

Exhibit 4

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C O N F I D E N T I A L

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK
ADV. PRO. NO. 08-01789 (BRL)

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SECURITIES INVESTOR PROTECTION CORPORATION,	Videotaped
Plaintiff-Applicant,	Rule 2004
v.	Examination of:
BERNARD L. MADOFF INVESTMENT SECURITIES, LLC,	ARTHUR FRIEDMAN
Defendant.	(Volume III)
-----x	

In Re:
BERNARD L. MADOFF,
Debtor.

-----x

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 Thursday,
June 24, 2010, commencing at 9:38 a.m.

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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

JURAT

I, ARTHUR FRIEDMAN, do hereby certify that I have read the foregoing transcript of my testimony taken on June 24, 2010, and have signed it subject to the following changes:

PAGE LINE CORRECTION
SEE ATTACHED EXHIBIT A

Arthur Friedman
ARTHUR FRIEDMAN

Sworn and subscribed to before me on this day of

September 28, 2010

NOTARY PUBLIC:

Ursula M. Mika

URSULA M. MIKA
NOTARY PUBLIC, STATE OF NEW YORK
No. 01MI6216250
QUALIFIED IN QUEENS COUNTY
COMMISSION EXPIRES JANUARY 11, 2014

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PAGE	LINE	ORIGINAL	CHANGE	REASON
6	6	proceedings. a new deposition under Rule 27 of the	proceeding, a new deposition under Rule 27 of the	Grammatical error
16	16	president of finance, and assisted him in every way	president of finance, and I assisted him in every way	Transcription error
17	24	medical journals, which, while I was there were sold	medical journals, which, while I was there, were sold	Grammatical error
27	3	As a matter of fact, did some work for them while I	As a matter if fact, I did some work for them while I	Transcription error
29	10	Lester Osterman or Tom – T. Lester Osterman. There	Lester Osterman or Tom – L. Thomas Osterman. There	Transcription error
31	4	programs, anything to do with computers.	computers, anything to do with computers.	Transcription error
35	4	opposite. It's option to sell a security at a fixed price,	opposite. It's an option to sell a security at a fixed price,	Grammatical error; Transcription error
35	5	with a designated maturity date. In simplest	with a designated maturity date, in simplest	Grammatical error
37	22	Sterling Entities. Sterling Equities	Sterling Equities. Sterling Equities	Transcription error
38	20	company, I should say. It employed all of the	company, I should say. It employs all of the	Grammatical error
38	23	performed by its employees are done really on behalf	performed by its employees is done really on behalf	Grammatical error
39	9	No, that was the company that was	No, that was the company where I was	Grammatical error; Transcription error
39	15	senior, are those two different titles?	senior vice president. Are those two different titles?	Transcription error
40	23	is broken into each real estate property has its own	is broken into - each real estate property has its own	Grammatical error
42	12	that, but for this part, there is several different	that, but for this part, there are several different	Grammatical error
43	12	Sterling entity or partners. And then we would,	Sterling entities or partners. And then we would,	Grammatical error
47	24	Such as somebody vessels. We	Such as Sterling vessels. We	Transcription error
52	18	interest on that account, on that accounts, payable	interest on that account, payable	Transcription error
52	20	Converse, if one of the real estate	Conversely, if one of the real estate	Transcription error
53	18	Manages, the gatekeeper, if you	Manager, the gatekeeper, if you	Grammatical error
54	9	frequently. So it was partners but sometimes the	frequently. So it was partners, but sometimes the	Grammatical error
56	6	Equity Funding?	Equities Funding?	Grammatical error
56	17	There was banks that we had agreements with, lending	There were banks that we had agreements with, lending	Grammatical error
57	17	will, in account with Madoff?	will, in an account with Madoff?	Transcription error
58	17	account. It was practical to break that account and	accounts. It was practical to break that account and	Grammatical error
59	8	money coming out of Sterling Funding to go into	money coming out of Sterling Equities Funding to go into	Transcription error
64	5	partners on the Sterling entity?	partners of the Sterling entity?	Transcription error
69	3	determination made at outset. Whether that was an	determination made at the outset. Whether that was an	Transcription error
69	21	Madoff, or it may be an administrative, requiring	Madoff, or it may be administrative, requiring	Transcription error
71	10	Part of the Fund system?	Part of the farm system?	Transcription error
79	20	structured today, there is the accounting functions,	structured today, there is the accounting function,	Grammatical error
86	7	about. And if there was any involvement. I really	about and if there was any involvement.	Grammatical error

