end the practice. I took notes of this  
25 conversation right after the meeting, a true and correct copy of which is attached hereto as **Exhibit**  
26 **32**. I understood from our conversation that he recognized this was not a compliant way to operate.

27 15. However, Mr. Gill subsequently reversed his position. On July 23, 2025, Mr. Gill  
28 told me that Cal Coast would continue the certificate rate negotiation practice. When I asked why

1 Mr. Gill changed his position, he stated words to the effect of: "It doesn't matter what I say or what  
2 I think, he's going to do what he wants to do." I confirmed with Mr. Gill that the "he" Mr. Gill was  
3 referring to was Mr. Lane. I responded to Mr. Gill along the following lines: "It is your job as chief  
4 risk officer to understand regulations and risks and bring them forward; if your CEO chooses to do  
5 something other than your recommendation, that is your CEO's prerogative, but that does not mean  
6 that you do not bring it forward and document it." I also mentioned to him that if he really thought  
7 nothing of it, then he should inform the examiners of Cal Coast's practice. He responded with  
8 silence. Mr. Gill's reluctance suggested to me that he was not comfortable defending the practice  
9 because he knew it could not withstand regulatory scrutiny. **Exhibit 33** hereto is a true and correct  
10 copy of my notes that I took right after the meeting.

11 16. After this reversal, Cal Coast repackaged the same discretionary rate negotiation  
12 practice under a new label: "relationship-based pricing." Mr. Gill claimed that Cal Coast's practice  
13 has always been "relationship-based pricing" which many other large, reputable credit unions used  
14 and hand-delivered to me a memo, a true and correct copy of which is attached hereto as **Exhibit**  
15 **34**. However, from what I have observed, Cal Coast's practice is not relationship pricing.  
16 Relationship pricing is automatic, meaning it is non-discretionary and applied uniformly across  
17 similarly-situated members by clear written published procedures. This is different from Cal  
18 Coast's practice of individual negotiations that are completely discretionary and non-published.

19 17. The CFPB has explicitly warned against practices that may advantage the institution  
20 at the expense of a consumer's lack of understanding or their reliance on the credit union. Allowing  
21 one-off certificate rate negotiations creates a hidden disparity where some members unknowingly  
22 receive less favorable terms than others despite otherwise identical eligibility criteria.

23 18. I raised this issue with Cal Coast several times. Cal Coast has not, to my knowledge,  
24 discontinued its individual certificate-rate negotiation practice. In October 2025, Cal Coast  
25 unilaterally wrote and uploaded RAID Log #131. **Exhibit 35** hereto is a true and correct copy of  
26 RAID Log #131 showing Cal Coast recommended "adopt[ing] a relationship-based pricing  
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1 framework for certificate rate negotiations post-merger,” which suggests they still want to continue  
2 the certificate rate negotiation practice post-merger.

3 **B. Technology Loans: Misclassification of Student Loans and Regulation Z**  
4 **Violations**

5 19. Through SDCCU’s due diligence and product analysis during the merger integration  
6 process, we identified that since 2022, Cal Coast has been offering a technology loan program that  
7 should have been classified as private education loans (student loans) under Regulation Z (Truth in  
8 Lending Act). These loans were marketed to students, facilitated through the San Diego State  
9 University campus bookstore, and used for allowable educational expenses under the Higher  
10 Education Act.

11 20. It surprised me that Mr. Gill had not been ensuring these loans were being accurately  
12 reported, and it seemed to me that he did not learn about the existence of these student loans until  
13 the Sheppard Mullin memo.

14 21. Ryan Little, SDCCU’s EVP of Consumer Lending, sought legal guidance from  
15 Sheppard Mullin regarding the proper classification of these loans. Mr. Little also shared Cal  
16 Coast’s marketing piece with me, and I told him as a chief risk officer, it is my opinion that these  
17 are student loans.

