

EXHIBIT G

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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,

v.

DR. STEVE
POMERANTZ

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 Davis, Polk & Wardwell,
450 Lexington Avenue, New York, New York on Sunday,
January 8, 2012, commencing at 9:27 a.m.

1 registered investment adviser?

2 A. I don't -- I don't know that.

3 Q. Did you consider yourself at the time
4 qualified to be a registered investment adviser?

5 A. Yes.

6 Q. All right. Let me ask you some
7 questions about some of the Sterling people. Have
8 you ever met any of the Sterling people, Mr. Wilpon,
9 Mr. Katz, Mr. Friedman?

10 A. No.

11 Q. Do you know who Robin Wachtler,
12 W-a-c-h-t-l-e-r, is?

13 A. No.

14 Q. Do you know who Natalie O'Brien is?

15 A. No.

16 Q. Do you know who Todd Katz is?

17 A. No.

18 Q. How about Gregory Katz?

19 A. No.

20 Q. Who's Deborah Wilpon?

21 A. I don't know.

22 Q. Who is Richard Wilpon?

23 A. I don't know.

24 Q. Who's Daniel Wilpon?

25 A. I don't know.

1 Q. Who's Jeffrey Wilpon?

2 A. I don't know.

3 Q. Who's Marvin Tepper?

4 A. I don't know.

5 Q. Who's Tom Osterman?

6 A. I don't know.

7 Q. How about Leonard Schreier?

8 A. I don't know.

9 Q. S-c-h-r-e-i-e-r. Do you know
10 anything about him?

11 A. No.

12 Q. How about College Place Enterprises;
13 do you know what that is?

14 A. No.

15 Q. How about Sterling 30 Venture, do you
16 know what business that's in?

17 A. No.

18 Q. How about Robbinsville Park, LLC; do
19 you know what business that's in?

20 A. No.

21 Q. Sterling 20 LLC?

22 A. No.

23 Q. Do you know what that is?

24 (Witness shakes head.)

25 Q. Charles Sterling Sub, LLC, do you

1 know what that is?

2 A. No.

3 Q. FFV Aviation, LLC, do you know about
4 that?

5 A. No.

6 Q. So I take it with respect to the list
7 of names I just read you, you wouldn't be able to
8 offer us any opinion today as to the investment
9 sophistication of any of those people?

10 MR. KORNFELD: Object to form.

11 A. I -- well, some of those names are
12 corporations, they're not people.

13 Q. Or the corporation. I mean, the
14 investment sophistication of either the people or
15 the corporations and the people who are in them.
16 You don't know all about them?

17 A. I'm not speaking for any of those
18 individuals. I'm speaking -- I am speaking about
19 the partnership, Sterling Equities partnership, but
20 I'm not speaking about any of those sub pieces.

21 Q. Right. We'll come back to Sterling
22 Equity partners. You don't know what relationship
23 any of the individuals or corporations that I just
24 read off to you have to Sterling partners; is that
25 fair?

1 A. That's correct.

2 Q. So you can't offer any opinion
3 whatsoever regarding their investment
4 sophistication?

5 MR. KORNFELD: Object to form.

6 A. Well, some of them are corporations
7 and they have no sophistication. Others are -- are
8 just affiliates of the partnership.

9 Q. Well, are you familiar with what the
10 relationship is, for instance, between Sterling
11 Equities and Sterling 25 LLC?

12 A. No.

13 Q. Can't tell us anything about that; is
14 that fair?

15 A. No. Other than being some kind of
16 affiliate, I can't.

17 Q. Yeah. And you don't know who the
18 partners in Sterling 25 LLC are; is that right?

19 A. That's correct.

20 Q. And you don't obviously know what
21 sophistication they do or don't have; isn't that
22 fair?

23 A. I don't -- I don't know who the full
24 partnership is of the entity.

25 Q. Right.

1 So who among the defendants do you
2 know?

3 A. I'm certainly most familiar with Saul
4 Katz, Fred Wilpon and Arthur Friedman.

5 Q. All right. Well, let's take those
6 three. What do you know about Mr. Wilpon?

7 A. He's a very successful businessman,
8 with real estate interests and sports interests,
9 investment management interests. Reasonably wealthy
10 guy.

