

Exhibit 3

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CONFIDENTIAL
UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK
ADV. PRO. NO. 08-01789 (BRL)

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SECURITIES INVESTOR PROTECTION
CORPORATION,

Plaintiff-Applicant,
v.

Rule 2004
Examination of:

BERNARD L. MADOFF INVESTMENT
SECURITIES, LLC,
Defendant.

ASHOK CHACHRA

-----x
In Re:

BERNARD L. MADOFF,

Debtor.

-----x

TRANSCRIPT of testimony as taken by and before
MONIQUE VOUTHOURIS, Certified Court Reporter, RPR,
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,
October 8, 2010, commencing at 10:16 a.m.

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For Ashok Chachra

1 advisor was discussed at Sterling Stamos?

2 A. It was not part of my
3 responsibilities.

4 Q. Let's talk about those
5 responsibilities for a second. When you started in
6 '02, in June of '02 what were your responsibilities?

7 A. I think I already may have mentioned
8 it was a fund analysis, and, you know, due diligence
9 of fund manager and meeting those managers and, you
10 know, documenting those meetings.

11 Q. And did those responsibilities change
12 over time?

13 A. I would say -- I mean -- in a sense,
14 yes, in a sense, no, and Peter always was chief
15 investment officer, he retained -- except for when
16 Noreen was, but Peter even then maintained final
17 decision-making authority over all investment
18 decisions. So my responsibilities changed by which
19 it went from doing all the due diligence to
20 overseeing a team that was doing the due diligence.

21 Q. And when did you leave Sterling
22 Stamos, again?

23 A. March of 2010.

24 Q. So between June of '02 and March
25 2010, did your title change? I think you said you

1 basically started as an associate. Is that right?

2 A. Yeah.

3 Q. Did your title change over that time
4 period?

5 A. It did.

6 Q. Can you walk me through what your
7 title changes were?

8 A. I don't remember. I mean, it would
9 be an associate to portfolio manager. Between there
10 and where it ended up, I don't remember the titles.
11 I didn't focus so much on it, but it ended up as
12 chief investment strategist.

13 Q. And I think you said when you started
14 as an associate you had several responsibilities,
15 due diligence, analyzing funds and so forth. And I
16 think then you said at some point you started
17 managing or overseeing teams that were doing that.
18 Is that right?

19 A. That's correct, yeah.

20 Q. Did that change when you became a
21 portfolio manager?

22 A. Did what change?

23 Q. Your transition from doing the work
24 to managing people who were doing the work.

25 A. No. I mean, I don't remember exactly

1 that that's correlated to the time that I got that
2 promotion. I mean, that evolved -- that was an
3 evolution, it evolved in that nature. What the time
4 frame, the titles, I don't remember exactly. I
5 would have to look back at the time frames.

6 Q. And the last title that you had,
7 chief investment strategist, is that what it was?

8 A. Yeah.

9 Q. Did that come with any additional
10 responsibilities other than the ones that you
11 previously identified?

12 A. Not really.

13 Q. Were you at any time the chief
14 investment officer?

15 A. No.

16 Q. During your tenure at Sterling Stamos
17 from June of '02 to March 2010, you identified that
18 Noreen Harrington was the CIO, and you also said
19 that Peter Stamos was the CIO?

20 A. What I said specifically there was a
21 period where Noreen Harrington held the title of
22 chief investment officer. Peter retained all of
23 decision-making responsibilities even during that
24 time.

25 Q. So let's just clear that up for a

1 Q. If you go down to item 16, July 1,
2 2002, do you see that?

3 A. Yeah.

4 Q. If you go to the right to the event,
5 it mentions "Sterling Stamos inherits numerous
6 legacy positions from Sterling Equities." Do you
7 know what that's in reference to?

8 A. Yeah. So, the initial capital into
9 the limited partnerships of SP-1 and 2 was a
10 combination of in kind limited partnerships and
11 cash.

12 Q. What do you mean by in kind limited
13 partnerships?

14 A. They had -- they had a -- I don't
15 remember exactly what, who the LP was, but at
16 Sterling they had a limited partnership investment
17 into a fund called Winfield, as an example. So
18 instead of giving 100 percent cash to fund these
19 limited partnerships, they contributed Winfield as
20 an investment.