18 22. Upon learning of Cal Coast’s technology loan program, I quickly recognized that Cal  
19 Coast was misreporting these loans on their NCUA Call Reports (Form 5300) since they started to  
20 offer this program in 2022. Private education loans must be reported on the Call Report as “Non-  
21 Federally Guaranteed Student Loans.” Cal Coast was apparently reporting these loans in a different  
22 category, thereby providing inaccurate financial information to federal regulators. However, Cal  
23 Coast only grudgingly limited its remedy to correcting three quarterly NCUA Call Reports (from  
24 fourth quarter 2024 and the first two quarters of 2025), leaving the prior reports inaccurate.

25 **C. Fair Lending and UDAAP Risk in Cal Coast’s Indirect Lending Program**

26 23. On August 12, 2025, Ryan Little, SDCCU’s EVP of Consumer Lending, sent an  
27 email to Mitzi Zarcone, Cal Coast’s Chief Lending Officer, raising specific questions about Cal  
28 Coast’s indirect lending practices. Mr. Little shared this correspondence with me, and his questions

1 revealed operational deficiencies that raised fair lending concerns for me: Cal Coast appeared to  
2 lack systematic tracking of dealer FICO usage, had no approval process for alternative FICO scores,  
3 did not track rate variances below certain thresholds, and had no specific tracking reports for  
4 guideline overrides.

5 24. From my perspective, these operational deficiencies represented serious compliance  
6 failures. Without systematic tracking, objective criteria, and documented approval processes, Cal  
7 Coast could not demonstrate that it was treating similarly-situated members consistently.

8 25. I expected Cal Coast to respond to these identified deficiencies after I shared  
9 Sheppard Mullin’s two memos dated August 25, 2025. However, I am unaware of Cal Coast taking  
10 any remedial steps.

11 **D. Law Regarding Spanish and Other Language Translation Requirements**

12 26. During the integration process I became aware that Cal Coast was providing partial  
13 Spanish-language content on their website without providing complete Spanish translations of all  
14 disclosures and contracts. I knew this “middle-ground approach” violated regulations because  
15 SDCCU had confronted this exact issue in 2018.

16 27. In 2018, before launching a new website with Spanish content, SDCCU’s  
17 compliance team identified that providing partial Spanish-language content while keeping key  
18 disclosures in English only would create regulatory compliance risks. Sheppard Mullin advised  
19 SDCCU that to comply with relevant laws concerning advertising, negotiating, and contracting in  
20 languages other than English, SDCCU has to either do everything in Spanish or do everything in  
21 English. You don’t just advertise and you don’t just have a website in a foreign language. You  
22 would also have to have your disclosures and your contracts available in that language too. Based  
23 on this guidance, SDCCU removed all Spanish content before launch. We never engaged in the  
24 non-compliant practice.

25 28. Nathan Schmidt—SDCCU’s EVP, Chief Experience Officer & Digital Channels—  
26 brought an issue to my attention regarding Cal Coast’s use of Spanish on its website. When I  
27 reviewed Cal Coast’s website, I recognized Cal Coast was doing what SDCCU had determined was  
28 non-compliant in 2018—using Spanish-language marketing content while keeping disclosures and



1 contracts in English only. Nathan Schmidt reached out to Sheppard Mullin to confirm whether the  
2 legal requirements had changed. On August 26, 2025, Sheppard Mullin confirmed that their prior  
3 recommendations remained unchanged: the middle-ground approach “increases litigation risk and  
4 regulatory scrutiny.”

5 29. Cal Coast took months to remediate. On November 8, 2025, I learned that Cal Coast  
6 had finally removed the Spanish content from their website. I am unsure if Cal Coast took any other  
7 steps to ensure that it was not marketing in Spanish, including properly instructing call center  
8 employees.

9 **E. ECOA and UDAAP Risk in Certain Lending Policies**

10 30. On July 15, 2025, Michael Bradshaw, SDCCU’s EVP of Real Estate Lending, sent  
11 me Cal Coast’s lending board policy and identified several sections that concerned him from a risk  
12 management perspective, a true and correct copy of which is attached hereto as **Exhibit 36**. He  
13 specifically flagged sections regarding: (1) assignment of credit approval authority to loan officers;  
14 (2) combined underwriter loan authority; (3) loan accommodations and modifications—which Mr.  
15 Bradshaw described as concerning in its “entire[ty]”; and (4) rate reduction accommodations for  
16 non-hardship situations. Once I reviewed the lending policy myself, I identified additional concerns  
17 regarding Cal Coast’s concentration risk limits, which raised safety and soundness issues. Around  
18 this same time, Ryan Little, SDCCU’s EVP of Consumer Lending, began reporting to me concerns  
19 he was identifying through his integration work with Cal Coast’s Chief Lending Officer, Mitzi  
20 Zarcone, regarding Cal Coast’s lending practices.