11 Q. Do you know if he went to college?

12 A. Yes.

13 Q. Where did he go?

14 A. I don't recall.

15 Q. Do you know if he graduated?

16 A. Yes.

17 Q. What did he major in?

18 A. I don't recall.

19 Q. Do you know whether it had anything
20 to do with finance or investments?

21 A. I don't recall his major. It could
22 have been business. I don't recall.

23 Q. Do you know whether he ever worked
24 for a bank?

25 A. Well, Sterling as an entity does have

1 banking operations within it. So, to some extent he
2 runs a business that does have certain bank-like
3 qualities.

4 Q. You may have missed my question.
5 Do you know whether Mr. Wilpon ever
6 worked for a bank?

7 A. I don't know.

8 Q. Do you know what a bank is?
9 MR. KORNFELD: Objection to form.

10 Q. You know what a bank is, right?
11 MR. KORNFELD: Same objection.

12 A. As a legal entity? I don't -- I
13 don't have the definition of a bank.

14 Q. Let's put aside a legal entity. Do
15 you know what a bank is?

16 MR. KORNFELD: Object to form.

17 A. I don't know what you mean by that.
18 I mean, if -- I'm telling you that I believe
19 Sterling Equity partners have bank-like qualities.

20 Q. Okay. So we don't know what a bank
21 is?

22 MR. KORNFELD: Object to form.

23 Q. Do you know whether Mr. Wilpon ever
24 worked for a registered broker-dealer?

25 A. I don't know.

1 Q. You do know what a registered
2 broker-dealer is?

3 A. Yes.

4 Q. Do you know whether he ever worked
5 for an investment management firm?

6 A. I believe he was a general partner of
7 an investment management company.

8 Q. The question is: Do you know whether
9 he ever worked for an investment manager?

10 MR. KORNFELD: Object to form.

11 A. I believe being a general partner of
12 an investment advisory firm implies that you worked
13 for one. I worked for Weiss, Peck & Greer but I was
14 a general partner.

15 Q. Could there be general partners who
16 don't work for the partnership?

17 A. At times, I guess.

18 Q. Well, okay. Let's put aside the --
19 because we're going to spend a lot of time on
20 Sterling Stamos, as you might suspect, later. Let's
21 put aside Sterling Stamos. Do you know of any other
22 involvement that Mr. Wilpon had with a investment
23 manager?

24 A. I don't know.

25 Q. Do you know whether he has any

1 training in investment management?

2 A. Well, he certainly seems pretty
3 experienced at managing investments.

4 Q. My question is do you know, do you
5 have any knowledge of any experience that Mr. Wilpon
6 has -- I'm sorry, I said experience -- any training
7 that Mr. Wilpon has in investment management?

8 A. I don't know.

9 Q. Well, how about Mr. Katz; did he go
10 to college?

11 A. Yeah.

12 Q. Do you know where he graduated?

13 A. No.

14 Q. Do you know what he majored in?

15 A. No.

16 Q. Do you know if it had anything to do
17 with finance or investment management?

18 A. No.

19 Q. Do you know whether he ever worked
20 for a bank?

21 A. Same comments about Sterling.

22 Q. Other than whatever they were doing
23 in Sterling, do you know whether he ever worked for
24 a bank?

25 A. No.

1 Q. By bank, I mean something like, you
2 know, Chase or Bank of America or Citibank.
3 Something like that. Do you know whether he worked
4 for an organization like that?

