

Exhibit I

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A. KAUFMAN
UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK
-----x
PASHA S. ANWAR, et al.,
Plaintiffs,
vs. Civil Action No.
09-CV-0118 (VM)
FAIRFIELD GREENWICH LIMITED, et al.,
Defendants.
-----x

VIDEOTAPED DEPOSITION OF ALON KAUFMAN
New York, New York
July 27, 2011

Reported by:
KATHY S. KLEPFER, RMR, RPR, CRR, CLR
JOB NO. 40466

1 A. KAUFMAN

2 like Ella, about this Madoff scam.

3 Q. Has Harel considered bringing suit
4 against Credit Suisse?

5 A. I don't know. You should ask the
6 legal -- Legal Department of Harel. I'm not
7 familiar.

8 Q. Do you know?

9 A. I don't know if. I don't know.

10 MS. FEINBERG: Nothing further.

11 EXAMINATION BY

12 MS. PIERCE:

13 Q. Mr. Kaufman, my name is Betsy Pierce.
14 And I know it's late in the day. Sometimes my
15 questions might sound similar to each other, but
16 they're going to be a little bit different, so
17 just be patient with me and I ask you to pay
18 close attention. If you don't understand
19 something, just let me know and I'll try to
20 rephrase it.

21 A. Okay.

22 Q. First of all, do you know who audited
23 the Fairfield Sentry Fund?

24 A. Yes. We know that PwC audited the
25 Fairfield Sentry Fund.

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1 A. KAUFMAN

2 Q. And how do you know that PwC audited
3 the Fairfield Sentry Fund?

4 A. First it was mentioned in all the fact
5 sheets, presentations, and as you shown me
6 before, I probably received some audit sheet,
7 audit balance sheet from the fund -- financial
8 statements, sorry, from the fund.

9 Q. Are the -- the documents that you just
10 referred to, are those documents that you
11 received from Credit Suisse?

12 A. I don't remember if it was from -- I
13 believe it was from Credit Suisse, yes, yes.

14 Q. And is it your testimony that all of
15 the fact sheets and all of the presentations and
16 all of the materials that you received
17 referenced PricewaterhouseCoopers as the auditor
18 of Fairfield Sentry?

19 A. I -- I cannot tell you about 100
20 percent, but I believe in most of these
21 presentations and fact sheets PwC was mentioned
22 as an auditor of the fund.

23 Q. Can you remember right now which,
24 specifically which documents referenced
25 PricewaterhouseCoopers as the auditor of

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1 A. KAUFMAN

2 Fairfield Sentry?

3 A. I think it was in all the fact sheets.
4 They published a monthly fact sheet, and I
5 believe in any fact -- any monthly fact sheet it
6 was mentioned.

7 Q. And you're referring to monthly fact
8 sheets that were prepared by Fairfield Greenwich
9 Group?

10 A. Yes. Yes, and were on the Website of
11 FGG.

12 Q. Do you remember when you first learned
13 that PricewaterhouseCoopers was the auditor for
14 Fairfield Sentry?

15 A. Yes, from the beginning we saw it as
16 very important, very important that they have an
17 auditor as PwC.

18 Q. And generally speaking, not in
19 connection with this case or with Fairfield
20 Sentry, are you familiar with the firm
21 PricewaterhouseCoopers?

22 A. We're familiar of Pricewaterhouse,
23 yes, yes.

24 Q. Do you have an opinion yourself of
25 PricewaterhouseCoopers as an accounting firm?

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1 A. KAUFMAN

2 A. I didn't -- I didn't have any specific
3 due diligence on this firm, but we know it's a
4 well-established auditor firm.

5 Q. And did you take comfort in knowing
6 that PricewaterhouseCoopers audited the
7 Fairfield Sentry Fund?

8 A. Yes.

9 Q. Are you aware that
10 PricewaterhouseCoopers is made up of many
11 different firms in many different countries?

12 A. I believe, I believe so, yes.

13 Q. What is your understanding of
14 PricewaterhouseCoopers' role in this litigation?

15 A. I believe Pricewaterhouse should have
16 audited -- audited the performance and the --
17 the assets of the fund and should provide it
18 accurate to the -- to the investors in the
19 financial statement.