21 Q. And by "they" you're referencing the
22 Sterling Partners?

23 A. The Sterling Partners.

24 Q. And if you see the rest of that
25 entry, it says, "Has difficult conversations with

1 managers about redeeming --"

2 A. Yeah.

3 Q. What was that in reference to?

4 A. One of the in-kind contributions was
5 a long-only equity investment in the fund, fund or
6 managed account, I don't remember the structure,
7 with W.P. Stewart. That investment was -- you know,
8 the person who effectively got the Sterling Partners
9 into that investment was the guy by the name of Bob
10 Rosenthal. So we redeemed from Bob Rosenthal, and
11 he was a very close friend of the Wilpons and the
12 Katzes and that's -- you know, so we redeemed from
13 someone -- we took back capital from someone that
14 was a good friend of theirs.

15 Q. Was there any difficulty in doing
16 that?

17 A. He was the -- you know, he was upset
18 about it, felt like we were selling at the wrong
19 time.

20 Q. I see.

21 A. But that was the extent of it.

22 Q. Do you see the rest of the entry,
23 "Pushing fiduciary duties and diversification of
24 relationships that managers had with the Katz and
25 Wilpon families"?

1 A. Yup.

2 Q. What is that in reference to?

3 A. This is referring to like a very --
4 what happened, actually, we had this meeting, we
5 decided because we were now manager, they
6 contributed as capital to the fund, we decided to
7 redeem or sell the assets and take the cash. I
8 believe what happened Fred Wilpon was in the office
9 and something -- I remember him walking by and
10 saying to Peter something to the effect of: I heard
11 you talked to Bob Rosenthal. And Peter said: Yeah.
12 We're pursuing our fiduciary responsibility on
13 behalf of your family. And Fred said: Oh, well,
14 that's why we hired you.

15 Q. And that's it.

16 A. Yeah.

17 Q. Just below that, the entry number 17
18 dated October 1, 2003, it notes that "Derek and
19 Noreen leave," that's in reference to Derek Daley
20 and Noreen Harrington, I believe?

21 A. I believe so.

22 Q. So does that refresh your
23 recollection as to when Ms. Harrington left Sterling
24 Stamos?

25 A. I would just like to say for the

1 A. Or a potential, more likely a
2 potential limited partner.

3 Q. A potential, okay, that's what I
4 thought.

5 So, then, if you could turn to page
6 18, which ends in 045, Bates number 045, if you can
7 just review that quickly and tell me whether or not
8 that accurately summarizes Sterling Stamos' due
9 diligence processes at that time in February '05.

10 A. I mean, look, I can't say exactly
11 what it was in 2005, so I would have to go back and
12 look at notes and try to figure it out, but it seems
13 reasonable.

14 Q. So, generally accurate, more or less?

15 A. I believe so.

16 Q. Okay. Was -- the due diligence
17 process is one of the five or six key components of
18 your investment strategy. Right?

19 A. Yeah. I would assume so, yeah.

20 Q. Was the due diligence process, do you
21 know if it was ever shared or communicated to the
22 general partners or the limited partners?

23 A. So we actually made a rule by which
24 it would not be shared, because whatever we thought
25 I guess when I was told by our compliance -- head of

1 compliance was whatever you share with one investor,
2 you have to be willing to share it with everyone.

3 Q. Whether they are a GP or LP?

4 A. Yeah, exactly, and also because every
5 GP was an LP and it could be misinterpreted, so we
6 pretty much tried not to share anything.

7 Q. Other than what's in this document?

8 A. Yeah. But whatever we sent out,
9 especially after registration, was don't try -- try
10 not to share a lot of details unless you want to
11 share with every single limited partner.

12 Q. So that, just so I understand, that
13 rule, if you call it, that was implemented
14 post-registration as an investment advisor?

15 A. I think it became more explicit
16 post-registration.

17 Q. Because of compliance reasons?

18 A. Because of compliance reasons.

19 Q. Okay. If you can turn to page 23,
20 which ends in Bates number 050, this page identifies
21 the senior investment team, and at that time in
22 February 2005 who did you understand to be the
23 senior investment team for Sterling Stamos?

24 A. I mean, day-to-day it was --
25 day-to-day was Peter and myself.