

# Exhibit 9

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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.

BASIL STAMOS, M.D.

SAUL B. KATZ, et al.,

Defendants.

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TRANSCRIPT of testimony as taken by and before  
LESLIE ROCKWOOD, RPR, CSR No. 3462, at the offices  
of Shearman & Sterling, Four Embarcadero, Suite 3800,  
San Francisco, California, on Tuesday, January 3, 2012,  
commencing at 9:30 a.m.

1 Haiti.

2 Q. Could you tell me briefly what your  
3 employment history was?

4 A. Sure. After I completed my residency at Cook  
5 County, I stayed on as an attending physician at Cook  
6 County Hospital, and then I transferred to San Francisco,  
7 where I worked for the Department of Public Health for  
8 ten years in a homeless clinic. Then I did some  
9 volunteer work overseas, and then returned worked, with  
10 Sterling Stamos for three-and-a-half years heading up the  
11 philanthropic division.

12 Q. Could you tell me when that was?

13 A. It was December of 2003 until roughly June,  
14 July of 2007.

15 Q. Were you involved with Sterling Stamos at any  
16 time prior to December of 2003?

17 A. No.

18 Q. How did you come to be employed by Sterling  
19 Stamos?

20 A. My brother is the CEO and founder of Sterling  
21 Stamos.

22 Q. Your brother is?

23 A. Peter Stamos.

24 Q. And did he ask you to come to work there?

25 A. Yes.

1 Q. And what position did you hold when you came  
2 there in December of 2003?

3 A. To head up the corporate philanthropy  
4 division of Sterling Stamos.

5 Q. What is the corporate philanthropy division  
6 of Sterling Stamos? What does it do or what did it do?

7 A. Right. We had made a commitment early on to  
8 give a substantial proportion of our profits to  
9 philanthropic causes, and that was my job.

10 Q. What did you mean that was your job? Could  
11 you elaborate, please.

12 A. Sure. Essentially to find the appropriate --  
13 appropriate places to put our capital to work in  
14 humanitarian causes, and essentially we decided to focus  
15 on infectious disease in the developing world. So that  
16 implied frequent trips to places like Haiti, Dominican  
17 Republic, Cambodia, predominantly Cambodia, developing  
18 relationships with nonprofits in those areas, financially  
19 supporting them, joining a couple of the boards that did  
20 work in those areas, and then finding other people to  
21 help support those programs.

22 Q. Did anybody else at Sterling Stamos assist  
23 you in your day-to-day tasks?

24 A. My younger brother, Chris Stamos, was also  
25 involved.

1 Q. And what was Chris' position at Sterling  
2 Stamos at that time?

3 A. He was -- you know, to be honest with you, I  
4 actually don't remember his official position, but he was  
5 essentially working out of New York, mostly on the client  
6 relations side of the company.

7 Q. What did you understand his responsibilities  
8 to be for Sterling Stamos?

9 A. To work closely with the clients and to also  
10 help me with philanthropic relationships.

11 Q. Did you have an ownership interest in  
12 Sterling Stamos?

13 A. Yes.

14 Q. Can you tell me when you acquired that  
15 ownership interest?

16 A. I believe it was as soon as I started. It  
17 was in December of 2003.

18 Q. You didn't hold an ownership interest at any  
19 time prior?

20 A. I did, but it was a -- I'm trying to  
21 remember. I had initially made an investment, and then  
22 was asked to withdraw my investment because I wasn't  
23 working with the company. Once I started working with  
24 the company full-time, I was able to buy a portion of the  
25 company.

1 Q. To be clear, when you say that you made an  
2 investment with the company --

3 A. Yes.

4 Q. -- you were referring to Sterling Stamos and  
5 not one of its investment funds?

6 A. That's correct.

7 Q. And who asked you to withdraw your  
8 investment?

9 A. Peter did.

10 Q. And did he tell you why?

11 A. Essentially because I was not working with  
12 the firm, he didn't think it was proper.

13 Q. What -- there came a time that you did  
14 acquire an ownership interest.

15 A. That's correct.

16 Q. And again, that was around December of '03?

17 A. I believe it was, yes.

18 Q. And what ownership interest did you acquire?

19 A. I think I had 2 percent ownership in the  
20 company.

21 Q. Can you describe for me what the ownership  
22 structure was at that time when you acquired your  
23 2 percent interest?

