

Exhibit 40

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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)

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SECURITIES INVESTOR PROTECTION
CORPORATION,

Videotaped

Plaintiff-Applicant,
v.

Rule 2004
Examination of:

BERNARD L. MADOFF INVESTMENT
SECURITIES, LLC,
Defendant.

SAUL B. KATZ

-----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 Wednesday,
August 4, 2010, commencing at 10:04 a.m.

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16			18				
1	A.	Which was, you know, 50 years ago.	10:19:07	1	A.	Whether it's at the hospital, whether	10:21:18
2		Because I wasn't -- I'm not good at details. But	10:19:10	2		it's at UJA, I've always given 25 to 30 percent of	10:21:20
3		I'm a good strategist. That's the reason the health	10:19:12	3		my time to community affairs. So that's been a...	10:21:24
4		system is where it is today, that's one of the	10:19:15	4	Q.	That's been a constant?	10:21:28
5		reasons Sterling is where it is today. I've always	10:19:18	5	A.	It's been a constant.	10:21:30
6		been good at strategy. I haven't been good at	10:19:21	6	Q.	Okay, fair enough.	10:21:31
7		details. So, my job has always been the stirrer.	10:19:24	7		But your full-time job, so to speak,	10:21:32
8	Q.	The stirrer?	10:19:26	8		was with Sterling?	10:21:35
9	A.	Stirrer.	10:19:27	9	A.	Yes.	10:21:36
10	Q.	To stir things up?	10:19:27	10	Q.	And that's the areas that you focused	10:21:36
11	A.	That's right.	10:19:27	11		on, and I'm not too interested in the beginning when	10:21:38
12	Q.	Okay.	10:19:27	12		you started with Sterling. I'm really starting in	10:21:43
13	A.	Exactly right. To stir it, to	10:19:30	13		the '90s.	10:21:46
14		challenge, to find new ideas, new deals. Some don't	10:19:31	14	A.	Okay.	10:21:46
15		come out well, but we try them.	10:19:35	15	Q.	The areas that you focused on sounded	10:21:47
16	Q.	Nothing ventured, nothing gained.	10:19:37	16		to me like it was real estate development, finding	10:21:49
17	A.	Well, the only people who haven't	10:19:40	17		deals, finding properties. That's the real estate	10:21:54
18		made mistakes are the people who are the liars or	10:19:42	18		side, right?	10:21:57
19		have never done anything.	10:19:46	19	A.	(Witness nods.)	10:21:57
20	Q.	Fair enough.	10:19:48	20	Q.	And you mentioned investments,	10:21:58
21		So, as a strategist, and going back	10:19:48	21		looking for ways to invest the company's money and	10:22:00
22		to -- what were your areas of responsibility in the	10:19:49	22		the partners' money?	10:22:05
23		Sterling organization, prior to your involvement,	10:19:53	23	A.	Correct.	10:22:06
24		prior to getting so involved with --	10:19:56	24	Q.	Did you -- do you have any areas of	10:22:07
25	A.	Finding deals, starting new deals,	10:19:58	25		responsibility with respect to the Mets?	10:22:10
17			19				
1		looking at properties to try to buy deals. Looking	10:20:00	1	A.	Yes.	10:22:11
2		for new ways to invest our money. Whether they be	10:20:05	2	Q.	What were your responsibilities or	10:22:12
3		the marketing company, the SBIC, that's what I've	10:20:14	3		what are your responsibilities?	10:22:14
4		been doing.	10:20:22	4	A.	Since we bought Nelson out, it's been	10:22:25
5	Q.	And what -- so, as we went through	10:20:23	5		very active, occupies, I would say -- we bought	10:22:31
6		the '90s, was your focus, you were working 40, 60,	10:20:29	6		Nelson out, excuse me, in 2002, 2003. Some -- 2002	10:22:37
7		80 hours a week at Sterling?	10:20:37	7		or '3. I've been very -- that's, most of my work in	10:22:51
8	A.	Whoa, whoa, whoa, whoa, whoa. You	10:20:41	8		Sterling has been focused on that.	10:22:56
9		didn't talk to my partner, did you? He would never	10:20:43	9	Q.	What do you do with respect to the	10:22:57
10		tell you I worked 60 or 80 hours. I've never been	10:20:46	10		Mets organization?	10:22:59
11		accused of that.	10:20:50	11	A.	I'm involved in all of the long-term	10:23:02
12	Q.	That was a very poor question. And	10:20:51	12		planning, financing, the starting of SNY, which	10:23:06
13		your partners did not accuse you of working that	10:20:53	13		started in 2006 but we had to buy it out in 2003 or	10:23:14
14		much.	10:20:56	14		4, the opportunity to do it. Budgeting processes,	10:23:21
15	A.	Right.	10:20:56	15		as far as long-term strategy is concerned. They do	10:23:30
16	Q.	Sterling was a full-time job for you?	10:20:56	16		hear my voice on player personnel, at some level.	10:23:41
17	A.	Yes. Excuse me. You're talking	10:20:59	17		And anything else that an owner would do, which is	10:23:53
18		about prior?	10:21:01	18		what I am.	10:23:56
19	Q.	Prior.	10:21:01	19	Q.	Other than your health system work	10:24:01
20	A.	Well, I've been involved in the	10:21:02	20		and working with the Mets organization, where else	10:24:06
21		hospital for 30 years. Growing from the smallest	10:21:03	21		do you spend time today within the Sterling Group of	10:24:10
22		hospital, which is Glen Cove Hospital where I live,	10:21:10	22		companies?	10:24:14
23		which is where I started. And so I've always spent	10:21:13	23	A.	Since December 11th, 2008 I've spent	10:24:20
24		time.	10:21:18	24		an awful lot of time on the issues at hand.	10:24:24
25	Q.	Sure.	10:21:18	25	Q.	The restructuring? What do you mean	10:24:27