20 Q. Do you know which of the
21 PricewaterhouseCoopers firms audited Fairfield
22 Sentry?

23 A. I don't remember the exact name.
24 That's why I refer to PwC as general, like the
25 questions about Citco. I know there are a few

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1 A. KAUFMAN
 2 entities with the name PwC.
 3 Q. You testified earlier that you believe
 4 you received financial statements for Fairfield
 5 Sentry. Do you recall that testimony?
 6 A. You just showed me one of the exhibits
 7 that I received it from -- from Credit Suisse,
 8 so I believe I have received it.
 9 Q. Do you know -- so just for
 10 clarification, are you referring to Exhibit 4?
 11 A. It wasn't in Exhibit 4. It was in
 12 Exhibit -- a different exhibit. DDQ. DDQ plus
 13 the financial statement was --
 14 Q. I think the DDQ and financial
 15 statements is, unless I have written it down
 16 incorrectly --
 17 MR. ROETHER: Yes, I have Exhibit 4 as
 18 well.
 19 Q. -- is Exhibit 4.
 20 So can you put Exhibit 4 in front of
 21 you.
 22 A. Yes. Yes, I'm sorry, I'm -- I looked
 23 at another exhibit. Yes, you are correct.
 24 Q. Okay. So you -- do you believe that
 25 you reviewed this financial statement for
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1 A. KAUFMAN
 2 Fairfield Sentry?
 3 A. I might have. That's what's mentioned
 4 in this e-mail, so I believe I might have seen
 5 it, yes.
 6 Q. Did you discuss this financial
 7 statement with anyone at Credit Suisse?
 8 A. I don't recall doing so.
 9 Q. Did you try to contact
 10 PricewaterhouseCoopers to discuss this financial
 11 statement?
 12 A. No.
 13 Q. Okay. Now I'm going to switch to
 14 asking you questions about
 15 PricewaterhouseCoopers (Netherlands) and I might
 16 refer to PwC (Netherlands).
 17 A. Okay.
 18 Q. If that's okay. You'll understand I'm
 19 talking about the same firm.
 20 So, prior to this litigation, had you
 21 ever heard of PricewaterhouseCoopers
 22 (Netherlands)?
 23 A. We heard, as I mentioned before, we
 24 heard specifically -- generally about the firm
 25 PwC. I wasn't familiar with any branches or --
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1 A. KAUFMAN
 2 or companies out in the world.
 3 Q. So you're -- you are not --
 4 A. I specifically know. I wasn't aware
 5 of the Netherlands, PwC Netherlands.
 6 Q. Prior to the decision for Harel to
 7 initially invest in Fairfield Sentry in 2003,
 8 did you have any contact with
 9 PricewaterhouseCoopers (Netherlands) concerning
 10 the Fairfield Sentry investment?
 11 A. No.
 12 Q. So you did not speak to anyone at PwC
 13 (Netherlands) concerning the Fairfield Sentry
 14 investment on behalf of Harel?
 15 A. Not that I recall.
 16 Q. And prior to your -- prior to the
 17 decision to invest Harel in Fairfield Sentry in
 18 2003, you did not request any materials from
 19 PricewaterhouseCoopers (Netherlands) with
 20 respect to the investment in Fairfield Sentry;
 21 is that correct?
 22 A. That's correct, yes.
 23 Q. Is it also correct that you didn't
 24 review any materials prepared by
 25 PricewaterhouseCoopers (Netherlands) concerning
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1 A. KAUFMAN
 2 your investment in Fairfield Sentry?
 3 MR. VICKERY: Objection to form.
 4 A. I reviewed this financial statement on
 5 Exhibit 4. I don't know if it's connected to
 6 Netherlands specifically.
 7 Q. Prior to the decision for Harel to
 8 invest in Fairfield Sentry in 2003, are you
 9 aware if PricewaterhouseCoopers (Netherlands)
 10 made any representations directly to you about
 11 the Fairfield Sentry funds' investment in
 12 securities?
 13 A. Made direction?
 14 Q. I'll repeat it.
 15 A. Again, it's late and I'm not so
 16 concentrated. So, again.
 17 Q. Prior to Harel's decision to invest in
 18 Fairfield Sentry in 2003, did
 19 PricewaterhouseCoopers (Netherlands) make any
 20 representations directly to you about the
 21 Fairfield Sentry Fund's investment in
 22 securities?
 23 MR. VICKERY: I'm going to object on
 24 form. Just the concept of directly to you
 25 is sort of vague in my mind. You might want
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1 A. KAUFMAN

