

IN THE CIRCUIT COURT OF THE FIRST CIRCUIT  
STATE OF HAWAII

GECC FINANCIAL CORPORATION, )  
 ) CIVIL NO. 80828  
 )  
Plaintiff, )  
 ) AFFIDAVIT OF RICHARD JOHN  
 ) BLANGIARDI  
vs. )  
 )  
RICHARD JOHN BLANGIARDI, et al., )  
 )  
 )  
Defendants. )  
 )  
 )

AFFIDAVIT OF RICHARD JOHN BLANGIARDI

STATE OF HAWAII )  
 )  
CITY AND COUNTY OF HONOLULU ) SS.

RICHARD JOHN BLANGIARDI, having been first duly sworn upon oath, deposes and says:

1. I am one of the defendants in the above-entitled action.

2. In early 1982, I was approached by Sam Daily to help him convey Unit 101 at the Mokuleia Surf. Mr. Daily told me the property could not be conveyed directly between himself and his partner, Frederick Arthur Figge, who owned FAF Mokuleia. Under the arrangement I made with Mr. Daily, I received \$1,500 in return for what Mr. Daily referred to as "pulling mortgages". Mr. Daily told me that this type of transaction was commonplace among developers, and that the property would be immediately reconveyed under a wrap-around agreement leaving me with no further involvement.

3. I was provided with a GECC loan application and financial statement forms which I completed and signed. I was also given a blank DROA which I signed at the top, but did not fill out. I then returned all these forms to Sam Daily. At no time did I meet personally with any employee or representative of GECC regarding the loan prior to signing for the loan. Nor did I ever authorize the inclusion of additional information on any of the forms after they were initially submitted by me.

4. On or about June 22, 1982 I signed the promissory note at the office of GECC. Although this was the first time I even saw anyone at GECC regarding this matter, I did not discuss the transaction with the GECC representative. I merely signed the form and promissory note and left. I believed that at this time the property was simultaneously conveyed to FAF Mokuleia.

5. Several months after the promissory note was signed, I was asked to complete some additional forms for escrow purposes in order to consummate the transaction in Unit 101 at the Mokuleia Surf Condominium to FAF Mokuleia Associates. I was led to believe that this transaction left me with no further involvement in the matter. I had no idea that the transfer did not also include the June 22, 1982 promissory note. I obviously would not have agreed to convey the property but remain liable on the promissory note if I had known that this was what I was doing.

6. In a conversation I had, prior to the filing of this case, with Gordon Nyuha, the GECC employee responsible for handling this matter, I was told that this action was a "friendly foreclosure" and that I should not contest it. Mr. Nyuha told me that the appraised value of the property was high enough that there would probably be no deficiency judgment except for minor attorney's fees of about \$2,000. It was for this reason that we allowed a default to be taken. Mr. Nyuha also promised me a letter to my personal credit files which would explain the circumstances surrounding the foreclosure. I never received such a letter.

7. It was not until some time in 1984, after the deficiency judgment was entered, that Robert Tassie, Vice-President of GECC asked me to come to the GECC office to discuss payment on the judgment. At that time I requested from GECC permission to inspect their file. I spoke with Mr. Tassie, who showed me my file. In the file was a DROA with my name on it. However, My name was obviously and poorly forged by someone else on the acceptance portion. I also inspected the loan application and financial statements which I had submitted in early 1982. The information contained in those documents had been altered so it no longer reflected what I had included in them when I filled them out. It was obvious from the face of these documents that they had been altered. When I confronted Mr. Tassie with these discrepancies, he stated that this was a common practice between lender and real estate brokers.

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Further Affiant sayeth naught.

  
RICHARD JOHN BLANGIARDI

Subscribed and sworn to before me  
this 13th day of June, 1985.

  
Notary Public, State of Hawaii

My commission expires: July 21, 1987