Exhibit 4

1 CONFIDENTIAL 2 UNITED STATES BANKRUPTCY COURT SOUTHERN DISTRICT OF NEW YORK 3 ADV. PRO. NO. 08-01789 (BRL) 4 -----x 5 SECURITIES INVESTOR PROTECTION CORPORATION, Videotaped 6 Plaintiff-Applicant, Rule 2004 7 Examination of: v. 8 BERNARD L. MADOFF INVESTMENT ARTHUR FRIEDMAN SECURITIES, LLC, 9 Defendant. (Volume III) -----x 10 In Re: 11 BERNARD L. MADOFF, 12 Debtor. -----x 13 14 15 TRANSCRIPT of testimony as taken by and before 16 NANCY C. BENDISH, Certified Court Reporter, RMR, CRR 17 and Notary Public of the States of New York and New 18 Jersey, at the offices of Baker & Hostetler, 45 19 Rockefeller Plaza, New York, New York on Thursday, 20 June 24, 2010, commencing at 9:38 a.m. 21 22 23 BENDISH REPORTING, INC. 24 Litigation Support Services 877.404.2193 www.bendish.com 25

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ARTHUR FRIEDMAN 6/24/10 CONFIDENTIAL

SIPC v. BLMIS

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1	my own account statements or I want to review the					
2	trade confirmation tickets that relate to my					
3	investments?					
4	A. Not that I can recall.					
5	Q. Now, you became the Trustee of the					
6	401(k) in 1997. Did you do any additional diligence					
7	on Madoff as a potential investment, in connection					
8	with assuming the fiduciary duties of a trustee to a					
9	401(k) plan?					
10	A. No.					
11	Q. To your knowledge did Michael Katz do					
12	any diligence in connection with his role as a					
13	trustee and the associated fiduciary duties to the					
14	401(k) plan participants?					
15	A. No. Understand at that time we had					
16	been dealing with Madoff for some 11 years and a					
17	great deal of money invested. It would seem a bit					
18	strange or unnecessary to do further diligence. We					
19	already were investing significant amounts of our					
20	money and other people's money and now there was					
21	understood a fiduciary duty, but we felt very					
22	comfortable and we knew quite a bit, perhaps more					
23	than we would know if this was the first we dealt					
24	with Madoff and did thorough due diligence.					
25	Q. Now, for the last several days I've					

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	585				
1	JURAT				
2					
3	I, ARTHUR FRIEDMAN, do hereby certify that I				
4	have read the foregoing transcript of my testimony				
5	taken on June 24, 2010, and have signed it subject				
6	to the following changes:				
7					
8	PAGE LINE CORRECTION				
9	SEE ATTACHED EXHIBIT A				
10					
11					
12					
13					
14					
15					
16					
17 18	Cel Judan				
19	ARTHUR FRIEDMAN				
20					
21	Sworn and subscribed to before me on this day of				
22	September 28,2010				
23					
24	NOTARY PUBLIC: Usula h. hul				
25	URSULA M. MIKA NOTARY PUBLIC, STATE OF NEW YO No.01MI6216250 QUALIFIED IN QUEENS COUNTY				
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SIPC v. BLMIS No. 08-01789-BR: Rule 2004 Examination of Arthur Friedman EXHIBIT A