2 to explain that. If you mean did they talk
3 or communicate directly to each other, if
4 that's directly, then that's fine, but if
5 it's, you know, this may be viewed, since it
6 has -- you know what it says in front, it
7 could be viewed as a direct communication.
8 So I think it has to be a little more
9 precise.

10 BY MS. PIERCE:

11 Q. Okay. I'm going to -- I'm going to
12 rephrase.

13 Again, prior to your decision, prior
14 to Harel's decision to invest in Fairfield
15 Sentry in 2003, what representations do you
16 think you received from PricewaterhouseCoopers
17 (Netherlands) with respect to whether Fairfield
18 Sentry Fund was invested in securities?

19 A. If I remember, I think the -- this
20 financial statement or maybe other financial
21 statements where the contact between us getting
22 information from PwC.

23 Q. Besides the financial statements that
24 you may have reviewed, did you receive anything
25 else from PricewaterhouseCoopers (Netherlands)

1 A. KAUFMAN

2 that made a representation to you that the
3 Fairfield Sentry Fund was invested in
4 securities?

5 A. I believe not.

6 Q. Similar question, but a little
7 different: Did --

8 A. Can you ask slowly? You run and I --

9 Q. Aside from the financial statements --

10 A. Yes.

11 Q. -- that you may have reviewed, did
12 PricewaterhouseCoopers (Netherlands) ever make
13 any representations to you that they were
14 verifying the existence of the Fairfield Sentry
15 Fund's holdings?

16 A. And what I understand is the holdings
17 were in the financial statements, but what --

18 Q. So aside from the financial
19 statements --

20 A. Besides from that, we didn't -- I
21 don't recall we obtaining any other information
22 besides the financial statement.

23 Q. And regarding the financial statements
24 that you may have reviewed --

25 A. Yes.

1 A. KAUFMAN

2 Q. -- you did not reach out to anyone at
3 PricewaterhouseCoopers (Netherlands) to discuss
4 the contents of those statements; is that
5 correct?

6 A. I believe that's correct, yes.

7 Q. Okay. Now let's shift our attention
8 to after that initial investment.

9 A. Okay.

10 Q. But prior to the subsequent investment
11 in 2006.

12 A. Okay.

13 Q. Prior to Harel's 2006 investment in
14 Fairfield Sentry, did you have any
15 communications with PricewaterhouseCoopers
16 (Netherlands) concerning the Fairfield Sentry
17 investment?

18 A. I believe we haven't, we haven't in
19 connection -- in connection with PwC.

20 Q. So between 2003 and 2006, you don't
21 believe you had any connection with
22 PricewaterhouseCoopers (Netherlands) -- any
23 communications with PricewaterhouseCoopers
24 (Netherlands)?

25 MR. VICKERY: Objection to form.

1 A. KAUFMAN

2 A. As I recall, the only contacts we
3 had -- we didn't have any direct contact besides
4 receiving these financial documents through
5 Credit Suisse.