21 31. The next day, on July 16, 2025, I shared these concerns with Kelly Hudson,  
22 SDCCU’s Chief Compliance Officer, requesting that she review the lending policy from a  
23 compliance perspective. Her detailed compliance review identified compliance violations in the  
24 same policy sections Mr. Bradshaw and I flagged. Specifically, Ms. Hudson noted that Cal Coast’s  
25 practices “lack the internal controls, documentation and governance necessary to align with NCUA,  
26 CFPB and fair lending expectations.” *Ibid.* I shared Ms. Hudson’s conclusion that the excessive  
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1 discretion in underwriting and weak internal controls would expose the credit union to examiner  
2 findings of regulatory noncompliance.

3 32. Sheppard Mullin's October 6, 2025 memo titled "ECOA and UDAAP Risk in  
4 Certain Lending Policies" confirmed and expanded upon the issues that SDCCU had identified. The  
5 memo explained that these practices raised ECOA/Regulation B risks because "[i]n the absence of  
6 defined criteria, approvals or denials for loan assumptions may be deemed arbitrary, leading to  
7 applicants with similar profiles being treated differently." The memo further stated that "allowing  
8 non-hardship loan and rate modifications without well-defined eligibility criteria or parameters may  
9 expose a credit union with a program such as CCCU to ECOA risk" because "borrowers with similar  
10 credit profiles may receive differing modification opportunities solely due to discretionary decision-  
11 making...." Sheppard Mullin also identified UDAAP risks, noting that "[t]he absence of  
12 standardized guidelines means discretionary decision-making could lead to similarly situated  
13 borrowers receiving different outcomes on an arbitrary basis."

14 33. I expected Cal Coast to respond urgently to the compliance deficiencies identified in  
15 Sheppard Mullin's October 6, 2025 memo. I do not believe that they have.

16 **F. Review of Certain Hardship Modification Procedures**

17 34. Around September 2025, Michael Bradshaw, SDCCU's EVP of Real Estate  
18 Lending, and Ryan Little, SDCCU'S EVP of Consumer Lending, brought serious concerns to me  
19 regarding Cal Coast's hardship modification practices. They informed me that Cal Coast lacked  
20 defined criteria for determining which borrowers qualify for hardship modifications and had no clear  
21 definition of what constitutes a "hardship." SDCCU, by contrast, maintains written eligibility  
22 criteria and specific hardship definitions to ensure consistent, fair treatment of all members. Cal  
23 Coast's lack of objective standards appears to provide unconstrained discretion with no control in  
24 deciding whether similarly situated borrowers receive the same or different relief.

25 35. Around this time I also became aware that Cal Coast's Form 5300 Call Reports did  
26 not appear to report re-aging and re-amortization loan modification as required by the NCUA.  
27 NCUA regulations and guidance require credit unions to accurately report troubled debt  
28 restructurings and loan modifications because this data is essential for regulators to assess an

1 institution's financial condition, credit risk exposure, and capital adequacy. Inaccurate reporting of  
2 loan modifications can artificially improve a credit union's reported asset quality.

3 36. The October 22 memo from Sheppard Mullin identified fairness and safety and  
4 soundness concerns with this practice. The memo further noted that improper use of re-aging "may  
5 conceivably mask the true delinquency level of the loan portfolio."

