

EXHIBIT B

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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.

FRED WILPON

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 Tuesday,
January 10, 2012, commencing at 9:28 a.m.

1 means.

2 Q. Did you view Mr. Madoff as a hedge
3 fund?

4 A. No. I -- I thought he was our
5 broker.

6 Q. Okay. Were either you or Mr. Katz,
7 to your knowledge, hedge fund investors for -- at
8 all?

9 A. I don't -- I don't -- I don't know
10 that.

11 Q. Okay.

12 MR. SHEEHAN: I'm going to take a
13 quick break here because I think I might be able to
14 cut out some stuff.

15 THE VIDEOGRAPHER: Going off the
16 record, the time is 10:27. This ends disk 1.

17 (Recess taken.)

18 THE VIDEOGRAPHER: We are back on the
19 record. The time is 10:39. This is disk number 2.

20 BY MR. SHEEHAN:

21 Q. I want to go back to an answer you
22 gave just before we broke. My colleague here --
23 that's why we take breaks -- she reminds me of
24 things I miss. All right? So there you go. And
25 one of them was, and something I did want to ask

1 with regard to Mr. Madoff and how his business
2 operated that would have spawned this comment?

3 A. None. None that I know of.

4 Q. Okay. Was there, at or about this
5 time, we're going to talk more about this later, but
6 do you recall any conversations about Mr. Madoff
7 registering as an investment adviser?

8 A. I believe he told us he was
9 registering as an investment adviser when the -- I
10 think the law changed?

11 Q. Um-hum.

12 A. Or a new law came in?

13 Q. Right.

14 A. And I think he told us he was -- he
15 was, in addition to being a broker-dealer, whatever,
16 NASDAQ and whatever you have to be as a
17 broker-dealer, he was -- he was registered as an
18 investment adviser.

19 Q. Okay. I want to take a look at D.
20 Do you see this? It says, "Net Madoff balances."
21 Do you see that?

22 A. Yes.

23 Q. Okay. What does anything -- if
24 anything, does that mean to you, that entry in the
25 minutes?

1 A. No.

2 Q. And the personal friends who had
3 invested with Mr. Madoff that you've spoken of but
4 haven't named, but I'm not asking you for their
5 names, would you consider any of them to be
6 investment advisers?

7 A. No. Not -- not personal friends that
8 I can recall.

9 Q. Did Mr. Levitt actually invest with
10 Mr. Madoff?

11 A. I don't know.

12 Q. Okay. Did you know whether
13 Mr. Levitt ever -- you know, I know you've spoken of
14 his high opinion of Mr. Madoff, but do you know if
15 he ever did an analysis of Mr. Madoff's investment
16 strategy?

17 A. No, I couldn't tell you that.

18 Q. Okay. Other than what you've just
19 described for us, Howard Squadron, Arthur Levitt and
20 your friends, was there any other due diligence that
21 you did with regard to investing in Mr. Madoff?

22 A. Well, it wasn't something that was
23 static.

24 Q. Right.

25 A. It started, I'd say '75, heard a lot

1 about it. In '85 we decided to make some
2 investments with the individuals, partners made some
3 investments with Madoff. And as time went on it was
4 a constant kind of thing, that we were constantly
5 hearing, thinking, you know, observing how Bernie
6 Madoff performed, how others performed, and so it
7 was -- it was a sort of, if I may use, it was a
8 motion picture, you know, in terms of a learning
9 process.

10 Q. Right.

11 A. And there was a time when, I don't
12 know the year, but the stock market went down
13 significantly. And it was, Bernie Madoff was -- his
14 investments came through that. There was a time
15 when some Florida investors were sanctioned or
16 something by the SEC. Ike Sorkin was one of the
17 lawyers at Squadron at the time, he was the
18 former -- I think he was the former head of the SEC
19 in New York. Something -- someone we knew.

20 And I remember being at their offices
21 that day and describing what happened, that the SEC
22 came and -- and did an analysis of that particular
23 situation. I don't know how far they went, but that
24 particular situation. And they sanctioned the two
25 people in Florida, and they said that the Madoff

1 operation was perfectly fine.

2 Q. Okay.

3 A. I don't know whether those were the
4 words.

5 Q. No, I understand. I assume that's
6 your understanding of it?

7 A. That's my...

8 Q. Yeah, exactly. The -- just a moment
9 here, I lost my train of thought. I was listening
10 to you there and I lost it, you know.

