

1 IN THE UNITED STATES DISTRICT COURT
2 MIDDLE DISTRICT OF TENNESSEE
3 NASHVILLE DIVISION

4
5 CIVIL ACTION NUMBER: 3:16-CV-1867

6
7 PAUL A. IANNELLO,
8 Plaintiff,

9 vs.

10 AMERICAN GENERAL LIFE INSURANCE COMPANY,
11 Defendant.

12

13

14 VIDEO DEPOSITION TESTIMONY OF
15 PAUL A. IANNELLO

16

17

18 JUNE 6, 2017

19 9:57 A.M.

20 COURT REPORTER:

21 JODI D. WALLACE, CCR

22

23

1 Q. Okay.

2 A. -- and that was INLO
3 Industries, and I started that in -- as
4 best as I can recall, 1986. I started
5 my own company. And then my company was
6 acquired by a company called Verax,
7 V-E-R-A-X, Systems, and they made me
8 their vice president of sales and
9 marketing.

10 And I stayed with Verax for
11 four years and then moved to Nashville,
12 Tennessee and started another
13 corporation down here called Zion --
14 nope, that's not correct. Son Systems,
15 S-O-N, Systems and then I stayed with
16 that for about three years and then
17 started -- went to work for a company
18 called Gauge Talker Corporation.

19 Then after Gage Talker -- Gage
20 Talker would have been around 1995. And
21 then I -- from that point, I was in the
22 ministry as a paster for -- since 1995,
23 13 years full-time as a paster. And

1 then in 2004 -- and those dates don't
2 totally correlate. 19 -- I started a as
3 paster -- yeah, 1994, and then I was
4 doing -- then I started I&R Partners in
5 2004, and I was doing it part-time. So
6 I was still pastering, as well as
7 working for I&R Partners.

8 And then in -- from -- and then
9 in 2004, then I sold a portion of my
10 company, the intellectual property, to
11 a company call Atlas Copco, and then
12 went to work for Atlas for a year and a
13 half. And then I left Atlas in February
14 of 2016 in order to develop this product
15 that we now have today called the
16 Torq-Comm product, then CEO of Torq-Comm
17 today.

18 Hopefully, I got those dates
19 all right for you.

20 Q. Thank you. And I'll just have
21 a couple of followups. It will help.
22 You did a great job --

23 A. Okay.

1 the intellectual property from that
2 entity to Atlas Copco?

3 A. Copco.

4 Q. When did that happen?

5 A. In December 2014.

6 Q. Okay. And then you were at
7 Atlas for -- until 2016; is that right?

8 A. Yes, sir. Uh-huh.

9 Q. Okay. And then what was your
10 position at Atlas?

11 A. I was a -- I'm trying to
12 remember the exact title they gave me.
13 But, basically, a business -- a quality
14 control specialist. So my job was to
15 teach their sales guys how to use the
16 product that they just acquired.

17 Q. And that was the product that
18 you sold them?

19 A. Yes, sir.

20 Q. And then after at Atlas, now --
21 you know, you said you're selling a
22 Torq-Comm product. Is that the name of
23 the business?

1 A. Yes. It's the name of the
2 business and that's not the actual name
3 of the product --

4 Q. Okay.

5 A. -- but that's the name of the
6 company.

7 Q. Okay. And what's your position
8 currently?

9 A. CEO.

10 Q. And I've seen in some of the
11 documents TekFlex. Have you heard of
12 TekFlex before?

13 A. Yes.

14 Q. What is TekFlex?

15 A. TekFlex was the name of this
16 product back prior to going to Atlas
17 Copco. So our company, I&R Partners,
18 had both the GaugeFlex and the TekFlex
19 product. So Atlas took the GaugeFlex
20 product and the TekFlex product after I
21 came back out of Atlas, we just -- we
22 started a new company. We didn't want
23 to use the name TekFlex since the

1 acquisition and everything else, so we
2 started a new company called Torq-Comm.