6 Q. And --

7 A. If this answers your question.

8 Q. Besides the audited financial
9 statement that we've looked at in Exhibit 4, did
10 you receive any other financial statements
11 prepared by PricewaterhouseCoopers in connection
12 with the Fairfield Sentry investment?

13 A. Might have. I really don't recall.

14 Q. Okay. Prior to Harel's first
15 investment in 2003 in Fairfield Sentry, did you
16 ask anyone if the fund was audited?

17 A. Of course it was published in -- in
18 all the presentations and fact sheets, and the
19 fund mentioned it; when we spoke with the fund,
20 they mentioned it was audited by PwC, and Credit
21 Suisse mentioned it.

22 Q. But did you --

23 A. So it was an important issue, I think.

24 Q. Is it your testimony that you saw that
25 information in those materials? You saw that --

1 A. KAUFMAN

2 is it your testimony that you saw that
3 PricewaterhouseCoopers was the auditor of
4 Fairfield Sentry in the materials you just
5 described?

6 A. Yes. Yes.

7 Q. Did you actually ask anyone who
8 audited the fund prior to the Harel's
9 investment?

10 A. Someone who audited the fund is PwC.
11 Who audited the fund?

12 Q. My question is did you --

13 A. Yes.

14 Q. -- as a part of your role at Harel,
15 did you ask anyone who the auditor was of the
16 Fairfield Sentry Fund?

17 A. I'm sorry. If I asked whom? Someone
18 in Harel or -- or --

19 Q. Do you recall at any time, prior to
20 knowing that Fairfield Sentry was audited by
21 PricewaterhouseCoopers, do you recall asking
22 anyone if the fund was audited?

23 A. It was -- it was in all presentations.
24 Why should I ask anyone if it was audited? But
25 it was mentioned --

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1 A. KAUFMAN

2 Q. Is it your --

3 A. We spoke with -- with Credit Suisse
4 and with the fund, and they -- they actually
5 they mentioned it, so I didn't need to ask them
6 if -- if it was audited.

7 Q. Okay. I just want to -- I'm just
8 trying to clarify some of the today's testimony.
9 That's all that I'm trying to do.

10 A. Okay. Okay.

11 Q. So you don't believe that you asked
12 that question. Is it correct that you think you
13 were told that the fund was audited?

14 A. Yes. Yes. I might have asked, but I
15 really don't remember if I was asked or was told
16 or -- but I got this information.

17 Q. Could you look at -- let's see -- so,
18 generally, Exhibits 5, 6, 7, 8 and 9 -- let me
19 make sure I have those right.

20 Okay, take a second to look over them
21 just so you are familiar. These are documents
22 that you discussed earlier.

23 A. Yes.

24 Q. And these reflect questions that you
25 asked of Credit Suisse about Fairfield Sentry

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1 A. KAUFMAN

2 before Harel's investment, is that correct?

3 A. Yes.

4 Q. So you asked several different
5 questions about Fairfield Sentry, about the
6 fund's performance, correct?

7 A. I would like to refer to Exhibit 5.
8 These are the questions I asked about -- because
9 you referred to a few exhibits and --

10 Q. Okay.

11 A. -- I would like to --

12 Q. So let's start with Exhibit 5.

13 A. Okay.

14 Q. You asked four questions?

15 A. Yes.

16 Q. Right?

17 A. Yes.

18 Q. Did any of those questions relate to
19 the audited financial statements of the
20 Fairfield Sentry Fund?

21 A. Question number 4 may have referred to
22 it, but --

23 Q. You believe that question number 4
24 that refers to page 16, question 17.6 of the due
25 diligence questionnaire, which mentions

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1 A. KAUFMAN

2 portfolio data that Credit Suisse would provide
3 or that Fairfield Greenwich Group would provide,
4 you contend that that portfolio data has to do
5 with audited financial statements?

6 A. Might also do with financial
7 statements because a portfolio where data
8 appears in the financial statement. I believe
9 other questions do not refer to financial
10 statements.

