

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,
Plaintiff,
v. MICHAEL KATZ
SAUL B. KATZ, et al.,
Defendants.
-----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 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.

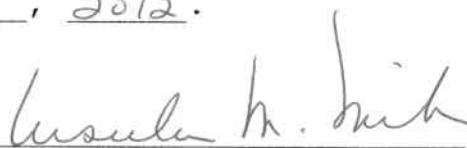
1 I, MICHAEL KATZ, have read the foregoing
 2 deposition and hereby affix my signature that same
 3 is true and correct, except as noted above.

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 4th 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