

114	<p>1 Q. Was -- were the losses suffered by your 2 customers, did they affect your compensation? 3 A. In which way? 4 Q. Well, for example, if -- if you know, what 5 were the collective losses of your clients in Fairfield? 6 A. I don't recall at this moment the total. 7 Q. Do you have a general understanding? 8 A. No. I don't want to give a figure that's not 9 correct. 10 Q. Those collective losses, were they calculated 11 by the firm in any respect in determining what your 12 compensation would be, either bonus or on an ongoing 13 basis? 14 A. Do you mean the loss that occurred to our 15 client? 16 Q. Yes. 17 A. If a client lost a hundred thousand dollars? 18 Q. Yes. 19 A. I will be charged a hundred thousand dollars? 20 Q. No, I'm -- 21 A. No. 22 Q. -- just asking if the firm -- 23 A. No. I just want to understand the question. 24 Q. Sure. Sure. 25 A. I would say that since that funding have</p>	116	<p>1 early 1990s at her company Made in Brazil. Is that 2 right? 3 A. Yes. 4 MR. COATES: Excuse me. I think the '90s. I 5 don't know -- 6 THE WITNESS: The '90s. 7 MR. LAWRENCE KELLOGG: What did I say? 8 MR. COATES: You said the early '90s. 9 THE WITNESS: The '90s. 10 BY MR. LAWRENCE KELLOGG: 11 Q. When in the '90s? 12 A. '90s -- I don't have a date because, you know, 13 I didn't go to see her especially or anything like that. 14 Q. Well, what -- in the '90s when you met her, 15 she was a secretary? 16 A. No. 17 Q. What was she? 18 A. The -- 19 Q. She was the receptionist? 20 A. The firm -- no, there was a receptionist, and 21 I would tell the receptionist who I wanted to see. And 22 then the receptionist will walk me into the place of the 23 person that I wanted to see. And at that time it was a 24 couple of clients that I had. And she was sitting at 25 the table with the traders there.</p>
115	<p>1 revenues anymore, it's -- it affects the P&L -- 2 THE COURT REPORTER: Repeat that one. I 3 didn't understand. Repeat your answer. 4 THE WITNESS: If it was no revenue from those 5 funds, revenues were not credited to the P&L. 6 THE COURT REPORTER: Thank you. 7 THE WITNESS: But not the loss the client 8 lost. 9 BY MR. LAWRENCE KELLOGG: 10 Q. All right. When did you meet Lorrene 11 Ferreira? 12 A. Well, in the '90s, in -- in Rio de Janeiro. I 13 used to visit Made in Brazil, where she worked. 14 Q. Used to visit? 15 A. Made in Brazil -- 16 Q. Made in Brazil. 17 A. -- which was a company that she worked. 18 And I would come into the office, it was a 19 secretary sitting at the entrance, and she would advise 20 the people who I wanted to see, which it was not Lorrene 21 because at the time -- I knew she worked there and she 22 sat in the trader's table, because I had couple of 23 clients that they sat there. That's how I knew she 24 worked there. 25 Q. Okay. I think I lost you. You met her in the</p>	117	<p>1 Q. What kind of company was Made in Brazil? 2 A. Made in Brazil was a travel agency. Also they 3 did -- they sold travelers checks; I think it was Thomas 4 Cook. And they did foreign exchange for the clients. 5 At that time that type of business were -- were allowed 6 in Brazil to do foreign exchange. 7 Q. What do you mean when you say "foreign 8 exchange"? 9 A. Exchange currency. 10 Q. Exchange currency. Give us an example. 11 Somebody has dollars they want to change them into -- 12 A. Into reals. 13 Q. -- reals. 14 A. Or somebody have reals and wanted to change it 15 into European currency. 16 Also, they used to manage -- Raul Davies told 17 me that they had a fund that his client would invest in, 18 into that fund. I don't recall the name of the fund 19 or... 20 Q. He -- he -- who told you this? 21 A. Raul Davies. 22 Q. Raul Davies? Who is he? 23 A. Raul Davies. 24 Q. Who is he? 25 A. He was the owner of the company.</p>

118	<p>1 Q. He's the owner --</p> <p>2 A. Of the --</p> <p>3 THE COURT REPORTER: I'm sorry.</p> <p>4 THE WITNESS: He -- he is -- he was the owner</p> <p>5 of the company.</p> <p>6 BY MR. LAWRENCE KELLOGG:</p> <p>7 Q. He was owner of Made in Brazil?</p> <p>8 A. Yes.</p> <p>9 Q. He was a customer of yours?</p> <p>10 A. I'm not allowed to divulge the name of my</p> <p>11 clients.</p> <p>12 MR. COATES: You can answer this -- this</p> <p>13 question. Obviously, we're concerned about a --</p> <p>14 client confidences. I think Mr. Davies has passed</p> <p>15 away, so the issues that you're concerned with you</p> <p>16 may answer, sir.</p> <p>17 THE WITNESS: Yes.</p> <p>18 BY MR. LAWRENCE KELLOGG:</p> <p>19 Q. How long was he a client?</p> <p>20 A. I'll say the early '80s.</p> <p>21 Q. And so Lorrene --</p> <p>22 A. Since he has passed away.</p> <p>23 Q. Okay. She would sit in the office with him?</p> <p>24 Is that what you're saying?</p> <p>25 A. No. She will sit -- it was a table like this.</p>	120	<p>1 A. I think it was 2005 -- no, 2000- -- it was --</p> <p>2 I will have to look at the papers to tell you.</p> <p>3 Q. Okay.</p> <p>4 A. It was like probably a year before she opened</p> <p>5 the account.</p> <p>6 Q. So Raul Davies, was he still a customer at</p> <p>7 that time?</p> <p>8 A. Yes.</p> <p>9 Q. And he recommended her as another potential</p> <p>10 customer of yours?</p> <p>11 A. Yes.</p> <p>12 Q. Did -- up till that time, did you -- did you</p> <p>13 know her? I mean, you knew who she was. Did you</p> <p>14 actually have a social-type relationship with her?</p> <p>15 A. No.</p> <p>16 Q. Had you ever spoken --</p> <p>17 A. Good afternoon, good evening, good-bye.</p> <p>18 Q. Had you ever made any assessment of her</p> <p>19 financial needs?</p> <p>20 A. Well, when she indicated she wanted to open an</p> <p>21 account, yes.</p> <p>22 Q. Okay. Prior to that. Prior to the time --</p> <p>23 A. No.</p> <p>24 Q. -- that Raul recommended her to you --</p> <p>25 A. No.</p>
119	<p>1 Have you ever seen a broker-dealer?</p> <p>2 Q. Yes.</p> <p>3 A. Okay. There is a table like this where the</p> <p>4 traders sit. And they have all the paraphernalia for</p> <p>5 the traders. And she was sitting there in that table.</p> <p>6 Q. And this was in the '90s?</p> <p>7 A. Sometime in the '90s.</p> <p>8 Q. How old would you say she was when you first</p> <p>9 met her?</p> <p>10 A. I don't know. She was young -- I don't know</p> <p>11 her age. I didn't know her age at the time.</p> <p>12 Q. All right. So in the 1990s, did she do any</p> <p>13 business with you?</p> <p>14 A. No.</p> <p>15 Q. Did you ever use the currency exchange</p> <p>16 services --</p> <p>17 A. No.</p> <p>18 Q. -- of Made in Brazil?</p> <p>19 All right. How was it that Lorrene became a</p> <p>20 customer of yours?</p> <p>21 A. Well, they move the company to Uruguay and</p> <p>22 Lorrene, I guess, went with them to Uruguay. And I was</p> <p>23 visiting the company and then Raul recommended her that</p> <p>24 she wanted to open an account and invest some money.</p> <p>25 Q. What year was this?</p>	121	<p>1 Q. -- had you ever any such discussions?</p> <p>2 A. No.</p> <p>3 Q. And did you have any idea before Raul</p> <p>4 recommended her to you about her assets?</p> <p>5 A. No.</p> <p>6 Q. Or her income?</p> <p>7 A. No.</p> <p>8 Q. Or her investment experience?</p> <p>9 A. Well, she was sitting at the trader's desk,</p> <p>10 but I never spoke to her about -- only until she</p> <p>11 indicated that she was ready to open the account.</p> <p>12 Q. Now, when you say "the trader's desk," we're</p> <p>13 still talking now about Made in Brazil or is this the</p> <p>14 new company?</p> <p>15 A. The new company.</p> <p>16 Q. What was the name of the new company?</p> <p>17 A. Maprinco. M-A-P-R-I-N-C-O.</p> <p>18 Q. And when you mentioned the trader's desk, that</p> <p>19 the -- she was sitting at the trader's desk, what was</p> <p>20 exactly being traded, to your knowledge? Currencies?</p> <p>21 A. I don't know.</p> <p>22 Q. You mentioned that there was some sort of a</p> <p>23 fund that was managed --</p> <p>24 A. That was in Brazil.</p> <p>25 Q. That was in Brazil. Is that right?</p>

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<p>1 A. Yes.</p> <p>2 Q. So in Uruguay, to your knowledge, was Raul</p> <p>3 Davies running any sort of a fund?</p> <p>4 A. Well, Raul Davies -- Raul Davies --</p> <p>5 MR. COATES: Excuse me. Let him finish, then</p> <p>6 you can respond.</p> <p>7 THE WITNESS: Go ahead. What's the question?</p> <p>8 BY MR. LAWRENCE KELLOGG:</p> <p>9 Q. To your knowledge, was Maprinco or Raul</p> <p>10 running a fund in Uruguay?</p> <p>11 A. No, but they were doing investment for</p> <p>12 clients.</p> <p>13 Q. What sort of investment were they doing for</p> <p>14 clients?</p> <p>15 A. I don't know the specifics.</p> <p>16 Q. Do you know where the investments were made?</p> <p>17 A. (Witness nods.)</p> <p>18 Q. You have to answer verbally.</p> <p>19 A. No.</p> <p>20 Q. Do you know whether the investments were</p> <p>21 stocks, bonds, funds, currencies, or any of the above?</p> <p>22 A. No. But one of the son told me that they were</p> <p>23 managing money for clients.</p> <p>24 Q. Well, what -- what son told you that?</p> <p>25 A. I think it was Jorge.</p>	<p>1 A. Yes.</p> <p>2 Q. When did -- when did you discuss this with</p> <p>3 him?</p> <p>4 A. Three time I went to -- when the account was</p> <p>5 being opened that she told me she was the financial</p> <p>6 advisor.</p> <p>7 Q. What sort of a financial advisor, to your</p> <p>8 understanding, was she?</p> <p>9 A. Well, that she was advising people to invest</p> <p>10 money.</p> <p>11 Q. Who was she advising?</p> <p>12 A. The clients that she had.</p> <p>13 Q. What was --</p> <p>14 A. That Maprinco had.</p> <p>15 Q. What was her -- did she have licenses, do you</p> <p>16 know?</p> <p>17 A. I don't know.</p> <p>18 Q. Did you ever ask her?</p> <p>19 A. No.</p> <p>20 Q. Do you know the assets under management that</p> <p>21 she had?</p> <p>22 A. No.</p> <p>23 Q. Do you know the nature of her customers?</p> <p>24 A. No.</p> <p>25 Q. Do you know the nature of the investments?</p>
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<p>1 Q. Who -- who is Jorge?</p> <p>2 A. Is one of Raul Davies' son.</p> <p>3 Q. Jorge Davies?</p> <p>4 A. No. No, I just can't recall. Probably was</p> <p>5 Raul himself before he died.</p> <p>6 Q. What exactly, the best you can recall, did</p> <p>7 Raul Davies tell you about investments --</p> <p>8 A. Well --</p> <p>9 Q. -- that he was making --</p> <p>10 A. -- I didn't delve into that. Okay?</p> <p>11 Q. Uh-huh.</p> <p>12 A. Usually in -- to my knowledge, I don't know</p> <p>13 who were his clients or what type of investment they</p> <p>14 were doing for them.</p> <p>15 Q. And did Mr. Davies ever tell you anything in</p> <p>16 particular about what Lorrene's job was?</p> <p>17 A. Yes. Told me she was a financial advisor.</p> <p>18 Q. Now this is -- this is Raul Davies is telling</p> <p>19 you this?</p> <p>20 A. And she told me also.</p> <p>21 Q. Well --</p> <p>22 A. She told me and I verify that with Raul.</p> <p>23 Q. So she said, "I'm a financial advisor."</p> <p>24 A. Yes.</p> <p>25 Q. And he verified that with you?</p>	<p>1 A. No.</p> <p>2 Q. Do you know whether these investments were the</p> <p>3 same sorts of investments that Madoff was supposedly</p> <p>4 doing for Fairfield Sentry?</p> <p>5 A. No.</p> <p>6 Q. Did you know her educational background?</p> <p>7 A. Yes. She told me she had a college degree.</p> <p>8 Q. Okay. Did she -- do you know what any</p> <p>9 training she had as a financial advisor to -- to advise</p> <p>10 customers?</p> <p>11 A. No. She told me what she was and I verified</p> <p>12 that with her employer.</p> <p>13 Q. Did Mr. Davies or Davis have a Fairfield</p> <p>14 investment?</p> <p>15 A. Yes.</p> <p>16 Q. Did any of his sons, were they customers?</p> <p>17 A. No.</p> <p>18 Q. Were there any other persons connected with</p> <p>19 Mr. Davies who had -- who were your customers?</p> <p>20 A. Can you repeat the question?</p> <p>21 Q. Any other relatives, employees of Maprinco, or</p> <p>22 any of Mr. Davies' companies' customers of yours?</p> <p>23 A. Yes.</p> <p>24 Q. How many?</p> <p>25 A. One more.</p>

126	<p>1 Q. Was this a relative, employee, partner? What 2 was it?</p> <p>3 A. Employee.</p> <p>4 Q. Who was that person?</p> <p>5 A. I can't divulge his name.</p> <p>6 Q. Was that person in our --</p> <p>7 MR. LAWRENCE KELLOGG: Well, are you 8 instructing him not answer the question?</p> <p>9 MR. COATES: Yes. At this point, other 10 customers of Mr. Yannuzzi, except for Mr. Davies, 11 obviously, who passed away, we have to protect the 12 confidential financial information.</p> <p>13 I -- I -- I think, for purposes of this, I 14 think you can identify the person; but in terms of 15 the specifics of what investments or your 16 discussions with the customer, I think that is, you 17 know, private at this point.</p> <p>18 THE WITNESS: Can I say something? He has 19 nothing to do with her, or her investments. Why we 20 going to drag him into this? It would really be 21 harming, and he can turn and...</p> <p>22 So, what should I do?</p> <p>23 MR. COATES: I -- we're not going to respond 24 to that question.</p> <p>25 THE WITNESS: Yes, at this time.</p>	128	<p>1 A. It was a year before she opened the account.</p> <p>2 Q. Okay. She was working at Maprinco, and she 3 would be sitting at a table with traders?</p> <p>4 A. Yes.</p> <p>5 Q. Were any of those traders your customers?</p> <p>6 A. No.</p> <p>7 Q. How many traders would be at this desk?</p> <p>8 A. I don't recall. There were few people sitting 9 there, and I didn't take a head count.</p> <p>10 Q. Would -- would it be like a trading desk with 11 computer screens and --</p> <p>12 A. Yes.</p> <p>13 Q. Did you ever see Lorrene Ferreira in an office 14 where she sat with Mr. Davies --</p> <p>15 A. No.</p> <p>16 Q. -- in an L-shape desk?</p> <p>17 A. Not to my knowledge, no. Not while I was 18 visiting.</p> <p>19 Q. Hmm?</p> <p>20 A. Not while I was visiting.</p> <p>21 MR. LAWRENCE KELLOGG: Okay. Let's go off the 22 record for a minute.</p> <p>23 THE VIDEOGRAPHER: Going off the record. Time 24 is 12:35.</p> <p>25 (Thereupon, a luncheon recess was taken from</p>
127	<p>1 MR. LAWRENCE KELLOGG: So the question is -- 2 exactly what was the question?</p> <p>3 MR. COATES: Who -- who are the other --</p> <p>4 MR. LAWRENCE KELLOGG: I just want to make 5 sure what it is.</p> <p>6 Okay.</p> <p>7 BY MR. LAWRENCE KELLOGG:</p> <p>8 Q. Did that person have a Fairfield Sentry 9 investment?</p> <p>10 A. Yes.</p> <p>11 Q. Is that person a customer of yours today?</p> <p>12 A. Yes.</p> <p>13 Q. When did Mr. Davies pass away?</p> <p>14 A. I don't recall -- it was two, three years 15 ago -- the exact day.</p> <p>16 Q. Are there any other customers that you have 17 who invested in Fairfield Sentry who passed away?</p> <p>18 A. Not to my recollection.</p> <p>19 Q. Did you -- did you lose any customers over the 20 Fairfield Sentry investment?</p> <p>21 A. I can't recall.</p> <p>22 Q. Okay. So I'm still trying to understand this. 23 When -- when -- in 2004 or '5, whenever you 24 first started to meet with Lorrene Ferreira about 25 potentially opening an account --</p>	129	<p>1 12:35 p.m. to 1:16 p.m.)</p> <p>2 THE VIDEOGRAPHER: Good afternoon. We are 3 back on the record. Time is 1:16.</p> <p>4 BY MR. LAWRENCE KELLOGG:</p> <p>5 Q. All right. Mr. Yannuzzi, let me show you 6 what's previously been marked as Exhibit 4 to another 7 deposition. This is an April 7, 2005, email from you to 8 Lorrene. It's EFG Capital 909 through 919.</p> <p>9 Do you recognize Exhibit 4?</p> <p>10 A. This email?</p> <p>11 Q. Yes.</p> <p>12 A. Yes.</p> <p>13 Q. What does it say?</p> <p>14 A. Do you understand Spanish?</p> <p>15 Q. No. I do, but some not as well as you?</p> <p>16 A. It says: "Lorrene, attach the following 17 forms. Fairfield Sentry, Sigma, two Permal funds; 18 including the following: Disclosures, the ones you have 19 to read first and sign later if you wish to purchase one 20 of the hedge funds."</p> <p>21 Q. All right. So this is dated in April of 2005. 22 Do you see that?</p> <p>23 A. Yes.</p> <p>24 Q. And your recollection is that you started 25 talking to Lorrene some period of time before?</p>

