

EXHIBIT E

C O N F I D E N T I A L

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK
ADV. PRO. NO. 08-01789 (BRL)

-----x
SECURITIES INVESTOR PROTECTION
CORPORATION,

Videotaped

Plaintiff-Applicant,
v.

Rule 2004
Examination of:

BERNARD L. MADOFF INVESTMENT
SECURITIES, LLC,
Defendant.

FRED WILPON

-----x
In Re:

BERNARD L. MADOFF,
Debtor.

-----x

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,
July 20, 2010, commencing at 10:04 a.m.

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24

25 ALSO PRESENT:

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

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1 Q. So, with respect to the real estate
2 business, the managing and developing real estate
3 properties, who's the partner that has primary
4 responsibility in that business?

5 A. Currently?

6 Q. Currently, yes.

7 A. Of course it's evolved over the
8 years.

9 Q. Right.

10 A. But currently, Richard, Michael and
11 Tom will supervise the real estate business. Saul
12 and I are essentially overseers of the whole and
13 specific to a number of the businesses, but not
14 necessarily in the everyday operating position.

15 Q. So with respect to the real estate
16 business, you said that currently Richard Wilpon,
17 Michael Katz and Tom Osterman are the primary
18 partners involved in that?

19 A. Correct.

20 Q. You said that that has changed over
21 time?

22 A. Yes.

23 Q. How has that changed over time?

24 A. Well, when we started, it was
25 Mr. Katz and myself. And then when Michael and

1 Richard joined, they were part of the real estate
2 business. My job from the beginning has always been
3 to seek out, acquire the property, to manage the
4 property, the everyday of it. The financial end was
5 always taken care of by Michael and Saul. They're
6 trained in that area, they're both CPAs. Richard
7 and I were more in the operating. At the beginning
8 I would -- I acquired most of the properties for us
9 and visited all the properties. You know, I would
10 be constantly on the road visiting the properties or
11 trying to acquire others. Then Richard did that and
12 as time went on others in the company did that and
13 that's not been my job of late.

14 Q. Currently how do Richard Wilpon or
15 Michael Katz or Tom Osterman, how do they report to
16 you as to what's happening in the real estate sector
17 of the business?

18 A. It's not an official -- it's not an
19 officious reporting. I might see him in the hall, I
20 might talk to him about some other matter. I might
21 see him at a management meeting. And they would
22 report what was happening, and we would listen to
23 it. They were pretty much running that business. I
24 mean, they would always accept opinions and
25 thoughts, but they were running that business, and

1 a decision to start entities for the purpose of
2 investing in Madoff?

3 A. I don't think we started an entity.
4 I think we started a relationship where each of the
5 partners independently invested with Bernie Madoff,
6 going way back, obviously.

7 Q. Well, why don't we take it from that
8 end. When do you recall when you first invested in
9 Madoff? You personally.

10 A. Me personally?

11 Q. Yes.

12 A. More than 20 years ago.

13 Q. Our records show that the first
14 investment was in about October of 1985. Does that
15 sound right to you?

16 A. Yeah, kind of.

17 Q. Prior to making that initial
18 investment in Madoff, did you have any discussions
19 with Mr. Madoff in connection with making that
20 investment?

21 A. The first investment?

22 Q. Yes.

23 A. I don't know what you mean,
24 discussions. He was well known in the industry, was
25 a well-known money manager. So we made an

1 investment -- I wasn't alone. Several of us made,
2 or maybe all of us made an investment in, starting
3 in, you said '85, it could be. And subsequent to
4 that we had periodic conversations with him about
5 the investment. The investments grew, obviously,
6 over the years.

7 Q. When did you first meet Mr. Madoff?

8 A. I met him -- Jeff must have been
9 about 15 and Mark Madoff was about 14, something
10 like that, they were about the same age. Maybe 13
11 or 14, I'm not sure exactly when, but when they were
12 kids in school, I met them. We lived in the same
13 town. So, Jeff is 49. Over 30 years.

14 Q. What town did you live in?

15 A. Roslyn, Long Island.

16 Q. And how far was -- at that time how
17 far was your home from the Madoff home?

18 A. Three, four, five miles. I've never
19 been to the Madoff home in Long Island. I don't
20 know exactly where he lived, but I know he lived in
21 the same town.

