

# Exhibit 10

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,

CHRISTOPHER STAMOS

vs.

SAUL B. KATZ, et al.,  
Defendants.

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Transcript of testimony as taken by and before  
LESLIE ROCKWOOD, Certified Court Reporter, RPR and Notary  
Public of the State of California, at the offices of  
Shearman & Sterling, Four Embarcadero, Suite 3800,  
San Francisco, California, on Wednesday, January 4, 2012,  
commencing at 9:31 a.m.

1 Q. More associated with any of your business  
2 responsibilities that you've had, any trade organizations  
3 or --

4 A. No, no.

5 Q. Do you have any positions in any other  
6 organizations such as foundations or not-for-profits?

7 A. I'm on boards.

8 Q. What boards are you on?

9 A. I'm on the board of Malaria No More. I'm  
10 non-active at this point. I was on the board of Friends  
11 Without a Border until recently, which is a 501(c)(3)  
12 that has a hospital in Cambodia, a children's hospital.  
13 I'm on the board presently of Integrative Touch For Kids,  
14 where we help special needs -- children with special  
15 needs and terminal illnesses, and I'm on the board of a  
16 Chinese acupuncture school.

17 Q. Did there ever come a time that you became  
18 involved with Sterling Stamos?

19 A. Yes.

20 Q. When was that?

21 A. Again, I'm not sure on the exact date, but I  
22 think it was winter 2003, maybe November, maybe December.

23 Q. And how did you become involved with Sterling  
24 Stamos?

25 A. My brother founded the company, and initially

1 I was just going to help them with some advertising and  
2 some branding. So I came out to see the company, look at  
3 the naming. Back then, I think that we were SP Capital,  
4 and we were going to either go SS Capital or -- and so I  
5 helped come up with Sterling Stamos, the logo, and hiring  
6 a branding company to help us. And then Peter offered me  
7 a job to stay on in New York, and I took that job.

8 Q. And just to clarify, when you say your  
9 brother founded the company, you're referring to Peter  
10 Stamos?

11 A. Peter Stamos, yes.

12 Q. And do you know why Peter Stamos founded the  
13 company?

14 A. To help manage his own wealth and to work  
15 with Saul and Fred on building sort of a family office  
16 for managing wealth.

17 Q. And when you say Saul, are you referring to  
18 Saul Katz?

19 A. Saul Katz.

20 Q. And when you say Fred, are you referring to  
21 Fred Wilpon?

22 A. I am referring to Fred Wilpon and Saul Katz.

23 Q. And what is the basis of your understanding  
24 that Peter founded the company to help manage his own  
25 wealth and to work with Saul and Fred on building sort of

1 but I'm pretty sure it was winter 2003.

2 Q. Do you remember how long approximately after  
3 your first meeting at Sterling Stamos you started working  
4 there?

5 A. Again, it was vague because I came on really  
6 just helping my brother. So I was sort of almost a  
7 consultant, non-paid consultant for the first couple of  
8 weeks, helping him with logos. And so whenever he made  
9 the offer and I accepted, but I don't have that document.  
10 I don't remember.

11 Q. Was there an official document for Peter  
12 providing you this offer to work at Sterling Stamos?

13 A. I don't remember specifically, but I think  
14 there was.

15 Q. Did you sign this document?

16 A. Again, if there was a document, I signed it.  
17 I don't remember a specific document.

18 Q. Was your title conveyed to you at this time  
19 when you had an official offer to work at Sterling  
20 Stamos?

21 A. No. Again, early on, it was just Kevin,  
22 Ashok, and I. So we were sort of all pitching in.

23 Q. What were your responsibilities during the  
24 first couple of weeks when you testified you were a  
25 non-paid consultant for Sterling Stamos?

1           A. At that point we were forming the  
2 partnership. So bringing these two entities together and  
3 coming up with a name and a logo. And again, they were  
4 thinking about SS Capital, SP Capital. And this is what  
5 I used to do for a living was come up with a branding.  
6 So I basically thought of the idea that we'd take  
7 Sterling and Stamos, put them together, and that our logo  
8 be two separate things, but they make an S, makes one  
9 thing.

10           And then I started looking at their writing.  
11 Again, my job as a copywriter was to look at language and  
12 write about a topic that I actually don't know very much  
13 about, and that's what I would do for them is to look at  
14 their documents and try to say how we can communicate in  
15 a language that our customer would want to hear.

16           Q. And when you just testified a logo again,  
17 they were thinking, who is the "they" that you were  
18 referring to?