11 Q. Did any of those questions concern the
12 auditor of Fairfield Sentry?

13 A. Can you explain the question? What do
14 you mean "concern the auditor"? If --

15 Q. There's no reference in your questions
16 to PricewaterhouseCoopers, correct?

17 A. Yes. Correct.

18 Q. And just going back to Exhibit 4
19 really quickly, it was your testimony earlier
20 that you didn't actually recall receiving the
21 due diligence questionnaire and the audit
22 report. Is that correct, that that was your
23 initial testimony?

24 A. Yes, it's correct, but I might have
25 received it, yes.

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1 A. KAUFMAN
 2 Q. Okay. Let's look quickly at Exhibits
 3 11 and 12. Exhibit 11 is -- the last page is
 4 the correspondence from Credit Suisse in
 5 February 2005.
 6 A. 11?
 7 Q. So the last page of that exhibit.
 8 MR. VICKERY: Which page are you on?
 9 MS. PIERCE: Exhibit 11.
 10 THE WITNESS: Page 6?
 11 BY MS. PIERCE:
 12 Q. Page 6, correct, thanks, is the e-mail
 13 that you received from Credit Suisse advising
 14 investors in Fairfield Sentry to redeem,
 15 correct?
 16 A. That's correct, yes.
 17 Q. And then based on this exhibit, and I
 18 believe also Exhibit 12, which was referring to
 19 a meeting -- excuse me, a conference call that
 20 you would have with Fairfield, you contacted
 21 Fairfield to discuss Credit Suisse's concerns
 22 about Fairfield Sentry, right?
 23 A. Yes.
 24 Q. Did you contact anyone else to discuss
 25 Credit Suisse's concerns about Fairfield Sentry?
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1 A. KAUFMAN
 2 A. I don't recall doing so.
 3 Q. Do you recall contacting the fund's
 4 auditors to discuss Credit Suisse's concerns
 5 about Fairfield Sentry?
 6 A. No, I didn't contact.
 7 Q. You did not contact the auditors?
 8 A. I did not contact Pricewaterhouse.
 9 Q. On the March 9, 2005 conference call
 10 that you had with Fairfield, which is referenced
 11 in Exhibit 12, to discuss Credit Suisse's
 12 concerns as to Fairfield Sentry, do you recall
 13 asking Fairfield any questions about the fund's
 14 auditors on that call?
 15 A. Might have. It appears on page 8 that
 16 Pricewaterhouse is the auditor.
 17 Q. And --
 18 A. They may have referred to this -- that
 19 they actually been audited by a large firm as
 20 PwC.
 21 Q. And again, you would have taken
 22 comfort that a large firm like PwC was auditing
 23 Fairfield Sentry?
 24 A. Precisely.
 25 Q. Did you, on that call, did you ask for
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1 A. KAUFMAN
 2 to see any additional audit reports for the
 3 fund?
 4 A. I don't remember if I did.
 5 Q. If you did review any additional audit
 6 reports for Fairfield Sentry, do you believe you
 7 would have kept those for your records?
 8 A. I believe so.
 9 Q. Do you know whether other audit
 10 reports besides the one in Exhibit 4 have been
 11 produced?
 12 A. I don't, I don't really recall.
 13 MS. PIERCE: We would just ask if
 14 there's other audit reports in the Harel
 15 records that -- or any audit reports in the
 16 Harel records that you would produce those.
 17 Mr. Kaufman, I don't think I have any
 18 further questions. Thanks for your
 19 patience.
 20 THE WITNESS: Thank you.
 21 EXAMINATION BY
 22 MR. RUSE:
 23 Q. Good afternoon, Mr. Kaufman. My name
 24 is Luke Ruse. I'm with the law firm of Kirkland
 25 & Ellis and we represent PricewaterhouseCoopers
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1 A. KAUFMAN
 2 (Canada).
 3 I might refer to
 4 PricewaterhouseCoopers (Canada) as "PwC
 5 (Canada)." Is that okay?
 6 A. Okay.
 7 Q. And I might refer to the
 8 Pricewaterhouse firms generally, all of them
 9 collectively, as "PwC." Is that okay?
 10 A. Okay. Fine.
 11 Q. Okay. Now, we talked about
 12 investments that Harel made today. Harel made
 13 an investment in Fairfield Sentry in 2003,
 14 right? That was the first investment that Harel
 15 made?
 16 A. That's correct.
 17 Q. And then they made an additional
 18 investment in 2006?
 19 A. Yes.
 20 Q. Do you know if Harel made an
 21 investment in 2007 in the Fairfield Sentry Fund?