3 Q. So you were the -- you've been
4 sort of the business owner/CEO. Is it
5 -- there's the first business that you
6 started, the INLO back in 1986 --

7 A. Right.

8 Q. -- you were the owner of that
9 business; is that right?

10 A. That's correct.

11 Q. And then you were the owner of
12 Son Systems; is that right?

13 A. That's correct.

14 Q. And you were the owner I&R
15 Partners; is that right?

16 A. That's correct.

17 Q. And then now you're the CEO and
18 owner of Torq-Comm, is that right?

19 A. Not owner; CEO.

20 Q. CEO?

21 A. Yes.

22 Q. Okay. Did I miss any other --
23 are there any other businesses where

1 your were the business owner?

2 A. No, sir. You wouldn't count
3 the pastering as a business owner but --

4 Q. I understand.

5 A. Yeah. Okay.

6 Q. I understand. So as an owner,
7 have you ever entered into any kind of
8 contracts on behalf of your companies?

9 A. With my distributors. They
10 have to sign a distributor contract.

11 Q. You mentioned that with respect
12 to I&R Partners, you sold part of your
13 intellectual property to Copco. How did
14 that transaction take place?

15 A. We had a company called Five
16 Stone Partners act as our representative
17 to negotiate with Atlas Copco. Five
18 Stone came highly recommended, and they
19 basically sat with the attorneys from
20 Atlas Copco and negotiated the best deal
21 for -- for us.

22 Q. And did you end up signing some
23 sort of a sales agreement?

1 A. We ended -- there was a final
2 purchase contract, yes, which I gave to
3 Robert MacPherson. Robert reviewed it,
4 Joseph reviewed it, and then said that
5 -- yes, for me to go ahead and sign it.

6 Q. And does that -- do you still
7 enjoy any sort of benefits under that
8 contract today?

9 A. Minimal, but yes.

10 Q. Okay.

11 A. That is -- we got -- we got a
12 down payment and then they paid us an
13 earnout based on the number of units
14 sold. So as they continue to sell units
15 over the next few years, we will get a
16 portion, a small portion of that as a
17 residual income.

18 Q. And you now have a product with
19 Torq-Comm; is that right?

20 A. Yes, sir.

21 Q. Different than whatever the
22 product was you sold to --

23 A. Yes.

1 investment accounts?

2 A. I own one percent of what's
3 called the Wisdom Tree. That's my only
4 investment. I don't have any IRAs or
5 anything like that.

6 Q. So no IRA?

7 A. No.

8 Q. Or 401(k)

9 A. No.

10 Q. No brokerage account?

11 A. No, unfortunately.

12 Q. So just a moment ago you
13 mentioned Tammy Shannon. When did you
14 first meet Tammy Shannon?

15 A. It would think probably would
16 have been -- I would think maybe first
17 quarter of 2015 after I got my money
18 from Atlas.

19 Q. How were you introduced to her?

20 A. Joseph, who I told you about,
21 who was the owner of Five Stones, who
22 negotiated the entire thing with Atlas,
23 I told him I had been given a large sum

1 of money and I wanted to invest it in a
2 retirement plan. You know, I wanted to
3 take a good portion of this thing, set
4 it aside so it's there for the future.
5 He said, I recommend you talk to Tammy
6 Shannon.

7 Q. And did he tell you what Tammy
8 Shannon's job was?

9 A. No. He told me that he has
10 dealt with Tammy in the past regarding
11 investments and that that would be a
12 good person to talk to.

13 Q. And you said he said that he'd
14 dealt with her. He had dealt with her
15 in the past -- -

16 A. Yes.

17 Q. -- regarding investments?

18 A. He was a customer.

19 Q. Okay. Did he tell you what
20 sort of products he'd purchased from
21 her?

22 A. No, no.

23 Q. Did he tell you how long he had

1 benefit to this (indicating). So this
2 did not surprise me one bit. I used to
3 -- you know, I used to sell term
4 insurance, but -- so that didn't
5 surprise me a bit that I would be asked
6 to do that, but that's not what I was
7 purchasing.