EXHIBIT A				
PAGE	LINE	ORIGINAL	CHANGE	REASON
		proceedings. a new deposition	proceeding, a new deposition under	
6	6	under Rule 27 of the	Rule 27 of the	Gammatical error
		president of finance, and assisted	president of finance, and I assisted him	
16	16	him in every way	in every way	Transcription error
		medical journals, which, while I	medical journals, which, while I was	·····
17	24	was there were sold	there, were sold	Grammatical error
	,	As a matter of fact, did some work	As a matter if fact, I did some work for	
27	3	for them while I	them while I	Transcription error
		Lester Osterman or Tom - T.	Lester Osterman or Tom L. Thomas	
29	10	Lester Osterman. There	Osterman. There	Transcription error
		programs, anything to do with	computers, anything to do with	
31	4	computers.	computers.	Transcription error
		opposite. It's option to sell a	opposite. It's an option to sell a security	Grammatical error;
35	4	security at a fixed price,	at a fixed price,	Transcription error
		with a designated maturity date.	with a designated maturity date, in	
35	5	In simplest	simplest	Grammatical error
37	22	Sterling Entities. Sterling Equities	Sterling Equities. Sterling Equities	Transcription error
<u>_</u>		company, I should say. It	company, I should say. It employs all of	
38	20	employed all of the	the	Grammatical error
		performed by its employees are	performed by its employees is done	
38	23	done really on behalf	really on behalf	Grammatical error
		No, that was the company that	······	Grammatical error;
39	9	was	No, that was the company where I was	Transcription error
		senior, are those two different	senior vice president. Are those two	
39	15	titles?	different titles?	Transcription error
		is broken into each real estate	is broken into - each real estate property	
40	23	property has its own	has its own	Grammatical error
		that, but for this part, there is	that, but for this part, there are several	
42	12	several different	different	Grammatical error
		Sterling entity or partners. And	Sterling entities or partners. And then	
43	12	then we would,	we would.	Grammatical error
47		Such as somebody vessels. We	Such as Sterling vessels. We	Transcription error
		interest on that account, on that		
52	18	accounts, payable	interest on that account, payable	Transcription error
52		Converse, if one of the real estate	Conversely, if one of the real estate	Transcription error
		Manages, the gatekeeper, if you	Manager, the gatekeeper, if you	
53	18	frequently. So it was partners but	frequently. So it was partners, but	Grammatical error
E 4		sometimes the	sometimes the	Grammatical array
54				Grammatical error
56		Equity Funding?	Equities Funding?	Grammatical error
		There was banks that we had	There were banks that we had	
56		agreements with, lending	agreements with, lending	Grammatical error
57	17	will, in account with Madoff?	will, in an account with Madoff?	Transcription error
		account. It was practical to break	accounts. It was practical to break that	
58	17	that account and	account and	Grammatical error
		money coming out of Sterling	money coming out of Sterling Equities	L
59		Funding to go into	Funding to go into	Transcription error
64	5	partners on the Sterling entity?	partners of the Sterling entity?	Transcription error
		determination made at outset.	determination made at the outset.	
69	3	Whether that was an	Whether that was an	Transcription error
		Madoff, or it may be an	Madoff, or it may be administrative,	· · ·
69	21	administrative, requiring	requiring	Transcription error
71	10	Part of the Fund system?	Part of the farm system?	Transcription error
		structured today, there is the	structured today, there is the accounting	
79	20	accounting functions,	function,	Grammatical error
		about. And if there was any	······································	
86	7	involvement. I really	about and if there was any involvement.	Grammatical error
	·		· · · · · · · · · · · · · · · · · · ·	

