

EXHIBIT 4

IN THE UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

RNS SERVICING, INC., an)
Illinois Limited)
Liability Company,)

Plaintiff,)

vs.) No. 1:17-CV-108

SPIRIT CONSTRUCTION)
SERVICES, INC., a)
Delaware Corporation,)
STEVEN CAN DEN HEUVEL, a)
citizen of the State of)
Wisconsin, ST PAPER, LLC,)
a Delaware Limited)
Liability Company, and)
SHARAD TAK, a citizen of)
the State of Maryland,)

Defendants.)

The deposition of MARC LANGS, called
by the Defendants for examination, taken pursuant to
notice and pursuant to the Federal Rules of Civil
Procedure for the United States District Courts
pertaining to the taking of depositions, taken before
Meagan M. Cahill, Certified Shorthand Reporter, at
120 South Riverside Plaza, Suite 2200, Chicago,
Illinois, commencing at 1:30 p.m. on the 18th day of
December, 2018.

1 Q. Admittedly, I knew the answer to that
2 question when I asked.

3 So let's just start. Before we get
4 into your background and everything like that, can
5 you just describe your role with RNS?

6 A. RNS hired me as an independent consultant
7 to help them look at and see if there was any value
8 related to the contracts that they had bought out of
9 the bankruptcy trust.

10 Q. And which -- is there a specific set of
11 contracts that they asked you to look at?

12 A. It would have been the leases associated
13 with the buyout of Fortress and eventually leasing
14 back additional monies based on collateral and other
15 considerations as a second transaction out of the
16 Fortress transaction.

17 Q. And one of those leases that you are
18 engaged to look at is related to Ron Van Den Heuvel?

19 A. Correct.

20 Q. And what's your compensation arrangement?

21 A. Compensation is some participation in any
22 proceeds that may be derived out of that.

23 Q. Okay. When you say participation in the
24 proceeds or -- sorry. I may have misunderstood. Did

1 RNS, you're familiar with who the members of RNS,
2 which is an LLC, are?

3 A. Yes.

4 Q. And who are those members?

5 A. Steve Csar and Rebecca Elli.

6 Q. And they have roles at IFC as well?

7 A. Correct.

8 Q. Okay. So what were their roles at IFC?

9 A. Rebecca was a contract for a long time.
10 I'm not sure if she ever actually became an employee,
11 but she did a significant amount of her work as
12 general counsel and as transactional lawyer for the
13 documentation for these types of activities. And
14 Steve was involved and headed up the credit function
15 for IFC, a hundred percent for transactions. Middle
16 market, he was part of the credit committee, but he
17 was not responsible for a hundred percent for the
18 middle market transactions. So he sat with Rudy
19 Trebles and nonrecourse opportunities.

20 Q. And, really, the only reason I'm asking
21 now is because I looked over and saw Mr. Csar is in
22 the room, and I figured I should establish that.

23 So a couple more questions about
24 IFC, and then we'll go back to the Ron transactions.

1 A. Uh-huh.

2 Q. -- 2006?

3 And judging by the existence of this
4 memorandum of understanding, the parties to the
5 transaction are looking for some solution to the
6 problem, this money that's owed? I can rephrase
7 that. The parties to the transaction are looking for
8 some way for the creditors to get paid?

9 A. The only creditor at that point was
10 Fortress, and Fortress was perfectly content to take
11 over Oconto Falls. Ron came back and said, I would
12 like to not lose Oconto Falls. So he came back with
13 Sharad Tak and some additional collateral, which are
14 these after dryers -- these after dryers show up as
15 collateral several times in Ron's history, but they
16 always had separate tag numbers. They had UCC
17 filings against them and UCC filings that were paid
18 off. So when you look at them as a security
19 interest, they would always be, at some point,
20 pledged and at some point paid off. So he used the
21 collateral of the dryers and Sharad Tak's financing
22 to come in and do a deal to pay off Fortress and to
23 pay off IFC.