130	<p>1 A. Yes, I think it was the previous year. I</p> <p>2 spoke to her once.</p> <p>3 Q. Spoke to her once?</p> <p>4 A. Yeah, when Raul advised me that she want to</p> <p>5 open an account. And then --</p> <p>6 Q. So how did that come about? Were you visiting</p> <p>7 and Raul, Mr. Davies, said, "I have someone who may want</p> <p>8 to open an account"?</p> <p>9 A. Yes.</p> <p>10 Q. Do you remember, to the best of your</p> <p>11 recollection, when did that happen?</p> <p>12 A. It was -- according to -- the previous year.</p> <p>13 Q. Okay. What exactly did he say to you about</p> <p>14 Ms. Ferreira?</p> <p>15 A. Well, that she wanted to open an account to</p> <p>16 invest.</p> <p>17 Q. Okay. Did it get any more specific than that?</p> <p>18 That is, "This is what she'd like to invest in, this is</p> <p>19 what I think she should invest in"?</p> <p>20 A. No, not at the time. Later, I spoke to her.</p> <p>21 Q. Okay. So at that same trip, then, did you</p> <p>22 meet with her and discuss her ideas?</p> <p>23 A. Yes. It was probably a brief discussion. And</p> <p>24 then the whole thing stop. I don't know why, maybe she</p> <p>25 was not ready, whatever. And I just can't recall.</p>	132	<p>1 A. To invest the money -- she wanted to invest</p> <p>2 the money in a fund.</p> <p>3 Q. Did she -- did you understand from her whether</p> <p>4 she was a conservative investment -- investor, a</p> <p>5 moderate investor, a speculative investor, or --</p> <p>6 A. Well, listen, at this point she was presented</p> <p>7 to me as someone who was advising of investments to</p> <p>8 other people at the firm. So when someone introduce</p> <p>9 another person with that type of background and a</p> <p>10 college education...</p> <p>11 She had -- she had some understanding of what</p> <p>12 these funds were. She had understanding of what this</p> <p>13 fund was. She's not a -- a -- someone who came out of</p> <p>14 the street and never saw an investment --</p> <p>15 Q. Okay.</p> <p>16 A. -- and never invested anything.</p> <p>17 Q. What I'm trying to find out is, would you</p> <p>18 agree with me that simply because you're an investment</p> <p>19 advisor or a financial advisor doesn't mean that you</p> <p>20 have the same investment objectives as every other</p> <p>21 financial advisor.</p> <p>22 Everyone is different. Right?</p> <p>23 A. Yes, everyone is different.</p> <p>24 Q. Yeah. You might be conservative, for example,</p> <p>25 and Mr. Coates might be speculative. And there are</p>
131	<p>1 Maybe this email is product of a phone</p> <p>2 conversation or something that she called and said,</p> <p>3 Listen, can you send me...</p> <p>4 Q. All right. Because this is about the first</p> <p>5 written communication we see between the two of you.</p> <p>6 A. Yes.</p> <p>7 Q. Your recollection is you had at least one</p> <p>8 conversation before that in maybe the prior year?</p> <p>9 A. Yes.</p> <p>10 Q. Did you --</p> <p>11 A. And before this, too.</p> <p>12 Q. Yes, okay.</p> <p>13 A. One the prior year, probably one before this</p> <p>14 (indicating).</p> <p>15 Q. All right. What -- what do you recall about</p> <p>16 the conversation before Exhibit 4?</p> <p>17 A. Listen, I don't recall the conversation. But</p> <p>18 looking at this, probably -- I know she know about the</p> <p>19 Fairfield Sentry because people over there had invested,</p> <p>20 she told me and she wanted to see, and I included other</p> <p>21 funds and the Supplemental Risk Disclosure.</p> <p>22 Q. What did she tell you, up to this point, as to</p> <p>23 what her objectives were?</p> <p>24 A. Well, her objectives were to invest the money.</p> <p>25 Q. Okay. She --</p>	133	<p>1 investment objectives. Is that true?</p> <p>2 A. Yes, but she didn't appear as a conservative</p> <p>3 investor.</p> <p>4 Q. My question is: What did you think -- what</p> <p>5 did she tell you were her investment objectives? And if</p> <p>6 she didn't tell you, what was your understanding?</p> <p>7 A. Her investment objectives were to invest her</p> <p>8 funds to get a return.</p> <p>9 Q. Uh-huh. Did she give you any understand- --</p> <p>10 any indication of what kind of return she wanted?</p> <p>11 Did she want great returns? Steady returns?</p> <p>12 A. No, she -- she -- what she gave me was an</p> <p>13 indication that she wanted a hedge fund.</p> <p>14 Q. A hedge fund.</p> <p>15 A. Yes. And among them, the Fairfield.</p> <p>16 Q. So --</p> <p>17 A. She didn't know the others. The others I sent</p> <p>18 her to give her a bigger scope.</p> <p>19 Q. Well, if she wanted Fairfield, why would you</p> <p>20 send her any information about anything else?</p> <p>21 A. Well, because you have to try to make sure</p> <p>22 that the client knows all the investments.</p> <p>23 Q. Well, you sent her a hedge fund known as</p> <p>24 Permal, P-E-R-M-A-L. Is that right?</p> <p>25 A. Yes.</p>

134	<p>1 Q. Why didn't you send her four or five other 2 hedge funds? 3 A. Well, because these funds were in the 4 recommended list, so... 5 THE COURT REPORTER: In the recommended? 6 THE WITNESS: List. And it was a well-known 7 company, Permal. 8 BY MR. LAWRENCE KELLOGG: 9 Q. Okay. The -- EFG Capital had more than two 10 funds on its recommended list, didn't it? 11 A. Yes. 12 Q. How many funds in 2005 would you say they had 13 on their recommended list? 14 A. I don't recollect. 15 Q. Hundreds? 16 A. I cannot tell you. 17 Q. Okay. Why did you only choose one other and 18 why was it Permal? 19 A. She indicated she wanted to invest in that. 20 So I sent her two more for her maybe to have a 21 diversified portfolio, not everything into one thing. 22 Q. When did she tell you she wanted to invest in 23 Fairfield -- which Fairfield did she what to invest in? 24 Sentry, Sigma? Because you're sending her two. 25 A. Well, at this point she didn't know which one,</p>	136	<p>1 income funds? 2 A. They're hedge funds. 3 Q. Okay. Do they provide a steady income, like a 4 bond would? 5 A. Well, it's different than a bond. 6 Q. Okay. How is it different? 7 A. There is a net asset value of each share, that 8 it could increase or decrease. If it's increased, you 9 are making money. If it's decreased, you're losing 10 money. So, if it's increased and you need some money, 11 you can sell a few and get that money. 12 Q. What's the difference in your mind between 13 capital appreciation and income? 14 A. Capital appreciation is when your capital 15 grows. 16 Q. Would you say that Fairfield Sentry Limited 17 Fund is a capital appreciation fund or an income fund? 18 A. It's a hedge fund. 19 Q. What's the difference between a hedge fund, a 20 capital appreciation fund -- 21 A. Yes, sir. 22 Q. -- and an income fund, if there is one. 23 A. A hedge fund, the capital appreciates, okay? 24 And also you can get income by selling shares. 25 Q. By selling.</p>
135	<p>1 I guess. She's not telling us. I'm sending her this 2 and telling her, Take a careful look and see what you 3 want. 4 Q. As of -- 5 A. Remember, she doesn't want to be managed by 6 us. Okay. 'Cause that's the difference here. 7 Q. Did you -- did you offer to -- did you 8 offer -- 9 A. She doesn't have -- 10 Q. Let me ask the question or we'll never get a 11 record. 12 MR. COATES: Yes, please. 13 BY MR. LAWRENCE KELLOGG: 14 Q. Did -- did you offer her the opportunity to 15 have a fully managed account with EFG Capital? 16 A. No, because she didn't have enough funds for 17 that. 18 Q. How much do you need for that? 19 A. A million dollars. 20 Q. When you gave her these materials on the 21 Fairfield Sentry, the Fairfield Sigma, and the Permal 22 funds, what was your understanding as to her investment 23 objectives? Were they income or growth, or both? 24 A. I would say both. 25 Q. All right. Is -- are any of these funds</p>	137	<p>1 A. As simple as that. 2 Q. Okay. Was her objective to periodically sell 3 shares and have income, or was it to grow over time? 4 A. Well, according to her statement, she just let 5 it grow. 6 Q. According to what statement, are you talking 7 about? 8 A. To her account statement. 9 Q. She let it grow? 10 A. Yeah. 11 Q. Okay. But when you opened the account for 12 her, what was your understanding of what her objective 13 was? Or did you have one? 14 A. Listen, I told you already what her objectives 15 were. 16 Q. Yeah. 17 A. If she didn't sell the shares to income that's 18 her problem because we are not managing her money. 19 Q. I understand. Did you think -- did you have a 20 thought, one way or another, whether her objective was 21 to let the -- let the fund grow or to periodically sell 22 it to support her income needs? 23 A. Well, at the time probably she didn't know 24 what she wanted to do. She wanted to purchase 25 something, that investment, to let it grow; and if she</p>

138	<p>1 needs money, she will sell some shares.</p> <p>2 Q. Okay. Now, at the time of -- at the time that</p> <p>3 you sent Exhibit 4 to her, did you have an understanding</p> <p>4 of the experience that she had in investing in the past?</p> <p>5 A. She told me she had invested in Brazilian</p> <p>6 funds and that's what -- which is emerging market.</p> <p>7 Q. Which is money market?</p> <p>8 A. Emerging market.</p> <p>9 THE COURT REPORTER: What is it?</p> <p>10 THE WITNESS: Emerging market.</p> <p>11 BY MR. LAWRENCE KELLOGG:</p> <p>12 Q. What did she invest --</p> <p>13 A. Bonds and -- probably bonds. yeah.</p> <p>14 Q. What emerging market funds, Brazilian funds,</p> <p>15 did she invest in?</p> <p>16 A. I don't have the name of the funds.</p> <p>17 Q. Would that be -- when you say "funds," are</p> <p>18 these hedge funds?</p> <p>19 A. I don't know. She said funds.</p> <p>20 Q. What was her investment experience in bonds,</p> <p>21 if you know?</p> <p>22 A. Well --</p> <p>23 Q. At that time. What do you think?</p> <p>24 A. Her general experience in investment, she</p> <p>25 knows what she was talking about. It's not that she was</p>	140	<p>1 -- what -- specifically what experience she</p> <p>2 had in investing in stocks and bonds for six years?</p> <p>3 A. I am not going to speculate. We have an</p> <p>4 application that has the answers, the proper answers,</p> <p>5 and there's six years of experience on all the</p> <p>6 investments that she indicated there.</p> <p>7 Q. Okay. If -- if she had put down three years</p> <p>8 rather than six years on that application, would you</p> <p>9 have sold her the Fairfield Sentry?</p> <p>10 A. I cannot speculate about that.</p> <p>11 Q. Would you have sold her the Fairfield Sentry</p> <p>12 if she had no experience?</p> <p>13 A. No experience in what?</p> <p>14 Q. In investing in hedge funds, stocks, or bonds.</p> <p>15 A. No.</p> <p>16 Q. Why?</p> <p>17 A. Because she was not an experienced investor.</p> <p>18 She didn't have a million dollars. She will not qualify</p> <p>19 unless she had a million dollars.</p> <p>20 Q. Who would -- who at -- if anybody -- at EFG</p> <p>21 Capital, or what department, would be looking at her</p> <p>22 qualifications, if any, to invest in Fairfield?</p> <p>23 A. Well, the investments -- the -- all that was</p> <p>24 done by the compliance department.</p> <p>25 Q. The compliance department?</p>
139	<p>1 someone who never seen a bond or a fund or never</p> <p>2 invested her money.</p> <p>3 Q. Okay.</p> <p>4 A. She was talking like an investor.</p> <p>5 Q. What did she say that led you to believe she</p> <p>6 had any experience in investing in bonds?</p> <p>7 A. She told me she had invested in bonds.</p> <p>8 Q. Okay. What bonds had she invested in, did she</p> <p>9 tell you?</p> <p>10 A. She didn't specify.</p> <p>11 Q. How long had she been investing in bonds, did</p> <p>12 she tell you?</p> <p>13 A. Well, listen, she told me she was an investor</p> <p>14 for six years; stock, bonds.</p> <p>15 If you look at the application it says all</p> <p>16 that. On back of the application, what she told me.</p> <p>17 Q. Okay. So six years in stocks and bonds?</p> <p>18 A. Her thing was six years as an investor. If</p> <p>19 you want a specific, look on back of the application and</p> <p>20 everything is there.</p> <p>21 Q. Okay. Absent that application, can you tell</p> <p>22 us, as you sit here today, specifically what</p> <p>23 experience --</p> <p>24 A. But is not absent.</p> <p>25 Q. Let me finish.</p>	141	<p>1 When you open up a new account in 2005, at EFG</p> <p>2 Capital, what would be the steps in the process? You've</p> <p>3 already talked about you fill out the application and</p> <p>4 you sign the forms.</p> <p>5 Then what happens?</p> <p>6 A. Then there is a client history that is made.</p> <p>7 Q. Who makes that?</p> <p>8 A. From conversations with the client.</p> <p>9 The CRO makes it. The CRO.</p> <p>10 Q. You?</p> <p>11 A. Yes.</p> <p>12 Q. Okay. Is that a particular form?</p> <p>13 A. Yes. It's there, is one of the --</p> <p>14 Q. Maybe we'll run across it. I'm</p> <p>15 just -- generally speaking.</p> <p>16 All right. And then what happens?</p> <p>17 A. Well, the whole package is sent to the</p> <p>18 compliance department for final approval.</p> <p>19 Q. To your knowledge, someone who's purchasing a</p> <p>20 Fairfield Sentry Fund through EFG Capital in 2005, would</p> <p>21 Fairfield Sentry do any analysis of the qualifications?</p> <p>22 A. I don't know.</p> <p>23 Q. Now, once the account is opened and one of</p> <p>24 your customers has already -- purchases Fairfield Sentry</p> <p>25 after the account is open, is there some analysis or was</p>