8 So it's like taking a job with
9 GM, you know, they say I'm going to give
10 you this salary, and as a perk, I'm
11 going to give you this, too, but that's
12 not why I took this job for this, too.

13 Q. When did you sell term
14 insurance?

15 A. Back in the '80s.

16 Q. Who was that bought for?

17 A. ML Williams.

18 Q. Okay. And what job was that?

19 I may not have written that one down.
20 Who were you working for when you sold
21 term insurance?

22 A. I was -- AL Williams.

23 Q. Okay. And how long did you do

1 that?

2 A. Two years.

3 Q. When you say term insurance, do
4 you mean life insurance?

5 A. Term insurance, yes, term life
6 insurance.

7 Q. What sort of training did you
8 receive in order to sell their products?

9 A. We just had an up-line manager
10 that would basically, you know, teach
11 you what you needed to do.

12 Q. What were you taught?

13 A. What was I taught?

14 Q. Uh-huh. You said they would
15 teach you what you needed to do. So
16 what did they teach you?

17 A. How to fill out an application,
18 tell the person what they needed to do
19 in order -- you know, you'll have to
20 have a paramed exam and et cetera, et
21 cetera.

22 Q. Okay. Did you only sell term
23 insurance?

1 A. I don't know of any other
2 investment that you can't use as
3 collateral.

4 Q. Okay. But what -- I mean, what
5 investments have you done before?

6 A. I never said I've never done
7 investments.

8 Q. Okay. So tell me what
9 investments you've done.

10 A. I've invested into Five Stones.
11 I've invested into mutual funds. I've
12 invested in the stock market. You know,
13 not big dollars, but, you know, I've
14 dabbled in it. This was my first large
15 investment.

16 Q. Okay. So, when you did these
17 stocks and mutual funds, do you not own
18 those anymore?

19 A. No.

20 Q. You sold them?

21 A. No. Well, in the stock market,
22 I put money in and I just, you know,
23 lost it. I lost it during the ECOM

1 agreement just like anybody else.

2 Q. Okay.

3 A. Yeah.

4 Q. And do you understand that the
5 shareholder agreement kind of governs
6 the terms of your relationship, your
7 shareholder's relationship with your
8 company?

9 A. As CEO, yes.

10 MR. LITTLE: Sorry, I should
11 have done this at the beginning but
12 let's just mark this as Exhibit 1 --

13 MR. MacPHERSON: If I may
14 explain to him sort of the thing that's
15 going on.

16 MR. LITTLE: Oh, yeah, I'll
17 tell him.

18 Q. (BY MR. LITTLE:) Okay. So
19 what we're going to do, I have some
20 documents here for you to review, and
21 you're welcome -- I'll tell you this and
22 remind you again, you're welcome to take
23 a look at them before I ask you

1 a pasted image.

2 Q. When you use a bitmap
3 signature, I mean, you're intending to
4 represent that you signed the document,
5 though?

6 A. Yes, sir. Yes, sir.

7 Q. And if you look at the top of
8 the -- this page, at number -- point
9 number 1, do you see where it says, Life
10 insurance is not an investment?

11 A. I see that.

12 Q. I am purchasing a universal
13 life insurance policy because I have a
14 long-term need for permanent life
15 insurance. Do you see that?

16 A. I do see that.

17 Q. So by putting your signature on
18 this document, you're representing you
19 have a long-term need for permanent life
20 insurance, correct?

21 A. I do.

22 Q. And that's what you -- that's
23 what you represented to American

1 General; is that right?

2 A. I mean, obviously, I have my
3 own feelings as to what I represented,
4 but yes.

5 Q. And you understood or you
6 agreed, life insurance is not an
7 investment, right?

8 A. Absolutely. It's a poor
9 investment, at best.

10 Q. And if you turn the page to
11 page 10, is this one of the charts you
12 would have looked at with Ms. Shannon?

13 A. Yes, sir.

14 Q. Okay. If you look -- let's
15 look at maybe year 1. Do you see that?
16 Did she go through the various years
17 with you, I think, is what you
18 described?