		52			54
1	was simple, well respected member of the community.	11:06:01	1	investigation?	11:09:05
2	So...	11:06:05	2	A. Actually, I remember the name Barry	11:09:07
3	Q. When were there -- when did you	11:06:06	3	Gonder. I think he represented them at the time. I	11:09:10
4	become aware of SEC investigations?	11:06:08	4	also remember Barry Gonder telling me that his wife,	11:09:17
5	A. When I read about it in the paper,	11:06:11	5	who's in the securities business, did a similar	11:09:24
6	with those accountants in Florida.	11:06:16	6	strategy that Bernie was doing.	11:09:29
7	Q. Were you aware at the time it was	11:06:18	7	Q. When did he tell you that, at the	11:09:32
8	occurring or were you --	11:06:20	8	time?	11:09:35
9	A. No. I saw it in the paper.	11:06:21	9	A. At that time.	11:09:36
10	Q. -- or after the fact?	11:06:22	10	Q. Did he tell you anything else about	11:09:36
11	A. After the fact. After the fact. I	11:06:23	11	her strategy?	11:09:39
12	didn't know --	11:06:26	12	A. Not that I recall. Just the fact	11:09:40
13	Q. Let me ask the question differently.	11:06:26	13	that certain things stick in your head --	11:09:41
14	A. Sure.	11:06:27	14	gesundheit -- certain things stick in your head, and	11:09:50
15	Q. Did you read about it in the paper	11:06:28	15	that's, like the name Barry Gonder comes up.	11:09:51
16	and become aware of it after the collapse of Madoff?	11:06:30	16	Q. Now, did you, in preparation for your	11:09:54
17	A. No.	11:06:34	17	deposition, did you review Barry Gonder, any memos	11:09:55
18	Q. Closer in time to when the event	11:06:34	18	from Barry Gonder?	11:09:59
19	actually happened?	11:06:37	19	A. Yes, I did.	11:10:00
20	A. Yes. Yes.	11:06:38	20	Q. Did you remember his name before you	11:10:01
21	Q. So you remember the accountants in	11:06:39	21	reviewed those?	11:10:02
22	Florida?	11:06:41	22	A. Yes, I did. I don't take credit for	11:10:03
23	A. Well, I remember there were	11:06:41	23	remembering too many names, but that one for some	11:10:10
24	accountants in Florida who got in trouble with the	11:06:43	24	reason I did.	11:10:14
25	SEC and the SEC had Bernie give everybody back their	11:06:46	25	(Exhibit SK-1 marked for	11:10:32
		53			55
1	money, as I read, which he gave back immediately.	11:06:49	1	identification.)	11:10:36
2	And the SEC, with this problem, in my mind would	11:06:55	2	Q. Mr. Katz, I've handed you Exhibit 1.	11:10:42
3	have investigated Bernie to make sure that Bernie is	11:07:02	3	Have you seen that document before?	11:11:08
4	doing the right thing and he wasn't part of the	11:07:05	4	A. Yes, I have.	11:12:11
5	charge on the accountants. And, again, Bernie is	11:07:08	5	Q. When -- you last saw this document, I	11:12:12
6	clean, Bernie is terrific. SEC has done a good job.	11:07:12	6	assume, in preparation for your deposition, right?	11:12:18
7	Q. Do you remember any other instances	11:07:16	7	A. Yes.	11:12:20
8	of becoming aware of SEC investigations of	11:07:18	8	Q. Do you recall seeing it in September	11:12:20
9	Mr. Madoff?	11:07:24	9	of 1990?	11:12:23
10	A. No. Not in detail. No.	11:07:25	10	A. No.	11:12:24
11	Q. What's the relationship between	11:07:55	11	Q. Do you recall --	11:12:26
12	either Sterling or the Mets and Travelers? At least	11:08:01	12	A. Not to say I didn't see it. I just	11:12:27
13	back in 1990, what was the relationship?	11:08:07	13	don't recall.	11:12:29
14	A. What time was that?	11:08:22	14	Q. That's fine.	11:12:30
15	Q. 1990.	11:08:23	15	Now, this, the memo ends with the	11:12:31
16	A. I know we borrowed money from them.	11:08:26	16	initials MBT. That's Mr. Tepper, correct?	11:12:36
17	I don't even recall why we borrowed the money, but I	11:08:30	17	A. Yes.	11:12:41
18	know we borrowed money from them.	11:08:37	18	MS. SESHENS: The first memo on the	11:12:42
19	Q. Do you recall Travelers doing any	11:08:39	19	first page?	11:12:43
20	diligence on Madoff in connection with any of its	11:08:45	20	MR. LUCCHESI: Yes.	11:12:44
21	dealings with Sterling?	11:08:48	21	A. Yes.	11:12:44
22	A. Yeah, because we put up some of	11:08:54	22	Q. And what is his role or what was his	11:12:45
23	Madoff's accounts for security, so they did an	11:08:58	23	role in 1990?	11:12:47
24	investigation with due diligence.	11:09:02	24	A. General counsel -- sorry. I think he	11:12:50
25	Q. Did you have any role in that	11:09:04	25	was general counsel. I'm not sure when he joined	11:12:53