 22 A. I believe Harel made an investment,
 23 but, as I mentioned, I was in Phoenix Insurance
 24 at that time.
 25 Q. You left Harel at -- in November of
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1 A. KAUFMAN
 2 2006, is that correct?
 3 A. Correct.
 4 Q. So any investment that would have been
 5 made in 2007, you were no longer employed at
 6 Harel?
 7 A. Yes.
 8 Q. And you would not have -- and you were
 9 not involved in any way in the decision-making
 10 process at Harel to invest in Fairfield Sentry
 11 for that 2007 investment; is that correct?
 12 A. That's correct.
 13 Q. You were involved in the decisions to
 14 invest in Fairfield Sentry in 2003 and in 2006,
 15 right?
 16 A. Right. Yes.
 17 Q. Now, you said that your understanding
 18 was that PwC audited Fairfield Sentry, correct?
 19 A. Yes. Yes.
 20 Q. And you took comfort in the fact that
 21 one of the big auditing firms audited Fairfield
 22 Sentry?
 23 A. Yes. Exactly.
 24 Q. But you're also -- you testified that
 25 you're aware that there are multiple firms with
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1 A. KAUFMAN
 2 in 2003 --
 3 A. It was also, to add to the question, I
 4 think it was also mentioned in -- on the
 5 subscription agreements the name of the auditor.
 6 Q. Before the initial investment was made
 7 in 2003, you didn't have any contact with PwC
 8 (Canada), did you?
 9 A. I did not have.
 10 Q. And you didn't meet with anyone at PwC
 11 (Canada)?
 12 A. I believe I haven't met with anyone.
 13 Q. You never requested any materials from
 14 PwC (Canada)?
 15 A. I did not contact PwC (Canada) to
 16 request any information.
 17 Q. I'm sorry, I'm down here at the end of
 18 the table. Can you speak up just a little?
 19 A. I did not contact PwC (Canada) to
 20 request any information.
 21 Q. Okay. And you never received any
 22 materials from PwC (Canada) before that 2003
 23 investment, correct?
 24 A. I really don't know if I've received
 25 it or not received. I don't recall.
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1 A. KAUFMAN
 2 the PwC name, each in their own country, right?
 3 A. Right. Yes.
 4 Q. And you -- you did not know which PwC
 5 firm audited Fairfield Sentry?
 6 MR. VICKERY: Objection. Form.
 7 Q. Before you made the investment in
 8 2003, before Harel made investment in 2003 in
 9 Fairfield Sentry, you didn't know which PwC firm
 10 audited Fairfield Sentry?
 11 MR. VICKERY: Objection to form.
 12 A. I believe it was mentioned in all --
 13 in the presentations and in the fact sheets the
 14 exact name of the -- of the firm.
 15 Q. But you don't know who that was today?
 16 A. I don't remember today, but I believe
 17 in 2003 I've actually seen the exact entity.
 18 Q. And you believe that back in 2003 you
 19 might have known that because you saw it on a
 20 fact sheet?
 21 A. Yes.
 22 Q. And the fact sheet was provided by
 23 Fairfield?
 24 A. Yes.
 25 Q. Before the initial investment was made
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1 A. KAUFMAN
 2 Q. At any time while you were at Harel
 3 did anyone tell you that the auditor for
 4 Fairfield Sentry had changed?
 5 A. I don't think -- I don't think so, but
 6 I really don't remember if someone actually
 7 phoned or e-mailed me this information.
 8 Q. And at any time while you were at
 9 Harel, did you have any awareness that the
 10 auditor for PwC changed at any time?
 11 A. For me, we saw --
 12 Q. I'm sorry, I misspoke. At any time
 13 when you were at Harel did you have any
 14 awareness that the auditor for Fairfield Sentry
 15 had changed at any time?
 16 MR. VICKERY: I'm going to object to
 17 form. The timing is all wrong.
 18 Q. You can answer if you understand.
 19 A. What I can tell you, that since in
 20 2003 we saw one name, PwC. For us, PwC is a
 21 large auditor which has branches in different
 22 countries, and I, in my opinion, it was -- we
 23 did not make any difference if it was in Canada
 24 or Netherlands or PwC U.S. It was actually PwC,
 25 the name PwC.
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1 A. KAUFMAN