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	EXHIBIT A				
PAGE	LINE	ORIGINAL	CHANGE	REASON	
	<u></u>	involved with Ann, who's the	involved with Anne, who's the director of		
88	16	director of human	human	Grammatical error	
89	4	Yes. But always with assistance of	Yes. But always with the assistance of	Transcription error	
89	21	Do now, no.	Do I know? No.	Transcription error	
		least 15 years ago, the structure,	least 15 years ago, the company took on		
90	9	took on a	a	Transcription error	
		functions, to relieve going way	functions, to relieve me going way		
91	15	back, I was,	back, I was,	Transcription error	
	,	Forgot the name of the firm, but			
92	19	it's	I forgot the name of the firm, but	Transcription error	
1		your "in" box, an email in your "in"		Transcription error;	
99	15	box, will it	your inbox, an email in your inbox, will it	Grammatical error	
	_	didn't get it, of Sterling Stamos,	are going to get to it, Sterling Stamos,		
102		which was a	which was a	Transcription error	
110	40	where we owned 575 Fifth	when we owned 575 Fifth Avenue, which		
112	10	Avenue, which we don't own Corvettes, I don't know if you	we don't own Korvettes, I don't know if you remember	Transcription error	
112	4.4	remember that.	that.	Grammatical error	
	14	believe we had a – that that was	believe we had a company that audited	Grammatical error	
114	15	audited, Sterling	Sterling	Transcription error	
		guess would describe Sterling	guess would describe Sterling Equities		
115	10	Equity Associates and	Associates and	Transcription error	
	10	Sterling Equity Funding, if that's	Sterling Equities Funding, if that's the		
115	20	the case it's	case it's	Transcription error	
		person or people prepare bank	person or people prepare bank		
116	16	reconciliation,	reconciliations,	Grammatical error	
		Do we know how Fred Wilpon			
119	7	knew	Do you know how Fred Wilpon knew	Grammatical error	
126	8	Gains were virtually flat.	Gains or virtually flat	Transcription error	
128	19	Oftentimes I would do it, yes.	Often times I would do it, yes.	Grammatical error	
132	13		by buying puts	Transcription error	
142		speaking to the partner.	speaking to the partners.	Grammatical error	
148		did explain me within Sterling.	did explain it to me within Sterling.	Transcription error	
	£	The word that we used, in the			
148	20	market	The word that we used, "in the market,"	Grammatical error	
		Sterling or individually, did you			
		dealing with other brokerage	Sterling or individually, did you deal with		
150	8	firms?	other brokerage firms?	Transcription error	
			in, for planning purposes - could be any	······	
155	11	any number of	number of	Grammatical error	
		questioning how he does it, and	questioning how he does it, and some		
164	2	some lauding for	lauding him for	Transcription error	
		Do you recognize the next two			
173	9	pages	Do you recognize the next two pages?	Grammatical error	
		looks like it's the same basic page	Looks like it's the same basic page with		
173	10	with some	some	Grammatical error	
		then there was a few that were	then there were a few that were just not		
182	1	just not KW, they	KW, they	Grammatical error	
400	-	connected Travelers, I think he	connected to Travelers, I think he was		
183	5	was connected to about it perhaps rather than what	connected to	Grammatical error	
100		he said before,	about it perhaps; rather than what he said before,	Crammatical arrar	
190	14	Not to me direct no. To somebody		Grammatical error	
192	•	in	Not to me directly no. To somebody in	Grammatical error	
192	0	Why do you think Mike was the			
193	າາ	other	Why do you think Michael was the other	Transcription error	
L	22		trany do you unity monder was the other		