19 A. Yes, sir.

20 Q. Okay. And if you look at year
21 1, this sort of says, Column 3 has
22 anticipated premium outlay. There's a
23 number there of \$273 --

1 A. Yes, sir.

2 Q. -- 928. If you look all the
3 way to the other side, it says that the
4 cash surrender value is \$148,897. Do
5 you see that?

6 A. I do.

7 Q. Okay. So you would have
8 understood that at end of year 1, the
9 cash surrender value of this product is
10 less than the premium outlay, right?

11 A. It was never discussed.

12 Q. But if you'd reviewed this
13 document, that's what you would have
14 seen, that the cash surrender value was
15 less than the premium outlay?

16 A. That's correct.

17 Q. Let's go to the next exhibit,
18 Exhibit 3.

19 Is this your signature at the
20 bottom of this page?

21 A. That is my signature.

22 Q. And you signed it on April
23 13th, 2015?

1 A. Yes, sir.

2 Q. And at the top of the page it
3 says, you know, Qol Index Plus 2. Do
4 you see that, top right?

5 A. I do.

6 Q. Is that the product you
7 understood you were purchasing?

8 A. Yes, that's the product -- yes.
9 Uh-huh. Yes, sir.

10 Q. And again, at point 1, it says,
11 Life insurance is not an investment. I
12 am purchasing a universal life insurance
13 policy because I have a long-term need
14 for permanent life insurance. Do you
15 see that?

16 A. I do.

17 Q. And above that it says, By
18 signing this form, you acknowledge that
19 you have read or have read to you,
20 understand, and agree to the following
21 statements. Do you see that?

22 A. Yes, sir.

23 Q. So by signing this form, you

1 agree that life insurance is not an
2 investment, correct?

3 A. Absolutely.

4 Q. And you also agree that you're
5 purchasing a life insurance policy?

6 A. No, sir, I did not agree. But
7 I -- yes, my signature says I do.

8 Q. Okay. So your signature says
9 you agreed you're purchasing a life
10 insurance policy, correct?

11 A. Yes, .

12 Q. Did anybody prevent you from
13 reviewing this form before you signed
14 it?

15 A. Nobody prevented me.

16 Q. Do you know whether you
17 actually looked at it and reviewed it?

18 A. I did not look at it.

19 Q. But you could have?

20 A. Yes.

21 Q. And if you turn the page to
22 Exhibit 4, at the top of this, it says,
23 Life Insurance Policy Illustration. Do

1 you looking at?

2 A. As I said, I was looking at a
3 few charts like this that gave me my
4 retirement money and how many years it
5 would go for.

6 Q. Okay. And if you look here at
7 the first year, year 1, it says,
8 Anticipated Premium Outlay, \$250,000.
9 Do you see that?

10 A. I do.

11 Q. And is that the premium payment
12 you ultimately made?

13 A. Yes, sir.

14 Q. And if you go all the way to
15 the far right, it says, Cash Surrender
16 Value, \$135,884. Do you see that?

17 A. I see that.

18 Q. So if you would have looked at
19 this, you would have understood the cash
20 surrender value of your policy in year 1
21 was only \$135,000 -- approximately,
22 \$135,000; is that right?

23 A. If I had looked at this, yes.

1 A. Yes, sir.

2 Q. And we're looking at Exhibit 4.
3 You received Exhibit 4; is that correct?

4 A. Yes, sir.

5 Q. Okay.

6 A. Yes, sir. Yeah.

7 Q. And this Exhibit 4 says at the
8 top, I mean -- excuse me. At the bottom
9 of the page, I mean, this is an index
10 fixed -- individual -- excuse me.