<p style="text-align: right;">142</p> <p>1 there some analysis done by compliance as to their 2 qualifications to invest in that fund? 3 A. That's done before. 4 Q. When is that done? 5 A. You cannot analyze something after you 6 purchase. You analyze the client. You have to qualify 7 the client before. And she was qualified as someone who 8 understood the -- the investment and wanted to purchase 9 it. 10 Q. All right. So there was no -- no separate 11 qualification analysis done for Fairfield Sentry 12 purchases. You would qualify the client at the 13 beginning and that was the qualification -- 14 A. I don't understand your question. 15 Q. Well, say, you know, you've got an existing 16 customer who's opened an account with you. 17 A. Yes. 18 Q. And doesn't invest in Fairfield Sentry, but as 19 time goes on, either the person asks to invest or you 20 offer the investment opportunity -- 21 A. Yes. 22 Q. -- and they invest in Fairfield Sentry. 23 Is there some qualification analysis done at 24 that time to see if that particular customer is 25 qualified to invest in Fairfield Sentry?</p>	<p style="text-align: right;">144</p> <p>1 offering memorandum? 2 A. One question. 3 Q. Yeah. 4 A. What do you say "Irish law"? That's what I 5 don't understand. 6 Q. Okay. 7 A. I don't know what the Irish law is. 8 Q. Okay. Do you know what a professional -- the 9 qualification definition of "professional investor" in 10 the offering memorandum of Fairfield Sentry Limited is? 11 Have you ever read it? 12 A. Yes, I read, but I -- on the -- what is your 13 question again? 14 Q. Fairfield Sentry Limited had an offering 15 memorandum, didn't it? 16 A. Yes, sir. 17 Q. Prospectus? 18 And in that prospectus there was a definition 19 of who was a qualified professional investor. Is that 20 right? 21 A. She was qualified. She was someone who had 22 experience -- 23 Q. Listen to me -- 24 MR. COATES: Okay. 25 THE WITNESS: Yes.</p>
<p style="text-align: right;">143</p> <p>1 A. Well, what is the difference between Fairfield 2 Sentry, at that time, and another hedge fund? 3 Q. Well -- 4 A. They were all hedge funds. 5 Q. -- you tell me. 6 Well -- 7 A. And she qualified for the purchase of a hedge 8 fund because she knew what it was. She said she wanted 9 to invest in Fairfield Sentry because she had colleagues 10 who had invested in it. 11 Q. Sir, does -- 12 A. And she understood what the Fairfield Sentry 13 was. 14 Q. Mr. Yannuzzi, every hedge fund that EFG 15 Capital offered did not require a million dollars' net 16 worth, did it? 17 A. If -- if it's not a private placement, it 18 doesn't. 19 Q. And not every hedge fund offered by EFG 20 Capital required that the investor be qualified as a 21 professional investor under Irish law. Is that right? 22 A. Under Irish law? What the Irish law has to be 23 done here? 24 Q. Okay. Do you know -- do you know the 25 qualifications of a Fairfield Sentry investor under the</p>	<p style="text-align: right;">145</p> <p>1 BY MR. LAWRENCE KELLOGG: 2 Q. -- please, because I want to get you on your 3 plane. I just -- there is a definition in there, and my 4 question to you is -- 5 A. Can I see the definition? 6 Q. -- have you ever read it? 7 A. Can I see the definition? 8 Q. Sure. 9 MR. LAWRENCE KELLOGG: I think it's -- why 10 don't you give her -- EFG211? Oh, I'm sorry. 11 That's wrong. EFG 948, Exhibit 20. 12 BY MR. LAWRENCE KELLOGG: 13 Q. Let me show you what's been previously marked 14 as Exhibit 20. This is a June 30, 2005, email from 15 Belkys Porras to Lorrene. EFG Capital 948 through 996. 16 Do you recognize the attachment here as being 17 the Confidential Private Placement Memorandum for 18 Fairfield Sentry Limited? 19 A. Yes. 20 Q. And at page Roman Numeral IV, which is 21 Bates-labeled EFG Capital 952, in the fourth full 22 paragraph -- 23 A. What page? 24 Q. IV, if you look at the numbers on the bottom, 25 it's 952.</p>

146	<p>1 A. Yeah.</p> <p>2 Q. It's the fourth page in to the document.</p> <p>3 A. 956?</p> <p>4 Q. 952. If you look at the fourth full paragraph</p> <p>5 beginning: "Because the fund is a professional fund</p> <p>6 under the BVI Act, whose shares are listed on the Irish</p> <p>7 Stock Exchange, the shares may be held only by persons</p> <p>8 who are professional investors within the meaning of the</p> <p>9 BVI Act and the Irish Stock Exchange."</p> <p>10 Do you see that?</p> <p>11 A. Yes.</p> <p>12 Q. Had you ever read that before?</p> <p>13 A. Yes, I read it once.</p> <p>14 Q. And it goes on to say, in the next sentence</p> <p>15 that "a professional investor is any person whose</p> <p>16 ordinary business involves, whether for his own account</p> <p>17 or for the account of others, the acquisition or</p> <p>18 disposal of property of the same kind as the property,</p> <p>19 or a substantial part of the property, of the fund, in</p> <p>20 this case, investment instruments, or who has signed a</p> <p>21 declaration that he, whether individually or jointly</p> <p>22 with his spouse, has a net worth in excess of \$1</p> <p>23 million, or, if an institution, \$5 million, or its</p> <p>24 equivalent in any other currency, and that he consents</p> <p>25 to being treated as a professional investor."</p>	148	<p>1 specific range of performance and attempt to produce</p> <p>2 target returns irrespective to -- of the underlying</p> <p>3 trends of the stock market. In seeking positive</p> <p>4 investment performance, hedge fund managers use</p> <p>5 sophisticated investment strategies and techniques that</p> <p>6 may include, among the techniques, short selling,</p> <p>7 arbitrage, hedging, leverage, concentrating, investing</p> <p>8 in distressed or bankrupt companies, investing in</p> <p>9 derivatives, investing in volatile international</p> <p>10 markets, investing in privately issued securities.</p> <p>11 The person has to sign this and read the</p> <p>12 attached memorandum.</p> <p>13 Q. And I appreciate you reading that for us,</p> <p>14 Mr. Yannuzzi.</p> <p>15 When you were reading it, did you notice any</p> <p>16 statement in there about qualifications as to</p> <p>17 professional investor under BVI Act?</p> <p>18 A. It says here... explain the difference I will</p> <p>19 certify... your understanding and agreement.</p> <p>20 Q. Well, my question here is just --</p> <p>21 A. She certifies that she understand and she</p> <p>22 agreed.</p> <p>23 Q. My question is real simple. When you open up</p> <p>24 an account with EFG Capital, you as a financial advisor,</p> <p>25 as a CRO, are making some preliminary determination that</p>
147	<p>1 Do you see that?</p> <p>2 A. Yes.</p> <p>3 Q. Now, is there anyone at EFG Capital or any</p> <p>4 department at EFG Capital that would analyze whether a</p> <p>5 particular investor met this definition of professional</p> <p>6 investor?</p> <p>7 MR. COATES: Object to the form.</p> <p>8 You may answer.</p> <p>9 THE WITNESS: Let me finish reading this.</p> <p>10 Well, this is saying the same thing that that form</p> <p>11 says. The compliance department will look at the</p> <p>12 client's qualifications.</p> <p>13 BY MR. LAWRENCE KELLOGG:</p> <p>14 Q. So you're --</p> <p>15 A. But -- but -- allow me.</p> <p>16 The client will have to sign this</p> <p>17 (indicating), okay, and this says: I understand that</p> <p>18 I'm purchasing an interest in the following hedge</p> <p>19 fund -- It's whatever hedge funds are -- I have been</p> <p>20 provided with a supplemental disclosure being explained</p> <p>21 each risk and I understand them in general terms. I've</p> <p>22 been explained and understand the primary difference in</p> <p>23 the hedge fund investment strategies. The hedge fund</p> <p>24 management typical absolute positive investment</p> <p>25 performance. This means that the hedge funds target a</p>	149	<p>1 the person is qualified to open up an account in your</p> <p>2 institution; correct?</p> <p>3 A. Yes.</p> <p>4 Q. And that is reviewed by compliance to make</p> <p>5 sure that what you --</p> <p>6 A. Yes.</p> <p>7 Q. -- decided is correct.</p> <p>8 Right? Is that right?</p> <p>9 A. (Witness nods.)</p> <p>10 Q. You have to say "yes."</p> <p>11 MR. COATES: You need to say "yes."</p> <p>12 THE WITNESS: Yes.</p> <p>13 BY MR. LAWRENCE KELLOGG:</p> <p>14 Q. Okay. So then that person may invest in any</p> <p>15 number of investments. True?</p> <p>16 A. Yes.</p> <p>17 Q. And one of the investments that you -- that</p> <p>18 you were offering during the relevant time period here</p> <p>19 is a Fairfield Sentry --</p> <p>20 A. Yes.</p> <p>21 Q. -- which has additional qualification</p> <p>22 requirements, doesn't it?</p> <p>23 A. Yes.</p> <p>24 Q. Okay. And does somebody other than you make</p> <p>25 the determination of whether Lorrene Ferreira in this</p>

150	<p>1 instance is a qualified investor to purchase Fairfield 2 Sentry? 3 A. I can't recall that. 4 Q. Okay. All right. Let me show you -- let me 5 show you what's been marked as Exhibit 6 to a previous 6 deposition. It's EFG Capital Bates-labeled 921 and 922. 7 This is a -- this is dated the next day, April 8 8th, the next day from Exhibit 4, which was the 9 Fairfield Sentry/Permal materials that you sent to 10 Ms. Ferreira. 11 What is Exhibit 6? What's given to her here? 12 A. She was offered a short-term agency, a AAA 13 bond. 14 Q. What is that? What do you mean by "a 15 short-term agency"? 16 A. It is a -- a Federal Home Loan Bank. 17 Q. Was this a bond? 18 A. Yes. 19 Q. Why were you providing her with information 20 about a bond? 21 A. Well, there were various factors. Number one, 22 to try to diversify her. And also, if she had not made 23 a decision when and what type of investment, she could 24 invest in a short-term agency until she decided what to 25 do and earn some interest to recuperate.</p>	152	<p>1 Miss Ferreira about the potential for investing her 2 money in a short-term agency bond? 3 A. Well, I informed her here. 4 Q. Yeah, then did you talk to her about it? 5 A. I can't recall. Probably I did. I can't 6 recall. 7 Over here she answer: I'm gonna study the 8 offer and I will get back to you. Thank you, Lorrene. 9 Q. Did she ever get back to you about this bond, 10 do you remember? 11 A. I have to see the emails. I can't remember. 12 Q. Let me show you what's been marked as 13 Exhibit 8. This is a three-page document Bates-labeled 14 EFG Capital 924 through 925. I don't know what this is 15 on the back of it. 16 Here's an email exchange between you and 17 Lorrene in -- on April 22, 2005. 18 Could you read to us what you say to her here? 19 A. It says: Lorrene, the Fairfield Sentry is 20 open again. 21 That means there was a time you could not 22 invest. 23 This fund is -- is -- it says "mas estable" -- 24 "mas estable." It says -- what it mean is more 25 estable -- stable than the others.</p>
151	<p>1 Q. Okay. So she could put her cash in a 2 short-term bond, earn some interest. Is that what 3 you're saying? 4 A. Yes. 5 Q. How much did you understand she was going to 6 be investing at this point? 7 A. Well, at the time she said that it was a 8 hundred thousand dollars. Initially. 9 Q. When you say "initially," was there a 10 discussion of future investments? 11 A. Well, she invested later a hundred thousand 12 dollars in a bond. 13 Q. But when you -- when you opened up, did you 14 think it was just going to be a hundred -- 15 A. Yeah, she said she will try to increase the 16 account. 17 Q. Looking at Exhibit 6, who is Gerardo 18 Rodriguez? 19 A. He was AVP Trading. 20 Q. What is that? 21 A. He was assistant vice president -- 22 Q. Oh, okay. 23 A. -- of the trading department, who gave me the 24 information about the bond. 25 Q. Did you have any discussions with</p>	153	<p>1 If you wish to open the account now, I can 2 send you the documents. 3 Q. Okay. At this point in time, then, would -- 4 is it fair to say you were suggesting to her that she 5 open a Fairfield -- make a Fairfield Sentry investment? 6 A. Well, what I'm saying here is "mas estable." 7 Then is for her to decide what she wants to do. 8 Q. Sure. When you -- now, you decide -- you 9 wrote this. Right? You wrote this email? 10 A. Yes. 11 Q. And the purpose of you writing it was to -- 12 was to tell her that this fund, in your mind, was more 13 stable than the other funds that you had offered to her. 14 Right? 15 A. Not in my mind. If you look at Exhibit 34 -- 16 Q. It was more stable. 17 A. You look here (indicating). 18 Q. Now, the other fund you're referring to here, 19 is that Permal? 20 A. Yes. 21 Q. Any other funds that you offered to her in the 22 meantime or shown to her? 23 A. Yes, it was the Haussman, I believe. 24 Q. It was what? 25 A. Haussman.</p>

154	<p>1 Q. How do you spell that?</p> <p>2 A. H-A-U -- Haussman, H-A-U-S-S-M -- I don't know</p> <p>3 if it has two Ms or one M.</p> <p>4 Q. Okay.</p> <p>5 A. Let me -- let me find it here in the e-mail.</p> <p>6 It's H-A-U-S-S-M-A-N.</p> <p>7 Q. Oh, I see. That was attached to your April 7,</p> <p>8 2005, communication before?</p> <p>9 A. Yes.</p> <p>10 Q. Okay. Other than Haussman and Permal, had you</p> <p>11 presented her with any other potential hedge fund</p> <p>12 investment?</p> <p>13 A. No.</p> <p>14 Q. And other than the short-term agency bond that</p> <p>15 you gave her information about, did you provide her with</p> <p>16 information up to this point about any other potential</p> <p>17 investment vehicles?</p> <p>18 A. No. No.</p> <p>19 Q. When you say it was more stable than the</p> <p>20 others, did you understand that to be one of her</p> <p>21 objectives; that is, to have a stable return?</p> <p>22 A. Yes.</p> <p>23 Q. And was she willing to give up amount of</p> <p>24 return for stability?</p> <p>25 A. I just ask her. I ask her.</p>	156	<p>1 phone call.</p> <p>2 On April 25th, at 9:48 in the morning, she</p> <p>3 would reply and says: "Hi, Yannuzzi. Excuse me for the</p> <p>4 delay. I was in Rio taking care of personal matters. I</p> <p>5 was thinking exactly in that fund." Meaning the</p> <p>6 Fairfield fund. "I am waiting for the documents to open</p> <p>7 the account. Thank you very much, Lorrene."</p> <p>8 My assistant answer her, "Hi, Lorrene. The</p> <p>9 writer is Miguel's assistant. At this moment he's</p> <p>10 traveling in Brazil. But I gave him your -- your, you</p> <p>11 know, notice. He asked me to send you the documents you</p> <p>12 need. If you'll be kind to send me your address, the</p> <p>13 address that I have to send the documents. Thank you.</p> <p>14 Cordial..."</p> <p>15 (Thereupon, the referred-to document was</p> <p>16 marked by the court reporter for Identification as</p> <p>17 Plaintiff's Exhibit 37.)</p> <p>18 BY MR. LAWRENCE KELLOGG:</p> <p>19 Q. Okay. Let me show you what I will mark as</p> <p>20 Exhibit 37, which appears -- which is Bates-labeled EFG</p> <p>21 Capital 1067 and appears to be a calendar.</p> <p>22 Do you recognize Exhibit 37?</p> <p>23 A. Yes.</p> <p>24 Q. What is it?</p> <p>25 A. Yes.</p>
155	<p>1 Q. Yeah, what did she say?</p> <p>2 A. Well, she invested in the fund later on.</p> <p>3 Q. No. Did you ask her whether she would prefer</p> <p>4 higher returns or more stability? Did that topic come</p> <p>5 up with her?</p> <p>6 A. No, I was trying to inject the topic to her.</p> <p>7 Q. Okay.</p> <p>8 A. To find out. To prompt her.</p> <p>9 Q. Do you recall any conversations after this</p> <p>10 e-mail with her about whether or not she should invest</p> <p>11 in Fairfield?</p> <p>12 A. No.</p> <p>13 Q. Let me show you what's been marked as</p> <p>14 Exhibit 10, which is an April 26, 2005, email from</p> <p>15 Belkys Porras to Lorrene.</p> <p>16 This is -- this is from your assistant to her?</p> <p>17 A. Yes. She called the office and I was</p> <p>18 traveling.</p> <p>19 Q. Who called the office?</p> <p>20 A. Lorrene. Lorrene.</p> <p>21 Q. According to this email?</p> <p>22 A. Yes.</p> <p>23 Q. What does it say?</p> <p>24 A. Wait. Let me see.</p> <p>25 It was not -- she sent an email, it was not a</p>	157	<p>1 Q. Yeah. What is it?</p> <p>2 A. It's a page from a calendar.</p> <p>3 Q. Do you know whose calendar it is?</p> <p>4 A. Mine.</p> <p>5 Q. And here we're looking at May 27th, about a</p> <p>6 month later, where it says, "Lorrene wants to invest in</p> <p>7 Fairfield Sentry."</p> <p>8 Do you see that?</p> <p>9 A. Yes.</p> <p>10 Q. This -- this -- what is this notation? Is</p> <p>11 this the notation of a meeting or what?</p> <p>12 A. Yes, a notation.</p> <p>13 Q. Was there a meeting on that day with her?</p> <p>14 A. Yes, I -- I was in Buenos Aires and I flew to</p> <p>15 Montevideo because I had two other clients there.</p> <p>16 Q. Uh-huh. So up to this point in time she had</p> <p>17 not yet invested?</p> <p>18 A. No, she had not.</p> <p>19 Q. And you were, what, following up with her?</p> <p>20 A. Yes.</p> <p>21 Q. What happened at the meeting?</p> <p>22 A. Well, at the meeting, she -- we sat down and</p> <p>23 discussed the opening of the account and filling out</p> <p>24 the -- the account opening. And she signed them and</p> <p>25 then I asked her the questions, you know, where she</p>

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1 live, her age, et cetera; and I fill the application for
 2 her because she was --
 3 Q. So you brought the application or you brought
 4 the documents --
 5 A. Yes.
 6 Q. -- with you and sat down with her?
 7 A. Yes.
 8 Q. Up to this point in time had you -- did you
 9 have any idea that the account would be opened in the
 10 joint name of her mother?
 11 A. Yes, she had told me -- she had indicated that
 12 in a conversation. I don't have the exact date of that
 13 but --
 14 Q. Okay. And up to this point in time when she
 15 filled out the documents, or signed them, had you met
 16 the mother yet, Arlete?
 17 A. No, I think I went to Rio and I met with her
 18 mother, for her to sign the documents a few days later.
 19 Q. Few days after this?
 20 A. Yes.
 21 Q. What discussion at that meeting happened about
 22 Fairfield, if anything, that you can recall?
 23 A. Well, she -- she -- you know, things had been
 24 discussed through emails, and she told me that she had
 25 decided to invest in the Fairfield fund.

