

Exhibit 4

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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.

KEVIN DUNLEAVY

SAUL B. KATZ, et al.,

Defendants.

-----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 Wednesday,
December 21, 2011, commencing at 9:13 a.m.

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A P P E A R A N C E S:

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ALEX A. CROHN, ESQ.
For Sterling Equities and certain
affiliated entities

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New York, New York 10154-1895
BY: ALYSON M. WEISS, ESQ.
For the witness, Kevin Dunleavy

ALSO PRESENT:

DANIEL McCLUTCHY, Videographer

1 Stamos?

2 A. Yes, yes.

3 Q. And do you know when that was
4 approximately?

5 A. Again, I think somewhere around '07.

6 Q. What kind of background check was
7 conducted in connection with the diligence of
8 Sterling Stamos?

9 MS. WAGNER: Objection.

10 Q. I'm sorry. Did Merrill Lynch conduct
11 a background check into Sterling Stamos in connection
12 with its diligence before proceeding to acquire an
13 ownership interest?

14 A. Yes, as we talked about, you know, the
15 investment due diligence and the operational due
16 diligence. Were you talking about the personnel?
17 I'm sure they did. I don't know the specifics about
18 it. That was handled through the Will Eisenbeis/Josh
19 Shapiro due diligence group.

20 Q. Do you know who from Sterling Stamos
21 was involved in the negotiations with Merrill Lynch
22 concerning Merrill's acquisition of an ownership
23 interest?

24 A. I would expect Peter would have been
25 involved and then who counsel was at that time there

1 or not, I don't know.

2 Q. Was Saul Katz involved?

3 A. The only recollection I have of Saul
4 being involved is at the very end in and around the
5 specifics of the liquidity issues and the clawback.

6 Q. What do you mean by the liquidity
7 issues?

8 A. Sterling Stamos' largest or one of
9 their largest investors was the Katz-Wilpon family.
10 We were paying a multiple on forward-based earnings
11 for the valuation of the firm. There was a lockup
12 around that pile of assets that the Wilpons and
13 Katzes had in the fund from the standpoint that they
14 would have to have those amount of dollars invested
15 in the fund over a specific period of years. I do
16 not remember what those exact years were.

17 Saul objected to not having access to
18 that liquidity of funds if they needed it, and it was
19 our contention but that's why we're paying you a
20 multiple. If we didn't believe that those funds
21 would stay in there, then we have to pay a lower
22 price.

23 And so the deal that was struck was,
24 and I'm paraphrasing, that if they pulled the money
25 out early, they would have to pay a penalty fee