

EXHIBIT B

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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,

Plaintiff,

v.

SAUL B. KATZ, et al.,

Defendants.

Videotaped
Deposition of:

SAUL B. KATZ

-----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,
January 13, 2012, commencing at 9:32 a.m.

1 8244.

2 A. Instead of me --

3 Q. Right.

4 A. -- going through and reading the
5 whole thing at the moment, would you like to have me
6 read it a page at a time?

7 Q. No, no, no. What I'd actually like
8 you to do, if you don't mind and you can do whatever
9 you're comfortable with --

10 A. It will take a while to read through
11 this.

12 Q. Yeah, I know, and that's why I'm not
13 asking you to do that.

14 A. That's what I'm trying to cut back.

15 Q. I am, too. All I want you to do is
16 familiarize yourself so you have a -- first of all,
17 just take a quick look. Have you ever seen this
18 document before?

19 A. No, I haven't.

20 Q. Okay.

21 A. Not that I recall.

22 Q. All right.

23 A. Is my name on it anywhere? No, it's
24 not even on here. But I don't recall this, no.

25 Q. The question is, is if you look at

1 And so the LBO fund does just that. They get a
2 management fee and they get a promote.

3 Our Sterling Equities -- I'm sorry,
4 Sterling American Properties does the same. It gets
5 a management fee and a promote for doing well for a
6 partnership.

7 Q. Okay.

8 MR. SHEEHAN: Let's go to this one.

9 Q. We're done with that exhibit. Thank
10 you, Mr. Katz.

11 A. Sure.

12 Q. Of course I probably misspoke again
13 here. I do want to go back to that document, I
14 apologize.

15 A. Sure.

16 Q. I should always check with my
17 colleagues.

18 A. That's okay. We don't hold it
19 against you. You can go back.

20 Q. Thank you very much. It's page 8262.

21 A. 8262.

22 Q. And again, it's -- I think the page
23 before actually says, "Sterling Stamos Senior
24 Investment Team," and it has the description, Peter
25 Stamos, Ashok?

1 A. Ashok. Ashok.

2 Q. You found my weak spot. I cannot get
3 names. Ellen, leave it at that, and Saul Katz and
4 David Katz. All right. So my question is on the
5 next page, where your name appears and that of your
6 son's.

7 And this says: "Mr. Katz," it says
8 Saul Katz, "Mr. Katz is a general partner of
9 Sterling Stamos and is actively involved in the
10 investment decisions, as well as the management of
11 Sterling Stamos."

12 Would you agree with that statement?

13 A. No.

14 Q. Why would you think Mr. Stamos put
15 that in there?

16 A. When was this done?

17 Q. December of '04.

18 A. I think he was marketing.

19 Q. There was no truth whatsoever to the
20 fact that you were involved in investment decisions?

21 A. You know, if you ask me when we
22 started a -- the real assets, and did he ask me --
23 and the private equity --

24 Q. Right.

25 A. -- did he ask me what I thought of

1 putting some people in, I may have told him to talk
2 to the people at Sterling American Properties, which
3 is our real estate fund, and I may have told him to
4 speak to American Securities, which is our LBO fund,
5 and look at them for his real assets and private
6 equity. And in reality he did invest in both. In
7 other words, so when he put together those two
8 funds, so all of a sudden I'm now advising him. I
9 didn't tell him to do it. I may have given him
10 suggestions. That's a stretch.

11 So, I think he may have stretched,
12 but...

13 Q. Okay.

14 A. Are we going back to that -- now we
15 get back to decisions.

16 Q. Yes, sir.

17 A. Okay. Certainly we didn't
18 participate in any of the investment decisions.
19 There may have been a recommendation. So I just
20 say, this is a stretch in my opinion.

21 Q. Well, let me just ask you this.
22 Let's say Mr. Stamos decides he wants to make an
23 investment. Was that exclusively his decision?

24 A. Totally.

25 Q. So that you -- if he -- if you

1 objected to it, he would still go ahead and do it?

2 A. He wouldn't tell me about it.

3 Q. So you had no discussion in advance
4 of what he's investing in?

5 A. Absolutely none.

6 Q. Okay. Let's look at Trustee Exhibit
7 187. We are indeed now done with the last one.
8 Thank you.

9 A. We can come back any time you want.

10 Q. Okay, we may. You never know.

11 Again, just for the record, and I'm
12 reading off the document, it says on the first page,
13 "Sterling Stamos Company Overview, discussion with
14 Merrill Lynch, February 2004, confidential
15 presentation."

16 My first question is going to be, did
17 you in any way participate in a confidential
18 presentation to Merrill Lynch?

19 A. No, sir.

20 Q. Okay. What relationship -- in this
21 time frame -- if any, did Sterling Stamos have to
22 Merrill Lynch in February '04? If you know.

23 A. As I recall, Peter was trying to get
24 on their platform.

25 Q. What does that mean, "get on their

1 A. No, sir.

2 Q. Okay. So, let's take a look at this
3 document. I guess the first question I should ask
4 you is, have you ever seen this document prior to
5 today?

6 A. No, not that I recall.

7 Q. Okay. Do you have any recollection
8 of Mr. Stamos talking to you about making this
9 presentation to Merrill Lynch?

10 A. I recall that he was excited about
11 having the opportunity to do so.

12 Q. Okay. I'm going to ask you to turn
13 to -- these are actually, if you look in the lower
14 right-hand corner, there's actually a page, as
15 opposed to working our way through those million
16 numbers.

17 A. Sure.

18 Q. It's page 3.

19 A. Sorry? Page 3.

20 Q. And it's talking about the Sterling
21 partnership. Do you see that?

22 A. Yes.

23 Q. And it describes Sterling Stamos as
24 the investment arm of the Sterling partnership.

25 A. Yes.

PAGE	LINES	ORIGINAL	CHANGE	REASON
REDACTED				

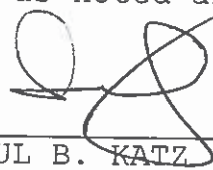
82	14	A. Are we going back to that -- now we	A. But let's go back to -- now we	Transcription error
REDACTED				

CONFIDENTIAL

Picard v. Saul B. Katz, et al., 11-CV-03605 (JSR)(HBP)
Deposition of Saul B. Katz
ERRATA
REDACTED

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I, SAUL B. KATZ, have read the foregoing deposition and hereby affix my signature that same is true and correct, except as noted above.



SAUL B. KATZ

THE STATE OF New York
COUNTY OF Nassau

Before me, Samantha C. Roberts, on this day personally appeared SAUL B. KATZ, known to me (or proved to me on the oath of or through _____ (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 24th day of February, 2012.

SAMANTHA C. ROBERTS
Notary Public, State of New York
No. 01RO6233072
Qualified in Kings County
Commission Expires December 23, 2014

Samantha C. Roberts
NOTARY PUBLIC IN AND FOR
THE STATE OF New York

My Commission Expires: 12/20/2014.