

EXHIBIT A

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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,

Plaintiff,

v.

SAUL B. KATZ, et al.,

Defendants.

Videotaped
Deposition of:

SAUL B. KATZ

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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.

1 A. I think it's a reach, because, you
2 know, describing hedge funds, we have a real estate
3 fund. Actually, five of them. SAP I, II, III, IV
4 and V. And we get the same fees -- and people would
5 look at that as a hedge fund or alternative
6 investment.

7 So we're partners in our own real
8 estate fund. We're partners in the LBO fund. And
9 so, would we be experts in investing in hedge funds?
10 We've done very well with them. But this may be a
11 reach, because someone may think of a hedge fund as
12 something different than I think of it as.

13 Q. Do you think of Mr. -- when
14 Mr. Madoff was in business, did you view him as a
15 hedge fund?

16 A. Absolutely not.

17 Q. What did you view Mr. Madoff's
18 business to be?

19 A. A relationship between myself and
20 Merrill Lynch or my relationship between me and a
21 broker-dealer, a regulated broker-dealer.

22 Q. Okay. Did you see him as anything
23 beyond being a broker-dealer?

24 A. Absolutely not. Well, I'm sorry, I
25 thought he had other businesses. I thought his sons

1 ran a proprietary business.

2 Q. Right.

3 A. Trading for his monies. And I
4 thought that he had a market business, market-making
5 business where he bought volume and traded for other
6 people in the market-making business on the
7 Cincinnati Exchange. That's what I thought. But as
8 far as my relationship with him, or our relationship
9 with him, it was strictly broker/dealer.

10 Q. Okay. Okay. You used the term -- I
11 want to go back for a minute to LBO fund as a hedge
12 fund. Just if you can explain to me your basis for
13 that statement. Why would you call an LBO fund a
14 hedge fund?

15 A. Because I think of a hedge fund is a
16 fund that raises money in a partnership form.

17 Q. Um-hum.

18 A. And buys and trades different assets.
19 It could be stocks, it could be commodities, it
20 could be businesses, it could be real estate. And
21 that group of people in that partnership, the
22 general partners get a fee. They get a promote,
23 they get a manage -- they manage. They get a
24 management fee and a promote for doing well for that
25 partnership. That's, to me, what a hedge fund is.

1 observations?

2 A. No, I don't recall.

3 Q. Do you recall any -- particularly
4 with regard to any discussion of expected volatility
5 changes over time?

6 A. No.

7 Q. Do you recall anyone ever suggesting
8 to you that given Mr. Madoff's strategy, you should
9 expect volatility changes?

10 A. I don't recall that.

11 Q. Okay. All right. I want to go to a
12 different topic and this one is going to be SEC
13 investigations, okay, of Mr. Madoff.

14 A. SEC investigations. Okay, through
15 with this.

16 Q. First of all, do you have any
17 recollection of any SEC investigations of
18 Mr. Madoff?

19 A. Only what I've seen in the papers or
20 heard secondhand.

21 Q. When you say -- let's do first what
22 you'd seen in the papers. Was that before or after
23 his confession?

24 A. Before.

25 Q. Okay. And what did you see in the

1 papers before his confession?

2 A. That there was an issue with some
3 accountants in Florida who were running some sort of
4 a fund that the SEC wasn't happy with. And they
5 came in and they investigated, as I recall, closed
6 up the fund and required Madoff, who appears to have
7 been managing that fund, to send back all the money
8 to those people.

9 Q. Um-hum.

10 A. And as I recall, Ike Sorkin, who was
11 a friend of ours, through the law firm that he had
12 been with before, Howard Squadron's firm, was
13 representing, as I recall, he was representing
14 Bernie, and said that the SEC closed one, no problem
15 with Bernie after their -- whatever their
16 investigation was, and Bernie quickly sent back the
17 money to the fund and it was redistributed to the
18 people. And as Ike had told me, that most of those
19 people tried to get right back into Bernie directly,
20 as opposed to through the accounting firm.

21 Q. Other than the SEC investigation you
22 just described for us, are you aware of any other
23 SEC investigations of Mr. Madoff?

24 A. Not before this whole thing broke,
25 when I read in the papers that there were five or