2 Q. To you it didn't matter which of the
3 PwC firms was the actual auditor?

4 A. It didn't matter because PwC is for us
5 one large entity.

6 Q. Now, after the investment in 2003, at
7 any time before the investment in 2006 or at any
8 time while you remained at Harel, did you have
9 any communication with anyone at PwC (Canada)?

10 A. We did not contact anyone from PwC
11 (Canada), did not contact us by e-mail or by
12 phone.

13 Q. Did you request any materials from PwC
14 (Canada)?

15 A. I don't believe doing so.

16 Q. And did you receive any materials from
17 PwC (Canada)?

18 A. Might have. As I mentioned before, I
19 don't remember what exact materials we received
20 from PwC, generally speaking, PwC.

21 Q. Let me represent to you that
22 PricewaterhouseCoopers (Canada) audited the
23 Fairfield Sentry Fund for the year ending in two
24 thousand -- for the year ending December 31,
25 2006.

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1 A. KAUFMAN

2 A. Okay.

3 Q. And that that audit opinion was issued
4 on --

5 A. Sorry?

6 Q. I'm sorry, and that the audit opinion
7 that PricewaterhouseCoopers (Canada) issued was
8 issued on April 24, 2007.

9 A. Okay, so --

10 Q. In 2007, you were working for Phoenix;
11 is that correct?

12 A. That's correct.

13 Q. And if that is the first audit report
14 that PricewaterhouseCoopers (Canada) had issued,
15 you would have never received any financial
16 audited financial statement that
17 PricewaterhouseCoopers (Canada) had issued; is
18 that correct?

19 A. It makes sense. I mean, it's a
20 logical sentence.

21 Q. You don't have any reason to
22 disbelieve that, do you?

23 A. It's mathematical, isn't it?

24 Q. Now, you understand that -- that --
25 I'm sorry. Let me rephrase.

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1 A. KAUFMAN

2 You had an understanding that a
3 PricewaterhouseCoopers firm was the auditor for
4 Fairfield Sentry, right?

5 A. We had an understanding that PwC was
6 the auditor.

7 Q. And you understood that PwC was not
8 the auditor of Bernard Madoff or BLMIS; is that
9 right?

10 A. I -- I don't know. We didn't check or
11 I didn't -- I wasn't familiar of who was the
12 auditor to -- to other investments, other funds.
13 We, specifically, we knew which was the auditor
14 for Fairfield Sentry. We did not check the
15 auditors for other funds.

16 Q. So you never checked to see who the
17 auditor of Bernard Madoff or his firm BLMIS was;
18 is that correct?

19 A. That's correct.

20 Q. But you understood that Harel's
21 securities were actually being held by BLMIS,
22 isn't that right?

23 MR. VICKERY: Objection. Objection to
24 form.

25 Q. When you invested in 2003, you

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1 A. KAUFMAN

2 understood that the investments would actually
3 be held by Bernard Madoff at BLMIS; is that
4 right?