24 Q. Okay.

1 Q. Okay. So by that point, you've got
2 another instance of Ron having some problems paying
3 off debts; is that fair?

4 A. Uh-huh.

5 Q. Or obligations?

6 A. (Nodding.)

7 Q. Are you aware of a creditor forcing Ron
8 or some of his companies into bankruptcy in 2006?

9 A. No, I don't believe so.

10 Q. So Ron comes to IFC in 2006 about trying
11 to keep the mill?

12 A. Yes.

13 Q. Okay. And who participates in the
14 decision about whether to do some sort of transaction
15 in 2006?

16 A. IFC?

17 Q. On the IFC side. Sorry.

18 A. So Ron -- Rudy Trebles would have done
19 most of the work on that with me being involved with
20 a credit committee and documentation.

21 Q. Okay. And so you and Trebles plus the
22 credit committee as a whole are sort of the decision
23 makers here?

24 A. Uh-huh.

1 had something that was outside of Ron Van Den Heuvel,
2 and that was -- VHC, is that the holding company for
3 the brothers in the family, VCH, VHS?

4 Q. There's --

5 A. There's a --

6 (Simultaneous colloquy.)

7 BY THE WITNESS:

8 A. -- guarantee of the Fortress transaction
9 of an outside company that had substance.

10 Q. Okay.

11 A. Outside of Ron Van Den Heuvel and Ron Van
12 Den Heuvel companies, there are the rest of the
13 family, which is represented by Spirit, Vos, and
14 VHC -- whatever --

15 Q. Okay.

16 A. So David Van Den Heuvel and VHC made a
17 personal guarantee on the payments to Fortress. When
18 the buyout came to be, IFC was not going to
19 participate on the buyout. They would let Fortress
20 take over and we would take our chance on the
21 residual downstream based upon what would happen in
22 the original contract or this transaction. Sharad
23 Tak and the parties didn't have enough money to pay
24 off IFC's residual interest plus Fortress's interest,

1 so they came up, again, with using the dryers as
2 additional collateral and also other considerations.
3 The other considerations, as it says in here, is
4 stock and the EPC contracts. IFC had no trust in the
5 EPC contracts, but they did have trust in the
6 parties' contractor, which is Spirit Construction,
7 which had a very strong reputation and is one of the
8 leading construction companies in this category for
9 paper and paper technology, as well as Sharad Tak who
10 was the owner.

11 And so we did due diligence into
12 having conversations and meetings with Sharad Tak and
13 Ron in terms of his involvement in signing of EPC
14 contracts. And we had meetings with Steve Van Den
15 Heuvel up in Wisconsin. Rudy Trebles and I attended
16 those meetings. So I hear Steve say he doesn't
17 recall them, but those were very important
18 underwriting aspects for us to be satisfied that
19 there was additional collateral value to replace
20 David Van Den Heuvel and VHC in this transaction.

21 Q. And --

22 A. And then the only other thing I think
23 worth mentioning is that at that point, it was told
24 to us that because of the nature that they're raising

1 tremendous bonded debt, there is a confidentiality
2 that you cannot see these EPC contracts, but they
3 showed us other EPC contracts and they showed us how
4 a tremendous amount of cash is invested in the
5 engineering and upfront costs and up on the EPC
6 contract signing, that there's monies that are
7 exchanging hands that create real economic value on
8 the EPC contracts, whether they go forward with
9 financing or not.

10 So for someone to lose \$250,000 to
11 two-and-a-half million dollars because they didn't
12 get their financing, as I think Steve Van Den Heuvel
13 said in his deposition here, again, you know,
14 95 percent of these contracts that are written are
15 completed and construction. That was our
16 understanding at the time. We spent a lot of time on
17 this due diligence aspect of it, which was outside of
18 Ron Van Den Heuvel and his companies, as part of our
19 reason and consideration to go forward.

20 Q. Okay. So there's a lot to unpack there.
21 So let me just back up for a second first and maybe
22 we'll come back to that. I have a document to mark.

23 (Langs Deposition Exhibit

24 No. 3 marked as

1 and engineering drawing specifications. Significant
2 legal costs, down payment. And usually, upon the
3 signing, there's additional monies that come that are
4 somewhere between 10 and 20 percent for an EPC
5 contract. So we kind of wanted to see that that was
6 well contained in this. We couldn't. But we had
7 lots of discussions about this is what an EPC
8 contract looks like, and all indications were these
9 were real EPC contracts.