22 Q. Okay. And tell me about how you
23 first met him in connection with your son and Mark
24 Madoff.

25 A. Mark and Andy, his younger brother,

1 and some other kids that were going to school
2 together met, and from time to time I'd see them at
3 our house. They were always around, playing ball or
4 whatever. Soon thereafter we met their parents.
5 Generally we would meet the parents of our kids'
6 friends.

7 And so we knew them, you know, we met
8 them at that time, and then subsequent to that I
9 think they moved to New York when their kids were
10 maybe going to high school. I'm not exactly sure
11 when they moved, but they moved to New York sometime
12 thereafter. Lived in New York most of the time that
13 we knew them. New York City, I'm talking about.

14 Q. Right. How did it come to pass that
15 after you met Mr. Madoff through your children, that
16 you then invested in his business?

17 A. He, he was in the investment
18 business, investing people's money. We were in the
19 real estate business primarily at that time. And he
20 evidenced an interest to diversify. Said if there's
21 any, if there's a time in the future you would like
22 to invest, I could invest some of your funds and I'd
23 like the opportunity to invest in some real estate.

24 That didn't happen for a while but he
25 talked about it once or twice, and then we decided

1 Q. Can you tell me a little more about
2 those discussions with your partners before, before
3 actually investing in Madoff?

4 A. We were already seeking someone to
5 invest some of our liquidity. It wasn't a very lot
6 at that time, but we were seeking to do that. And
7 so there were a number of discussions with different
8 firms, different individuals at the firms that were
9 doing that kind of work.

10 Q. And by firms you're referring to
11 investment-type firms?

12 A. Investment-type firms.

13 Q. Okay.

14 A. My recollection is we did try a
15 couple and didn't do too well in a couple of them.
16 Howard Squadron was a close friend of mine, as well
17 as being an outside lawyer of ours. So he -- I
18 think there was a conversation with him, and I knew
19 that he was an investor, or he told me he was an
20 investor, satisfied investor. I think his firm, his
21 partners all invested. We subsequently learned
22 others that were investors. I don't remember who at
23 the moment, but numbers of other people that were
24 investors. And we decided to give it a try.

25 Q. And what did Mr. Squadron tell you,

1 just about -- I want to be careful here, what did
2 Mr. Squadron tell you about Madoff, specifically?

3 A. He knew him, that he represented him,
4 he liked him, trusted him. And thought he was --
5 had a strategy that was very unique, that he
6 understood how to make money without risk, without a
7 lot of risk.

8 Q. What did Mr. Squadron tell you about
9 Madoff's strategy at that time?

10 A. I don't recall. I don't recall. I
11 wouldn't understand the strategy anyway.

12 Q. Fair enough.

13 Did Mr. Squadron provide you with any
14 materials, any documents concerning Madoff?

15 A. Not that I can recall.

16 Q. You had mentioned earlier that you
17 were looking at other investment firms for
18 investment opportunities; is that right?

19 A. Correct.

20 Q. Do you remember who those were at
21 that time?

22 A. No, I don't.

23 Q. Do you remember what you did in
24 connection with researching or investigating those
25 firms to make the decision whether or not to invest?

1 investment firm before investing?

2 MS. SESHENS: Objection to the form.

3 Q. You can answer.

4 MS. SESHENS: You can answer.

5 A. I think he talked with Mr. Squadron
6 and perhaps others. I don't know.

7 Q. Did Mr. Katz have any discussions
8 with Mr. Madoff?

9 MS. SESHENS: Objection to the form.

10 A. I don't recall any, but it wouldn't
11 surprise me.

12 Q. And what discussions did you
13 personally have with Mr. Madoff prior to investing?

14 MS. SESHENS: Objection to the form.

15 A. Just those that I've told you about.
16 After we invested, Saul and I would go to visit
17 Bernie approximately once a year, and we'd go to his
18 office or something and talk about where we -- how
19 the investments were doing, what was happening.

20 I had a personal relationship with
21 the Madoffs that developed over time, and not an
22 everyday personal relationship, but a friendship.
23 And so I made it a policy that when I saw him at a
24 charitable event or celebration of some kind, you
25 know, we attended his kids' weddings, he attended

1 our kids', you know, we were family friends, I just
2 didn't discuss business with him. So my
3 conversations with Bernie Madoff were really of a,
4 just of a personal nature. Of what was happening in
5 their lives and what was happening in our lives.
6 Not in a context of, you know, what's happening in
7 the business, how are you investing these funds?
8 Because, frankly, I wouldn't -- that's not my
9 expertise. I wouldn't really know, and I didn't
10 want to mix the two.