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88	16	involved with Ann, who's the director of human	involved with Anne, who's the director of 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
90	9	least 15 years ago, the structure, took on a	least 15 years ago, the company took on a	Transcription error
91	15	functions, to relieve – going way back, I was,	functions, to relieve me – going way back, I was,	Transcription error
92	19	Forgot the name of the firm, but it's	I forgot the name of the firm, but	Transcription error
99	15	your "in" box, an email in your "in" box, will it	your inbox, an email in your inbox, will it	Transcription error; Grammatical error
102	7	didn't get it, of Sterling Stamos, which was a	are going to get to it, Sterling Stamos, which was a	Transcription error
112	10	where we owned 575 Fifth Avenue, which we don't own	when we owned 575 Fifth Avenue, which we don't own	Transcription error
112	14	Corvettes, I don't know if you remember that.	Korvettes, I don't know if you remember that.	Grammatical error
114	15	believe we had a – that that was audited, Sterling	believe we had a company that audited Sterling	Transcription error
115	19	guess would describe Sterling Equity Associates and	guess would describe Sterling Equities Associates and	Transcription error
115	20	Sterling Equify Funding, if that's the case it's	Sterling Equities Funding, if that's the case it's	Transcription error
116	16	person or people prepare bank reconciliation,	person or people prepare bank reconciliations,	Grammatical error
119	7	Do we know how Fred Wilpon 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	17	speaking to the partner.	speaking to the partners.	Grammatical error
148	2	did explain me within Sterling.	did explain it to me within Sterling.	Transcription error
148	20	The word that we used, in the market	The word that we used, "in the market,"	Grammatical error
150	8	Sterling or individually, did you dealing with other brokerage firms?	Sterling or individually, did you deal with other brokerage firms?	Transcription error
155	11	in for planning purposes could be any number of	in, for planning purposes - could be any number of	Grammatical error
164	2	questioning how he does it, and some lauding for	questioning how he does it, and some lauding him for	Transcription error
173	9	Do you recognize the next two pages	Do you recognize the next two pages?	Grammatical error
173	10	looks like it's the same basic page with some	Looks like it's the same basic page with some	Grammatical error
182	1	then there was a few that were just not KW, they	then there were a few that were just not KW, they	Grammatical error
183	5	connected Travelers, I think he was connected to	connected to Travelers, I think he was connected to	Grammatical error
190	14	about it perhaps rather than what he said before,	about it perhaps; rather than what he said before,	Grammatical error
192	8	Not to me direct no. To somebody in	Not to me directly no. To somebody in	Grammatical error
193	22	Why do you think Mike was the other	Why do you think Michael was the other	Transcription error

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207	7	break, whatever you guys do. Let's go off the	break, whatever you guys want to do. Let's go off the	Transcription error
213	10	That was Madoff Realty Associates was our internal	That was Madoff Realty Associates, our internal	Transcription error
232	6	No, I don't have a recollection of at	No, I don't have a recollection of any at	Transcription error
240	22	Polk & Wardwell, LLC I'm here with my colleague,	Polk & Wardwell, LLP I'm here with my colleague,	Transcription error
240	23	Karen Wagner, and Greg Nero Sterling Equities, on	Karen Wagner, and Greg Nero of Sterling Equities, on	Transcription error
254	6	Wilpons and the Madoffs vacations together?	Wilpons and the Madoffs vacation together?	Grammatical error
254	23	talking about their personal assets. – do the	talking about their personal assets. Do the	Grammatical error
257	6	initiated, periodically when there was excess funds	initiated, periodically when there were excess funds	Grammatical error
257	10	open a new account and somebody would say, We're	open a new account and somebody would say, "we're	Grammatical error
257	11	opening a new account. And there would be a memo	opening a new account." And there would be a memo	Grammatical error
257	18	funding, for example, wherever there might be or	Funding, for example, wherever there might be or	Grammatical error
259	4	deviations from those two matters of obtaining	deviations from those two matters of obtaining an	Transcription error
260	16	that recognized and entitled to such by the IRS.	that is recognized and titled as such by the IRS.	Transcription error
262	16	Madoff had purported to make you a shareholder of	Madoff had purported to make you a shareholder	Transcription error
265	9	that he was spending all the time on this taxes for	that he was spending all this time on taxes for	Grammatical error
272	3	Particularly since Mr. Katz' other partners belonged	Particularly since some of Mr. Katz's other partners belonged	Transcription error; Grammatical error
272	5	seemed strange that you singled him out	seemed strange that he singled him out	Transcription error
279	20	that I received the call from Bernie very –	that I received a call from Bernie very –	Transcription error
280	19	I don't know that he answered me the	I don't know that he asked me the	Transcription error
283	19	consulted in on whatever decisions had to be made,	consulted on whatever decisions had to be made,	Transcription error
283	23	partners' meetings that take place every Tuesday	partners' meetings that take place every other Monday	Transcription error
285	23	reproduced to the trustee's counsel. This is all	reproduced to the trustee's counsel - this is all	Grammatical error
285	24	laid out in correspondence in the same form that	laid out in correspondence - in the same form that	Grammatical error
286	2	productions and wholesale. There has been a request	productions and reproduced wholesale. There has been a request	Transcription error
289	3	Sterling Group Of Companies and the Sterling	Sterling group of companies and the Sterling	Grammatical error
305	1	So You – Just point of information,	So you – Just point of information,	Grammatical error
308	23	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
309	13	brochure or when you received the – Yeah. – the	brochure or when you received the – the	Transcription error; Grammatical error