5 A. No.

6 Q. Do you know whether he ever worked
7 for a registered broker-dealer?

8 A. No.

9 Q. Do you know whether he ever worked in
10 the investment management business?

11 A. Other than his affiliation with Bear
12 Stearns, I don't know.

13 Q. What affiliation did Mr. Katz have
14 with Bear Stearns?

15 A. I believe either Mr. Wilpon or
16 Mr. Katz had an affiliation with Bear Stearns.

17 Q. What affiliation did he have?

18 A. I don't recall.

19 Q. Do you know whether that affiliation
20 had anything to do with investment management?

21 A. That's -- all those companies do.

22 Q. No, no. Whether the affil-- I
23 mean -- what do you mean -- what do you mean he had
24 an affiliation? Let's get that straight.

25 A. I believe that he was somehow

1 affiliated with that entity.

2 Q. Well, suppose somebody runs the
3 lunchroom in Bear Stearns, would they -- would that
4 fall under affiliated?

5 A. I would not include someone who
6 worked in the lunchroom. That would not have in my
7 mind registered as an affiliation.

8 Q. So when you say affiliation, it means
9 what? How are you defining that?

10 A. He was involved with the company.

11 Q. Well, let's not play cat and mouse
12 here. Mr. Katz was not -- you've got the wrong one.
13 Mr. Katz was never affiliated with Bear Stearns.
14 Mr. Wilpon was a director on the board of Bear
15 Stearns. Does that help refresh your recollection?

16 A. Yes.

17 Q. Do you know why Mr. Wilpon went on
18 that board?

19 A. No.

20 Q. Have you ever seen that large
21 building sitting catty-corner to our offices here
22 that's a large black building? See that?

23 A. Yes.

24 Q. Do you know who developed it?

25 A. No.

1 Q. Would it surprise you if I told you
2 Mr. Wilpon was involved in developing that building?

3 A. No.

4 Q. He's a real estate developer, right?

5 A. Yes.

6 Q. That's an area of his expertise,
7 correct?

8 A. That's one area of his expertise.

9 Q. Right. And he was in -- if I told
10 you that he was involved in developing that
11 building, you wouldn't have any reason to disagree
12 with that?

13 A. I don't -- I don't have reason to
14 believe it one way or the other.

15 Q. Right. And you don't have any
16 information as to why he was asked to go on that
17 board? The board of Bear Stearns?

18 A. Presumably to contribute his
19 expertise to the running of Bear Stearns.

20 Q. Well, do you know whether he had any
21 expertise in the business of Bear Stearns? Other
22 than the construction of the building over here on
23 46th Street?

24 A. And being asked to join the board?

25 Q. Yeah.

1 A. I presume that he had something to
2 contribute to the business.

3 Q. Bear Stearns was in a number of
4 businesses; isn't that right?

5 A. Yes.

6 Q. Investment management was only a
7 small part of what they did; isn't that correct?

8 A. I think investment management
9 percolates through every business that they're
10 involved in.

11 Q. Well, Bear Stearns was principally a
12 trading business; isn't that right?

13 A. Either in terms of raising capital or
14 distributing capital or managing capital.

15 Q. In any event, you don't have any
16 knowledge or information that Mr. Wilpon was invited
17 onto Bear Stearns' board because of his investment
18 management expertise, do you?

19 A. As I said, I think it was -- he's
20 there because he can provide something of value to
21 the corporation.

22 Q. But you don't know what the something
23 of value is?

24 A. No.

25 Q. So let's go back to Mr. Katz. We

1 were talking about whether you had any knowledge or
2 information concerning any training that Mr. Katz
3 may have had with respect to investment management.

4 A. I mean, other than his own
5 experience, I don't know what his formal training
6 is.

7 Q. Do you know whether he ever invested
8 in the stock market? Directly, himself?

9 A. I don't know.

10 Q. Do you know whether Mr. Wilpon ever
11 invested in the stock market directly?

12 A. I don't know.

13 Q. Do you know what broker-dealer
14 accounts Mr. Wilpon had over the course of his
15 career?

16 A. Other than BLMIS, I don't know.

17 Q. How about Mr. Katz?

18 A. No.

19 Q. Let's talk about Mr. Friedman for a
20 moment. Do you know whether he went to college?

21 A. Yes.

22 Q. Did he graduate?

23 A. Yes.

24 Q. Did he study anything involving
25 finance or investment management?

1 A. I don't know.

2 Q. You don't know what he majored in?

3 A. No.

4 Q. Do you know whether he had any
5 further education in investments or finance after he
6 graduated from college?

7 A. Well, all of these gentlemen do have
8 accounting experience of some form.

9 Q. All of which gentlemen?

10 A. Well, Mr. Friedman has some
11 accounting experience. I mean, you can consider
12 that investments, sometimes. They can overlap.