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EXHIBIT A				
PAGE	LINE	ORIGINAL	CHANGE	REASON
		break, whatever you guys do.	break, whatever you guys want to do.	
207	7	Let's go off the	Let's go off the	Transcription error
		That was Madoff Realty	That was Madoff Realty Associates, our	
213	10	Associates was our internal	internal	Transcription error
		No, I don't have a recollection of		· · · · · · · · · · · · · · · · · · ·
232	6	at	No, I don't have a recollection of any at	Transcription error
		Polk & Wardwell, LLC I'm here	Polk & Wardwell, LLP I'm here with my	• • • • • • • • • • • • • • • • • • • •
240	22	with my colleague,	colleague,	Transcription error
		Karen Wagner, and Greg Nero	Karen Wagner, and Greg Nero of	······································
240	23	Sterling Equities, on	Sterling Equities, on	Transcription error
		Wilpons and the Madoffs	Wilpons and the Madoffs vacation	·····
254	6	vacations together?	together?	Grammatical error
	· ·	talking about their personal	talking about their personal assets. Do	
254	23	assets. – do the	the	Grammatical error
		initiated, periodically when there	initiated, periodically when there were	
257	6	was excess funds	excess funds	Grammatical error
	1	open a new account and	open a new account and somebody	l
257	10	somebody would say, We're	would say, "we're	Grammatical error
		opening a new account. And	opening a new account." And there	
257	11	there would be a memo	would be a memo	Grammatical error
		funding, for example, wherever	Funding, for example, wherever there	
257	18	there might be or	might be or	Grammatical error
			deviations from those two matters of	
259	4	of obtaining	obtaining an	Transcription error
	·	that recognized and entitled to	that is recognized and titled as such by	
260	16	such by the IRS.	the IRS.	Transcription error
			Madoff had purported to make you a	
262	16	a shareholder of	shareholder	Transcription error
			that he was spending all this time on	
265	9	on this taxes for	taxes for	Grammatical error
		Particularly since Mr. Katz' other	Particularly since some of Mr. Katz's	Transciption error;
272	3	partners belonged	other partners belonged	Grammatical error
		seemed strange that you singled		
272	5	him out	seemed strange that he singled him out	Transcription error
<u></u>		that I received the call from Bernie		
279	20	very	that I received a call from Bernie very	Transcription error
210	20	I don't know that he answered me		
280	10	the	I don't know that he asked me the	Transcription error
	1	consulted in on whatever	consulted on whatever decisions had to	
283	10	decisions had to be made,	be made,	Transcription error
	1		partners' meetings that take place every	
283	23	every Tuesday	other Monday	Transcription error
	t23	reproduced to the trustee's	reproduced to the trustee's counsel - this	
285	23	counsel. This is all	is all	Grammatical error
		laid out in correspondence in the	laid out in correspondence - in the same	
285	24	same form that	form that	Grammatical error
	<u>+</u>		productions and reproduced wholesale.	
286	2	has been a request	There has been a request	Transcription error
	²		Sterling group of companies and the	
289	2	the Sterling	Sterling	Grammatical error
209	 	So You Just point of		
305	1	information,	So you – Just point of information,	Grammatical error
}		· · · · · · · · · · · · · · · · · · ·		
308		I really can't say for certainty.	I really can't say for certain.	Grammatical error
309	1	So I can't say for certainty.	So I can't say for certain.	Grammatical error
·		brochure or when you received	hand an harves the set	Transciption error;
309	13	the – Yeah. – the	brochure or when you received the the	Grammatical error

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EXHIBIT A				
PAGE	LINE	ORIGINAL	CHANGE	REASON
		account, I just want to make sure	accounts, I just want to make sure it's a	
321	3	it's a part of	part of	Grammatical error
325			Equities percentage at some point.	Grammatical error
326	20	Sterling Equities funding.	Sterling Equities Funding.	Grammatical error
		the only one whose associate	the only one whose social security	
334	3	security number is on the	number is on	Transcription error
334	7	your associate security number?	your social security number?	Transcription error
		and Ruth Friedman. You would	and Ruth Friedman. You would use my	· · · · · · · · · · · · · · · · · · ·
334	10	use my associate	social	Transcription error
		"treats". I use the language as	"buy". I use the language as though he	
338	9	though he actually	actually	Transcription error
		just a good idea which nobody	just a good idea, which nobody	
353	6	disagreed with, to	disagreed with, to	Grammatical error
		had discussions with IV		
353	25	Management	had discussions with Ivy Management	Transcription error
		be in instances money was	be that in instances money was removed	· · · · · · · · · · · · · · · · · · ·
355	6	removed from Madoff into	from Madoff and put into	Transcription error
		look forward to Account 218, You	look forward to account 218, you would	
357	16	would see it's the	see it's the	Grammatical error
		There's certain analysis that we	There's certain analyses that we did	
358	2	did – we did not	we did not	Grammatical error
		Mets. – or was there a business	Mets – or was there a business reason	
358	7	reason for backing	for backing	Grammatical error
364	5		I don't remember giving it a thought,	Transcription error
		taking us too long to get your	taking us too long to get your accounts	
365	21	account into the	into the	Grammatical error
		can see a lot of the LLC accounts	can see a lot of the LLC accounts which	
366	15	which were talking	we're talking	Grammatical error
			They had \$30 million to invest and then	
366		then borrowed	borrowed	Transcription error
367	16	Okay. "Whereas a collateralized	Okay. Whereas a collateralized	Grammatical error
		account," did you use that phrase	account, did you use that phrase to	· · · · · · · · · · · · · · · · · · ·
367	17	to mean accounts	mean accounts	Grammatical error
		indicated I don't know if it was		
368	2	he. – we	indicated I don't know if it was he we	Grammatical error
			investers? I don't know if I interrupted	
372	4	you. You had	you. You had	Transcription error
		law that passed about laundering	law that passed about laundering money	
372		money there	there	Grammatical error
			were more restrictions placed at that	
372		that time from that	time from that	Grammatical error
380		say to outsiders?	say two outsiders?	Grammatical error
380	16	To outsiders, yes.	Two outsiders, yes.	Grammatical error
		believe we did that. To partners	believe we did that. Two partners	
380	19	perhaps, just to	perhaps, just to	Grammatical error
			someone within the Sterling group of	
382		Of Companies as	companies as	Grammatical error
383	5	No. I'm talking about the letter	No. I'm talking about the lines of credit	Transcription error
		the regular Sterling Equities	the regular Sterling Equities Funding	
383	6	funding borrowing	borrowing	Grammatical error
		partners that they obtain other	partners that they obtained other	
384	18	insurance.	insurance.	Grammatical error
			It was either AF et al. or SBK et al. I	
444	6	al. Lused	used	Transcription error
		computer, at the bottom there is	computer, at the bottom there are tabs	
399	25	tabs 1, 2, 3, 4, et	1, 2, 3, 4, et	Grammatical error