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PAGE	LINE	ORIGINAL	CHANGE	REASON
321	3	account, I just want to make sure it's a part of	accounts, I just want to make sure it's a part of	Grammatical error
325	6	equity's percentage at some point.	Equities percentage at some point.	Grammatical error
326	20	Sterling Equities funding.	Sterling Equities Funding.	Grammatical error
334	3	the only one whose associate security number is on the	the only one whose social security number is on	Transcription error
334	7	your associate security number?	your social security number?	Transcription error
334	10	and Ruth Friedman. You would use my associate	and Ruth Friedman. You would use my social	Transcription error
338	9	"treats". I use the language as though he actually	"buy". I use the language as though he actually	Transcription error
353	6	just a good idea which nobody disagreed with, to	just a good idea, which nobody disagreed with, to	Grammatical error
353	25	had discussions with IV Management	had discussions with Ivy Management	Transcription error
355	6	be in instances money was removed from Madoff into	be that in instances money was removed from Madoff and put into	Transcription error
357	16	look forward to Account 218, You would see it's the	look forward to account 218, you would see it's the	Grammatical error
358	2	There's certain analysis that we did -- we did not	There's certain analyses that we did -- we did not	Grammatical error
358	7	Mets. -- or was there a business reason for backing	Mets -- or was there a business reason for backing	Grammatical error
364	5	I don't remember giving a thought, taking us too long to get your	I don't remember giving it a thought, taking us too long to get your accounts	Transcription error
365	21	account into the	into the	Grammatical error
366	15	can see a lot of the LLC accounts which were talking	can see a lot of the LLC accounts which we're talking	Grammatical error
366	21	Ray had \$30 million to invest and then borrowed	They had \$30 million to invest and then borrowed	Transcription error
367	16	Okay. "Whereas a collateralized account," did you use that phrase	Okay. Whereas a collateralized account, did you use that phrase to	Grammatical error
367	17	to mean accounts	mean accounts	Grammatical error
368	2	indicated -- I don't know if it was he. -- we	indicated -- I don't know if it was he -- we	Grammatical error
372	4	others? I don't know if I interrupted you. You had	investors? I don't know if I interrupted you. You had	Transcription error
372	8	law that passed about laundering money. -- there	law that passed about laundering money -- there	Grammatical error
372	9	was more restrictions placed at that time from that	were more restrictions placed at that time from that	Grammatical error
380	15	say to outsiders?	say two outsiders?	Grammatical error
380	16	To outsiders, yes.	Two outsiders, yes.	Grammatical error
380	19	believe we did that. To partners perhaps, just to	believe we did that. Two partners perhaps, just to	Grammatical error
382	7	someone within the Sterling Group Of Companies as	someone within the Sterling group of companies as	Grammatical error
383	5	No. I'm talking about the letter	No. I'm talking about the lines of credit	Transcription error
383	6	the regular Sterling Equities funding borrowing	the regular Sterling Equities Funding borrowing	Grammatical error
384	18	partners that they obtain other insurance.	partners that they obtained other insurance.	Grammatical error
444	6	It was either AF et al. or SPK et al. I used	It was either AF et al. or SBK et al. I used	Transcription error
399	25	computer, at the bottom there is tabs 1, 2, 3, 4, et	computer, at the bottom there are tabs 1, 2, 3, 4, et	Grammatical error