13 Q. Do you consider accounting to be the
14 same as having experience in investments?

15 A. I find a lot of accountants are very
16 familiar with notions of investing.

17 Q. Do you know whether Mr. Friedman had
18 any training in investment management?

19 A. I mean, you can't -- you can't fill
20 out a Schedule D or understand a 1099 unless you
21 have some understanding of investments, which is
22 what accountants do. So, they definitely have
23 understanding of what these ideas are.

24 Q. I think, I think my most recent
25 question was, do you know whether Mr. Friedman had

1 any training at any point in his career in
2 investment management?

3 A. No.

4 Q. Do you know whether he ever worked
5 for a bank?

6 A. No.

7 Q. Do you know whether he ever worked
8 for a stockbroker?

9 A. No.

10 Q. Do you know whether he ever had a
11 personal stock trading account?

12 A. I don't know.

13 Q. So, other than whatever connection
14 Mr. Friedman had with BL -- managing or overseeing
15 accounts at BLMIS, you don't know whether he has any
16 other familiarity with how stock brokerage accounts
17 are supposed to work?

18 A. I -- I don't know what his -- the
19 totality of his experience is.

20 Q. And with respect to Mr. Katz, again
21 other than whatever went on with BLMIS, you don't
22 know that he had any other prior experience with how
23 stock brokerage accounts operate?

24 MR. KORNFELD: Object to form.

25 A. I don't -- I don't know what he

1 knows.

2 Q. And the same would be true with
3 Mr. Wilpon; other than whatever went on with BLMIS,
4 you don't know that he has any other experience with
5 stock brokerage accounts?

6 A. Well, I mean, there's an affiliation
7 with Sterling Stamos, and there's certainly a lot of
8 knowledge that is presented to general partners of
9 an entity like that. So, there's plenty of
10 experience with those types of things.

11 Q. Do you know what Mr. Wilpon's
12 connection to Sterling Stamos was, other than being
13 named a general partner?

14 A. I believe he was a general partner.

15 Q. Right. Other than that?

16 A. Other than what Sterling Stamos
17 offers his contribution to be, I don't know.

18 Q. Do you know whether he ever attended
19 any of the investment management meetings at
20 Sterling Stamos?

21 A. I don't know.

22 Q. Do you know whether he ever purported
23 to pick investments at Sterling Stamos?

24 A. I don't know.

25 Q. How about Mr. Friedman, do you know

1 whether he was an employee of Sterling Stamos?

2 A. I do not believe so.

3 Q. Was he a general partner of Sterling
4 Stamos?

5 A. No.

6 Q. Did he attend any of the investment
7 meetings at Sterling Stamos?

8 A. I don't know.

9 Q. Would you consider Mr. Friedman a
10 professional investor?

11 MR. KORNFELD: Object to form.

12 You can answer.

13 A. Again, I don't know that we've
14 defined the term "professional investor."

15 Q. Let's say, was he someone who was
16 paid to make investments?

17 A. That's not the definition -- I
18 wouldn't agree with that definition of a
19 professional investor.

20 Q. All right. Let me do it this way.
21 Let me just say -- forget about professional
22 investor. To your knowledge, was Mr. Friedman paid
23 to make investments?

24 A. Well, he was -- he was paid for his
25 positions at Sterling Equity, and certainly a big

1 component of his job was to interface with the
2 investments that the partnership had with BLMIS.
3 So, he is being paid to -- to act in some investment
4 capacity.