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1 Q. Did you talk about investing in anything else?
 2 A. We already discuss that.
 3 Q. Okay.
 4 A. She made a decision, which she indicated that
 5 on her previous email.
 6 Q. Let me show you what's been marked as
 7 Exhibit 1.
 8 It's actually Defendant's Exhibit 1, right?
 9 MR. JASON KELLOGG: Most of these are.
 10 MR. LAWRENCE KELLOGG: Most of these have been
 11 Defendant's. We don't have any -- I forgot; we
 12 don't have any --
 13 MR. COATES: I think, for the record --
 14 MR. LAWRENCE KELLOGG: Why don't we read in
 15 the record which ones are defendant's.
 16 MR. JASON KELLOGG: I think they may all be.
 17 MR. COATES: I believe Exhibit 20 is
 18 defendant's exhibit; Exhibit 6 is defendant's
 19 exhibit; Exhibit 8 is defendant's exhibit; Exhibit
 20 4 is defendant's exhibit; Exhibit 10 is defendant's
 21 exhibit.
 22 BY MR. LAWRENCE KELLOGG:
 23 Q. And I've just handed you Defendant's
 24 Exhibit 1. This is the account application --
 25 A. Yes.

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1 Q. -- for Lorrene DaSilva Ferreira and Arlete
 2 DaSilva Ferreira. Is that right?
 3 A. Yes.
 4 Q. Whose handwriting appears?
 5 A. Well, on top where it says "Ownership
 6 Account," is Lorrene's and below is my handwriting.
 7 Q. All right. And on the second page, whose
 8 handwriting appears?
 9 A. It is mine also. But the signature --
 10 Q. The signatures are -- your signature appears;
 11 is that right?
 12 A. Yes.
 13 Q. And Lorrene's signature appears?
 14 A. Yes.
 15 Q. In the fourth --
 16 A. And his mother's signature appears -- her
 17 mother.
 18 Q. Where's her mother's?
 19 A. Second signature.
 20 Q. On the left?
 21 Okay. Whose signature is this?
 22 A. That's Victor Echevarria.
 23 Q. And -- so the -- on the right side, where it
 24 says "EFG Account Officer's Signature," that is your
 25 signature?

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1 A. Yes.
 2 Q. And beneath that is Mr. Echevarria's
 3 signature?
 4 A. Yes.
 5 Q. And to the left are the signatures of Lorrene
 6 and Arlete?
 7 A. Yes.
 8 Q. Okay. Looking at the fourth box on page 2
 9 here, who checked out those --
 10 A. Well, I ask her the questions and I check that
 11 out.
 12 Q. It says, "Annual Income is \$60,000."
 13 You see that?
 14 A. That's what she told me.
 15 Q. Whose income is that, Lorrene or Arlete's?
 16 A. That's Lorrene's.
 17 Q. And the liquid net worth, is that \$250,000?
 18 A. She told me it was \$200,000.
 19 Q. Okay. It looks as though at one time it said
 20 150. Would you agree?
 21 A. It was something behind, but I don't know.
 22 Q. Can you tell what that is?
 23 A. No.
 24 Q. Now, was that her liquid net worth or Arlete's
 25 with her?

162	<p>1 A. That's her liquid net worth because she end up 2 investing later another hundred thousand dollars and 3 completed 200,000 investment. 4 Q. And did you -- and the Investment Experience 5 Number of Years is -- checked here is six years in 6 equities, six years in fixed income, six in mutual 7 funds, six in emerging markets. 8 Do you see that? 9 A. Yes. 10 Q. Is that Lorrene or Arlete? 11 A. That was Lorrene. 12 Q. All right. What was the investment experience 13 of Arlete? 14 A. The main -- the person opening the account, 15 although both signed, was Lorrene. It was her money -- 16 Q. Okay. 17 A. -- not Arlete. She told me this was her money 18 and that she would was going to have her mother sign in 19 case that something happened to her and her mother. But 20 she indicated that that has her money. 21 Q. Okay. Did you have any knowledge of what 22 Arlete's investment experience was? 23 A. I can't recall. 24 Q. Do you have any -- or did you have any 25 knowledge of what Arlete's liquid net worth was?</p>	164	<p>1 advisor or who had a million dollars in net worth, to 2 take somebody else's money and invest it for them and 3 thereby become qualified? 4 MR. COATES: Object to form. 5 BY MR. LAWRENCE KELLOGG: 6 Q. You can answer. 7 A. Can you repeat the question? 8 Q. Would it be okay, in your mind, for a person 9 who was not qualified to be a Fair- -- a Fairfield Sigma 10 investor to give their money to somebody else, who is 11 qualified, and let them invest it for them? 12 MR. COATES: Object. Same objection, to form. 13 BY MR. LAWRENCE KELLOGG: 14 Q. You can answer. 15 A. Can you rephrase? 16 Q. Do you see any problem with a qualified 17 investor investing money in the Fairfield Sentry Fund 18 using somebody else's money? 19 MR. COATES: Same objection. 20 THE WITNESS: Using somebody else's money, I 21 really -- 22 BY MR. LAWRENCE KELLOGG: 23 Q. Yeah. 24 A. -- don't understand the question. 25 Q. Well, if -- I'm trying to figure out what you</p>
163	<p>1 A. I can't recall. 2 Q. Do you know whether Arlete's liquid net worth, 3 when added to Lorrene's liquid net worth, exceeded or 4 was less than \$1 million? 5 A. Less. 6 Q. How do you know that? 7 A. Because she didn't say she had a million 8 dollars. She told me that it was her daughter's money. 9 Q. Do you know what her liquid net worth was? 10 A. I can't recall. 11 Q. Was there any issue or problem with the fact 12 that one of the account holders here, Arlete, doesn't 13 have a million dollars' net worth and is not a financial 14 advisor? 15 A. No. 16 Q. Why? 17 A. Because it was not her money. The daughter 18 indicated that her mother was signing in case something 19 happen to her. She told me she was the one investing 20 the money, not her mother. And all the dealings 21 investing her money was with Lorrene and not with 22 Arlete. 23 Q. In your mind, in order to be a qualified 24 professional investor in the Fairfield Sentry Fund, 25 would it be okay for someone, who was a financial</p>	165	<p>1 don't understand about that. 2 A. Well, you're trying -- 3 Q. If what -- I guess what I understand you to be 4 saying -- 5 A. Hey -- 6 MR. COATES: Excuse me. 7 THE WITNESS: Yes. 8 MR. COATES: Excuse me. 9 THE WITNESS: Yes, okay. 10 BY MR. LAWRENCE KELLOGG: 11 Q. What I guess I understand you to be saying is 12 that even though Arlete didn't have a million dollars 13 net worth according to you, and wasn't a financial 14 advisor, it was okay for her to have an account into 15 which Fairfield Sentry was purchased. That's okay with 16 you because it's somebody else's money. It's Lorrene's. 17 Right? 18 A. And Lorrene has the experience to invest. 19 MR. COATES: I -- you answered too quickly 20 before I could object. 21 THE WITNESS: Yes. 22 MR. COATES: I object to the last question. 23 Please note that for the record. 24 THE WITNESS: Yes. 25 MR. COATES: Again, Mr. Yannuzzi, I know it's</p>

166	<p>1 been a long day, just --</p> <p>2 THE WITNESS: Okay, okay.</p> <p>3 MR. COATES: -- please let Mr. Kellogg ask the</p> <p>4 question, and then we'll respond.</p> <p>5 THE WITNESS: Okay.</p> <p>6 MR. COATES: We want to have a clear record.</p> <p>7 THE WITNESS: Okay. Okay.</p> <p>8 BY MR. LAWRENCE KELLOGG:</p> <p>9 Q. I guess, just to sum it up, since -- in your</p> <p>10 mind, this money really belonged to Lorrene.</p> <p>11 A. Yes, she told me it was her money.</p> <p>12 Q. Okay.</p> <p>13 A. Not in my mind. It was a fact that she told</p> <p>14 me.</p> <p>15 Q. All right. Let me rephrase.</p> <p>16 Since it was her money, it was okay, in your</p> <p>17 mind, for her mother to become a Fairfield Sentry</p> <p>18 investor. Is that right?</p> <p>19 MR. COATES: Object to form.</p> <p>20 You may answer.</p> <p>21 THE WITNESS: The investor was her daughter.</p> <p>22 It was her daughter's money, and her daughter is</p> <p>23 the one who had the experience to invest.</p> <p>24 MR. COATES: Okay. Let's take a quick</p> <p>25 five-minute break. It's been about an hour.</p>	168	<p>1 A. Most of the conversations were in either</p> <p>2 Spanish or -- but she has understanding of English.</p> <p>3 Q. Do you know how fluent she is in English?</p> <p>4 A. Umm, no.</p> <p>5 Q. When -- and all of your clients -- I shouldn't</p> <p>6 say that.</p> <p>7 Many of your clients spoke languages other</p> <p>8 than English. Is that correct?</p> <p>9 A. Yes.</p> <p>10 Q. Did EFG Capital have account opening forms or</p> <p>11 account agreements in languages other than English?</p> <p>12 A. I don't recall.</p> <p>13 Q. In other words, if you had a customer, say, in</p> <p>14 Brazil, was there a Portuguese form of the account</p> <p>15 opening agreement?</p> <p>16 A. No.</p> <p>17 Q. And do you know whether -- do you know whether</p> <p>18 all the -- well, let me mark, actually -- or show you</p> <p>19 what's been marked as Defendant's Exhibit 2. This is an</p> <p>20 EFG Capital International Account Agreement among EFG</p> <p>21 Capital International, Lorrene DaSilva Ferreira, and</p> <p>22 Arlete DaSilva Ferreira. EFG Capital Bates Numbers 1</p> <p>23 through 4.</p> <p>24 My question to you is: Is this the account --</p> <p>25 Account Agreement that operated Lorrene's account?</p>
167	<p>1 MR. LAWRENCE KELLOGG: Okay.</p> <p>2 THE VIDEOGRAPHER: All right. Let's go off</p> <p>3 the record. Time is 2:05.</p> <p>4 (Thereupon, a recess was taken from 2:05 p.m.</p> <p>5 to 2:17 p.m.)</p> <p>6 THE VIDEOGRAPHER: All right. We're now back</p> <p>7 on the record. The time is 2:17.</p> <p>8 BY MR. LAWRENCE KELLOGG:</p> <p>9 Q. When you -- when you met with Lorrene and --</p> <p>10 was it in Uruguay?</p> <p>11 A. Yes.</p> <p>12 Q. And you had a conversation and you brought the</p> <p>13 account applications and so forth.</p> <p>14 A. Yes.</p> <p>15 Q. What language did you use to speak with her?</p> <p>16 A. We spoke in Portuguese.</p> <p>17 Q. Did your verbal conversations with her, were</p> <p>18 they always in Portuguese?</p> <p>19 A. Most of the time.</p> <p>20 Q. I notice that the emails are in Spanish. Why</p> <p>21 is -- why is that?</p> <p>22 A. Portuguese is a difficult language to write.</p> <p>23 And she knows Spanish because she live in Uruguay.</p> <p>24 Q. Okay. Did you ever converse with her in</p> <p>25 English?</p>	169	<p>1 MR. COATES: Object to the form.</p> <p>2 You may answer.</p> <p>3 BY MR. LAWRENCE KELLOGG:</p> <p>4 Q. Let me rephrase it.</p> <p>5 Is this the Account Agreement between Lorrene,</p> <p>6 Arlete, and EFG Capital International?</p> <p>7 A. Yes.</p> <p>8 Q. Was this a form agreement that was used with</p> <p>9 all customers that you dealt with?</p> <p>10 A. Yes.</p> <p>11 Q. And was it the form agreement for all</p> <p>12 account -- all accounts of yours who purchased Fairfield</p> <p>13 Sentry?</p> <p>14 A. Yes.</p> <p>15 Q. Okay.</p> <p>16 A. Whether they purchase or not Fairfield Sentry,</p> <p>17 they had to sign this.</p> <p>18 Q. Whatever they bought?</p> <p>19 A. Yeah.</p> <p>20 Q. And -- and this form of Account Agreement was</p> <p>21 never translated into Portuguese. Is that correct?</p> <p>22 A. Not to my knowledge.</p> <p>23 Q. Was there a Spanish version of it?</p> <p>24 A. Not to my knowledge.</p> <p>25 Q. Or was there a version in any language other</p>

