

Exhibit 4

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)

-----x

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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SIPC v. BLMIS No. 08-01789-BR:
Rule 2004 Examination of Arthur Friedman
EXHIBIT A

| 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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| PAGE | LINE | ORIGINAL | CHANGE | REASON |
|------|------|---|---|---|
| 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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|------|------|--|--|---------------------|
| 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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| PAGE | LINE | ORIGINAL | CHANGE | REASON |
|------|------|--|---|---------------------|
| 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 |