11 So, once a year we'd go and have a
12 conversation, mostly schmoozing. You know what
13 schmoozing is.

14 Q. I've heard.

15 A. Can you define that? Can you define
16 it in Cleveland?

17 (Comments off the record.)

18 A. That's the kind of relationship it
19 was. Very trusting relationship. There's no person
20 that you will talk to, none, that is more betrayed
21 than I am.

22 Q. Thank you, Mr. Wilpon.

23 I want to go back to -- I want to
24 break that down into a few areas. The first thing
25 is, and maybe I should have been a little more

1 clear. I just want to hone in on what was said
2 between you and Mr. Madoff before you invested. I
3 know you had mentioned that you had discussions, but
4 I just want to clarify what were the subject -- what
5 you actually discussed with him before his
6 investment. Do you recall what was the subject or
7 the topics of those discussions concerning his
8 investments?

9 A. Having to do with us investing with
10 him?

11 Q. Yes.

12 MS. SESHENS: And other than what
13 he's already told you?

14 MR. BOHORQUEZ: Yes.

15 Q. Before the actual investments were
16 made.

17 A. Just what I've told you. He
18 evidenced a desire to diversify and invest in other
19 things that we might have been investing in. He was
20 an investment guru, renowned in the field, even at
21 that time. On all of the boards, on all of the, you
22 name it, he was top of the line, very well thought
23 of. At the highest sources. I remember Arthur
24 Levitt was a friend of mine and a friend of Howard
25 Squadron's. Arthur Levitt was -- knew Bernie very

1 well for a very long time, thought of him in the
2 highest regard.

3 So, that's the kind -- I mean, I
4 didn't know anything about the specifics of how he
5 invested that, except that he had good returns and
6 was risk adverse, and had a lot of people who knew
7 him and had a high regard.

8 Q. And was Mr. Levitt an investor in
9 Madoff as well?

10 A. I don't know that.

11 Q. And what was your understanding of
12 Madoff's returns at that time, before you invested?

13 A. That he had successful returns.

14 Q. And you mentioned risk adverse. What
15 was your understanding of his risk adverse strategy
16 at that time?

17 A. At that time or any other time,
18 frankly, was that he was -- his strategy was such
19 that you were never going to -- he was never going
20 to hit a home run, so to speak, even at City Field
21 it's hard to hit home runs. And he was not going
22 to, he was not going to lose a lot. And he was
23 within that range all the time and because of his
24 volume and everything, whatever he did, or whatever
25 he was supposed to have done, was very successful.

1 tell you what stocks he bought or anything like
2 that. That's not something I pay attention to.

3 Q. Okay. Because I thought what you had
4 said earlier was you had a personal relationship
5 with Mr. Madoff and you wanted to keep that separate
6 from the business relationship. So you saw him on a
7 personal level throughout the 25, 30 years that you
8 knew him, and you did not -- you made it a practice
9 not to discuss business with him during those
10 personal interactions, correct?

11 A. Correct.

12 Q. And then I thought what you were
13 saying was that you would make an annual trip, once
14 a year, out to his office, and during that trip at
15 his office, that visit at his office is when you
16 would discuss business?

17 A. It was not just business. I would
18 accompany Saul, who might have some questions or
19 some thoughts or some ideas which were shot down,
20 you know, because Bernie had his strategy and that
21 was his strategy and, you know, don't, can you take
22 off the calls, can you take off the puts, whatever.
23 It was just a part of a collegial conversation among
24 friends. And that he was invested -- he never asked
25 me, he never asked me how is the real estate

1 investment doing or anything like that. Even at
2 those meetings, I don't ever remember him asking
3 about that. Certainly not more -- maybe two or
4 three times in all those years we went to a movie
5 together in Florida or whatever, you know. There
6 was no business conversation.

7 Q. Other than --

8 A. Other than, I'd say that...

9 Q. That roughly annual meeting?

10 A. Right.

11 Q. Now, you mentioned that you would
12 accompany Saul. What did you mean by that?

13 A. The personal relationship -- Saul had
14 a personal relationship with Bernie as well but mine
15 was a longer term, you know, the kids knew each
16 other, it sort of started differently.