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1	us. Before that he was outside counsel, so I can't	11:12:55	1	documents other than account statements from Madoff?	11:15:55
2	tell you 1990 if he was general counsel or outside	11:12:58	2	A. I think we got two things. We got	11:16:02
3	counsel.	11:13:01	3	stock transactions and monthly statements. Two	11:16:05
4	Q. But he was counsel, though, correct?	11:13:02	4	different.	11:16:12
5	He was a lawyer?	11:13:05	5	Q. The stock transactions, you're	11:16:12
6	A. He is a lawyer. I'm only saying to	11:13:05	6	referring to confirmation tickets?	11:16:14
7	you that he was outside counsel and I'm not sure	11:13:09	7	A. Confirmation tickets, yes.	11:16:16
8	when he joined us as general counsel. So in 1990	11:13:12	8	Q. Do you recall getting other reports	11:16:18
9	I'm not sure if he was general counsel or outside	11:13:15	9	called portfolio management reports, maybe on a	11:16:20
10	counsel. But he's still MBT.	11:13:18	10	quarterly basis?	11:16:23
11	Q. Do you recall any discussion with	11:13:22	11	A. As I recall, there was a time we got	11:16:29
12	your partners concerning this memo or the	11:13:28	12	something like that, but I don't remember seeing any	11:16:31
13	attachment?	11:13:34	13	for a while.	11:16:34
14	A. No.	11:13:35	14	Q. What would you do with those types of	11:16:35
15	Q. Do you know whether this memo was	11:13:49	15	documents?	11:16:39
16	prepared -- strike that.	11:13:52	16	A. All sent to Arthur.	11:16:39
17	The attached memo, which is Barry	11:13:55	17	Q. And the same with the confirmation	11:16:40
18	Gonder's memo to the Sterling Doubleday file, do you	11:13:58	18	statements?	11:16:42
19	know whether that was dated before or after	11:14:04	19	A. Oh, yeah. Yes.	11:16:43
20	Travelers loaned money and closed the loan with your	11:14:12	20	Q. What was the purpose of sending them	11:16:45
21	organization?	11:14:17	21	to Arthur Friedman?	11:16:47
22	A. I do not know.	11:14:18	22	A. As I said earlier, he was the one who	11:16:50
23	Q. Do you know whether you relied in any	11:14:22	23	was our person in the office who gathered all the	11:16:54
24	way on Mr. Gonder's findings in connection with any	11:14:25	24	information on Bernie and whatever relationship we	11:17:01
25	decisions that you made to invest with -- to invest	11:14:29	25	had with Bernie through the office, it was Arthur's.	11:17:04
		57			59
1	money with Madoff after the date you received a copy	11:14:34	1	Q. Did you keep copies of what you gave	11:17:10
2	of this document?	11:14:39	2	to Mr. Friedman?	11:17:12
3	A. I certainly didn't depend on Barry	11:14:46	3	A. No.	11:17:13
4	Gonder's memo, but it's all confirmation that grows	11:14:49	4	Q. Did you expect him to keep copies?	11:17:14
5	over a period of time, with feeling more secure	11:14:55	5	A. I'm terrible with paper. I don't	11:17:17
6	about what's going on.	11:14:58	6	keep paper.	11:17:20
7	Q. Did you receive account statements	11:15:07	7	Q. Do you know what Mr. Friedman did	11:17:20
8	from Madoff with respect to your Madoff accounts?	11:15:09	8	with the account statements and the other documents	11:17:23
9	A. At some time I did.	11:15:14	9	that you sent to him?	11:17:25
10	Q. And what would you -- was there some	11:15:16	10	A. I have no idea.	11:17:27
11	time that you didn't?	11:15:19	11	(Exhibit SK-2 marked for	11:17:53
12	A. I don't recall when I stopped looking	11:15:26	12	identification.)	11:17:59
13	at them. What I did with them is I turned them all	11:15:31	13	A. Are we through with this?	11:18:05
14	over to Arthur.	11:15:35	14	Q. Yes, for now.	11:18:06
15	Q. That was going to be my question.	11:15:36	15	I've handed you what's been marked as	11:18:12
16	A. I turned them over to Friedman. So	11:15:38	16	Exhibit 2. I'm really just interested in the second	11:18:14
17	whether they stopped coming to me, my secretary	11:15:40	17	page of Exhibit 2.	11:18:22
18	would send them right on to Arthur before they came	11:15:43	18	A. Yes.	11:18:24
19	to me, but I didn't look at them.	11:15:47	19	Q. Which is -- is that a document that's	11:18:24
20	Q. Okay. So, was that your practice?	11:15:47	20	familiar to you?	11:18:26
21	A. Yes.	11:15:49	21	A. Yes.	11:18:27
22	Q. After a short period of time you did	11:15:49	22	Q. That's the portfolio management	11:18:27
23	not look at the account statements?	11:15:51	23	report we talked about a minute ago?	11:18:30
24	A. Right.	11:15:53	24	A. Yes.	11:18:32
25	Q. Do you recall receiving any other	11:15:53	25	Q. Would you -- this one, this	11:18:32