10 Q. Okay. And you have now seen the four EPC
11 contracts in question?

12 A. Correct.

13 Q. Okay. If you had seen them then, would
14 you have closed on this deal?

15 A. No.

16 Q. Why not?

17 A. Because they did not have the cash paid
18 upon signing that should have been paid. If you look
19 at the contract, it asks for payment, but that money
20 didn't happen.

21 Q. Okay.

22 A. I shouldn't say -- it was not my decision
23 alone to say that, but I will tell you from the way
24 we went through this and why this was such important

1 collateral for the transaction, that we would
2 probably have not have done the transaction.

3 Q. Your recommendation would have been not
4 to do it?

5 A. Yes.

6 Q. And you had some influence in the
7 process?

8 A. Yes.

9 Q. As the CFO of the company?

10 A. Uh-huh.

11 Q. So Spirit signs this document; you close
12 on the transaction. Does Ron ever make any payments
13 under this settlement agreement?

14 A. I do not think so.

15 Q. Fair to say we wouldn't be here if he
16 hadn't defaulted --

17 A. He defaulted very quickly. I don't think
18 he made many payments. He may have made one payment.
19 I don't recall.

20 Q. At some point, there's a notice and
21 demand made to Ron?

22 A. Uh-huh.

23 Q. That doesn't result in the desired
24 payments, correct?

1 Q. Okay. What was your response?

2 A. My response was, I believe, this was the
3 beginning of a process to look at and go back and
4 find out what happened. So the first step of this
5 was a case against Ron and Ron familially to Spirit
6 and Vos and VHC and they came off at a guarantee.
7 They were replaced by a guarantee. Something more
8 may have gone down further from that, but at that
9 point, bankruptcy came in, management changed, the
10 ownership of the company changed before the
11 bankruptcy. We owed these guys money that they -- at
12 that point. So the wheels basically came off the
13 bus. This was one part of the process, a step that
14 got interrupted, I would say, best case.

15 Q. Okay. So this, then, reflects the best
16 information you had at the time?

17 A. Correct.

18 Q. Take a look at Paragraph 12 on the next
19 page. And that starts, "Furthermore, IFC was told in
20 March 2007 by Ron Van Den Heuvel that the EPC
21 contracts described in the pledge agreement and
22 acknowledgement of and consent to assignment would
23 definitely be executed and funded within a matter of
24 weeks. IFC would not have agreed to allow PCDI and

1 involved in, your conversations with Rudy Trebles as
2 CEO, was there ever any doubt in your mind that these
3 EPC contracts, one, were already executed?

4 A. So I'm going to be specific here.
5 Execution means --

6 Q. Let me rephrase my question. When I say
7 the word "executed" -- and this happened earlier -- I
8 mean signed. So from now on, I'm going to say the
9 word "signed."

10 A. Yes.

11 Q. Was there any question in your mind that
12 when you agreed all these transaction documents and
13 when you finally agreed to the Fortress transaction
14 and pay off Fortress and to loan the additional \$3.9
15 million to Ron Van Den Heuvel, that these EPC
16 contracts that are referenced in your discussions and
17 in these documents were signed by both parties
18 that -- when I say both parties, I mean Sharad Tak
19 and I mean Steve Van Den Heuvel on behalf of --

20 A. It was our understanding, correct.

21 Q. That's what Steve told you and that's
22 what Sharad Tak told you, correct?

23 A. Correct.

24 Q. And was there any doubt in your mind or

1 Rudy Trebles' mind that those contracts, both Sharad
2 Tak and Steve Van Den Heuvel and Spirit
3 Construction -- well, maybe not Steve Van Den Heuvel
4 personally, but Spirit Construction as a company --
5 had paid out monies -- significant amount of monies
6 in order to get those EPC contracts in a place where
7 they can actually sign them in?

8 MR. SPAHN: Object to form.

9 BY THE WITNESS:

10 A. Should I answer that?

11 Q. Yes.

12 A. Yes.

13 Q. Did IFC rely on those representations
14 that these EPC contracts are -- that both parties had
15 expended amounts of money in order to get these EPC
16 contracts into a position where they can be signed by
17 both parties, did IFC rely on that information when
18 they entered into these transactions that ended up
19 with Fortress getting paid off and IFC loaning Ron
20 \$3.9 million?

21 A. Yes.

22 Q. And with respect to that reliance, were
23 you -- did both of those parties also represent to
24 you that in those EPC contracts, Sharad Tak or