170	<p>1 than English, to your knowledge?</p> <p>2 A. Not to my knowledge.</p> <p>3 Q. Let me mark -- let me show you what's been</p> <p>4 marked as Defendant's Exhibit 3. It's EFG Capital 14</p> <p>5 and 15.</p> <p>6 A. This is the same thing?</p> <p>7 Q. Is Defendant's Exhibit 3 a copy of the Client</p> <p>8 Investment Authorization agreement between Lorrene</p> <p>9 DaSilva Ferreira and Arlete DaSilva Ferreira and EFG</p> <p>10 Capital International?</p> <p>11 A. Yes.</p> <p>12 Q. Again, is this a -- what's the purpose of a</p> <p>13 Client Investment Authorization, to your knowledge?</p> <p>14 A. Well, he or she or the client is authorizing</p> <p>15 EFG Capital to invest, to give -- but not for the EFG to</p> <p>16 invest without their approval or instructions.</p> <p>17 Q. Was this a uniform agreement that every</p> <p>18 account holder at EFG Capital --</p> <p>19 A. Yes.</p> <p>20 Q. -- would enter into?</p> <p>21 A. Yes.</p> <p>22 Q. And was -- again, was this the only -- was the</p> <p>23 English-language version the only version that you</p> <p>24 presented to customers?</p> <p>25 A. Yes.</p>
171	<p>1 Q. Now, Exhibits 2 and 3, both being in English,</p> <p>2 these are agreements that you -- that you brought with</p> <p>3 you when you visited her in Uruguay. Is that right?</p> <p>4 A. Yes.</p> <p>5 Q. All right. The next thing I want to show you</p> <p>6 is Defendant's Exhibit 21, which is EFG Capital 200; and</p> <p>7 also Defendant's Exhibit 22, which is EFG Capital 10;</p> <p>8 EFG Capital 204, which is Exhibit 23 -- Defendant's</p> <p>9 Exhibit 23; and Defendant's Exhibit 24, which is EFG</p> <p>10 Capital 209.</p> <p>11 MR. JASON KELLOGG: It's a composite exhibit.</p> <p>12 BY MR. LAWRENCE KELLOGG:</p> <p>13 Q. All right. What I'm going to show you is a</p> <p>14 composite exhibit, which the first part of it is,</p> <p>15 Exhibit 21 -- I'm going to mark it separately for</p> <p>16 purposes of this deposition as Plaintiff's Exhibit 38.</p> <p>17 (Thereupon, the referred-to document was</p> <p>18 marked by the court reporter for Identification as</p> <p>19 Plaintiff's Exhibit 38.)</p> <p>20 BY MR. LAWRENCE KELLOGG:</p> <p>21 Q. And these appear to be a number of EFG Private</p> <p>22 Bank agreements dated the same day as EFG Capital</p> <p>23 International documents we've just reviewed; that is,</p> <p>24 May 31, 2005.</p> <p>25 And my question to you is: Are these -- are</p>
172	<p>1 these documents documents that you brought with you to</p> <p>2 Uruguay and had Lorrene sign?</p> <p>3 A. Yes.</p> <p>4 Q. What's the purpose of these EFG Private Bank</p> <p>5 documents, if you know?</p> <p>6 A. This is possibly accounting in Zurich.</p> <p>7 Q. Now, Plaintiff's Exhibit 38, which was a stack</p> <p>8 of documents we just showed you; Defendant's Exhibit 3,</p> <p>9 which is a Client Investment authorization; and</p> <p>10 Defendant's Exhibit 2, which is the account agreement;</p> <p>11 all of these documents are in English. Is that right?</p> <p>12 A. Yes.</p> <p>13 Q. Did -- did you or anyone else in your presence</p> <p>14 translate any of these documents for Lorrene?</p> <p>15 A. Well, we sit with the clients and explain what</p> <p>16 the document is and go over -- also in the case of</p> <p>17 Lorrene, remember she is a college grad in Brazil, and</p> <p>18 they have to learn English. It's not a...</p> <p>19 Q. Well, you said two things there. You said,</p> <p>20 "We sit down with clients and" --</p> <p>21 A. Yes.</p> <p>22 Q. -- "we explain."</p> <p>23 Did you sit down with Lorrene --</p> <p>24 A. Yes.</p> <p>25 Q. -- and explain these documents to her?</p>
173	<p>1 A. Yes.</p> <p>2 Q. How did you --</p> <p>3 A. At the time of signing each one.</p> <p>4 Q. How did you explain it? Did you read them to</p> <p>5 her and --</p> <p>6 A. Well, yes, I -- I -- I feel she had investment</p> <p>7 agreement... but I explain the paragraph to her.</p> <p>8 Q. So you --</p> <p>9 A. And the document -- what the document meant.</p> <p>10 That's what it was.</p> <p>11 Q. So let's take Exhibit 2, for example, which is</p> <p>12 the account agreement. This is four pages -- well,</p> <p>13 3-1/2 pages, single-spaced English language in here.</p> <p>14 A. Which one, this? (Indicating.)</p> <p>15 Q. Exhibit 3 -- or 2.</p> <p>16 Did you go over paragraph by paragraph and</p> <p>17 translate these to her, or did you just give her the</p> <p>18 general sense of what these document --</p> <p>19 A. I gave her the general sense of what the</p> <p>20 document is.</p> <p>21 Q. Is that the same for Exhibit 3, the Client</p> <p>22 Investment Authorization? You told her the purpose of</p> <p>23 the document, I guess. Is that right?</p> <p>24 A. Yes.</p> <p>25 Q. But you didn't go over word by word with her</p>

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1 what it meant?
 2 A. Well, you mean the Client Investment
 3 Authorization?
 4 Q. Yes. Exhibit 3.
 5 A. I will read the paragraph and give her the
 6 idea of the whole paragraph, because when you do a
 7 translation, if you do a verbal translation, sometimes
 8 it doesn't make any sense.
 9 Q. Okay. With respect to Exhibit 3, the Client
 10 Investment Authorization, what did you tell her was the
 11 standard of care that she was agreeing to?
 12 A. Which one?
 13 Q. Exhibit 3.
 14 A. Client Investment Authorization. She's
 15 authorizing EFG to make investments on her behalf for
 16 her sole account and risk without liability on your part
 17 for my selection of those investments.
 18 Meaning she is selecting her investments.
 19 Q. Okay. And that's what you told her?
 20 A. Yes.
 21 Q. Okay.
 22 A. And that's what she did.
 23 Q. All right. Let me show you what's been marked
 24 as Defendant's Exhibit 12, 932, which is an email
 25 exchange dated June 7, 2005 --

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1 THE COURT REPORTER: Defendant or plaintiff?
 2 MR. LAWRENCE KELLOGG: I'm sorry. Defendant's
 3 Exhibit 12. Yeah.
 4 THE WITNESS: All right. Here --
 5 BY MR. LAWRENCE KELLOGG:
 6 Q. Here -- it appears in June -- June 7, 2005,
 7 you're asking for her passport -- or a copy of her
 8 passport.
 9 A. Yes.
 10 Q. Why?
 11 A. Well, we need to qualify identification to --
 12 to complete the government documents and to verify her
 13 citizenship also.
 14 Q. Okay. So the purpose --
 15 A. And that she is the person that she said she
 16 is.
 17 Q. And did she send that to you?
 18 A. Yes, she sent it to us.
 19 And then we also wanted to confirm the mailing
 20 address. And she put that mailing address there.
 21 Q. 935.
 22 Let me show you what I'll mark as Defendant's
 23 Exhibit 14, another email exchange, looks like the next
 24 day.
 25 Here, the next day, you're asking for bank

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1 account information?
 2 A. No.
 3 Q. What are you asking for?
 4 A. Yes, here Lorrene, confirmame... Yes. The
 5 bank where she has that account in Uruguay. And she
 6 send that her account was at BankBoston.
 7 Q. All right. Why did you need her bank account
 8 information?
 9 A. Well, because it's part of the information
 10 with it for -- to complete the opening of the account.
 11 Q. By this point in time had the Fairfield Sentry
 12 purchase already been made?
 13 A. No.
 14 Q. When was that made, do you know?
 15 A. It was made at the end of the month.
 16 Q. The end of June?
 17 A. Yes.
 18 Q. Okay.
 19 A. You have an exhibit there that probably have
 20 that.
 21 Q. Okay.
 22 A. Then it tells you what it was -- when the
 23 order was placed. After we received the money.
 24 Q. I will show you what's been marked as
 25 Defendant's Exhibit 15. It's EFG Capital 936.

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1 What is Exhibit -- Defendant's Exhibit 15?
 2 A. This is an email. It's our conversation.
 3 Q. Looks like you're giving wiring instructions.
 4 Right?
 5 A. Yes, to send the money. And the Hedge Fund
 6 Customer Consent for the purchase of the hedge fund and
 7 the Supplemental Risk Disclosure.
 8 Q. Is the -- is the Hedge Fund Customer Consent
 9 Form and the Supplemental Risk Disclosure Information
 10 Form, are they part of the same document or are they two
 11 different documents?
 12 A. They're two different documents.
 13 Q. So what you were giving to her was a consent
 14 form for her to sign. Right?
 15 A. Which is that she understands
 16 and -- everything and she signs. And --
 17 Q. And then --
 18 A. -- this...
 19 Just telling her, again, what the hedge funds
 20 are.
 21 Q. Okay. Did you ever sit down with her -- when
 22 you were with her in Uruguay, did you go over these
 23 forms with her?
 24 A. Yes. She was told what these forms were and
 25 what they were for.

178	<p>1 Q. Yes, but when you were in Uruguay, did you sit 2 down with her and have her -- explain it to her and have 3 her sign it then? 4 A. No, this -- this was sent after. 5 Q. Okay. Did you ever sit down with her 6 face-to-face and discuss the actual Hedge Fund Customer 7 Consent Form or the Supplemental Risk Disclosure form or 8 did you send it to her? 9 A. It was sent, and I call her on the phone -- on 10 the telephone. 11 Q. And what did you talk about? 12 A. I talk to her about the forms, what the forms 13 were and to read them and make sure that she understands 14 them and to let me know if she had any questions. 15 Q. All right. Now, we talked about your 16 discussions and the account opening materials that you 17 sat down with her in Uruguay and had her sign. And then 18 you mentioned that you had a separate meeting with her 19 mother a few days later? 20 A. Yes. 21 Q. Did you bring with you those same materials, 22 the account opening -- the application -- 23 A. It was the same that she signed. They both 24 have to sign in the same forms. 25 Q. Right. So you took the form --</p>	180	<p>1 is Exhibit 15, did you provide any additional disclosure 2 of any risks of investing in Fairfield Sentry to either 3 Lorrene or Arlete Ferreira? 4 MR. COATES: I'm going to object to the form 5 of the question. 6 THE WITNESS: Well, she was provided with this 7 documents and she was also provided with the 8 prospectus, the -- 9 BY MR. LAWRENCE KELLOGG: 10 Q. Okay. Other than the prospectus and these 11 forms, did you -- did you provide them any other -- 12 A. No. 13 Q. -- additional information -- 14 A. These -- these were very explicit. 15 Q. Okay. 16 A. These over here explains very well what the 17 risks were. 18 Q. Okay. I just want to make sure there's 19 nothing else out there. Those are the -- 20 A. Not to my knowledge. 21 Q. All right. EFG Capital 7120 -- 22 A. Oh, the tear sheets were sent to her. 23 Q. The what? 24 MR. COATES: Tear sheets. 25</p>
179	<p>1 A. Took the form. 2 Q. -- to Lorrene, went to Brazil and met with her 3 mother? 4 A. Yes. 5 Q. Does her mother speak fluent English? 6 A. No, we spoke Portuguese. 7 Q. Did -- did you translate any of the materials 8 for her mother? 9 A. I explained them the same way I explained them 10 to Lorrene. 11 Q. All right. Did you -- did you send a -- the 12 Hedge Fund Customer Consent Form or the Supplemental 13 Risk Disclosure Information Form to Arlete, the mother? 14 A. No, they don't want correspondence going to 15 Brazil. Everything had to go to Uruguay. And the one 16 that was qualified with experience to invest and the 17 money to invest was Lorrene. 18 Q. Okay. So you didn't send this to Arlete -- 19 A. No. 20 Q. -- you expected Lorrene to send it on or share 21 it with her mother or whatever? 22 A. Whatever, yes. 23 Q. Other than what's contained in the Hedge Fund 24 Customer Consent Form and the Supplemental Risk 25 Disclosure Information Form that we're looking at, this</p>	181	<p>1 BY MR. LAWRENCE KELLOGG: 2 Q. When did you give her the tear sheets? 3 MR. COATES: There's an email. 4 THE WITNESS: There's an email that has it. 5 MR. LAWRENCE KELLOGG: Okay. Did we already 6 mark it? 7 MR. COATES: Yes, you did. 8 MR. LAWRENCE KELLOGG: Okay. 9 BY MR. LAWRENCE KELLOGG: 10 Q. The tear sheet was attached to the initial 11 information? 12 A. Yes. 13 Q. All right. 14 MR. COATES: Remember the one, the Permal 15 attached to it too, and the Haussman. 16 MR. LAWRENCE KELLOGG: Okay. 17 MR. COATES: That was the Defendant's 18 Exhibit 4. We covered that earlier. 19 MR. LAWRENCE KELLOGG: Let me mark as Exhibit 20 39, Plaintiff's Exhibit 39, a three-page document 21 called "Know Your Client Form." It's EFG Capital 22 7120 through 7122. 23 (Thereupon, the referred-to document was 24 marked by the court reporter for Identification as 25 Plaintiff's Exhibit 39.)</p>

182	<p>1 BY MR. LAWRENCE KELLOGG:</p> <p>2 Q. What is Exhibit 39?</p> <p>3 A. The question?</p> <p>4 Q. What is Exhibit 39?</p> <p>5 A. This is "Know your Client Form".</p> <p>6 Q. What is that?</p> <p>7 A. This is a form with the client information</p> <p>8 that is obtained from the client in order to have enough</p> <p>9 information to open the account.</p> <p>10 Q. Who prepared this form?</p> <p>11 A. I collected the information talking to -- to</p> <p>12 Lorrene, and my assistant typed the form.</p> <p>13 Q. And whose signatures appear on Exhibit 39?</p> <p>14 A. That is Victor Echevarria and the compliance</p> <p>15 officer, Zelanine(phonetic) Rubio. She's no longer with</p> <p>16 EFG Capital.</p> <p>17 Q. Look on page 2, paragraph 13. It says, "How</p> <p>18 was the client introduced and why did the client choose</p> <p>19 EFG."</p> <p>20 Do you see that?</p> <p>21 A. Yes.</p> <p>22 Q. Why -- why is that information important to</p> <p>23 EFG Capital, if you know?</p> <p>24 A. Well, it's -- it's part of the requirements by</p> <p>25 the regulators that you have to have this information.</p>	184	<p>1 Q. So it was just oversight?</p> <p>2 A. Yes.</p> <p>3 Q. All right. Let me show you what's been marked</p> <p>4 as Defendant's Exhibit 16, which is EFG Capital 16.</p> <p>5 This appears to be an executed version of the</p> <p>6 Hedge Fund Customer Consent Form that we saw earlier</p> <p>7 that you sent to her, or your assistant sent to her?</p> <p>8 A. Yes.</p> <p>9 Q. And it seems to be signed by Lorrene twice.</p> <p>10 A. Well, she didn't print her name. She just</p> <p>11 wrote her name and then signed.</p> <p>12 Q. Okay. Did you ever get a signed consent form</p> <p>13 from Arlete?</p> <p>14 A. No.</p> <p>15 Q. And it says it's acknowledged by -- there's</p> <p>16 two signatures. Is one of those yours?</p> <p>17 A. No.</p> <p>18 Q. Whose signatures are these?</p> <p>19 A. It's Esther Mizrahi.</p> <p>20 Q. Esther Mizrahi. Now, that's the person who's</p> <p>21 also a CRO --</p> <p>22 A. Yes.</p> <p>23 Q. -- that used to work with you at your --</p> <p>24 A. Yes.</p> <p>25 See, it was not that day, I forgot, you know.</p>
183	<p>1 Q. You to have the -- EFG Capital has to know how</p> <p>2 you met the client and --</p> <p>3 A. Sure.</p> <p>4 Q. And who introduced --</p> <p>5 A. That's part of knowing your client, yes.</p> <p>6 Q. And who introduced the client to you is</p> <p>7 important?</p> <p>8 A. Yes.</p> <p>9 Q. And is this information that's put into the --</p> <p>10 as an answer exhibit -- paragraph 13, is that</p> <p>11 information obtained from you?</p> <p>12 A. It came -- let me see... Yes.</p> <p>13 Q. Okay. So does this refresh your memory that</p> <p>14 you met Lorrene in 1991?</p> <p>15 A. Yes.</p> <p>16 Q. Is there any reason that you didn't put in</p> <p>17 here that Mr. Davies introduced her to you?</p> <p>18 A. No. There's no...</p> <p>19 Q. I mean, would that have been a problem if</p> <p>20 another customer --</p> <p>21 A. No.</p> <p>22 Q. -- introduced you?</p> <p>23 A. No, that's what we expect.</p> <p>24 Q. That's how you do your business.</p> <p>25 A. Sure.</p>	185	<p>1 And then to process this, she signed the form.</p> <p>2 Q. Did she have any participation in selling a</p> <p>3 Fairfield Sentry fund to Lorrene or Arlete DaSilva?</p> <p>4 A. No.</p> <p>5 Q. Now, if you recall, the form that you sent to</p> <p>6 her -- what exhibit is that -- Exhibit 15 --</p> <p>7 A. This is the transfer form.</p> <p>8 Q. Exhibit 15. The form that you sent to her</p> <p>9 doesn't have Fairfield Sentry in there. It has "Name of</p> <p>10 Hedge Fund" instead.</p> <p>11 Do you see the difference?</p> <p>12 A. It was a blank form.</p> <p>13 Q. It was a blank form.</p> <p>14 A. Then she type Fairfield Sentry.</p> <p>15 Q. Well, that was my question. Who typed in</p> <p>16 Fairfield Sentry?</p> <p>17 A. If this was sent without Fairfield Sentry and</p> <p>18 was returned, she typed it.</p> <p>19 Q. Do you know whether your office typed that in?</p> <p>20 A. No.</p> <p>21 Q. Okay.</p> <p>22 A. There's no more typewriters.</p> <p>23 Q. That's true.</p> <p>24 (Thereupon, the referred-to document was</p> <p>25 marked by the court reporter for Identification as</p>