5 Q. Well, other than the accounts that
6 were opened with BLMIS, do you know whether he had
7 or he was being paid to select any other investments
8 for Sterling Equities?

9 A. I don't know what he was asked to do.

10 MR. KORNFELD: Lunch break, or do you
11 still have a line here?

12 MR. WISE: Let me just finish here
13 and I'll be finished quickly and then we'll take a
14 lunch break.

15 MR. KORNFELD: You're pausing, so I
16 thought ...

17 MR. WISE: No. That's fair, but...

18 Q. Do you consider all high net worth
19 individuals to be sophisticated investors?

20 A. No.

21 Q. There could be people who maybe
22 inherited money, right, who don't have much
23 sophistication?

24 A. I think either they or their agents
25 would have the requisite sophistication to enter

1 into a relationship.

2 Q. They'd have to hire somebody else to
3 manage their money, right?

4 A. There -- yeah. You could -- many
5 reasons why somebody with a lot of money would hire
6 somebody.

7 Q. Let's take sports figures,
8 professional basketball players. They make a lot of
9 money, right?

10 A. Yes.

11 Q. You wouldn't consider them to
12 necessarily be sophisticated investors, right, just
13 because they have a lot of money?

14 A. I don't think -- I don't think having
15 money is the be-all and end-all of being a
16 sophisticated investor.

17 Q. So they would go to somebody to
18 manage their money for them; is that fair? If
19 they're smart?

20 A. Well, I think that's fair.

21 Q. They might go to somebody that was
22 well respected in the industry, right?

23 A. I don't -- I don't know who they go
24 to. I mean --

25 Q. Well, it would be good advice if

1 they'd go to somebody that was well respected in the
2 industry, wouldn't it?

3 A. I think that if I was in the role of
4 advising them, I would advise them to go to somebody
5 who was competent.

6 Q. And well respected in the industry,
7 right?

8 A. If -- I don't see that as a necessary
9 condition. But I mean, in other words, I know of a
10 lot of people I think are competent but I wouldn't
11 say that they're necessarily well known within the
12 industry.

13 Q. You certainly wouldn't advise them to
14 go to somebody who wasn't respected in the industry,
15 would you?

16 A. It could be somebody who doesn't
17 really interface with the industry; it's somebody
18 who's competent.

19 Q. But it certainly would be a
20 reasonable thing for them to do to go to somebody
21 who was well respected in the industry; isn't that
22 right?

23 A. That could be one of the -- I mean,
24 that could be something that happens. I don't see
25 that as necessary or sufficient for them to do the

1 -- to make the right decision.

2 Q. Well, would you agree with me that
3 that would be a reasonable course of action for
4 somebody to take?

5 A. That -- that could be a result of the
6 actions that they take.

7 Q. Do you recognize a difference between
8 a sophisticated investor and an institutional
9 investor?

10 A. Well, yeah, I think -- I think those
11 mean two different things.

12 Q. And what's the difference?

13 A. Well, a sophisticated investor is
14 obviously someone who possesses sufficient
15 sophistication. I think of myself as a
16 sophisticated investor. I don't think of myself as
17 an institutional investor. I think of an
18 institutional investor as somebody who, for the most
19 part, tends to be managing a pool of assets or in
20 some way has garnered together assets from several
21 different sources and is managing them consistently
22 with a given framework. Tends to be a large amount
23 of money but there certainly could be small
24 institutions, but tends to be a large amount of
25 money. There tends to be a commonality amongst the

1 individual pieces of the asset pool that they have.

2 Q. And the manager at an institutional
3 investor is usually someone who's paid to do that,
4 right?

5 A. Not necessarily.

6 Q. Well, do you know of any
7 institutional investors that don't have a paid money
8 manager?

9 A. I would say most institutional
10 investments do not have a paid manager. Like a
11 defined benefit plan is an institutional investor.
12 They are an institutional investor.