5 MR. VICKERY: Objection to form.

6 A. I think I referred to this question
7 before, and as I understand, we did not make any
8 direct investments in Bernard Madoff or any of
9 his entities. It was not published in the fact
10 sheets or presentations that there was any
11 direct investment in Bernard Madoff besides what
12 you showed me in one of the exhibits that was
13 mentioned in the DDQ, but I do not recall seeing
14 it in 2003 or between 2003 and 2006.

15 Q. And I think that subject -- okay. And
16 I think that you said that had you realized the
17 full extent of Bernard Madoff's involvement in
18 Fairfield Sentry, you would have reconsidered
19 your investment; is that correct?

20 MR. VICKERY: Objection to form.

21 A. I think what I mentioned, if I knew
22 that the investment manager was Bernard Madoff
23 and the custodian was Bernard Madoff and the
24 broker was Bernard Madoff, I would reconsider
25 the -- this investment.

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1 A. KAUFMAN

2 A. I believe I felt comfort after this

3 conference call, but...

4 Q. Mr. Kaufman, it's fair to say that

5 you've looked at quite a few documents today?

6 We've looked at a lot of documents --

7 A. Yes.

8 Q. -- today, right?

9 A. Yes.

10 Q. And some of those documents referred

11 to Bernard Madoff, that's right?

12 A. Yes.

13 Q. And some of them didn't?

14 A. Some of them didn't, yes.

15 Q. Is it fair to say, is it fair to say

16 that you don't recall seeing or reading any of

17 the documents that refer to Bernard L. Madoff

18 during your time at Harel from 2003 to 2006?

19 A. I think that's correct to say, yes.

20 Q. So if I understand it, the only

21 documents that you recall reviewing or reading

22 during the 2003 to 2006 time period were

23 documents that don't mention Bernard Madoff?

24 A. I might have read a part of these

25 documents who do mention Bernard Madoff, but I

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1 A. KAUFMAN

2

3 CERTIFICATE

4 STATE OF NEW YORK)

5 : ss

6 COUNTY OF NEW YORK)

7 I, Kathy S. Klepfer, a Registered

8 Merit Reporter and Notary Public within and

9 for the State of New York, do hereby

10 certify:

11 That ALON KAUFMAN, the witness whose

12 deposition is herein before set forth, was

13 duly sworn by me and that such deposition is

14 a true record of the testimony given by such

15 witness.

16 I further certify that I am not

17 related to any of the parties to this action

18 by blood or marriage and that I am in no way

19 interested in the outcome of this matter.

20 In witness whereof, I have hereunto

21 set my hand this 2nd day of August, 2011.

22

23 -----

24 KATHY S. KLEPFER, RPR, RMR, CRR, CLR

25

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1 A. KAUFMAN

2 don't recall reading these specific sentences

3 that mention Bernard Madoff as a manager or a

4 custodian or whatever.

5 MR. ROETHER: I have nothing else.

6 We'll reserve the rest of our questions.

7 THE VIDEOGRAPHER: That concludes the

8 video record for today. The time is now

9 7:35 P.M. We are now off the record.

10 oOo

11

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ALON KAUFMAN

18

19 Subscribed and sworn to

20 before me this day

21 of 2011.

22

23

24

25

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9 KAUFMAN EXHIBITS: PAGE

10 Exhibit 1, a document bearing Bates Nos. 78

11 Harel 000365 through 3705

12 Exhibit 2, a document bearing Bates Nos. 138

13 Harel 0000055 through 0000078

14 Exhibit 3, a document bearing Bates Nos. 172

15 FGANW003624856

16 Exhibit 4, a document bearing Bates Nos. 173

17 FGANW003624811 through 3624855

18 Exhibit 5, a document bearing Bates Nos. 175

19 FGANW003624809

20 Exhibit 6, a document bearing Bates Nos. 185

21 FGANW003624782

22 Exhibit 7, a document bearing Bates Nos. 192

23 FGANW003624768

24 Exhibit 8, a document bearing Bates Nos. 195

25 FGANW003624758 through 59

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