11 Individual Fixed Index Interest Flexible
12 Premium Adjustable Life Insurance
13 Policy. Do you see that at the bottom?

14 A. Yes.

15 Q. Okay. Now, is it your
16 testimony that you received more than
17 one policy from American General?

18 A. No.

19 Q. So you only received one policy
20 document from them?

21 A. Yes, sir.

22 Q. And this is it, right, Exhibit
23 4?

1 A. I am assuming, yes, sir.

2 Q. If you -- I mean, you're
3 welcome to look through this for as long
4 as you want. But is there anything in
5 here that says that this is an
6 investment?

7 A. It depends on how you define
8 investment. Because the average person
9 would not know what an individual fixed
10 index interest flexible premium
11 adjustable life insurance policy is.

12 Q. Right. So how -- I mean, I
13 guess that kind of goes to the question.
14 So how do you -- how do you define
15 investment?

16 A. A place where you put your
17 money in hopes of returning or --
18 receiving a return on your investment.

19 Q. So, it's something that grows
20 over time, is that what you mean? Your
21 money grows over time, is that what you
22 mean by investment?

23 A. Well, an investment means to

1 less than \$250,000; is that right?

2 A. Should never be less than
3 \$250,000, plus three percent.

4 Q. But we just looked at multiple
5 illustrations that --

6 A. Yes, sir.

7 Q. -- showed the value being less
8 than that, right?

9 A. Yes, sir.

10 Q. Okay. And do you -- do you
11 understand this document to represent
12 the entire agreement you had with
13 American General?

14 A. Yes, sir.

15 Q. And after you received the
16 document -- and this goes back to what
17 we were talking about earlier -- you had
18 the right to review it, right?

19 A. Yes, sir.

20 Q. And if you'd reviewed it and
21 didn't like what you saw, you could have
22 returned it, correct?

23 A. Correct.

1 Exhibit 10. It's Bates stamped P
2 Iannello 137.

3 Do you recognize this document?

4 A. Yes, these are my questions.

5 Q. Do you know when you sent this
6 to Ms. Shannon?

7 A. When I sent -- no, I don't.

8 Q. If you look at bullet point 2?

9 A. Yes, sir.

10 Q. It says, I appears. I think it
11 means, it appears. It appears that the
12 company keeps \$100,000 of my money in
13 year one since the cash surrender is
14 151.

15 A. Right.

16 Q. So upon reviewing the policy,
17 you could see that the cash render value
18 is less than your \$250,000 payment,
19 right?

20 A. Correct.

21 Q. And are these the same
22 questions that you say were answered by
23 American General at some point?

1 (indicating)?

2 Q. That's an honest mistake. One
3 of them has a number on it. That's my
4 mistake.

5 But Exhibit 11 says, Surrender
6 Application. Do you see that?

7 A. I do.

8 Q. And do you recall completing
9 this?

10 A. I do.

11 Q. And if you turn to the second
12 page, it has your signature. Do you see
13 that?

14 A. I do.

15 Q. And that is your signature?

16 A. It is.

17 Q. Okay. So you surrendered your
18 policy to American General?

19 A. Yes, sir.

20 Q. And then you receive -- Exhibit
21 12 is a copy of a check; is that right?

22 A. Yes, sir.

23 Q. And that's the check -- a copy

1 of the check you received?

2 A. Yes, sir.

3 Q. Okay. Do you recall when you
4 were asked to gather documents for this
5 case?

6 A. I'm not exactly sure what you
7 mean by documents.

8 Q. Well, then, when you said you
9 provided documents to your attorney, do
10 you remember --

11 A. Oh, yes.

12 Q. Okay. Did that happen -- were
13 you asked to do that in response to --
14 do you remember when that happened?

15 A. He didn't -- my attorney didn't
16 ask --

17 Q. I don't want to know what your
18 attorney told you; I just want to know
19 if you recall when you -- I'll just
20 strike all of that.

21 Let me ask you this: Have you
22 ever preserved your records related to
23 this matter?