17 Q. Right.

18 A. And so he would always ask me to come
19 with him, let's go see Bernie, you know, see how
20 everything's doing. Let's go see Bernie. What do
21 you anticipate -- he might ask him a question like,
22 Bernie, just for -- Saul would ask this question:
23 What do you anticipate the returns would be, the
24 annualized returns? It might have been in the
25 summer we went to see him and so with six months

1 Q. When -- after the initial investment
2 in 1985, during the early period of investing in
3 Madoff, did you review any account statements or any
4 quarterly reports or anything provided by Madoff?

5 A. No. I had people that were doing
6 that.

7 Q. So who, in the early stages who were
8 the people who were doing that?

9 A. Primarily Arthur was really tracking
10 everything and it was primarily Arthur. Then Arthur
11 would give that information to the accountants in
12 the office. They would put together the tax returns
13 and whatever. Saul would be involved and Michael
14 would be involved, but that's generally the people.
15 The people that are in the financial end.

16 Q. What is your understanding of Saul
17 Katz's involvement?

18 A. In?

19 MS. SESHENS: Involvement in what?

20 Q. Well, you identified Arthur Friedman
21 reviewed the statements and kept track of the
22 investments.

23 A. Um-hum.

24 Q. And then he would work with
25 accountants at Sterling, correct?

1 the so-called bookkeeping of that.

2 Q. So, was -- did Mr. Friedman's role
3 over time change in respect to the Madoff
4 investments?

5 A. No. I think it was always, he was
6 always the point person who was involved with any,
7 anything that had to be done administratively or if
8 he had a question or whatever, he was the person.
9 He would talk to someone in Bernie's office about
10 that.

11 Q. And do you know if Mr. Friedman ever
12 worked with Mr. Peskin in terms of the accounting
13 aspects of the investments, the Madoff investments?

14 A. I don't understand what that means.
15 You mean just the reporting, Fernando?

16 Q. Yes.

17 A. Except maybe to coordinate. You
18 know, not in any kind of deep sense working with
19 him.

20 Q. What about with respect to Mr. Katz,
21 how did Mr. Friedman work with Mr. Katz in
22 connection with the Madoff investments?

23 MS. SESHENS: Can you specify just
24 which Mr. Katz.

25 MR. BOHORQUEZ: Oh, sorry.

1 earning Z, if they were earning at all. Saul was
2 the overall person in charge of that.

3 Q. Was Saul Katz responsible for making
4 the investment decisions for Sterling in Madoff?

5 A. No. No one was in charge of making
6 the investment decisions. Are you talking about
7 which stocks Bernie bought?

8 Q. Let me back up. Was Saul Katz in
9 charge of making the decision for a Sterling entity
10 or a Sterling partner to invest in Madoff?

11 A. No. The individuals made those
12 decisions.

13 Q. Okay. With respect to a Sterling
14 entity, how was the decision made to invest on
15 behalf of that entity into Madoff?

16 MS. SESHENS: Objection to the form.

17 A. If an entity had some money and was
18 to invest, it would have been agreed, I guess, in
19 some way that the entity was going to invest, and
20 then the specifics of that, you know, if an entity
21 had money, they may just have invested it in Bernie
22 or wherever. That was just done as normal course.

23 Q. Well, when you say it was agreed,
24 what do you mean by it was agreed? Who made -- who
25 was involved in that agreement?

1 did you attend a year?

2 A. I believe one.

3 Q. And were those meetings held at the
4 Lipstick Building?

5 A. Yes.

6 Q. Did you attend a meeting of the Gift
7 of Life board at the Lipstick Building in December
8 of 2008?

9 A. Yes.

10 Q. Was that December 8th, 2008; does
11 that --

12 A. Yes.

13 Q. -- sound right?

14 Why do you remember that date?

15 Q. You were counting out your hands.
16 What were you trying to do then?

17 A. I was just trying to think of which
18 days it was before the December 11th.

19 Q. Right. A few days before.

20 A. Would you repeat the question. Why
21 do --

22 Q. Let me back up.

23 A. Why do I remember that date?

24 Q. Yes.

25 A. It's like a dagger in the heart.

1 Q. And how did they come to invest in
2 Madoff?

3 A. They probably wanted to invest.
4 Everybody was hearing about Madoff, and they
5 probably wanted to invest. I don't know the
6 mechanics.