6 37. Sheppard Mullin's October 22 memo also identified Fair Credit Reporting Act  
7 ("FCRA") violations in Cal Coast's credit bureau reporting practices. The memo noted that Cal  
8 Coast's policies "do not specify how re-aged or re-amortized loans are reported to credit bureaus"  
9 and that "modified loans may simply appear as 'current' without any indication of modification or  
10 accommodation." The memo explained that the Metro 2 format used by credit reporting agencies  
11 require lenders to use appropriate codes to indicate when loans have been modified through hardship  
12 programs. Sheppard Mullin recommended that "[t]he credit union should immediately update credit  
13 reporting procedures to use appropriate Metro 2 codes for any loan that has been modified or is in a  
14 workout program" to ensure compliance with "FCRA's accuracy requirements."

15 38. To the best of my knowledge, Cal Coast has not corrected any inaccurate loan  
16 modification reporting on Form 5300, nor has it corrected its credit bureau reporting.

17 **G. Regulatory Considerations in the Co-Marketing of Insured and Uninsured**  
18 **Retirement and Investment Products**

19 39. During the integration process, SDCCU reviewed Cal Coast's investment and  
20 retirement webpage and had regulatory concerns over its display of NCUSIF-insured deposit  
21 products alongside uninsured investment products on a single "Investments & Retirement"  
22 webpage. Sheppard Mullin's memo dated October 22, 2025, titled "Regulatory Considerations in  
23 the Co-Marketing of Insured and Uninsured Retirement and Investment Products" analyzed this  
24 practice. The memo identified that Cal Coast's webpage included disclosure language "only at the  
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bottom of the page in very small font,” inconsistent with regulatory requirements on the proximity of the disclosure.

40. To the best of my knowledge, the disclosure proximity issues identified in the Sheppard Mullin memo have not been redressed by Cal Coast.

#### **H. QCash**

41. Around July 16, 2025 Ryan Little learned from an integration meeting that Cal Coast had a program named QCash. He informed me that QCash was a cash loan issued predominantly to borrowers with low credit scores, without any credit checks or other underwriting requirements. Moreover, there were no concentration limits or other guardrails in place for this product, which created unacceptable credit and default risks inconsistent with the safety and soundness standards.

42. After SDCCU raised these concerns to Cal Coast, Mr. Little showed me an email where Mr. Lane, while stating he “shared in [our] concern,” refused to discontinue the program. ROA 60 at 11. To this day, Cal Coast has only vaguely claimed that it has established guardrails for the QCash program, without specifying what guardrails have been established or how they are being enforced.

### **III. Cal Coast’s Persistent Culture of Non-Compliance**

#### **A. Cal Coast’s One-Sided Policy Rewrite in Advance of NCUA Examination**

43. I was tasked with working with Mr. Gill to review Cal Coast and SDCCU’s board policies and document any gaps to identify risks for the integration of Cal Coast into SDCCU. In the process I found that Cal Coast’s policies for UDAAP (subject to Dodd-Frank and state law), the Military Lending Act, the Equal Credit Opportunity Act, the Electronic Funds Transfer Act, the Home Mortgage Disclosure Act, the SAFE Act, the Real Estate Settlement Procedures Act, and dozens of federal and state laws, rules, and regulations are deficient, lacking any meaningful specifics and operationalization, and are often hollow platitudes that leave Cal Coast employees with unfettered discretion.

44. My colleagues and I truthfully documented these deficiencies in Cal Coast’s board policies, including places where Cal Coast lacks standalone policies or lacks substance to comply with statutory requirements mentioned above. The accuracy of this documentation is critical to

1 assess regulatory risks for the Combined Credit Union both for SDCCU and the regulators. We  
2 recommended full adoption of SDCCU's board policies and implementing procedures. My practice  
3 was to upload the board-policy comparative write-ups to the working folder that only Mr. Gill and  
4 I could access.

5 45. On September 12, 2025, I found that Mr. Gill materially altered the policy  
6 comparatives (while keeping my name and the names of my colleagues on the documents), created  
7 RAID Log #109, and uploaded the policy comparatives and RAID Log. When I discovered that  
8 Mr. Gill had done more than just make some edits but had instead attempted to whitewash the  
9 comparatives and present them as joint work, I immediately raised the issue to Mr. Harrell and  
10 clarified that I did not approve RAID Log #109. If I did not raise my disapproval of the Raid Log  
11 #109 to Mr. Harrell, RAID Log #109 might have been submitted to ISC for approval, and it is  
12 unclear if I would be able to prevent RAID Log #109 from being approved. After I found out that  
13 RAID Log #109 was submitted, I asked Mr. Gill who would be the voting members for Cal Coast  
14 on the ISC. Mr. Gill listed Mr. Harrell—who I understood should be a neutral coordinator—as a  
15 voting member for Cal Coast, meaning Cal Coast could have outvoted SDCCU at the ISC meeting  
16 to approve RAID Log # 109.