24 A. Could you please elaborate.

25 Q. Who were the other owners, if you know, and

1           A. Explain to me. I'm sorry. Which investment  
2 managers?

3           Q. Were any investment managers of Sterling  
4 Stamos ever discussed at these meetings?

5           MR. DITCHFIELD: Objection to the form.

6           MS. BIEBER: Objection.

7           Q. BY MS. GRIFFIN: Did Sterling Stamos have  
8 investment managers, to your knowledge?

9           A. Yes.

10          Q. Were any of them discussed at any of these  
11 meetings that you went to?

12          A. I don't recall.

13          Q. Did you ever interact with investors of  
14 Sterling Stamos?

15          A. Yes.

16          Q. And under what circumstances would you  
17 interact with investors?

18          A. It was usually after a meeting that my  
19 brother had with a potential investor to talk about our  
20 philanthropic endeavors.

21          Q. Would you ever speak to any investors about  
22 investing in Sterling Stamos?

23          A. No.

24          Q. If you could just give me us a moment, we're  
25 going to show you a couple of documents.

1 your friends and colleagues outside of Sterling Stamos?

2 A. Yes.

3 Q. And what would you generally discuss about  
4 the firm?

5 A. Usually the nature of my work and what we  
6 want to do.

7 Q. And when you say the nature of your work and  
8 what we want to do, what are you referring to?

9 A. From the very beginning, I saw this as a  
10 wonderful opportunity to build capital and do some good  
11 work around the world, and that's what drew me to it.  
12 Plus also the possibility of working with my brothers,  
13 which would be -- you know, it's a great opportunity.

14 Q. Did you have an understanding about what  
15 Peter -- Peter's objectives were with regard to Sterling  
16 Stamos?

17 A. I think he wanted to build a world-class  
18 investment company that had a strong social conscience  
19 and a strong philanthropic arm; that we would do  
20 something that other firms didn't do, and that was to  
21 give a substantial proportion of our profits to good  
22 work.

23 Q. And when you refer to a world-class  
24 investment company --

25 A. Yeah.



1 MS. GRIFFIN: I'm guilty, too.

2 THE WITNESS: We're having a nice  
3 conversation.

4 Q. BY MS. GRIFFIN: Exactly. Did you remain a  
5 partner, still, even though you left?

6 A. Yes.

7 Q. Are you still a partner?

8 A. I'm a silent equity holder.

9 Q. Does -- did Peter still remain as CEO?

10 A. Yes.

11 Q. Did there come a time that you first learned  
12 of the revelation of Madoff's fraud?

13 A. Yes.

14 Q. Can you tell me the circumstances under which  
15 you heard of the revelation of the fraud?

16 A. I don't recall who told me. I don't know if  
17 I saw it on the news or if I heard about it from the --  
18 from people in the firm.

19 Q. Were you in San Francisco when you heard  
20 about it or were you in New York?

21 A. Can you tell me what the date was? And I can  
22 tell you.

23 Q. December 11, 2008.

24 MS. GRIFFIN: And I'm pretty sure you'll  
25 agree with me on that.

1 years ago. See the press release below."

2 Why were you sending this email to these  
3 people?

4 A. I recall there having been a press release  
5 that confused Sterling Equities with Sterling Stamos  
6 concerning Madoff securities, and I wanted my colleagues  
7 to be clear of that mistake.

8 Q. When you say a press release was confused, do  
9 you know who issued that press release?

10 A. Actually, let me back up. Not a press  
11 release. There was something in the press initially that  
12 got the names mixed up, and I wanted my colleagues to be  
13 aware that that was a mistake.

14 Q. Why did you want your colleagues to be aware  
15 that that was a mistake?

16 A. Right. Well, looking at all these -- a  
17 number of these emails, they were all related to the  
18 nonprofit work that I had done, and I wanted to make sure  
19 that my partners knew that we were solvent, that we were  
20 doing well, and that they did not have to worry about  
21 continued funding.