7 Q. Do you recall if they reached out to
8 you to invest in Madoff?

9 A. I -- no, I don't recall.

10 Q. Over the years, did Sterling refer
11 various accounts -- various individuals to Madoff to
12 open accounts?

13 A. What do you mean by refer?

14 Q. Let me see if I can rephrase that.
15 Did Sterling bring in accounts to
16 Madoff?

17 MS. SESHENS: Objection to the form.

18 A. No.

19 Q. Let me try to lay this out a
20 different way.

21 Sterling partners had accounts in
22 Madoff, correct?

23 A. Correct.

24 Q. Sterling partners' family members had
25 accounts in Madoff, correct?

1 accounts, were they known as outsider accounts?

2 A. I don't know.

3 Q. Not to your understanding?

4 A. Yeah, not -- it's not a term I'm...

5 Q. What was the process, to the extent
6 you know, for helping your friends and families open
7 accounts with Madoff?

8 MS. SESHENS: Objection to the form.

9 A. All I know is that if someone wanted
10 to open an account, that might have been a family or
11 friend, if I had a family or friend that wanted to
12 open an account, I would tell Arthur.

13 Q. Would you play any other role other
14 than referring -- actually, back up.

15 When you say you would tell Arthur
16 that a family and friend, or friend wanted to open
17 an account with Madoff, what would happen next?

18 A. I presume he would talk to whomever
19 he talked to at Madoff.

20 Q. Did you have any communication with
21 the family or friend that would like to open the
22 account after the initial discussion?

23 A. No. Maybe in passing they would say
24 how happy they were or how much it meant to them or,
25 you know -- people's lives were changed.

1 Q. So after the initial hand-off to
2 Friedman, Arthur Friedman handled the relationship,
3 to the best of your knowledge, with the friends and
4 family?

5 A. Right.

6 Q. Okay. And what was the, what was the
7 reason for offering these friends and family the
8 opportunity to invest in Madoff?

9 A. Just --

10 MS. SESSENS: Objection to the form.
11 Sorry. You can answer.

12 A. Just to try to help them. For what
13 they -- they wanted to invest and we were trying to
14 help them. This is not a business. We weren't
15 charging fees. We weren't benefiting in any way.
16 Just trying to help them.

17 Q. And before you started, Sterling
18 started referring accounts to Madoff -- your friends
19 and family, getting -- let me rephrase that.

20 Before Sterling began to open
21 accounts on behalf of friends and family, did you or
22 anyone in the Sterling organization have discussions
23 with Mr. Madoff about that?

24 MS. SESSENS: Objection to the form.

25 A. No. Not me.

1 A. No. You really have to know Arthur,
2 who's the most wonderful, intelligent, placid man.
3 He's a one of a kind, and "kind" is the heading.

4 Q. We had the pleasure of deposing him
5 for four days. I agree, with my limited exposure to
6 him.

7 Given that they're -- the number and
8 the amount of money that was being managed by
9 Mr. Friedman for these friends and family accounts,
10 was there ever any discussion as to what benefit
11 Sterling was getting?

12 MS. SESHENS: Object to the form.

13 Q. In exchange?

14 MS. SESHENS: Same objection.

15 A. Over the years I think there might
16 have been conversation. We were doing it solely for
17 the purpose of helping family and friends. And so
18 whatever costs were involved, we were bearing those.
19 Arthur was not a complainer, though. Arthur is not
20 someone who would bitch and moan about something.

21 Q. I'm not suggesting that he was
22 complaining, but you said that over the years there
23 may have been -- there were some conversations about
24 the increased burden of managing these friends and
25 family accounts. What was the substance of those

1 and then move on.

2 BY MR. BOHORQUEZ:

3 Q. Did you ever raise with the partners
4 the fact that Madoff had returned consistent,
5 nonvolatile returns over the years? Is that ever
6 something that was discussed amongst the partners?

7 A. We were receiving those returns for
8 many years.

9 Q. Do you recall seeing, in this
10 document, the critique that's raised in this article
11 about the consistent and nonvolatile returns; was
12 that critique ever discussed amongst the partners?

13 MS. SESHENS: Objection to the form.

14 A. Yes, in the sense that people would
15 say they didn't understand it. But that's not a
16 critique.

17 Q. And the fact that people didn't
18 understand it, did that ever cause you any concern
19 or any other partner concerns?