17 46. On September 17, 2025, Mr. Gill uploaded—to the RAID Log folder that was  
18 supposed to be used for agreed-upon RAID Logs—more policy comparative write-ups that he  
19 altered and RAID Log #119 which he unilaterally created, again.

20 47. After I fully reviewed Mr. Gill's edits to the policy comparative write-ups and the  
21 RAID Logs #109 and #119, Mr. Gill, the smaller credit union's chief risk officer, showed his  
22 inexperience as he appeared to envision using Cal Coast's procedures to effectively modify a larger  
23 credit union's, SDCCU's, robust board policies, which had successfully undergone several years of  
24 rigorous reviews and approvals from NCUA, DFPI and CFPB. **Exhibit 37** hereto is an excerpt from  
25 a true and correct copy of RAID Logs #109 and #119 which Mr. Gill unilaterally submitted to the  
26 RAID Log folder without my sign-off.

27 48. Instead of acknowledging Cal Coast's deficiencies in board policies, Mr. Gill  
28 changed the write-up to state that Cal Coast has "guidelines," "procedures," and "procedural

1 manuals” addressing issues under various federal regulations. *Ibid.* However, board policies are  
2 fundamentally different from procedures for compliance and governance purposes. Board policies  
3 are required by regulators to self-govern. Procedures are intended to operationally implement those  
4 policies. Then, practices are what the staff do by following the procedures. The Chief Risk Officer  
5 is responsible for oversight, monitoring, and reporting to ensure that practices and procedures are  
6 implemented and follow the Board policies. Reporting goes to the CEO, the Board, and the  
7 Supervisory Committee.

8 49. Mr. Gill also unilaterally created RAID Logs #109 and #119 to recommend  
9 “incorporating CCCU’s operational procedures and examples,” *ibid.*, even though since July 2025,  
10 we had raised numerous compliance issues with Cal Coast, making it clear to them that their  
11 procedures and practices are non-compliant and give rise to significant regulatory risks.

12 50. Ms. Campbell scheduled a meeting with Mr. Lane and Mr. Gill for September 23,  
13 2025. **Exhibit 38** hereto is a true and correct copy of the notes I took of that meeting right after the  
14 meeting ended. Based on my notes and my memory, after I raised compliance concerns to Mr. Lane,  
15 he berated me stating, in sum and substance: “I run a dictatorship and I am a dictator. I do not care  
16 what you say or what you think. I do not care what anyone says or what anyone thinks. I am a  
17 dictator and I run a dictatorship and I do not care what you say or what you think.” I was shocked.  
18 I did not know what to respond with as I had not encountered this situation in my 35+ years of  
19 working in credit unions. I felt alarmed and very anxious and could not wait for this meeting to be  
20 concluded so that I could leave this building. In my entire financial institution experience, I have  
21 never seen anyone behave like that, never mind a CEO of a major credit union. I thought to myself,  
22 I can never work for a person like him; a CEO that would violate his fiduciary responsibility by  
23 completely disregarding compliance and risk management. His statement effectively would prevent  
24 me from fulfilling my core responsibilities as a chief risk officer. After the meeting, I told Ms.  
25 Campbell that Mr. Lane would not be a proper CEO for SDCCU—he would destroy everything she

1 and the board built, including the strong culture of compliance that has been highly regarded by  
2 regulators.

3 51. Mr. Lane's unwillingness to listen to a chief risk officer suggests he does not want  
4 to hear about—and does not care about—non-compliance issues. And it suggests that he does not  
5 have, and would not tolerate, an independent chief risk officer.

