

# Exhibit 7

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.	SAUL B. KATZ
SAUL B. KATZ, et al.,	
Defendants.	

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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.

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

BAKER & HOSTETLER, LLP  
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For Plaintiff, Irving Picard, Trustee

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BY: ROBERT F. WISE, JR., ESQ.  
KAREN E. WAGNER, ESQ.  
DANA M. SESHENS, ESQ.  
ROBERT B. FISKE, JR., ESQ.  
For Sterling Equities, certain  
affiliated entities, and the Witness

ALSO PRESENT:

GREGORY P. NERO, ESQ., Sterling Equities  
DANIEL McCLUTCHY, Videographer

1 A. I don't think so.

2 Q. Okay.

3 A. I don't think so.

4 Q. Bear with me one minute and then  
5 we'll move on here. I just want to ask...

6 (Comments off the record.)

7 Q. Just a general question to finish up  
8 with this line here and move off of this document if  
9 we could, Mr. Katz.

10 Did you ever have involvement in  
11 setting the fees that would be received, it talks  
12 about, you know, by the partners in Sterling Stamos?

13 A. You mean -- I'm not sure what you  
14 mean.

15 Q. Well, let me -- let me, I hate to  
16 keep coming back to this document, but if we go back  
17 to the phrase, the one in 0027, it talks about  
18 "Incentive Percentages." That's the title of that.

19 A. Right.

20 Q. It's where -- you know, and it talks  
21 about the special class B, special class A. My more  
22 general question is, did you have involvement in  
23 setting incentive percentages for the partners?

24 A. Yes. The board did. Recommendations  
25 were made by Peter Stamos to the board for bonuses.

1 I don't know if it's incentives or anything, but  
2 certainly bonus time at the end of year, based upon  
3 how the group did, he would come to the board and  
4 make a recommendation as to bonuses to be given.  
5 And so that took place.

6 Q. Do you know what the basis would be  
7 for recommending that somebody get a bonus?

8 You okay?

9 A. Yeah. It's just the back went.

10 Q. Okay.

11 A. The chair's back went, but that's  
12 okay. Try again?

13 Q. Sure. Do you know the basis that  
14 Mr. Stamos would use for recommending that someone  
15 get a bonus?

16 A. Their performance.

17 Q. What does that mean?

18 A. Whether it was a secretary, she  
19 brought the coffee right, or one of his investment  
20 people found a good manager and they did a good job.  
21 He ran the business. And he brought recommendations  
22 to the board for approval.

23 Q. Okay.

24 MR. SHEEHAN: Let's go to the next  
25 one, 168.