11 A. Join the club.

12 Q. First one to admit that.

13 A. Join the club.

14 Q. But -- exactly.

15 A. That's why when you're asking me
16 things like years, I say --

17 Q. I understand completely.

18 A. What did I have for lunch yesterday?

19 Q. I've had that experience as well.

20 MR. WISE: Those senior moments.

21 MR. SHEEHAN: Indeed.

22 Q. The -- but let me try to get back
23 into the context of it. The -- let me jump-start it
24 in a different direction. This might get me back to
25 where I want to go.

1 investigation materials with you?

2 A. Not that I know of.

3 Q. Did you ever discuss with any bank
4 representative what the investigation entailed?

5 A. I -- I have not.

6 Q. Okay.

7 MR. SHEEHAN: I want to take two
8 minutes and just look at these, and I think we're
9 close to being done.

10 MR. WISE: Sure.

11 MR. SHEEHAN: Okay, thanks.

12 THE VIDEOGRAPHER: Going off the
13 record, the time is 3:33.

14 (Recess taken.)

15 THE VIDEOGRAPHER: We are back on the
16 record. The time is 3:49.

17 BY MR. SHEEHAN:

18 Q. Mr. Wilpon, I have a few questions
19 here, and I want to start back in 1992, in terms
20 of -- and I think you testified about it a little
21 bit earlier today -- some investigation that took
22 place down in -- down in Florida. Do you remember
23 that?

24 A. Yes.

25 Q. Okay. Let's just start with that.

1 What do you recall about what occurred in 1992
2 involving some investors or advisers down in
3 Florida?

4 A. I -- I don't recall, Mr. Sheehan,
5 that it was 1992.

6 Q. Oh, okay. Fine.

7 A. But I do recall my testimony earlier
8 today --

9 Q. Yes.

10 A. -- about that incident.

11 Q. Yup.

12 A. What I recall is that just by
13 coincidence I happened to be in Howard Squadron's
14 office, or the offices of Squadron. And my
15 recollection is that Mr. Sorkin was there. He was
16 a -- he was a partner of -- of Squadron. I don't
17 know how this came about, but he -- I think he was
18 representing Mr. Madoff at the time.

19 And the issue -- there was some
20 publicity about it, I know, about the two
21 accountants. And the publicity then was that they
22 were going to sanction -- the SEC were going to
23 sanction the accountants, but they did not find
24 anything wrong at all with Mr. Madoff, or
25 Mr. Madoff's firm. And Ike Sorkin told me that. He

1 said something, he used some words, clean bill of
2 health or something like that, with respect to that.
3 And I remember that the newspapers reported and --
4 that they had sent the money back.

5 Q. Okay.

6 A. That Bernie Madoff had sent the money
7 back.

8 Q. Using that as a point in time,
9 whether it's '92 or some other year, using that as a
10 point in time, did there come a time after that when
11 you became aware of any other SEC investigation of
12 Mr. Madoff?

13 A. Now, I'm -- I would answer yes, but
14 I'm going to give you a qualification, that I'm not
15 sure I remember when -- when I knew of this versus
16 what I've read afterwards. Because there's so much
17 publicity that's been about this. But I did know
18 that Madoff was, I thought the word "regularly,"
19 maybe regularly like everybody else, but regularly
20 was -- was, I'm going to use the word "monitored," I
21 don't know if that's the right word, by the -- by
22 certain regulatory bodies, like NASDAQ or the SEC or
23 other government agencies.

24 Q. When you said that -- is that an
25 assumption on your part, that that happened on a

1 regular basis?

2 A. That was my assumption.

3 Q. Did you have any personal knowledge
4 that investigations by the SEC were taking place
5 after the one that you testified to here earlier
6 today?

7 A. My recollection is that -- that I was
8 told that. I can't tell you who told me, but I was
9 told that a number of times, that -- that Bernie
10 Madoff was cleared with the SEC.

11 Q. Do you -- you have no recollection of
12 who that was that told you that?

13 A. I know Ike Sorkin said it that one
14 time. I don't remember who else.

15 Q. Okay. Do you remember when that
16 would have transpired that somebody told you that?

17 A. I really don't.

18 Q. Okay. The -- we talked a little bit
19 earlier today, still in the context of the SEC,
20 about Mr. Madoff registering as an investment
21 adviser. Do you recall that?

22 A. Yes.

23 Q. All right. Do you recall whether or
24 not he registered because the SEC made him register?

25 A. My recollection is that -- that there