20 A. We knew some very, very smart people
21 who did understand it and didn't have any concerns,
22 and it went on for 25 or 30 years, or 35 years,
23 however many years.

24 Q. Who are the very smart people that
25 you're referring to?

1 A. I referred to them. Howard Squadron
2 and other people over the course of time that either
3 were investors or -- so they -- there's always a
4 point of view that people might have, but I never
5 saw anything that... to answer your question.

6 Q. Did you understand how Madoff was
7 making money off of his investment business?

8 A. Not in any kind of depth.

9 Q. Well, what do you mean by not in any
10 kind of depth? Did you have any understanding?

11 A. I'm not an investment person, I'm not
12 an investment, stock investment advisor, so I
13 wouldn't have that kind of expertise. I've heard
14 people talk about it, I've heard people make their
15 points. I've seen the documents which you've shown
16 me -- I don't remember them but I've seen the
17 documents in which he describes how he does this.
18 And peripherally I understand how he does it.

19 Q. And what is your understanding as to
20 what commissions he actually received?

21 A. When you say commissions, you mean a
22 percentage of? I don't know how you mean that.

23 Q. Well, he, Madoff received commissions
24 on the trades he was making on your accounts,
25 correct?

1 Q. Did you ever have any discussions
2 amongst the partners concerning front-running and
3 Madoff?

4 A. Not that I can recall.

5 Q. You're aware that Madoff was
6 investigated on a few occasions by the SEC, correct?

7 A. Yes.

8 Q. Did you ever speak to Mr. Madoff
9 concerning those SEC investigations?

10 A. No.

11 Q. Were the Madoff SEC investigations
12 ever a topic of discussion at any of the partners
13 meetings?

14 A. Yes.

15 Q. Can you please tell me what were
16 those discussions?

17 A. I can't remember the detail of the
18 discussions, but there was one time when someone in
19 Florida had committed some kind of violation, two
20 guys in Florida, that were investors in Bernie, and
21 the SEC came in and admonished them and Bernie sent
22 back \$480 million or something, overnight.

23 Q. Is this Avellino & Bienes?

24 A. Something like that.

25 Q. And what specifically did you discuss

1 amongst the partners concerning the Avellino &
2 Bienes matter?

3 A. That the SEC had determined that it
4 was not Bernie who was at fault, or had violated
5 anything, and in fact it was amazing that he just,
6 you know, returned the 400 -- I don't remember the
7 number, but a large amount of money, overnight.

8 Q. Did you ever talk to Mr. Madoff about
9 the Avellino & Bienes investigation?

10 A. No.

11 Q. Did you ever talk to him about the
12 fact that he was able to return all that money
13 overnight that you mentioned?

14 A. No.

15 Q. Other than the Avellino & Bienes SEC
16 investigation, did you have any other discussions
17 with the partners concerning any other SEC
18 investigations of Madoff?

19 A. It's hard to put that in context
20 after all the publicity. Because after all the
21 publicity, one learned that there were eight or nine
22 SEC investigations. Not that we knew about those,
23 but there were a lot of SEC investigations, and they
24 always came up that Mr. Madoff was clean as a
25 whistle. That gave us, you know, that was always

1 reinforcement. Always said, hey, that's great.

2 Q. Let me try to figure that out real
3 quick.

4 Which specific SEC investigations
5 gave you reinforcement that Madoff was a secure
6 investment?

7 A. The results of the -- the results, as
8 I now remember them and read, of the SEC violations
9 was the man was clean, his operation was totally
10 clean. Otherwise the SEC would have come in and
11 closed him down or something.

12 Q. Did it ever give you pause that he
13 was -- he had been investigated on several occasions
14 by the SEC?

15 A. You know, people can investigate, but
16 the fact is that the SEC, which is the branch of
17 government that has jurisdiction here...

18 Q. Right.

19 A. ...investigated -- I'm sure they
20 investigated other firms as well, Merrill Lynch and
21 Prudential Bache and whatever, but the fact is they
22 investigated his operation, however many times they
23 say they investigated it now, and every single time
24 very smart people had full disclosure of everything,
25 and came out and said, the man is a prince.

1 Q. And that was one of the reasons that
2 you found comfort in investing -- retaining your
3 money in Madoff's investments?