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	L nue		EXHIBIT A	
PAGE	LINE	ORIGINAL name of the account. If it were L.	CHANGE	REASON
40			name of the account. If it were L. Thomas Osterman	
40	9 9	Thomas Osterman, et al. tenants-in-common, that's	et al., tenants-in-common, that's the way	Grammatical error
40	10	the way the check	the check	Grammatical error
40	9 10	check made out to Osterman et	check made out to Osterman et al.,	Grammaticar error
41	0 15	al., tenant-in-common	tenants-in-common	Grammatical error
	13	and then have checks to each	and then have checks to each partner in	
41	0 20	partner and their	their	Transcription error
		a tenant-in-common? Talking	a tenant-in-common? Talking about an	
41	1 21	about individual record	individual record	Transcription error
41		she would write.	she would write them.	Transcription error
		knew there was going to be	knew there were going to be	
41	7 4	distributions,	distributions,	Grammatical error
41	7 7	company, but group itself.	company, but the group itself.	Transcription error
	·	it was few and far between,	it was few and far between, because it is	
41	7 11	because it isTIC is	– a TIC is	Transcription error
		either not an entity unto itself, it's	either is not an entity unto itself, it's just	
41	7 12	just a	a	Transcription error
		they had any TICs had a checking	they had any TICs had a checking	
41	7 20	account, they would	account, they would	Grammatical error
42	1 9	Other than a guy name Klein	Other than a guy named Klein	Grammatical error
		just how is it defined, passed the	Just how is it defined, I passed the	
42	5 8	information on	information on	Transcription error
		Yeah, speak to him directly, one		
42		on	Yeah, to speak to him directly, one on	Transcription error
43	4 11	Provide property insurance for the	They provide property insurance for the	Transcription error
		would have been, if it wasn't	would have been, if it was asked. But, on	
43	9 13	asked. But, on the	the	Transcription error
	-	work under Christopher Lovely.	work under Christopher Lovely. It's Lee	
46	2 6	It's Lisa Belli,		Transcription error
10			Lee Cibelli is the bookkeeper who is	
46		now, still with	now, still with	Transcription error
46	4 8	Mr. Koufax in to the Madoff?	Mr. Koufax into Madoff?	Transcription error
			yesterday, for the larger accounts the	-
46	6 1	efficiency factor that otherwise would be taxable, if	efficiency factor that otherwise would be taxable, if it was	Transcription error
47		it were used for	used for	Grammatical error
47:	2 24	You went to the Bank of America	You went to Bank of America and said	Grammatical error
47	7 17	and said we want to	we want to	Transcription error
	<u>'</u>		30, so let's just talk about that one. That	
47	8 13	That was the	was the	Transcription error
48		But I think the collateralized loans	But I think the collateralized loan	Grammatical error
	Ž	if there were particularly good	in there were particularly good months	
50	6 22	months and there was	and there were	Grammatical error
		one of the first, aside from Judy	one of the first, aside from the Judy and	
51	0 15	and Iris accounts,	Iris accounts	Transcription error
		pages of this document, seem to	page of this document, they seem to be	
51	3 22	be an email	an email	Transcription error
		that there had to be sometimes	there had to sometimes be an exchange	
51	5 24	exchange of	of	Transcription error
		the month did, or we could go on,	the month did, or we could go on, were	
523	3 16	was the numbers	the numbers	Grammatical error
		of what the return was as at the	of what the return was as of the date the	
52	3 22	date that I was	date that I was	Transcription error
		was no changes made by Madoff,	were no changes made by Madoff, but	· · · · · · · · · · · · · · · · · · ·
53	61 4	but that's only an	that's only an	Grammatical error