13 Q. But they'll hire --

14 A. Oh, they'll hire someone to manage.

15 Q. They'll hire someone to manage the
16 money, right?

17 A. Yeah. But the institutional investor
18 is the defined benefit plan --

19 Q. Fair enough.

20 A. -- and I hope they're not getting
21 paid.

22 Q. Fair enough. But they're an
23 institutional investor in your experience either
24 because they were -- withdrawn. Poorly phrased.

25 Institutional investors either have

1 someone on staff or alternatively hire someone
2 outside the firm and pay them to manage the money;
3 is that fair?

4 A. They typically hire a manager and a
5 consultant.

6 Q. Okay. And pay them?

7 A. They pay the manager and they pay the
8 consultant, unless -- unless they form that function
9 themselves.

10 Q. All right.

11 MR. WISE: All right. Why don't we
12 stop here, take a lunch break and then we'll pick
13 up.

14 MR. KORNFELD: Great.

15 THE VIDEOGRAPHER: Going off the
16 record, the time is 12:44.

17 (Luncheon recess taken.)

18 THE VIDEOGRAPHER: We are back on the
19 record. The time is 1:30. This is disk 4.

20 BY MR. WISE:

21 Q. Dr. Pomerantz, before we get back to
22 our discussion about your report, I just as a
23 housekeeping matter wanted to just ask you a few
24 questions about the -- about the amount of time and
25 the bills in this.

1 issues. Can I go back and --

2 Q. Well, certainly.

3 A. -- change something we talked about
4 earlier?

5 It pertains to the Exhibit 11 which
6 is the Tim Dick memo.

7 Q. Ah-huh.

8 A. And I, in my testimony earlier today,
9 I discussed introductory discussion with Saul and
10 there's reference to earlier communication, which I
11 at the time testified was other -- was another
12 document by Mr. Dick that I had read, and that's
13 incorrect. I was referring in my mind to a document
14 by Mr. Gonder that was also from -- was also an
15 historical document that was discussing what the
16 split-strike strategy is.

17 So, there is -- there is no document
18 by Mr. Dick historically.

19 Q. All right. So -- all right. Well,
20 let's just leave it at that.

21 All right. So let's go back to where
22 we were before lunch, which was talking about
23 investment sophistication.

24 Over the years that you've been in
25 the investment management business, I take it you've

1 encountered a number of high net worth individuals
2 who sought investment advice, or investment
3 management advice?

4 A. Yes.

5 Q. Many of them come to people like you
6 or to other investment advisers for help; is that
7 fair?

8 A. Yes.

9 Q. Have some of those high net worth
10 business -- have some of those high net worth
11 individuals been people who were successful in
12 business?

13 A. Yes.

14 Q. Based upon your experience, would it
15 be true that many successful businessmen do not
16 themselves have very much experience investing in
17 the stock market?

18 A. It certainly runs the spectrum in
19 terms of what people's experiences are.

20 Q. Some might and others might not; is
21 that fair?

22 A. Some might, some might not. Those
23 who don't, still may have sophistication.

24 Q. Well, sophistication in their
25 clothing or sophistication in what kind of novels

1 they read? What do you mean, sophistication?

2 MR. KORNFELD: Object to form.

3 A. They may have sophistication about
4 investing. They may be very knowledgeable and have
5 sophistication.

6 Q. Well, have you come across successful
7 businessmen who were not sophisticated in investing?

8 A. Yeah, I think that's true, yes.

9 Q. So merely being a successful
10 businessman does not necessarily mean you're a
11 sophisticated investor?

12 A. No. I don't see that as correlated
13 one way or the other. I think you have to look at
14 the totality of who the individual is and what other
15 things they're involved in to make that
16 determination.