6 52. Mr. Gill suggests that because Cornerstone reported “no red issues” during the  
7 September 30, 2025 ISC meeting, SDCCU must have considered the identified regulatory  
8 compliance issues solved. (Gill Decl. ¶ 25.) This is wrong. Cornerstone's “no red issues” reporting  
9 concerns only the milestones it had pre-set from a project management perspective; the regulatory  
10 issues SDCCU identified were not part of that Cornerstone framework.

#### 11 **IV. Impossibility Of Moving Forward**

##### 12 **A. NCUA Examination and Regulatory Concerns**

13 53. The NCUA started examination of the merger on October 14, 2025. The NCUA  
14 communicated to us that SDCCU would be responsible for the compliance of the post-merger entity  
15 as the larger, more sophisticated, and surviving credit union. The NCUA would only communicate  
16 with SDCCU on the examination. To prepare for and go through the merger examination, SDCCU  
17 cancelled scheduled ISC meetings after October 1, 2025.

18 54. I never received any instruction to pause my merger-integration related work in  
19 October. I was focusing on preparing the materials for, and answering questions from, the  
20 regulators. Ms. Campbell never mentioned to me that SDCCU would pull out of the merger until  
21 after she sent an email to all the EVPs regarding the work pause in mid-November.

22 55. Before the NCUA examination, NCUA clearly communicated to me that I have to  
23 be able to identify any risk and the mitigation we are going to be putting in place for those identified  
24 risks.

25 56. For the examination, I provided NCUA with all merger integration documentation,  
26 including the RAID logs showing Cal Coast's resistance to adopting SDCCU's policies. The  
27 examiners expressed serious concerns, telling me the documentation showed there were no decisions  
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1 or integration plans for all the critical systems, including no plan to mitigate risks and ensure  
2 compliance of the Combined Credit Union.

3 57. The historical data and associated risks from Cal Coast will become those of the  
4 Combined Credit Union after the merger. Furthermore, the Combined Credit Union will surpass  
5 the \$10-billion threshold to become a Tier 1 credit union and will be subject to the more rigorous  
6 NCUA ONES examinations (as SDCCU is now). Cal Coast has clearly refused to recognize,  
7 document, or remedy its non-compliant practices and regulatory risks. Therefore, forcing the  
8 merger to close will compound the violations already identified, resulting in significant regulatory  
9 actions such as exam findings, cease-and-desist orders, remediation, fines, and penalties.

10 **B. Other Consequences**

11 58. Besides the regulatory repercussions, continuing the integration and merger  
12 workflows with Cal Coast will cost SDCCU no less than \$10 million in costs and expenses, as well  
13 as resources that can otherwise be spent on developing SDCCU's revenue-generating businesses.  
14 Freed from merger integration planning, I and my peers have been able to pursue other credit union  
15 opportunities that generate significant revenue and provide value to our members.

16 \* \* \*

17 59. During the course of integration planning for Cal Coast, I and my peers were shocked  
18 at the culture of non-compliance we observed at Cal Coast. Every question we asked reinforced the  
19 lack of governance, risk management, compliance, and controls at Cal Coast. If this merger were  
20 to go forward, I believe that much of the SDCCU executive team would prioritize their professional  
21 integrity, legal and regulatory responsibility and would leave rather than be held responsible for a  
22 combined credit union managed by Mr. Lane.

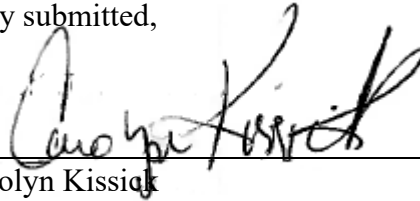
23 60. The foregoing facts are true and correct to the best of my knowledge and belief, and  
24 if called as a witness, I could and would testify competently thereto. I declare under penalty of  
25 perjury under the laws of the State of California that the foregoing is true and correct. Executed this  
26 4th day of February, 2026 in San Diego, California.



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Respectfully submitted,

By: \_\_\_\_\_



Carolyn Kissick  
EVP, Enterprise Risk Management and  
Chief Risk Officer of San Diego County Credit Union