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PAGE	LINE	ORIGINAL	CHANGE	REASON
409	9	name of the account. If it were L. Thomas Osterman,	name of the account. If it were L. Thomas Osterman	Grammatical error
409	10	et al. tenants-in-common, that's the way the check	et al., tenants-in-common, that's the way the check	Grammatical error
410	15	check made out to Osterman et al., tenant-in-common	check made out to Osterman et al., tenants-in-common	Grammatical error
410	20	and then have checks to each partner and their	and then have checks to each partner in their	Transcription error
411	21	a tenant-in-common? Talking about individual record	a tenant-in-common? Talking about an individual record	Transcription error
412	18	she would write.	she would write them.	Transcription error
417	4	knew there was going to be distributions,	knew there were going to be distributions,	Grammatical error
417	7	company, but group itself.	company, but the group itself.	Transcription error
417	11	it was few and far between, because it is -- TIC is	it was few and far between, because it is -- a TIC is	Transcription error
417	12	either not an entity unto itself, it's just a	either is not an entity unto itself, it's just a	Transcription error
417	20	they had any TICs had a checking account, they would	they had -- any TICs had a checking account, they would	Grammatical error
421	9	Other than a guy name Klein --	Other than a guy named Klein	Grammatical error
425	8	just how is it defined, passed the information on	Just how is it defined, I passed the information on	Transcription error
425	12	Yeah, speak to him directly, one on	Yeah, to speak to him directly, one on	Transcription error
434	11	Provide property insurance for the	They provide property insurance for the	Transcription error
439	13	would have been, if it wasn't asked. But, on the	would have been, if it was asked. But, on the	Transcription error
462	6	work under Christopher Lovely. It's Lisa Belli,	work under Christopher Lovely. It's Lee Cibelli,	Transcription error
462	7	Lisa Belli is the bookkeeper who is now, still with	Lee Cibelli is the bookkeeper who is now, still with	Transcription error
464	8	Mr. Koufax in to the Madoff?	Mr. Koufax into Madoff?	Transcription error
466	1	yesterday, the larger accounts the efficiency factor	yesterday, for the larger accounts the efficiency factor	Transcription error
472	24	that otherwise would be taxable, if it were used for	that otherwise would be taxable, if it was used for	Grammatical error
477	17	You went to the Bank of America and said we want to	You went to Bank of America and said we want to	Transcription error
478	13	30, so let's just talk with that one. That was the	30, so let's just talk about that one. That was the	Transcription error
486	24	But I think the collateralized loans	But I think the collateralized loan	Grammatical error
506	22	if there were particularly good months and there was	in there were particularly good months and there were	Grammatical error
510	15	one of the first, aside from Judy and Iris accounts,	one of the first, aside from the Judy and Iris accounts	Transcription error
513	22	pages of this document, seem to be an email	page of this document, they seem to be an email	Transcription error
515	24	that there had to be sometimes exchange of	there had to sometimes be an exchange of	Transcription error
523	16	the month did, or we could go on, was the numbers	the month did, or we could go on, were the numbers	Grammatical error
523	22	of what the return was as at the date that I was	of what the return was as of the date that I was	Transcription error
536	4	was no changes made by Madoff, but that's only an	were no changes made by Madoff, but that's only an	Grammatical error

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540	19	resisting to it, resistance to it in any way?	resisting it, resistance to it in any way?	Transcription error
543	7	an hour later or next day, I don't recall	an hour later or the next day, I don't recall	Transcription error
545	8	There was a quarterly account that	There was a quarterly accounting that	Transcription error
556	6	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
574	14	with being a Ponzi scheme or any kind of fraudulent	with it being a Ponzi scheme or any kind of fraudulent	Transcription error
576	25	clearly in, and David Katz.	clearly involved, and David Katz.	Transcription error
604	17	There were also other checking that	There was also other checking that	Grammatical error
604	19	do with certain Quicken operations 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
615	5	might have been some general instruction to dispose	there might have been some general instruction to dispose	Transcription error
620	14	as performing those functions	in performing those functions	Transcription error
622	6	occur among others and reported back to you?	occur among others and were reported back to you?	Grammatical error
626	24	transfer funds, anybody, partners wanted to invest	transfer funds if anybody, partners 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 could be opened retroactive	I'll show you what's been marked as could be opened retroactive	Transcription error
655	19	January 2000?	to January 2000?	Transcription error
655	21	of keeping records. Nobody is -- IRS nor anybody	of keeping records. Nobody is -- the IRS nor anybody	Transcription error
656	21	with his relationship with the daughter, with his	was his relationship with the daughter, with his	Transcription error
681	2	extent it is based on legal advise, we will call it	extent it is based on legal advise, we will claw it	Transcription error
681	23	clawbacks or in the context of the Bayou case?	clawbacks in the context of the Bayou case?	Transcription error
682	13	statement made by the Trustee. There was a lot	statements made by the Trustee. There was a lot	Grammatical error
684	4	nephews a partnership Bon-Mick --	nephews a partnership, Bon-Mick --	Grammatical error
686	19	accounts. There were withdrawals. It would all	amounts. There were withdrawals. It would all	Transcription error
690	11	his answer. Were you finished?	with his answer. Were you finished?	Transcription error