186	<p>1 Plaintiff's Exhibit 40.)</p> <p>2 BY MR. LAWRENCE KELLOGG:</p> <p>3 Q. EFG Capital 211 we'll mark as Exhibit 40,</p> <p>4 something called Client Information Profile,</p> <p>5 Bates-labeled EFG Capital 211 through 213.</p> <p>6 What is the Client Information Profile?</p> <p>7 A. It's information about the client.</p> <p>8 Q. Who prepared this document, Exhibit 40?</p> <p>9 A. It has probably the same information as the</p> <p>10 other.</p> <p>11 Q. It says "internal document," at the top.</p> <p>12 Is this something that you prepared or your</p> <p>13 assistant prepared?</p> <p>14 A. Yes, it's prepared with the information I</p> <p>15 gather.</p> <p>16 Q. All right.</p> <p>17 A. She types it.</p> <p>18 Q. It says, at page 2, in the third full</p> <p>19 paragraph, the last sentence, that "CRO anticipates</p> <p>20 meeting client at least quarterly."</p> <p>21 Do you see that?</p> <p>22 A. Yes.</p> <p>23 Q. Was that your intent?</p> <p>24 A. Yes, usually I was traveling at the time four</p> <p>25 times a year.</p>	188	<p>1 A. The apartment -- Lorrene's apartment in</p> <p>2 Montevideo.</p> <p>3 Q. And then a couple paragraphs later it says,</p> <p>4 "Lorrene has about six years of investment experience,</p> <p>5 mainly in stocks, bonds and funds."</p> <p>6 A. Yes.</p> <p>7 Q. "CRO offered to the client investment options</p> <p>8 such as structured products, funds, and fixed income."</p> <p>9 Do you see that?</p> <p>10 A. Yes.</p> <p>11 Q. What are structured products and what did you</p> <p>12 show her?</p> <p>13 A. Well, structured products were -- they used to</p> <p>14 call "reverse convertibles," but she didn't want to do.</p> <p>15 That was during a conversation she said she was not</p> <p>16 interested.</p> <p>17 Q. What is a reverse convertible?</p> <p>18 A. It's a derivative.</p> <p>19 Q. So you offered her a derivative?</p> <p>20 A. Yes, is where -- umm, is a stock and there is</p> <p>21 a strike price, which is the issue price. And then the</p> <p>22 downside of the stock, recovered at 20 percent, 15, 10</p> <p>23 percent. And this investment could be for 90 days. If</p> <p>24 the stock falls, but it doesn't hit the threshold, and</p> <p>25 in the three months you get your interest plus the</p>
187	<p>1 Q. And what would be the purpose of meeting with</p> <p>2 her, just to discuss her accounts?</p> <p>3 A. Yes. Or -- also could be a telephone meeting.</p> <p>4 Q. Okay.</p> <p>5 A. To call.</p> <p>6 Q. But for the same --</p> <p>7 A. Doesn't have to be necessarily --</p> <p>8 Q. Doesn't have to be face-to-face --</p> <p>9 A. Yes.</p> <p>10 Q. -- but at least quarterly you're going to talk</p> <p>11 to her about her accounts. Right?</p> <p>12 A. Yes. That was the plan.</p> <p>13 Q. It says, in the next paragraph that "the</p> <p>14 client's estimated total assets consist of about</p> <p>15 \$450,000, of which \$200,000 is liquid assets."</p> <p>16 Do you see that?</p> <p>17 A. Yes.</p> <p>18 Q. Okay. How did it --</p> <p>19 A. (Witness reading to self).</p> <p>20 Q. Do you see it?</p> <p>21 A. Yes. Bottom of the paragraph.</p> <p>22 Q. Now, the \$450,000, is that just Lorrene or is</p> <p>23 that Lorrene and Arlete?</p> <p>24 A. This is Lorrene's apartment.</p> <p>25 Q. Sir --</p>	189	<p>1 capital.</p> <p>2 If it falls below the threshold, and during</p> <p>3 the time at the date of maturity it had not come back to</p> <p>4 the issue price, which is the strike price, you get the</p> <p>5 shares at the market value, instead of your capital</p> <p>6 plus -- plus the interest.</p> <p>7 Q. At what point in time did you -- did you give</p> <p>8 her information about reverse convertibles?</p> <p>9 A. It was verbal and is -- she said she had no</p> <p>10 interest in -- that was the end.</p> <p>11 Q. That was early on?</p> <p>12 A. Yes, it was at the time that -- probably was</p> <p>13 during the visit that I spoke to her.</p> <p>14 Q. Which visit?</p> <p>15 A. The visit to Uruguay when she opened the</p> <p>16 account.</p> <p>17 Q. Now, paragraph 10 says: Is client recommended</p> <p>18 by a third party outside the EFB -- EFG Bank Group? And</p> <p>19 the answer here is "no."</p> <p>20 Who is reviewing this Client Information</p> <p>21 Profile?</p> <p>22 A. This, sir, is reviewed by compliance, by</p> <p>23 Victor Echevarria. Compliance.</p> <p>24 Q. Do you have any understanding as to why</p> <p>25 compliance or Mr. Echevarria would want to know whether</p>

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<p>1 somebody outside the EFG Bank Group recommended this 2 client? 3 A. It's a requirement to know who recommends the 4 person -- who recommends the new client. 5 Q. What is the EFG Bank Group? 6 A. It's part of Know your Client. 7 Q. What is the EFG Bank Group? 8 MR. COATES: Object to form. 9 You may answer. 10 THE WITNESS: EFG Bank Group is the group of 11 companies that they are subsidiaries of the EFG. 12 At the time it was called EFG Bank Group. It was 13 before the holding company was formed. 14 BY MR. LAWRENCE KELLOGG: 15 Q. And then the next question says: "Has EFG 16 Switzerland approved this person/company as business 17 introducer." And the answer is "no." 18 Why did they want to know that, if you know? 19 A. Well, because -- 20 MR. COATES: Object to form. 21 THE WITNESS: Because if there is a business 22 introducer -- usually business introducer not 23 located in the United States, they are located 24 I -- probably in -- most of the time in the home 25 country of the client, and they refer.</p>	<p>1 A. As far as I can recollect. 2 Q. On the next page there's something called 3 "Pricing." It's paragraph 13. 4 What does that mean? What do these different 5 categories mean? 6 A. That's a SafeKeeping. It's marked with an X. 7 The customer's charge. 8 Q. Okay. But there's something -- there's a box 9 here, "transaction-based fees." 10 A. No, that didn't apply to her. 11 Q. Okay. 12 A. That didn't apply to this account. 13 Q. Okay. But I'm just trying to understand what 14 were the different potential fee relationships here? 15 A. Well, the CRO will agree with -- with his 16 client. 17 Q. So, for example, the first category, the 18 transaction-based fees would mean that you get a 19 commission on the trade plus -- what is an "FD 20 commission"? 21 A. A standard brokerage called FD commission. 22 Q. Would this be a commission per trade 23 relationship? 24 A. I can't recall really. Because it didn't 25 apply to her.</p>
<p>1 BY MR. LAWRENCE KELLOGG: 2 Q. And was it -- was it the requirement that EFG 3 Switzerland would have to approve any such relationship? 4 A. Yes, because they are accepting the account. 5 They are accepting the custody of the account. 6 Q. What does -- what did you understand EFG 7 Switzerland to mean? 8 A. EFG Switzerland is a European financial group 9 in Switzerland, which is a country in Europe. 10 Q. I know Switzerland is a company [sic] in 11 Europe, but is there a particular company or companies 12 that you understood EFG -- you're answering this 13 question, you know, does EFG Switzerland approve. 14 What is -- what did you think -- who did you 15 think was going to be approving this? EFG Bank in 16 Switzerland -- 17 A. The compliance officer of the bank. 18 Q. I see. Okay. And that would be for -- to 19 open up custody arrangements? 20 A. Uh-huh. 21 Q. Were -- to your knowledge, were any of your 22 clients who invested in Fairfield Sentry have custodian 23 relationships other than EFG Private Bank? 24 A. No. 25 Q. Did they all have EFG Private Bank?</p>	<p>1 Q. Well, what did apply to her? 2 A. The one with the X, "Other, please specify: 3 SafeKeeping." 4 Q. And what does -- what does that mean? 5 A. That means that she will be charged 6 three-eighths of 1 percent annually for the SafeKeeping 7 of. And that will show in the statement that was mailed 8 to her. 9 Q. Other than the three-eighths of 1 percent 10 charged annually, would that be on the net asset value 11 of her account? 12 A. Yes. 13 Q. All right. So annually three-eighths of 14 1 percent of the net asset value of her account would be 15 charged for SafeKeeping or -- services? 16 A. Yes. 17 Q. Other than that charge, were there any other 18 direct charges associated with -- 19 A. For her account, no. 20 Q. -- her account. 21 No? 22 A. Not to my knowledge. 23 Q. And did you inform her of any other fees or 24 charges that might be charged for this -- for her 25 account?</p>

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1 A. No, because there were no other charges.
 2 Q. Did you ever discuss with her any
 3 retrocessions that would be paid from Fairfield Sentry,
 4 or any other hedge fund for that matter, to EFG Capital
 5 based on her account?
 6 A. Yes, I discuss the fees of the forms with my
 7 clients.
 8 Q. What did you tell them?
 9 A. That it was a percentage of whatever EFG will
 10 receive.
 11 And also she -- she got charged a percentage
 12 for the purchase, the initial purchase.
 13 Q. All right. What was -- what was that charge?
 14 A. I can't recall. It's in one of the --
 15 Q. Would be on the confirmation, I suppose?
 16 A. Yes.
 17 I can't recall how much she was charged, but
 18 it was 1 percent or less.
 19 Q. Who charged that?
 20 A. EFG.
 21 Q. So EFG Capital on the initial trade --
 22 A. Yes.
 23 Q. -- charges less than 1 percent for the initial
 24 transaction?
 25 A. 1 percent or less.

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1 Q. 1 percent or less.
 2 A. Depending on the agreement with the client.
 3 Q. And then EFG would, you said, charge a
 4 percentage of the fees? What do you mean?
 5 A. 1 percent, are you --
 6 Q. What other -- you mentioned before that you
 7 discussed with --
 8 A. No, the trailer -- if the trailer of the fund
 9 is not charged to her, that's it. She doesn't get
 10 charged.
 11 Q. It's the net -- well, what did you tell your
 12 clients?
 13 A. If it's here, if it's not in this, is in the
 14 other -- it tells the percentages that the fund charges.
 15 Q. Okay. Did you ever inform your clients that
 16 EFG Capital would share in that fee?
 17 A. Yeah, EFG Capital. They asked.
 18 Especially -- she asked.
 19 Q. She asked?
 20 A. Yes. And I said that it was a trailer, paid
 21 like any other fund.
 22 Q. Well, what does that mean?
 23 A. It's a common practice in the industry to pay
 24 an annual trailer, which is part of what the mutual fund
 25 or the hedge fund makes. Usually it's 75 basis points

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1 per annum.
 2 Q. And who is that paid to?
 3 A. It's paid to EFG Capital.
 4 Q. So she asked you that and you told her 75
 5 basis points?
 6 A. That -- that was the usual charge.
 7 Q. When did she ask you this?
 8 A. She asked in a conversation when she was
 9 opening the account.
 10 Q. And if a client didn't ask you, would you tell
 11 them anyway?
 12 A. Yes. Is -- is here. The charges are here,
 13 somewhere in this paper.
 14 Q. Can you find it?
 15 A. There is one that it was a two-pager one, and
 16 you don't have that here.
 17 Q. Maybe on one of those tear sheets?
 18 A. Yes.
 19 Q. Okay. So if the client got the tear sheet, it
 20 would be on there somewhere?
 21 A. It's right there on the first page or the
 22 second. It's a percentage of what the fund makes.
 23 Q. Now, with all the -- all of your customers who
 24 had Fairfield Sentry investments, did they all have the
 25 same transaction-based fee arrangement? Or were there

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1 different fee arrangements for them?
 2 A. Average the same.
 3 Q. Most of them were the same?
 4 A. Yes.
 5 THE COURT REPORTER: Can I have a break?
 6 MR. LAWRENCE KELLOGG: You want a break?
 7 THE VIDEOGRAPHER: Go off the record. Time is
 8 2:59.
 9 (Thereupon, a recess was taken from 2:59 p.m.
 10 to 3:09 p.m.)
 11 THE VIDEOGRAPHER: We're now back on the
 12 record. Time is 3:09.
 13 BY MR. LAWRENCE KELLOGG:
 14 Q. Let me show you Exhibit 20 again, which is --
 15 should be in front of you. If you can find it.
 16 Do you have it?
 17 MR. COATES: What is 20?
 18 MR. LAWRENCE KELLOGG: It was the prospectus
 19 MR. JASON KELLOGG: With an email cover sheet.
 20 MR. LAWRENCE KELLOGG: With an email cover
 21 sheet.
 22 THE WITNESS: What's the number?
 23 MR. LAWRENCE KELLOGG: 20. That's it.
 24 MR. COATES: Here it is. (Indicating.)
 25 (Thereupon, the referred-to document was

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<p>1 marked by the court reporter for Identification as 2 Plaintiff's Exhibit 41.) 3 BY MR. LAWRENCE KELLOGG: 4 Q. Actually, let me mark as Exhibit 41, before we 5 look at 20 -- Exhibit 41 is a -- something called a "Buy 6 Order." It's dated 6/24/05, EFG Capital 221. 7 Do you recognize this document? 8 A. Yes. 9 Q. What is it? 10 A. It's a Buy Order for the Fairfield Sentry. 11 Q. So this is Lorrene Ferreira bought a hundred 12 and twenty thousand dollars' worth of interest in 13 Fairfield Sentry? Is that what this shows? 14 A. Yes. 15 Q. And was the trade executed on June 24, 2005? 16 A. Says here June 24, yes. 17 Q. Now, looking at Exhibit 20, this is an email 18 from your assistant to Lorrene, with a copy to you, that 19 encloses the Fairfield prospectus. 20 Is that what this is? 21 A. Yes. 22 Q. And this is dated June 30, 2005? 23 A. Yes. 24 Q. Why was the prospectus provided to her after 25 the trade was executed?</p>	<p>1 But how is she supposed to know about the 2 particular risks of Fairfield Sentry if she doesn't get 3 the prospectus till after she makes the trade? 4 A. Well, she can read it and sell the a -- cancel 5 the a -- the purchase, or sell it. 6 (Thereupon, the referred-to document was 7 marked by the court reporter for Identification as 8 Plaintiff's Exhibit 42.) 9 BY MR. LAWRENCE KELLOGG: 10 Q. All right. Let me mark as the next exhibit 11 Exhibit 42 Something called a "Portfolio Allocation 12 Proposal," dated June 15, 2006. 13 Ask if you can identify it. 14 A. Yes. 15 Q. What is it? 16 A. It's a hedge fund proposal of -- for hedge 17 funds. 18 Q. This -- this is dated about a year -- almost a 19 year after the Fairfield Sentry trade and after the 20 account was opened. 21 Do you see that? 22 A. Yes. 23 Q. How -- 24 A. This was sent -- 25 Q. -- how did it come about?</p>
199	201
<p>1 A. Well, the delivery of the securities will take 2 30 days, and in that period you can (indicating) mail 3 the prospectus. 4 Q. If after reading the prospectus then she 5 decided, Oh, I don't like this, she could unwind the 6 trade somehow? 7 A. Yes, we could have sold it. 8 Q. You could have sold it. 9 Is it your practice to provide the prospectus 10 during the 30-day period after a trade is executed on a 11 hedge fund? 12 A. I can't recall. 13 Q. How -- how is Lorrene supposed to understand 14 the risks disclosed in the hedge fund prospectus if she 15 doesn't get it until after she buys the security? 16 A. Well, she got the risk -- the Consent Form and 17 she got the disclosure that explained all the risk for 18 the hedge funds. 19 Q. Okay. But -- 20 A. Which includes this. Here, she can -- she had 21 the 20, 30 days to examine this and get back to us. 22 Q. Well, we've looked at the Consent Form that 23 has all these general risks about hedge funds and how 24 they can be volatile and all the things that are in 25 there.</p>	<p>1 A. This was sent to her? 2 Q. I'm asking. Do you remember sending this to 3 her? 4 A. I can't recall. But this shows 5 diversification of funds, that they were offered to -- 6 to clients. 7 Q. Well, looks like you've got a proposed 8 allocation that would include -- 9 A. She already have Fairfield Sentry. Why should 10 I send her, again, the same thing? 11 Q. I don't know. Did you -- 12 A. Do you have -- do you have -- do you have an 13 email attached to this? 14 Q. All I have is -- what Mr. Coates gave me is 15 what I have. 16 So do you -- 17 A. This -- 18 Q. -- do you have any recollection of making 19 another proposal to her a year or so later about adding 20 to her account or buying other funds or anything like 21 that? 22 A. She wanted to purchase a bond. 23 Q. Uh-huh. 24 A. But I -- because this is 2006. 25 Q. Right.</p>