4 A. Reasons of life go on, it's a motion
5 picture. We trusted Bernie as a trusted friend and
6 advisor and person. And I assume that if we heard
7 something and the SEC said this is a bad guy, we
8 would have said wait, wait, time out, what is he bad
9 about? But that's never happened. No one ever, by
10 the way, no one that I ever heard ever said anything
11 bad about Bernie. In fact, they lauded Bernie.

12 Q. Other than --

13 A. NASDAQ, the NAACP, the -- I mean, not
14 the NAACP. The wrong one.

15 Q. Yeah, you're mixing up your alphabet
16 soup.

17 A. Bernie was on the top of the field.
18 He was on every committee, he was on every -- he was
19 writing the regulations at NASDAQ, he was the head
20 of the Cincinnati or whatever, some exchange. I
21 mean, you're talking about, you're talking about
22 there's hardly anybody that wouldn't have said this
23 is one of the great geniuses of the investment
24 business in the last 35 years.

25 Q. Thank you, Mr. Wilpon.

1 Q. Okay. Please go down to the bottom
2 of the document, under the signature very truly
3 yours, the name Fred Wilpon. Is that your
4 signature?

5 A. Yes, it is.

6 Q. To the right of your signature is
7 that Saul Katz's signature?

8 A. I believe so.

9 Q. And to the left, under the word
10 "Agreed," Ruth Madoff, is that Mrs. Madoff's
11 signature?

12 A. I don't think I've ever seen her
13 signature, but it looks like her signature.

14 Q. Are you familiar with this document?

15 A. Yes.

16 Q. When did you last review this
17 document?

18 A. Two days ago.

19 Q. In connection with the preparation of
20 the deposition?

21 A. (Witness nods.)

22 Q. Can you explain to me the first
23 sentence of the letter agreement. It says: "Dear
24 Ruth, this will confirm the conversations with
25 respect to an investment by you in the network."

1 What is that sentence referring to?

2 A. We decided to buy out of our
3 agreement with Cablevision. We had an option to do
4 so. So, we arranged for financing from a bank, or
5 banks, I don't remember, for the monies that refers
6 in here, the \$54 million.

7 Q. Right.

8 A. When it came down to the time when
9 the option was going to expire, you know, there was
10 a time when we had to do this, for the purpose of
11 starting a network, which ultimately became SNY. I
12 don't know there was anything ever called Mets
13 Network Company. That was out of Marvin Tepper's
14 head. He just made a name up. When it came down to
15 the time, there was a couple of days left when we
16 had to exercise that option, and what I was told was
17 that the bank had accepted everything, but they were
18 doing paperwork. Lawyers were making their fees.

19 Q. Sounds unbelievable.

20 A. That was the first time in history.

21 Q. Right.

22 A. So, I don't remember whether it was
23 two days before or five days before, something like
24 that, but we were concerned about it because,
25 suppose they lawyered a day after, then we'd have an

1 option that lapsed and we didn't want that to
2 happen.

3 So we were in my car, driving to our
4 office in Manhattan, and Marvin Tepper was with us,
5 Saul and I were in the back seat, Marvin Tepper was
6 in the front seat. And we decided we didn't want to
7 take that chance.

8 So, what were the alternatives. The
9 alternatives were that we could break accounts that
10 we had elsewhere, whatever, we could try to find
11 the money elsewhere, or we could break accounts at
12 Bernie and just have him send us the money.

13 So we decided to call Bernie, and we
14 called Bernie on my car phone, I don't recall, I'm
15 not sure whether I spoke to him or -- I don't
16 remember that. Or whether he was on the speaker
17 phone or not.

18 We called Bernie and his secretary
19 said, he's out of town, I'll reach him for you. And
20 she reached him. At the time I didn't know where he
21 was, but I saw other documents at prep that told me
22 he was in Europe somewhere, in France I think. And
23 we said to Bernie, Bernie, we want to break some
24 accounts. Even though it was in the middle of the
25 period. Because he didn't -- if you broke accounts

1 in the middle, you didn't get the value of that
2 account, in terms of the interest, the return that
3 was paid.

4 So, he said, okay. And then he said,
5 yeah, but why should you break the accounts, you're
6 going to lose the continuity of the account. I'll
7 send you the money. Got plenty of collateral in the
8 accounts, I'll send you the money. He said, how
9 long do you need it for. We said, well, we don't
10 know whether we need it, but we might need it for,
11 you know, a few days. So he said, okay, I'll send
12 you the money. And so he said he'd send the money.
13 That was that.