17 Q. Do you know what Mr. Wilpon's
18 business experience has been?

19 A. I mean, Sterling Equities.

20 Q. Do you know what Sterling Equities
21 did?

22 A. I know they're involved in real
23 estate and they're involved in sports franchises,
24 and they are a general partner to a fund of funds.
25 They administer and manage accounts for other

1 A. Well, they're also managing --

2 Q. Wait a minute. Do you know when that
3 plan was formed?

4 A. No.

5 Q. Do you know whether it existed in
6 1985?

7 A. No, I don't know.

8 Q. Do you know whether it existed
9 throughout the 1990s?

10 A. No.

11 They're also operating as a trust, as
12 a trustee for minors, and that embeds them with --

13 Q. I'm sorry, who is "they"?

14 A. Some of the general partners.

15 Q. For their own children?

16 A. Their own minor children.

17 Q. Right.

18 MR. KORNFELD: Why don't you let him
19 ask questions and he'll let you answer.

20 Q. So you're -- that's what you think is
21 the source of the obligation to -- I'm sorry. What
22 is it again that you think they had an obligation to
23 do?

24 MR. KORNFELD: Object to form.

25 Q. If they're not an experienced

1 investor?

2 A. If they are not a sophisticated
3 investor, even for themselves they have an
4 obligation to pursue competent counsel to interpret
5 and analyze what is happening in their accounts.

6 Q. Let me just ask you a hypothetical
7 here. Suppose I go out tonight to a cocktail party,
8 I run into a guy who says he's a broker or an
9 investment adviser, and he seems like a swell
10 fellow. So tomorrow I call him up and I invest
11 \$10,000 with him. I've performed no investigation
12 whatsoever. Do you think I have an obligation in
13 your view, do I have an obligation to hire somebody
14 to give me advice before I put \$10,000 with this guy
15 that I met at a cocktail party?

16 A. That's not the situation that this
17 case is about.

18 Q. Well, just answer my hypothetical
19 first.

20 A. I don't know. I think it -- I think
21 if you start to receive information from him and
22 there are things of concern, I think you do have an
23 obligation to communicate and understand. I
24 don't -- I don't think that you just blindly turn
25 the money over. You absolutely have an obligation

1 theirs that I've read --

2 Q. When you say "theirs," are you
3 talking about Sterling Stamos or are you talking
4 about Sterling Equities?

5 A. Sterling Stamos.

6 Q. Okay. I want you to focus on
7 Sterling Equities for a moment, if you could. Do
8 you know whether anybody at Sterling Equities had
9 the competence and the ability to perform the kind
10 of quantitative and qualitative due diligence you
11 describe in your report?

12 A. I think they had the competence and
13 ability to hire consultants to do that if they could
14 not do that themselves.

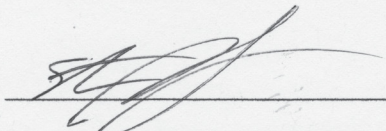
15 Q. Okay, I'll accept that. Do I take it
16 from that that you don't know whether they had
17 anybody in-house at Sterling Equities who was
18 competent to perform those quantitative and
19 qualitative due diligence steps?

20 A. I don't know every employee at
21 Sterling Equities.

22 Q. Well, do you know of any who was?
23 Let's put it that way. Can you name anybody at
24 Sterling Equities who had the competence and the
25 background to perform the kind of quantitative and

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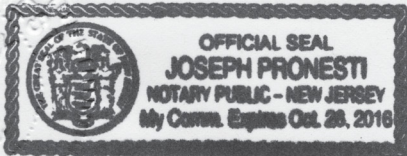
I, DR. STEVE POMERANTZ, have read the foregoing deposition and hereby affix my signature that same is true and correct, except as noted above.

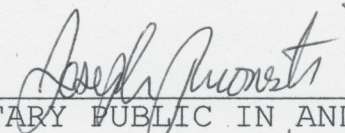

DR. STEVE POMERANTZ

THE STATE OF New Jersey
COUNTY OF Mercer

Before me, Joseph Pronesti, on this day personally appeared Steve Pomerantz, known to me (or proved to me on the oath of or through NJ License P633972300 03602 (description of identity card or other document) to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he/she executed the same for the purpose and consideration therein expressed.

Given under my hand and seal of office on this 3 day of Feb, 2012.




NOTARY PUBLIC IN AND FOR
THE STATE OF New Jersey

My Commission Expires: Oct 26th 2016