

EXHIBIT L

In The Matter Of:

SIPC v. BLMIS

PETER S. STAMOS

August 19, 2010

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02:50:48 1 MR. GOUDISS: I object.

02:50:51 2 A. I don't -- I'm not aware of unique
02:50:53 3 due diligence capabilities that they provided.

02:50:56 4 Q. Okay.

02:51:12 5 MR. BOHORQUEZ: Mark that as 2.
02:51:14 6 (Exhibit PS-2 marked for
02:51:17 7 identification.)

02:51:20 8 Q. What I've given you, Mr. Stamos, is
02:51:22 9 Exhibit 2. It's a one-page doc -- or a two-page
02:51:25 10 document entitled "The Sterling Stamos Difference."
02:51:29 11 I just have one or two questions I want to ask you
02:51:32 12 about it when you're ready to discuss.

02:52:04 13 A. Yes.

02:52:05 14 Q. Okay. If you can turn your attention
02:52:09 15 to the second paragraph that starts with, "Internal
02:52:12 16 due diligence network."

02:52:15 17 A. Yes.

02:52:16 18 Q. The second sentence says, "Founded
02:52:20 19 over 30 years ago by the Wilpon and Katz families,
02:52:23 20 Sterling Equities has developed a deep expertise in
02:52:26 21 hedge funds, private equity and real estate."
02:52:30 22 What is your understanding of
02:52:32 23 Sterling Equities' deep expertise in hedge funds?

02:52:36 24 A. I believe that this phrase is what I
02:52:39 25 would call marketing puffery.

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02:52:42 1 Q. Okay.

02:52:43 2 A. I believe that the actual experience
02:52:45 3 in hedge funds that they had was investing in
02:52:48 4 Bernard Madoff and two or three other hedge funds,
02:52:51 5 but it was over a 30-year period of time.

02:52:54 6 Q. Okay. What were the other two hedge
02:52:57 7 funds that they were invested in?

02:52:59 8 A. I don't remember their names, but I
02:53:01 9 know one of them was a fund manager that they
02:53:03 10 transferred over to us in kind.

02:53:06 11 Q. Okay. The next sentence beginning
02:53:10 12 with, "In addition to," do you see that?

02:53:14 13 A. Um-hum.

02:53:14 14 Q. "In addition to providing a
02:53:15 15 perspective that only experience can generate, the
02:53:18 16 Wilpon and Katz networks also provide unique
02:53:21 17 proprietary sourcing and due diligence
02:53:25 18 capabilities."

02:53:26 19 What due diligence capabilities did
02:53:28 20 the Wilpon and Katz network provide?

02:53:31 21 A. I think that was, referring to your
02:53:34 22 prior question, I think this is, again, a bit of
02:53:36 23 marketing puffery, if you will, about their business
02:53:39 24 experience, giving us business judgment in the early
02:53:43 25 days that was helpful to us in understanding whether

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02:53:45 1 a hedge fund manager ran a good business, for
02:53:48 2 example.

02:53:49 3 Q. So it wasn't any specific industry
02:53:52 4 knowledge of due diligence, specifically?

02:53:56 5 A. Well, if it was referring to I think
02:53:58 6 real estate, that probably would be the case, and
02:54:01 7 probably private equity as well, because they had
02:54:05 8 funds that did that. But in hedge funds, I don't
02:54:07 9 recall any specific due diligence capabilities they
02:54:11 10 had other than business expertise.

02:54:15 11 Q. Okay.

02:54:15 12 I want to talk for a little bit about
02:54:19 13 Sterling Stamos' due diligence practices. I guess
02:54:26 14 discussion of those practices changed over time,
02:54:28 15 they evolved over time. Is that right?

02:54:31 16 A. Yes.

02:54:31 17 Q. Okay. Let's start with at the
02:54:34 18 beginning of the, at the inception of Sterling
02:54:37 19 Stamos. Generally speaking, what were, what was
02:54:43 20 Sterling Stamos' due diligence practices when
02:54:46 21 evaluating investment managers?

02:54:47 22 A. Prior to becoming a registered
02:54:49 23 investment advisor, I believe that our primary
02:54:52 24 responsibility was to get access to managers that
02:54:55 25 were hard to get access to, and that we did, beyond