22 Q. When you say your partners, I'm sorry, who  
23 are you referring to?

24 A. These are my philanthropic partners that I'm  
25 involved with, yes.

1 Q. And when you say that "we were solvent, that  
2 we were doing well," who were you referring to?

3 A. The firm was doing well.

4 Q. The firm being Sterling Stamos?

5 A. Correct.

6 Q. When you said in the email -- well, actually,  
7 do you recall writing this email after having reviewed  
8 it?

9 A. I don't remember, no.

10 Q. Do you have any reason to doubt that you sent  
11 this email?

12 A. I have -- sorry about that.

13 THE VIDEOGRAPHER: Can you just slide it up?  
14 Thanks.

15 THE WITNESS: Better?

16 THE VIDEOGRAPHER: Thank you.

17 THE WITNESS: I have no reason to doubt.

18 Q. BY MS. GRIFFIN: When -- the date of the  
19 email is December 13, 2008. Did you still have an email  
20 address with Sterling Stamos?

21 A. Yes.

22 Q. When you wrote "to my brother's credit, Peter  
23 made this call many years ago," what did you mean by  
24 that?

25 A. I meant that he got us out of Sterling -- out

1 Q. And in the email you wrote: "Dear Paul and  
2 Ophelia, I wanted to share with you a recent press  
3 release concerning the massive Madoff Securities, a  
4 tilde, 50 billion scandal. In case you hadn't heard,  
5 this is probably the greatest case of fraud in the  
6 history of Wall Street. Fortunately, Peter made the  
7 correct call many years ago and Sterling Stamos is  
8 totally in the clear."

9 Why were you writing to Dr. Paul Farmer and  
10 Ophelia Dahl about this?

11 A. Again, for the same reasons. These were  
12 major philanthropic partners, and I wanted them to know  
13 that Sterling Stamos was not Sterling Equities, which had  
14 been released -- or not released, it had been in the  
15 press before this press release came out.

16 Q. Was Sterling -- was Sterling Stamos involved  
17 in all of these not-for-profits that we've been  
18 discussing in Trustee's 232 through 243?

19 A. Yes. We were donors.

20 Q. Donors. When you wrote "fortunately Peter  
21 made the correct call many years ago and Sterling Stamos  
22 is totally in the clear," for the record, what did you  
23 mean by that?

24 MS. BIEBER: Objection.

25 You can answer again.

1 THE WITNESS: That it was -- in my mind, it  
2 was because we had withdrawn our funding from Madoff  
3 Securities as a family.

4 Q. BY MS. GRIFFIN: That's what you meant by  
5 "correct call"?

6 A. Yes.

7 Q. And when you say "Sterling Stamos is totally  
8 in the clear," what did you mean by that?

9 A. That Sterling Stamos is not Sterling Equities  
10 as had been in the press.

11 Q. And that was important -- again, why was that  
12 important?

13 A. They were --

14 MS. BIEBER: Objection.

15 You can answer again.

16 MS. GRIFFIN: To be clear on the record, we  
17 are talking about a different exhibit altogether.

18 MS. BIEBER: He's saying the answers are the  
19 same so there's no reason for him to reiterate what the  
20 answers are each time when he's told you they're the  
21 same.

22 MS. GRIFFIN: You can answer.

23 THE WITNESS: Those are the same reasons why  
24 I had sent the emails to other philanthropic partners.  
25 These were major philanthropic partners.

1 Q. Did you have an email address at  
2 SterlingStamos.com that was bstamos@SterlingStamos.com?

3 A. Yes.

4 Q. Do you still have that email address?

5 A. Yes, I do.

6 Q. Do you still use it?

7 A. Yes.

8 Q. Did you regularly use your Sterling Stamos  
9 email address to communicate?

10 A. I use both that one and another email, yes.

11 Q. When you wrote "thought you guys might find  
12 the following press release interesting," why did you  
13 write that?

14 A. Again, for the same reason as with the  
15 previous emails. These were two philanthropic partners  
16 for Esperanza, a non-profit in the Dominican Republic  
17 that we had funded.

18 Q. And why would they find the press release on  
19 Sterling Stamos Funds Not Invested in Madoff Securities  
20 interesting?

21 MS. BIEBER: Objection.

22 You can answer.

23 THE WITNESS: For the same reason as with the  
24 previous emails, they were recipients of our donations,  
25 and I did not want them to be confused by the previous

1 news release of Sterling Equities versus Sterling Stamos.