<p style="text-align: right;">202</p> <p>1 A. And I don't have an email attached to this. 2 So I can't -- 3 Q. Do you recognize this as something that you 4 prepared for some client? 5 A. No, I didn't prepare this. No. 6 Q. Who would have -- 7 A. This was prepared by a group head by Michael 8 Donnell. 9 Q. By Michael Donnell? 10 A. Yes. 11 Q. Okay. How can you tell that? 12 A. Well, because they were the ones who prepare 13 this type of proposal. 14 Q. All right. Would Mr. Donnell and his group 15 prepare any proposal of an allocation for you that 16 wasn't requested by you or your office? 17 A. No. No. 18 Q. Well, did -- 19 A. This one was done for another client. 20 Q. This is for another client? 21 A. Because hers were also the Permal funds but 22 two of them -- and they were not in this type of... 23 Q. Okay. 24 (Thereupon, the referred-to document was 25 marked by the court reporter for Identification as</p>	<p style="text-align: right;">204</p> <p>1 Internet. 2 Q. Do you know whether there are other Call 3 Reports other than Exhibit 43 relating to Lorrene 4 Ferreira? 5 A. I can't recall. 6 Q. You don't recall one way or another? 7 A. Maybe there is one when she was advised that 8 the Fairfield fund crashed. 9 Q. In your mind, what would make it important for 10 you to generate a Call Report? 11 A. Well, to have proof of a conversation with the 12 client. 13 Q. Well, this particular one, Exhibit 43, talks 14 about she's got a bond maturing recently, she has cash 15 and would like to invest in a Brazilian corporate bond, 16 and you were going to look into that. 17 Do you see that? 18 A. Yes, but the day I called her and she said 19 that she was waiting for one of the Davies' son to come 20 back from vacation, maybe she wanted to invest in a 21 Brazilian zero bond. 22 THE COURT REPORTER: Excuse me? 23 THE WITNESS: Zero bond. 24 BY MR. LAWRENCE KELLOGG: 25 Q. Okay.</p>
<p style="text-align: right;">203</p> <p>1 Plaintiff's Exhibit 43.) 2 BY MR. LAWRENCE KELLOGG: 3 Q. Let me mark as the next exhibit, 43, something 4 called a "Call Report." It's EFG Capital Bates 5 Number 11. 6 What is a Call Report? 7 A. A Call Report is a record of an event that 8 happened in an account. 9 Q. Well, how does a -- how does a call report get 10 generated? 11 A. It's to document it. It's based on a 12 conversation with a client. Explains what conversation 13 was conducted on that date and the time. 14 Q. So is EFG Capital, as a matter of practice, 15 when a CRO speaks with a client about something 16 important, a Call Report is generated? 17 A. Yeah, if it's something important, yes. 18 Q. What are -- what's the criteria for whether or 19 not a conversation turns into a Call Report? 20 A. It's the CRO's -- 21 Q. Up to? 22 A. -- decision. 23 Q. And how -- what is -- what is it, on a 24 computer system? 25 A. Yes, this form is in the computer. In the</p>	<p style="text-align: right;">205</p> <p>1 A. Zero dollar. 2 Q. And in this instance you thought it was 3 important enough to generate a Call Report? 4 A. Yes, because I'm advising her that it is money 5 not invested in her account. 6 Q. That there is -- 7 A. She's not earning. Well, she's not going to 8 earn any money in that unless she invest that. 9 Q. So you were telling her a bond was maturing; 10 is that right? 11 A. No. Lorrene -- can you read this? This bond 12 that you read. The bond already matured. 13 Q. Okay. But was she -- 14 A. And cash available in the account. She -- 15 Lorrene, she indicated that she would like to invest in 16 corporate bonds. I will look for a Brazilian corps 17 posted in the intranet bond list and send her the 18 various bonds. 19 Then I call her. I never send her the list, 20 because she told me that she was waiting for her boss to 21 confer with him about the -- what she wanted to do. 22 Q. For your other customers, not Lorrene, did 23 you -- did you generate any Call Reports relating to 24 Fairfield Sentry? 25 A. What type of Call Report?</p>

206	<p>1 Q. I don't know. Anything that was important 2 enough for you to put in. 3 A. That Call Report was made for everyone that 4 was advised of the Fairfield demise. 5 Q. Okay. Other than when -- when Fairfield 6 collapsed and you told your people, your customers, you 7 generated a Call Report -- 8 A. Yes. 9 Q. -- to document. Right? 10 Other than that Call Report, are you aware of 11 any other Call Reports relating to Fairfield Sentry, 12 earlier, for any customer? 13 A. I can't recall a particular one, but it was 14 something that we spoke -- that I spoke to the client 15 that should have been put in a Call Report and it was 16 put in a Call Report. 17 Q. If somebody -- 18 A. But Fairfield was not the only investment that 19 we had or call clients for. 20 Q. Sure. 21 If a client called you and said, I want you to 22 look into a particular investment for me, would that be 23 something that would generate a Call Report? 24 A. If -- probably, yes, because he's calling and 25 asking.</p>	208	<p>1 Q. Okay. If you -- if you're talking to a client 2 on the phone. 3 A. Yes. 4 Q. Sometimes it was important enough for you to 5 document that phone call with a Call Report. Report of 6 the call. Right? 7 MR. COATES: Object to form. 8 You may answer. 9 BY MR. LAWRENCE KELLOGG: 10 Q. Is that right? 11 A. If the Call Report is warrant, it will be done 12 for any type of conversation. For any client. 13 Q. Okay. Was it -- and you -- I think I 14 understood. If you send out an email with information 15 about an investment, you wouldn't need a call report 16 because you've got a document. 17 A. It's a duplication of paper. 18 Q. Okay. If you weren't sending out an email, 19 you're simply talking to a client, and you said, I think 20 this is something you ought look at, and the client 21 said, Well, I'll get back to you, or something like 22 that, would that generate a Call Report? 23 A. Well, when the client comes back, if he wishes 24 to invest, then it will generate a Call Report. 25 Q. So --</p>
207	<p>1 Q. If you called a customer and said, I think 2 I've got -- I've got some recommendations for you for 3 particular investments. Would that -- would that be 4 something that you would put in a Call Report? 5 A. Well, if I have an email, then you have a 6 record. 7 Q. So this would be only for verbal 8 conversations? 9 A. Yes, you -- yes, you don't have to duplicate. 10 Q. All right. So if you called somebody up and 11 said, I want -- I think it's a good idea for you to look 12 into a particular investment, would that be something 13 that you would, as a matter of practice, generate a Call 14 Report on? 15 MR. COATES: Object to form. 16 You may answer. 17 THE WITNESS: If an email is send, there is no 18 need for a Call Report. 19 BY MR. LAWRENCE KELLOGG: 20 Q. Okay. What if there's not an email? 21 A. Well, how we going to convey the information 22 on the investment? 23 Q. You're talking to them on the phone. 24 A. Usually -- can you repeat again? Because I 25 got kind of lost.</p>	209	<p>1 A. It's up to the CRO. You can write Call 2 Report: I call this guy, the telephone rang ten times, 3 he was not there. 4 Q. Okay. 5 A. It's up to the CRO what he wants to write and 6 what he wants to do. 7 Q. If -- if you as a CRO explained an 8 English-language Risk Disclosure Statement to a 9 non-English-speaking person, would that be something 10 important enough for you to document in a Call Report? 11 MR. COATES: Object to form. 12 THE WITNESS: No. 13 BY MR. LAWRENCE KELLOGG: 14 Q. And if you said, I've talked to Lorrene, she 15 speaks Portuguese, but I explained to her, when she 16 signed these documents, what they mean. 17 Is that something that would generate a Call 18 Report? 19 A. Not necessarily. 20 Q. Did you have a Call Report here that said 21 that, I explained to Lorrene what these documents mean? 22 A. Do -- do you have that there? 23 Q. I don't. 24 A. I don't think so. 25 Q. I'm asking whether you --</p>

210	<p>1 A. No, I don't have it. If I -- if you don't</p> <p>2 have it there, I don't have it.</p> <p>3 Q. Did you consider doing that?</p> <p>4 A. Doing what?</p> <p>5 Q. Generating a written Call Report or some</p> <p>6 written document that confirms that you actually sat</p> <p>7 down with her, with an English-language document, and</p> <p>8 explained to her what it meant.</p> <p>9 A. The Fairfield Sentry investment with Lorrene</p> <p>10 was discussed ample with her.</p> <p>11 Q. No, my question to you is: Did you sit</p> <p>12 down -- did you ever consider sitting down, making a</p> <p>13 written record of it? Either a Call Report, memo to</p> <p>14 yourself, or anything.</p> <p>15 A. We have a record that they were sent to her.</p> <p>16 There is no Call Report written about that.</p> <p>17 Q. Did you ever consider writing one?</p> <p>18 A. No.</p> <p>19 (Thereupon, the referred-to document was</p> <p>20 marked by the court reporter for Identification as</p> <p>21 Exhibit 44.)</p> <p>22 BY MR. LAWRENCE KELLOGG:</p> <p>23 Q. Let me mark as Exhibit 44, Plaintiff's Exhibit</p> <p>24 44, a document Bates-labeled EFG Capital 239.</p> <p>25 Do you recognize Exhibit 44? Do you know what</p>	212	<p>1 this is the result of that.</p> <p>2 Q. John who? Who is John's last name?</p> <p>3 A. Jacobson.</p> <p>4 Q. Okay. And Mr. Coates?</p> <p>5 A. Mr. Coates.</p> <p>6 Q. When was the meeting?</p> <p>7 A. The meeting was -- couple weeks ago.</p> <p>8 Q. Was it here in Miami or New York?</p> <p>9 A. No.</p> <p>10 Q. Where was it?</p> <p>11 A. West Palm Beach.</p> <p>12 Q. Okay. That's true, Mr. Coates is in West Palm</p> <p>13 Beach.</p> <p>14 And do you -- did you read it --</p> <p>15 A. Yes.</p> <p>16 Q. -- before you signed it?</p> <p>17 Did you make any changes?</p> <p>18 A. I read it -- yes. Couple of things, minor</p> <p>19 changes.</p> <p>20 Q. Okay. Paragraph 11 says you serviced a total</p> <p>21 of 146 different client accounts.</p> <p>22 Do you see that?</p> <p>23 A. What number?</p> <p>24 Q. Paragraph 11.</p> <p>25 A. Yes.</p>
211	<p>1 it -- have you ever seen it before?</p> <p>2 A. No.</p> <p>3 Q. Do you know what it is?</p> <p>4 A. It's a Short Form Subscription Agreement for</p> <p>5 Fairfield Sentry Limited.</p> <p>6 Q. Okay. Whether you've seen this one before,</p> <p>7 have you ever seen a Short Form Subscription Agreement</p> <p>8 with Fairfield Sentry Limited and EFG Bank?</p> <p>9 A. No.</p> <p>10 Q. Okay.</p> <p>11 (Thereupon, the referred-to document was</p> <p>12 marked by the court reporter for Identification as</p> <p>13 Plaintiff's Exhibit 45.)</p> <p>14 BY MR. LAWRENCE KELLOGG:</p> <p>15 Q. Let me mark as Plaintiff's Exhibit 45 an</p> <p>16 affidavit of Miguel Yannuzzi. Ask if you've seen</p> <p>17 Exhibit 45 before.</p> <p>18 A. Yes.</p> <p>19 Q. This is your affidavit. Is that right?</p> <p>20 A. Yes.</p> <p>21 Q. Did you write this or did the lawyers write it</p> <p>22 for you and you reviewed it?</p> <p>23 A. I have a meeting with the lawyers.</p> <p>24 Q. Okay. Which lawyers did you meet with?</p> <p>25 A. With Joe and John, and we discuss all this and</p>	213	<p>1 Q. What did you look at to come up with that</p> <p>2 number?</p> <p>3 A. The accounting department has the records.</p> <p>4 Q. The accounting --</p> <p>5 A. The accounting department of the EFG Capital.</p> <p>6 Q. And then paragraph 12 says: "Seventeen of my</p> <p>7 clients subscribed for shares of Fairfield Sentry</p> <p>8 through EFG Capital and held all or a portion of their</p> <p>9 shares on December 11, 2008."</p> <p>10 Do you see that?</p> <p>11 A. Yes.</p> <p>12 Q. How did you come up with that information?</p> <p>13 A. I review the files.</p> <p>14 Q. What files did you review?</p> <p>15 A. My client file.</p> <p>16 Q. Did you review all 146?</p> <p>17 A. No, the Fair-- the seventeen clients.</p> <p>18 Q. How did you -- how did you --</p> <p>19 A. I don't have -- the computer is equipped to</p> <p>20 tell me --</p> <p>21 Q. Okay.</p> <p>22 A. -- who has --</p> <p>23 Q. So you can plug in Fairfield Sentry and your</p> <p>24 customer --</p> <p>25 A. Gives me all the accounts.</p>

214	<p>1 Q. And then you looked at the files to see how 2 many of those were left at the end. Is that right? 3 A. "Based on the information they provided to me, 4 it was my understanding that nine of the seventeen 5 Fairfield client were already familiar with 6 Fairfield..." 7 They knew what Fairfield was. 8 Q. I'll get to that. 9 A. They -- yes. 10 Q. I'll get to that in a second. We'll talk 11 about that. 12 A. Okay. 13 Q. I'm talking about now paragraph 12, where it 14 says -- 15 A. Oh, before that? 16 Q. Yeah. You've got seventeen clients. You 17 plugged Fairfield into the database, came up with 18 seventeen. 19 A. That's paragraph 13. 20 Q. What are you up to? Paragraph 12 says -- 21 A. Oh, seventeen of my clients, yes. 22 Q. Okay. Now let's talk about those seventeen 23 just for a minute. 24 A. Yes. 25 Q: Those are the clients that at the end, on</p>	216	<p>1 had previously invested -- yeah, four of the nine. 2 Q. Okay. 3 A. You said four of them. 4 Q. Okay. So I just wanted to make sure I 5 understood that. 6 A. Yes. 7 Q. What did you look at to determine that nine of 8 the customers were already familiar with Fairfield 9 Sentry? 10 A. Look at the records and -- and -- the clients 11 have heard of Fairfield before and they told me in 12 conversations with me. 13 Q. Well, what records did you look at to indicate 14 to you that these clients already knew about Fairfield? 15 A. The clients -- one second. 16 Seventeen of the clients subscribe for shares 17 through EFG Capital held a portion -- yes. 18 When I was reviewing the accounts I knew which 19 clients knew about the Fairfield before and asked me 20 about Fairfield. 21 Q. Okay. Could you identify the nine clients, 22 please? 23 A. I can't give you the names. I cannot give you 24 the names. 25 MR. LAWRENCE KELLOGG: Are you instructing him</p>
215	<p>1 December 11, 2008, still had money with Fairfield. 2 Right? 3 A. Yes. 4 Q. Were there other clients, additional clients, 5 that you had who had gotten their money out? 6 A. Years ago. 7 Q. All right. Now 13, you want to talk about 8 that. Let's talk about it. 9 "Based upon the information they provided to 10 me, it was my understanding that nine of the seventeen 11 Fairfield Sentry clients were already familiar with 12 Fairfield Sentry before I discussed it with them, and 13 four of the seventeen Fairfield Sentry clients had 14 previously invested in Fairfield Sentry through another 15 brokerage firm prior to subscribing for shares through 16 EFG Capital." 17 Do you see that? 18 A. Yes. 19 Q. Now, of the nine that we're talking about 20 here, do those include the four who transferred their 21 accounts over, or is it nine plus four? 22 A. Based on the information they provided with 23 me, nine of the Fairfield were already familiar. That's 24 one item. 25 Before I discuss it with them, four of them</p>	217	<p>1 not to answer? 2 MR. COATES: Yes. 3 BY MR. LAWRENCE KELLOGG: 4 Q. And who are the four that transferred over? 5 What are their identities? 6 A. I cannot give you names either. 7 MR. LAWRENCE KELLOGG: Just so I'm clear on 8 the nine -- And you're instructing him on that one, 9 I assume, too? 10 MR. COATES: Excuse me? 11 MR. LAWRENCE KELLOGG: On the four, you're 12 instructing him not to answer as well? 13 MR. COATES: Correct, yeah. 14 BY MR. LAWRENCE KELLOGG: 15 Q. All right. On the nine, I just want to make 16 this real clear, the only way you know, as you sit here 17 and testify today, that those nine were already familiar 18 with Fairfield is because you remember them telling 19 that -- telling you that. Correct? 20 A. (Witness nods.) Yes. 21 Q. In other words, there's no records that we can 22 look at that will say, this client knew about Fairfield, 23 whereas that client did not know about Fairfield. Is 24 that right? 25 A. Yes.</p>

