

# Exhibit 3

C O N F I D E N T I A L  
UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK  
11-CV-03605(JSR)(HBP)

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IRVING H. PICARD, Trustee for  
the Liquidation of Bernard L.  
Madoff Investment Securities LLC,

Videotaped  
Deposition of:

Plaintiff,

MICHAEL KATZ

v.

SAUL B. KATZ, et al.,

Defendants.

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TRANSCRIPT of testimony as taken by and before  
NANCY C. BENDISH, Certified Court Reporter, RMR, CRR  
and Notary Public of the States of New York and New  
Jersey, at the offices of Baker & Hostetler, 45  
Rockefeller Plaza, New York, New York on Friday,  
December 9, 2011, commencing at 9:38 a.m.

1 Q. Did you offer other opportunities for  
2 your employees to invest in Madoff other than the  
3 401(k) plan?

4 A. Say that again, please. Offer  
5 employees?

6 Q. Did you offer your employees any  
7 other opportunities to invest in Madoff beside the  
8 401(k) plan?

9 A. I think there was some senior people  
10 who were able to open up accounts in Bernie Madoff.  
11 I don't recall who, but I think there were a couple  
12 people.

13 Q. And why were those senior people  
14 allowed to open accounts with Madoff?

15 A. They had a minimum that they were  
16 able to put in.

17 Q. Did any employees invest in Madoff  
18 through any of the double-up accounts; do you  
19 recall?

20 A. I believe there might have been one  
21 or two.

22 Q. And what was your understanding as to  
23 your responsibilities as a trustee when you created  
24 the 401(k) plan?

25 A. My responsibility as a trustee was to

1 make sure that their monies were protected as  
2 well -- protected in a manner that as if it was my  
3 money, or better.

4 Q. Do you have any other understanding  
5 as to any other responsibilities that you had as a  
6 trustee?

7 A. No.

8 Q. And to what extent was Madoff  
9 involved in the creation of the plan?

10 A. In the creation of the plan?

11 Q. Um-hum.

12 A. I don't believe anything.

13 Q. Was Madoff involved in the drafting  
14 of the description of the Madoff option of the plan?

15 A. I don't know that.

16 Q. Did you have any discussions with  
17 Madoff concerning offering the Madoff investment as  
18 an option in the 401(k) plan?

19 A. I did not.

20 Q. Did Arthur?

21 A. I don't know.

22 Q. Did Saul?

23 A. I do not know.

24 Q. Did Sterling receive in any way any  
25 benefit by opening a retirement plan with -- by

1 Q. Okay. And how do you know that?

2 A. Because the returns were very  
3 similar.

4 Q. And when you said that your  
5 understanding is -- that your knowledge is that he  
6 did not charge any fees, what is that understanding  
7 based on? Actually, let me back up, let me clarify  
8 something.

9 When we were discussing earlier the  
10 fees that Madoff charges with handling your  
11 accounts, is it your understanding that the fees  
12 that he charges is limited to commissions?

13 A. That's it.

14 Q. Period?

15 A. Period.

16 Q. Okay, all right. Thank you.

17 A. All right, thank you.

18 Q. I think that cleared it up. All  
19 right.

20 So, with respect to the 401(k)  
21 account it was treated -- he treated it just like  
22 any other account that you had with him?

23 A. That's correct.

24 Q. What steps did you and Mr. Friedman  
25 take in the creation of the plan? The first steps.

1           A.           Not if Arthur Friedman took the  
2 responsibility, no.

3           Q.           And do you know if Arthur insured  
4 that the description was accurate?

5           A.           I believe he did. But I'm not -- I  
6 have no direct knowledge of that.

7           Q.           When you opened -- when you created  
8 the 401(k) plan with Arthur in 1997, did you or  
9 Arthur conduct any diligence with respect to the  
10 Madoff investment option?

11          A.           Our due diligence for that was 15 or  
12 20 years of experience dealing with Madoff.

13          Q.           So did you -- did you do anything or  
14 did you just rely on your prior experience?

15          A.           We relied on our prior 15 years'  
16 experience.

17          Q.           But you took no independent action  
18 after creation of the 401(k) plan with respect to  
19 the Madoff option?

20          A.           No new initiative, no.

21          Q.           Okay. And what initiatives had you  
22 taken up until that point concerning the Madoff  
23 investment options?

24          A.           Well, we had done quite a few things,  
25 some of which, if you'd like me to mention, I will.

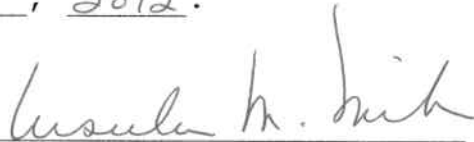
1 I, MICHAEL KATZ, have read the foregoing  
 2 deposition and hereby affix my signature that same  
 3 is true and correct, except as noted above.

4   
 5 \_\_\_\_\_  
 6 MICHAEL KATZ

7  
 8 THE STATE OF New York  
 9 COUNTY OF Nassau

10  
 11 Before me, Ursula M. Mika, on this day  
 12 personally appeared MICHAEL KATZ, known to me (or  
 13 proved to me on the oath of or through \_\_\_\_\_  
 14 (description of identity card or other document) to  
 15 be the person whose name is subscribed to the  
 16 foregoing instrument and acknowledged to me that  
 17 he/she executed the same for the purpose and  
 18 consideration therein expressed.

19 Given under my hand and seal of office on this  
 20 4<sup>th</sup> day of January, 2012.

21   
 22 \_\_\_\_\_  
 23 NOTARY PUBLIC IN AND FOR  
 24 THE STATE OF New York

25 My Commission Expires: Jan 11, 2014.

URSULA M. MIKA  
 NOTARY PUBLIC, STATE OF NEW YORK  
 No. 01M16216250  
 QUALIFIED IN QUEENS COUNTY  
 COMMISSION EXPIRES JANUARY 11, 2014