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EXHIBIT A					
PAGE	LINE	ORIGINAL	CHANGE	REASON	
		resisting to it, resistance to it in			
540	19	any way?	resisting it, resistance to it in any way?	Transcription error	
		an hour later or next day, I don't	an hour later or the next day, I don't		
543	7		recall	Transcription error	
		There was a quarterly account			
545		that	There was a quarterly accounting that	Transcription error	
556		with 401(k)	with the 401(k)	Transcription error	
560	21	These notes that I'm taking from a	These are notes that I'm taking from a	Transcription error	
569	5	that they had interest in?	that they had an interest in?	Transcription error	
		with being a Ponzi scheme or any	with it being a Ponzi scheme or any kind		
574	14	kind of fraudulent	of fraudulent	Transcription error	
576	25	clearly in, and David Katz.	clearly involved, and David Katz.	Transcription error	
		There were also other checking			
604	17	that	There was also other checking that	Grammatical error	
		do with certain Quicken operations			
604	19	where they	do with me certain Quicken operations	Transcription error	
613	9	Just enabled us to this was a	It just enabled us to this was a	Transcription error	
		might have been some general	there might have been some general		
615	5	instruction to dispose	instruction to dispose	Transcription error	
620	14	as performing those functions	in performing those functions	Transcription error	
		occur among others and reported	occur among others and were reported		
622	6	back to you?	back to you?	Grammatical error	
		transfer funds, anybody, partners	transfer funds if anybody, partners	* * * * * * * * * * * * * * * * * * * *	
626	24	wanted to invest	whated to invest	Transcription error	
628	15	There was some funds that were	There were some funds that were	Grammatical error	
638	10	were ensued.	ensued.	Transcription error	
641	• 4	I show you what's been marked as	I'll show you what's been marked as	Transcription error	
		could be opened retroactive	could be opened retroactive to January		
655	19	January 2000?	2000?	Transcription error	
	· · · · •	of keeping records. Nobody is	of keeping records. Nobody is - the IRS		
655	21	IRS nor anybody	nor anybody	Transcription error	
		with his relationship with the	was his relationship with the daughter,		
656	21	daughter, with his	with his	Transcription error	
		extent it is based on legal advise,	extent it is based on legal advise, we will		
681	2	we will call it	claw it	Transcription error	
		clawbacks or in the context of the	clawbacks in the context of the Bayou	······································	
681	23	Bayou case?	case?	Transcription error	
		statement made by the Trustee.	statements made by the Trustee. There		
682	13	There was a lot	was a lot	Grammatical error	
00 4			ankeus e norte onkie. Des Miste		
684	4		nephews a partnership, Bon-Mick	Grammatical error	
600		accounts. There were	amounts. There were withrawals. It	Tananakina araa	
686		withdrawals. It would all	would all	Transcription error	
690	11	his answer. Were you finished?	with his answer. Were you finished?	Transcription error	

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