2 Q. BY MS. GRIFFIN: If you could look at  
3 Trustee's 239.

4 A. That's okay. I have no problems.

5 Q. It's something to be proud of, actually.

6 A. Not really. Okay.

7 Q. Mr. Stamos -- well, for the record, Trustee's  
8 Exhibit 239 is an email. It looks like the string is two  
9 emails, but maybe you can correct me about this. The top  
10 is from Rajesh Gupta.

11 A. Uh-huh.

12 Q. Email address RGuptal@Stanford.edu, sent  
13 Sunday, December 14, 2008 at 2:36 p.m. to Basil Stamos,  
14 subject: "Re: My man."

15 In the second -- do you recall receiving this  
16 email from Rajesh Gupta?

17 A. Yes, I do.

18 Q. And who is Rajesh Gupta?

19 A. He is a friend and a colleague.

20 Q. When you say "colleague," in what sense do  
21 you mean?

22 A. He worked at the World Health Organization  
23 and with Partners in Health.

24 Q. In the second paragraph, he wrote: "First  
25 the cash buyout and now dodging the Madoff bullet. You

1 A. BStamos@SterlingStamos.com?

2 Q. Yes.

3 A. Yes, it is.

4 Q. Okay. Do you have any reason to doubt that  
5 you sent that link in the email chain?

6 A. No.

7 Q. Does this appear to be a response from Chris  
8 Hest --

9 A. Yes.

10 Q. -- to your email? You can put that aside.

11 We're going to go straight to Trustee 243.

12 Have you had a chance to review Trustee's Exhibit 243?

13 A. Yes.

14 MS. GRIFFIN: For the record, Trustee's 243  
15 is an email from Basil Stamos sent Friday, December 19,  
16 2008 at 11:57 a.m., billhousworth@gmail.com, Bates range  
17 SSMT01195993.

18 Q. Do you recognize Trustee's 243?

19 A. Yes, I do.

20 Q. Do you recall sending this email?

21 A. No.

22 Q. How do you recognize Trustee's 243?

23 A. I know the recipient of this email.

24 Q. And who is he?

25 A. Dr. Bill Housworth, he's the executive



1 director of the Angkor Hospital for children.

2 Q. In -- do you have any reason to doubt that  
3 you sent this email?

4 A. I do not.

5 Q. At the bottom underneath your signature it  
6 says: "P.S., I don't know if you've been following the  
7 whole Madoff scandal on Wall Street, but it's extremely  
8 interesting from our perspective. My brother Peter knows  
9 all the cast of characters. Fortunately, he stayed far  
10 away from it all and has instructed others to do the same  
11 for years. I was actually in the fund in 2002, but Peter  
12 counseled me out of it. Missed by that much."

13 When you wrote "it's extremely interesting  
14 from our perspective," who is the "our"?

15 A. I'm referring to Sterling Stamos.

16 Q. And when you say "my brother Peter knows all  
17 the cast of characters," what did you mean by "the cast  
18 of characters"?

19 A. Meaning that he knows Bernie Madoff and Fred  
20 Wilpon and Saul Katz.

21 Q. "Fortunately, he stayed away from it all and  
22 has instructed others to do the same for years." For the  
23 record, can you tell me what you meant by that?

24 A. That he had advised his family.

25 Q. "He" being?

1           A. Peter had advised his family and his -- I'm  
2 assuming I meant some investors to not invest in Bernie  
3 Madoff.

4           Q. And do you know what others you were  
5 referring to?

6           A. No. No.

7           Q. Do you know how Peter instructed others to  
8 stay away?

9           A. I do not.

10          Q. Do you know what's your basis for  
11 understanding that he had instructed others to do the  
12 same?

13          A. I'm assuming it had been for the same reasons  
14 why I and my family had pulled out.

15          Q. Well, how did you come to know that he had  
16 instructed others to do the same for years?

17          A. Because Peter had told me that he had advised  
18 others.

19          Q. Who had he advised?

20          A. I don't know.

21          Q. Do you remember when those conversations with  
22 Peter took place?

23          A. I do not.

24          Q. What did Peter tell you in those  
25 conversations?