14 I don't know what happened thereafter
15 in terms of Marvin Tepper calling Bernie, or Bernie
16 or someone. I don't really know what happened
17 there. And I don't know how this letter got written
18 or why. Bernie didn't ask that of us on the
19 telephone. So, this letter was written by Marvin.
20 I had no idea that -- until recalling here -- that
21 Ruth, was sent to Ruth. Had no idea because he said
22 he was sending it from his account. Not from Ruth's
23 account. Sending the money.

24 So, that afternoon or sometime
25 thereafter, within the next few hours anyway,

1 someone must have told Arthur or one of the
2 accountants or someone and we got a call from the
3 bank that there was \$104 million in the account. In
4 other words, Bernie's 54 was wired, but the bank
5 that we borrowed the money from wired the money as
6 well. So someone got a call and said what's going
7 on here, you've got money in the account. So
8 obviously we realized what happened, the bank had
9 approved the transaction. They funded the money
10 into the account, and then that day or the next day
11 or whatever, I don't remember -- I don't know who
12 did it or whatever, but they wired the money back to
13 Bernie. So the money may have been in the account
14 for a day or half a day or something like that.

15 I have no idea why this letter was
16 written; it wasn't requested. I have no idea. But
17 that's what you lawyers do. You write letters. So
18 that's my recollection of the whole thing.

19 Q. So it's your recollection that the
20 money was wired from -- you understand the money was
21 wired from Madoff accounts to your account without
22 any paperwork memorializing any agreement of any
23 sorts?

24 A. Right.

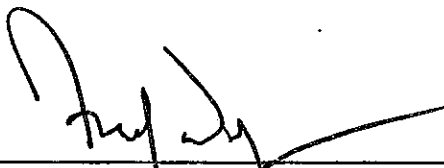
25 Q. You had also mentioned during your

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JURAT

I, FRED WILPON, do hereby certify that I have read the foregoing transcript of my testimony taken on July 20, 2010 and have signed it subject to the following changes:

PAGE	LINE	CORRECTION
SEE ATTACHED	EXHIBIT A	



FRED WILPON

Sworn and subscribed to before me on this day of 13th day of October, 2010

NOTARY PUBLIC: 

URSULA M. MIKA
NOTARY PUBLIC, STATE OF NEW YORK
No.01M16216250
QUALIFIED IN QUEENS COUNTY
COMMISSION EXPIRES JANUARY 11, 2014

PAGE	LINE	Correction		REASON
		ORIGINAL	CHANGE REDACTED	

17	19	officious reporting. I might see him in the hall, I	official reporting. I might see him in the hall, I	Transcription error
33	24	discussions. He was well known in the industry, was	discussions. He was well-known in the industry, was	Grammatical error
45	20	to hit a home run, so to speak, even at City Field	to hit a home run, so to speak, even at Citi Field	Transcription error
49	14	a personal relationship with Bernie as well but mine	a personal relationship with Bernie as well, but mine	Grammatical error
64	15	You were counting out your hands	You were counting on your hands	Grammatical error
64	18	days it was before the December 11th.	days it was before December 11th. REDACTED	Grammatical error

200	8	I now remember them and read, of the SEC violations	I now remember them and read, of the SEC investigations	Transcription error
201	9	about? But that's never happened. No one ever, by	about? But that never happened. No one ever, by	Transcription error
201	17	Bernie was on the top of the field.	Bernie was at the top of the field.	Transcription error

PAGE	LINE	Correction		REASON
		ORIGINAL	CHANGE REDACTED	

213	5	banks, I don't remember, for the monies that refers	banks, I don't remember, for the monies referenced	Transcription error
214	10	we had elsewhere, whatever, we could try to find	we had elsewhere, whatever, we could try to find	Grammatical error
215	21	Ruth, was sent to Ruth. Had no idea because he said	Ruth, was sent by Ruth. Had no idea because he said	Transcription error
216	3	bank that there was 104 million in the account. In	bank that there was \$108 million in the account. In	Transcription error
216	4	other words, Bernie's 54 was wired, but the bank	other words, Bernie's \$54 million was wired, but the bank	Transcription error
216	21	wired from Madoff accounts to your account without	wired from Madoff's accounts to your account without	Grammatical error

REDACTED