19           A. Again, the only real decision makers at that  
20 point were Ashok, Kevin, and Peter.

21           Q. Was Saul Katz involved in any of the  
22 discussions about creating the logo?

23           A. If he was, it would have been between Peter  
24 and Saul. The relationship was clearly Peter and Saul  
25 talked to each other. And I could say "Hi" to Saul, but

1 Q. Did Johnny Lee's responsibilities change over  
2 time, to the best of your knowledge?

3 A. I think they did change over time, but I  
4 don't know that.

5 Q. Do you have any other information as to how  
6 Johnny Lee's responsibilities might have changed over  
7 time?

8 A. I don't.

9 Q. Okay. And who is Rohit Kumar?

10 A. Rohit Kumar was someone we hired. Again, I  
11 can't remember when, but, sort of -- I'd say sort of  
12 about halfway in my term at Stanford -- or at Sterling  
13 Stamos. And we hired him for risk management, for his,  
14 kind of, calculation skills.

15 Q. And when you say "risk management," what are  
16 you referring to in your testimony, understanding it's  
17 not your area of expertise?

18 A. Given that it's not my area of expertise, my  
19 understanding of risk management is how do we, to the  
20 best of our ability, control risk and volatility in our  
21 funds and report that to our clients.

22 Q. And when you say report that to your clients,  
23 what are you referring to?

24 A. So, again, it's outside my area of expertise,  
25 but somehow they calculate things like Sharpe ratios and



1 VaR. I don't know what VaR means, but they calculate  
2 these things, and then they report them to the client.

3 Q. And when you say report to the client, are  
4 you referring to reports that Sterling Stamos sent out to  
5 its investors?

6 A. Not of -- not a physical report, but meaning  
7 when we're having a meeting with a potential client,  
8 someone like Rohit would be there to answer questions  
9 about the risk of a particular fund and how we calculate  
10 it. So if they were savvy enough to ask those kind of  
11 questions, Rohit would be there to answer them, because I  
12 couldn't answer them, for example.

13 Q. And did meetings occur with current investors  
14 of Sterling Stamos who -- to whom you would provide  
15 information about their investments? And when I say  
16 "you," I'm referring to Sterling Stamos.

17 MS. BIEBER: Objection.

18 MR. DITCHFIELD: Objection to the form.

19 THE WITNESS: Yeah. So unless it was an  
20 early meeting, I wouldn't know. I would only meet with  
21 people when they were getting to know us. If they're an  
22 existing client and they're finding out about the funds,  
23 then it would be a separate meeting that I wasn't  
24 attending. Basically, I'd come in and say hello to them,  
25 and then Rohit and Johnny and Cathy and Ashok would hold



1 those meetings.

2 Q. BY MS. KOSACK: And when you refer to savvy  
3 investors, to what are you referring there?

4 A. Again, I'm not qualified to say who's savvy  
5 and who's not savvy since I'm not savvy when it comes to  
6 investing.

7 But a lot of our clients didn't make their  
8 money in investing. They made their money in something  
9 else, some other profession. And those would be  
10 non-savvy investors, meaning they're probably not going  
11 to ask you about the Sharpe ratio or VaR. And a savvy  
12 investor would be someone who would ask you those  
13 questions and understand the market a little better than  
14 someone who was an actor or an athlete, an architect,  
15 something like that.

16 Q. Did you have an understanding as to whether  
17 individual investors were referred to Sterling Stamos by  
18 Saul Katz?

19 A. That, I wouldn't know. I'm guess -- yeah. I  
20 wouldn't know. I can't tell you.

21 Q. Did there ever come a time when you were  
22 meeting with potential investors that they referred to  
23 knowing Saul Katz?

24 MR. DITCHFIELD: Objection to the form.

25 THE WITNESS: Specifically, can I remember

1 2004 it would have been Kevin, mostly.

2 Q. Do you know if anyone aside from Kevin's team  
3 would assist with the preparation of the material in this  
4 document?

5 A. Again, I'm not -- I wasn't part of that  
6 process, so I would be speculating. No. The answer is  
7 no. I don't know.

8 Q. Okay. On the SSMT01244721 page do you see  
9 your name listed in the second paragraph, if you will, of  
10 that page?

11 A. Sorry, what page was it again?

12 Q. It's the third page of the document.

13 A. Okay.

14 Yes. I do see my name there.

15 Q. Do you know why your name was listed on this  
16 document?

17 A. Because part of my job was to handle  
18 clients -- front office client relations, so if people  
19 did have a question, they would call me. I could then  
20 refer them to someone that would answer their question  
21 and know who to assign to them.

22 Q. During the time that you worked at Sterling  
23 Stamos, did you receive calls from clients in connection  
24 with these estimate performances?

25 A. I don't think I ever actually got one phone

1           A. Quarterly letters are letters that Sterling  
2 Stamos sent out every quarter describing our investment  
3 philosophies, macroeconomic changes that would affect  
4 investing and a brief description on how our funds are  
5 doing and how we, kind of, see things going forward.

6           Q. To whom would Sterling Stamos send out  
7 quarterly letters?

8           A. We would send out quarterly letters to anyone  
9 that was invested with us -- already -- someone investing  
10 in one of our funds.