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<p>1 Well, the four of them, they transferred 2 Fairfield from some other place. 3 Q. The ones that transferred, you can -- there 4 will be records that show the transfer? Is that right? 5 A. (Witness nods.) 6 Q. "Yes"? 7 A. Yes. 8 MR. LAWRENCE KELLOGG: All right. Let's go 9 off the record for a minute. 10 THE VIDEOGRAPHER: Going off the record. Time 11 is 3:37. 12 (Thereupon, a recess was taken from 3:37 p.m. 13 to 3:47 p.m.) 14 THE VIDEOGRAPHER: Okay. We're back on the 15 record. Time is 3:47. 16 BY MR. LAWRENCE KELLOGG: 17 Q. Mr. Yannuzzi, we were discussing Raul Davies 18 earlier, your deceased customer, who was Lorrene's boss. 19 How long was he your customer, how many years? 20 A. Since the early '80s. 21 Q. So he goes back way long time with you? 22 A. Yes. 23 Q. And was he a customer of yours right up until 24 the time he died? 25 A. Yes.</p>	<p>1 depending on the -- on my trips to Argentina. 2 Q. When you met with him, would you ordinarily do 3 it at his place of business? 4 A. Sometimes at his house. 5 Q. Did you consider him to be a friend of yours? 6 A. Yes. 7 Q. You mentioned Mr. Davies's son. Did he have 8 more than one son? 9 A. Yes. 10 Q. How many sons did he have? 11 A. Four. 12 Q. Were any of those sons ever your customers? 13 A. I just can't give you that information. 14 Q. You can't say "yes" or "no"? 15 A. (Witness nods.) I can't recall. That's -- 16 Q. You can't recall whether his sons were ever 17 your customers? 18 A. I cannot give you that information. 19 Q. Well, I just want to make clear. 20 Is it because you can't recall or because 21 you're not going to tell me? 22 A. Because I just cannot give you information. 23 Q. Well -- 24 A. Because that would be divulging confidential 25 information.</p>
219	221
<p>1 Q. And what size a customer was he? Was he a big 2 customer, important customer for you? 3 A. I would use the word "important." 4 Q. He was important. 5 What was the amount that he had invested? 6 A. I can't say that. 7 Q. Did he refer other people to you over the 8 years? 9 A. Yes. Couple of people, not a lot. 10 Q. How often would you say -- 11 A. Three or four. 12 Q. I'm sorry. Were you finished? 13 A. About three. 14 Q. Three more? 15 Does that include Lorrene or in addition to 16 Lorrene? 17 A. That included Lorrene. I think. 18 Q. And how often would you say over the years you 19 would visit him? 20 A. Well, it depends of when I went to Rio 21 de Janeiro, it could be twice a year, three times a 22 year. And then he moved to Uruguay. 23 Q. And once he moved to Uruguay, did the periodic 24 nature change? 25 A. Yeah, maybe once a year, twice a year,</p>	<p>1 Q. All right. 2 MR. LAWRENCE KELLOGG: Then are you 3 instructing him not to answer that question? 4 MR. COATES: You can answer whether any of 5 the -- you can answer the fact of whether any of 6 his sons are your customers. You can answer that. 7 THE WITNESS: Yes. 8 BY MR. LAWRENCE KELLOGG: 9 Q. How many of them are your customers? 10 A. One. 11 Q. Does -- and -- and what's his name? 12 A. I cannot give you his name. 13 Q. Has he remained a customer today? 14 A. Yes. 15 MR. LAWRENCE KELLOGG: Are you instructing him 16 not to answer the name of the son? 17 THE WITNESS: I can't. 18 MR. COATES: I don't think the son has 19 anything to -- 20 THE WITNESS: The son has nothing to do with 21 this. 22 MR. COATES: I don't think the son -- 23 THE WITNESS: It's just a -- 24 MR. COATES: Excuse me -- let me just -- 25 Larry, I don't think it's -- that particular person</p>

222	<p>1 has anything to do with this at all, unless there's</p> <p>2 some predicate laid.</p> <p>3 MR. LAWRENCE KELLOGG: Well, that's not the</p> <p>4 standard, whether it has anything to do with this.</p> <p>5 MR. COATES: Well, we've reached -- let me</p> <p>6 just recalculate where we stand. We've --</p> <p>7 MR. LAWRENCE KELLOGG: Yeah.</p> <p>8 MR. COATES: -- reached an agreement with</p> <p>9 Jason in terms of the production of documents with</p> <p>10 respect to other customer account opening</p> <p>11 documentation; and I know John had sent those down</p> <p>12 to you. And pursuant to our agreement we've</p> <p>13 redacted the names of other customers to protect</p> <p>14 their confidentiality.</p> <p>15 So at this point, I'm going to instruct him</p> <p>16 not to answer unless there's some predicate laid</p> <p>17 that this particular person has some particular</p> <p>18 relevance to Lorrene's investment, Lorrene</p> <p>19 Ferreira's investment in Fairfield.</p> <p>20 MR. LAWRENCE KELLOGG: Well --</p> <p>21 THE WITNESS: He doesn't -- and he doesn't</p> <p>22 work in Uruguay. So he's totally separated from</p> <p>23 the group.</p> <p>24 BY MR. LAWRENCE KELLOGG:</p> <p>25 Q. He doesn't work in that business?</p>	224	<p>1 if?</p> <p>2 A. Yes.</p> <p>3 Q. And the purpose of this was what, again? What</p> <p>4 was the purpose of this?</p> <p>5 A. To provide information about the client.</p> <p>6 Q. And this is to provide information to your</p> <p>7 compliance department?</p> <p>8 A. Yes.</p> <p>9 Q. And what you're telling us now is that what</p> <p>10 you wrote in here is incorrect, that Guilherme Davies is</p> <p>11 not the person who recommended --</p> <p>12 A. No, it was Raul Davies.</p> <p>13 Q. All right. Does -- did Guilherme Davies ever</p> <p>14 tell you anything about Lorrene --</p> <p>15 A. No.</p> <p>16 Q. -- Ferreira?</p> <p>17 Did you ever discuss her investments with him?</p> <p>18 A. No.</p> <p>19 Q. Have you ever to this day discussed her</p> <p>20 investments with him?</p> <p>21 A. No.</p> <p>22 Q. Does he know you're being deposed today?</p> <p>23 A. No.</p> <p>24 Q. Have you told him that Lorrene has sued?</p> <p>25 A. No.</p>
223	<p>1 A. No.</p> <p>2 Q. Is it Guillermo Davis -- Davies?</p> <p>3 The reason I'm -- what we've marked today, the</p> <p>4 client information sheet -- I'm not -- I can't remember</p> <p>5 which number it is -- which was produced here, discusses</p> <p>6 that Lorrene was recommended to open her first offshore</p> <p>7 account with EFG Bank by Guilherme Davies, a current EFG</p> <p>8 client. Is that who it is?</p> <p>9 A. That's -- that's a mistake. It was Raul</p> <p>10 Davies.</p> <p>11 MR. LAWRENCE KELLOGG: Can we figure out what</p> <p>12 number this is? Let me see the exhibits, if I</p> <p>13 could.</p> <p>14 It's the Client Information Sheet, EFG Capital</p> <p>15 211.</p> <p>16 MR. COATES: Here it is.</p> <p>17 MR. LAWRENCE KELLOGG: What number is it?</p> <p>18 MR. COATES: It is Exhibit 40.</p> <p>19 THE WITNESS: It's in here.</p> <p>20 BY MR. LAWRENCE KELLOGG:</p> <p>21 Q. Okay.</p> <p>22 A. It was -- it was Raul Davies who recommended</p> <p>23 her. This is a typographical error.</p> <p>24 Q. Now, Exhibit 40 is the Client Information</p> <p>25 Profile that you prepared. Is that right? You signed</p>	225	<p>1 Q. Have you discussed this lawsuit with him?</p> <p>2 A. No.</p> <p>3 Q. When you would visit, say, after 1991 -- is</p> <p>4 this correct that you did meet her in 1991? Is that</p> <p>5 statement correct in there?</p> <p>6 A. Yes. Yes.</p> <p>7 Q. All right.</p> <p>8 A. I think this is her.</p> <p>9 Q. You met her in 1991.</p> <p>10 A. The office there. I was visiting other</p> <p>11 people.</p> <p>12 Q. Okay. Says, "CRO met Lorrene in 1991" --</p> <p>13 A. Yes.</p> <p>14 Q. -- "at her place of work by the name of Made</p> <p>15 in Brazil."</p> <p>16 A. Yes.</p> <p>17 Q. Is that correct?</p> <p>18 A. Yes.</p> <p>19 Q. Okay. After 1991, how often would you say you</p> <p>20 met with Raul Davies?</p> <p>21 A. Once, twice a year, or three times a year,</p> <p>22 depending on my trips to Brazil.</p> <p>23 Q. And when -- when you would visit the office,</p> <p>24 how big was the office?</p> <p>25 Small office? Large office?</p>

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1 A. No, it's not too large.
 2 Q. How many employees would you say there were?
 3 A. There were?
 4 Q. Seven? Eight? Nine?
 5 A. Just can't recall. Was a bunch of people
 6 there.
 7 Q. Did you know his other employees, too?
 8 A. I know couple of them.
 9 Q. Did you know their jobs?
 10 A. They told me they were traders. They had
 11 their clients.
 12 Q. Did Mr. Davies have any employees who weren't
 13 traders?
 14 A. Yes.
 15 Q. How many?
 16 A. I don't know.
 17 Q. Who?
 18 A. There's a -- an IT specialist.
 19 Q. A what?
 20 THE COURT REPORTER: A what?
 21 THE WITNESS: IT.
 22 BY MR. LAWRENCE KELLOGG:
 23 Q. IT specialist.
 24 Was there any clerical help there?
 25 A. See, I didn't go over Mr. Davies to which

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1 employee did what because it was none --
 2 Q. Uh-huh.
 3 A. -- of my business. I talked to the people who
 4 were interested in my business. And when Lorraine told
 5 him that she wanted to open an account, then I spoke to
 6 her about her job and what she did.
 7 Q. Mr. Davies have an assistant or a secretary?
 8 A. Yes. He had -- he had a secretary.
 9 Q. What was her name or his name?
 10 A. It was a middle-age lady. I don't know her
 11 name. I forget her name. Maybe it was Teresa. I just
 12 can't remember her name. And she was a middle-aged
 13 lady.
 14 MR. LAWRENCE KELLOGG: I don't have any
 15 further questions. Thank you very much for your
 16 time.
 17 MR. COATES: We have no questions. And we
 18 will read. Thank you.
 19 THE COURT REPORTER: Do you want a copy if
 20 it's ordered?
 21 THE VIDEOGRAPHER: Off record. Time is 3:57.
 22 MR. COATES: Yeah, in due course. I don't
 23 need it rushed or anything.
 24 (Thereupon, the taking of the deposition was
 25 concluded at 3:58 p.m.)

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1 RE: FERREIRA VS EFG CAPITAL
 DEPO OF: MIGUEL YANNUZZI
 2 TAKEN: 11/23/10
 3
 4
 5 EXCEPT FOR ANY CORRECTIONS
 MADE ON THE ERRATA SHEET BY
 6 ME, I CERTIFY THIS IS A TRUE
 AND ACCURATE TRANSCRIPT.
 7 FURTHER DEPONENT SAYETH NOT.
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 25

MIGUEL YANNUZZI

STATE OF FLORIDA)
) SS:
 COUNTY OF MIAMI-DADE)

Sworn and subscribed to before me this ____
 day of _____, 2010.
 PERSONALLY KNOWN _____ OR I.D. _____

 Notary Public in and for the
 State of Florida at Large.

My Commission Expires:

229

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CERTIFICATE OF OATH OF WITNESS

STATE OF FLORIDA)
)SS
 COUNTY OF MIAMI-DADE)

I, PATRICIA C. WEINER, Registered Professional
 Reporter, Registered Merit Reporter, Certified Realtime
 Reporter, Florida Professional Reporter, Notary Public
 in and for the State of Florida at Large, certify that
 the witness, MIGUEL YANNUZZI, personally appeared before
 me on 11/23/10 and was duly sworn by me.
 WITNESS my hand and official seal this 16th
 day of December, 2010.

 PATRICIA C. WEINER, RPR, CRR, RMR, FPR
 Notary Public, State of Florida at Large
 My Commission Expires 10/12/11
 My Commission No. DD690056

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1 REPORTER'S DEPOSITION CERTIFICATE
 2
 3 I, PATRICIA C. WEINER, Registered Professional
 4 Reporter, Registered Merit Reporter, Certified Realtime
 5 Reporter, Florida Professional Reporter, certify that I
 6 was authorized to and did stenographically report the
 7 deposition of MIGUEL YANNUZZI, the witness herein on
 8 11/23/10; that a review of the transcript was requested;
 9 that the foregoing pages numbered from 1 to 227,
 10 inclusive, is a true and complete record of my
 11 stenographic notes of the deposition by said witness;
 12 and that this computer-aided transcript was prepared
 13 under my supervision.
 14 I further certify that I am not a relative,
 15 employee, attorney, or counsel of any of the parties,
 16 nor am I a relative or employee of any of the parties'
 17 attorney or counsel connected with the action, nor am I
 18 financially interested in the action.
 19 DATED this 16th day of December, 2010.
 20
 21 _____
 PATRICIA C. WEINER, RPR, CRR, RMR, FPR
 22
 23
 24
 25

4:00

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1 VERITEXT FLORIDA REPORTING CO.
 2 19 West Flagler Street, Suite 1020
 Miami, FL 33130
 Phone: 305.376.8800
 3
 4 December 16th, 2010
 5 Miguel Yannuzzi
 c/o Joseph C. Coates, III, Esq.
 6 777 South Flagler Drive, Third Floor
 West Palm Beach, Florida 33401
 7
 RE: Ferreira vs EFG Capital
 8 DEPO OF: MIGUEL YANNUZZI
 TAKEN: 11/23/10
 9 READ & SIGN BY: 30 days
 10 Dear Miguel Yannuzzi:
 11 This letter is to advise you that the transcript of the
 deposition listed above is completed and is awaiting
 12 reading and signing.
 13 Please arrange to stop by our office in Suite 1020, 19
 West Flagler Street, Miami, Florida, to read and sign
 14 the transcript. Our office hours are from 8:00 a.m. to
 p.m. Monday through Friday. Depending on the
 15 length of the transcript, you should allow yourself
 sufficient time.
 16
 If the reading and signing has not been completed prior
 17 to the referenced date, we shall conclude that you have
 waived the reading and signing of the deposition
 18 transcript. Your prompt attention to this matter is
 appreciated.
 19 Thank you.
 20 Very truly yours,
 21
 22 _____
 PATRICIA C. WEINER, RPR, CRR, RMR, FPR
 23 cc: LAWRENCE A. KELLOGG, ESQ.
 24
 25

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1 ERRATA SHEET
 2 RE: FERREIRA VS EFG CAPITAL
 DEPO OF: MIGUEL YANNUZZI
 3 TAKEN: 11/23/10
 REPORTER: PATRICIA C. WEINER, RPR, CRR, RMR, FPR
 4
 5 DO NOT WRITE ON TRANSCRIPT, ENTER ANY CHANGES HERE
 6 PAGE # | LINE # | CHANGE | REASON
 7 _____
 8 _____
 9 _____
 10 _____
 11 _____
 12 _____
 13 _____
 14 _____
 15 _____
 16 _____
 17 _____
 18 _____
 19 _____
 20 _____
 21 State of Florida
 County of Miami-Dade
 22
 23 Under penalties of perjury, I declare that I
 have read my deposition transcript, and it is true and
 24 correct subject to any changes in form or substance
 entered here.
 25 _____

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