11          Q. Would Sterling Stamos send out quarterly  
12 letters to limited partners as well?

13          A. That, I don't know. I think you have to be  
14 invested in the funds, but I'm not sure.

15          Q. And speaking of partnerships, did you at any  
16 time acquire a partnership interest in Sterling Stamos?

17          A. I did acquire a partnership very early on in  
18 the company.

19          Q. What was that partnership interest?

20          A. 2 percent.

21          Q. Do you still have a partnership interest in  
22 Sterling Stamos?

23          A. I still have about 80 basis points left in  
24 Sterling Stamos.

25          Q. And what do you mean by "basis points"?

1           A. Sorry. I have less than 1 percent. And 100  
2 basis points makes up 1 percent, so I have .8 of a  
3 percent.

4           Q. Okay. When did your percentage ownership  
5 change from 2 percent to less than 1 percent?

6           A. It changed when Merrill Lynch bought half of  
7 our company in 2007, and I think then it went from  
8 2 percent to 1 percent, and ever since I've been retired,  
9 somewhere along the way, more equity was shifted. I  
10 don't know to whom. But my percentage went from  
11 1 percent down to 80 basis points.

12           Q. And as part of Merrill Lynch buying half of  
13 your company in 2007, as a partner did you receive any  
14 part of Merrill Lynch's payment for Sterling Stamos?

15           A. Did I receive part of their payment? Sorry,  
16 can you --

17           Q. Do you understand the question?

18           A. I don't understand the question.

19           Q. Okay. I'll rephrase.

20                        In 2007 when Merrill Lynch purchased half of  
21 Sterling Stamos, did you receive any partnership interest  
22 with respect to Merrill Lynch's purchase price?

23           MR. DITCHFIELD: Objection to the form.

24           MS. BIEBER: Objection to the form.

25           THE WITNESS: Yeah. I don't understand the

1 outage or an attack -- terrorist attack, that the  
2 information would be preserved for the future.

3 And, again, I can't remember the  
4 subcontractor that we worked with, but that was their  
5 job, to secure it in an off-Manhattan location.

6 Q. Did you have any involvement in Sterling  
7 Stamos' IT department?

8 A. So as COO part of my job was to hire the IT  
9 staff, and they reported to me on who they would  
10 outsource to.

11 Q. Okay. And when you say "COO," just so the  
12 record's clear, what are you referring to?

13 A. Chief operating officer.

14 Q. And do you recall when you became the chief  
15 operating officer of Sterling Stamos?

16 A. We never had, like, a formal ceremony, but I  
17 don't remember when.

18 Q. And what responsibilities did you have as  
19 chief operating officer?

20 A. My chief responsibility was to hire the staff  
21 for the IT department, hire the staff for the accounting  
22 department and make sure that both IT and accounting --  
23 and a general, kind of, everyday thing about the office,  
24 which would be like do we have enough paper, do we have  
25 coffee in the -- just general operational things, that

1 all -- everything was running.

2 And also I was involved with the physical  
3 space that we occupied. So when we moved from 575 to --  
4 575 Fifth Avenue to 450 Park Avenue, my job was to secure  
5 the location, hire the interior design company and pick  
6 the color of the carpets.

7 Q. Okay. Do you recall any of the individuals  
8 that you hired as part of the IT department?

9 A. I do. Ilan Krayn.

10 Q. Okay.

11 A. Warren Joyce. And that's it.

12 And also I helped secure Pragmatics as our  
13 subcontractor. We didn't run the IT internally. We  
14 actually hired people who could then manage the  
15 relationship with Pragmatics, which was our IT provider  
16 at that point. I don't know who does it now, but...

17 Q. Okay. Do you know if Ilan Krayn is still  
18 working at Sterling Stamos?

19 A. To the best of my knowledge, he's still  
20 there.

21 Q. Do you know approximately when you hired  
22 Ilan Krayn?

23 A. I don't remember. I would guess it would be  
24 around -- I, again -- I don't know. I don't know.

25 Q. And Mr. Joyce, do you recall when you hired



1 the firm and move to Arizona.

2 Q. Do you know who was involved in negotiating  
3 the Merrill Lynch transaction on Sterling Stamos' behalf?

4 MS. BIEBER: Objection.

5 THE WITNESS: I know that at least my brother  
6 Peter was involved, but I wouldn't know who else was  
7 involved in that. Like I said, at that point I was  
8 already decided to leave the firm.

9 Q. BY MS. KOSACK: And why had you decided to  
10 leave the firm?

11 A. I liked working for a small office, and I  
12 thought that -- well, actually when we started the  
13 office, there were eight of us, and by that time there  
14 were 50. So I was already getting tired of the larger  
15 corporation feel, and that with Merrill buying us out, it  
16 would be more of a corporate culture.

17 And the philanthropy was a big part of why I  
18 loved my job, because we got to give away money, and that  
19 was going to go away.

20 Q. Did you have any knowledge of who was  
21 involved in the purchase on behalf of Merrill Lynch?

22 A. No. I never attended any of those meetings.

23 Q. Do you know who Kevin Dunleavy is?

24 A. I do know Kevin Dunleavy.

25 Q. Who is Kevin Dunleavy?