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1	they're not full partners of Sterling Equities, so	11:44:18	1	A. Could you repeat that?	11:46:20
2	they're not entitled to an interest, but we normally	11:44:22	2	Q. Yeah, let me ask it a different way.	11:46:21
3	offer them interests in deals as they come up.	11:44:26	3	Is there another group, in addition	11:46:23
4	Q. So they sit in the meetings as well	11:44:29	4	to the partners' meetings, is there a group, another	11:46:25
5	or at least portions of the meetings?	11:44:31	5	meeting called an executive committee or executive	11:46:28
6	A. Yeah. The answer is yes. Yes.	11:44:34	6	committee meeting that occurs on a regular basis?	11:46:32
7	Q. Okay. Do any other individuals	11:44:36	7	A. No.	11:46:35
8	regularly attend the partners' meetings?	11:44:38	8	Q. So there is no executive committee?	11:46:35
9	A. No.	11:44:41	9	A. The partners are the executive	11:46:39
10	Q. Do you ever or sometimes have outside	11:44:41	10	committee.	11:46:41
11	people come in for portions of your meetings?	11:44:45	11	Q. The partners are the executive	11:46:41
12	A. Yeah, if we needed some presentation,	11:44:47	12	committee?	11:46:43
13	some information, yes.	11:44:50	13	A. Right. Now, that's not to say that	11:46:43
14	Q. Has Mr. Madoff, Bernie Madoff ever	11:44:51	14	partners don't meet.	11:46:47
15	attended any portion of a partners' meeting at	11:44:53	15	Q. No, I'm not implying that. I want to	11:46:49
16	Sterling?	11:44:57	16	know if there is a separate --	11:46:52
17	A. Not in person or on the phone.	11:44:59	17	A. There is no executive committee.	11:46:53
18	Q. That was going to be my next	11:45:00	18	That is the executive committee.	11:46:56
19	question.	11:45:03	19	Q. Okay. Because I think there was a	11:46:58
20	Does Mr. Stamos attend those meetings	11:45:03	20	little confusion about that from some of the -- at	11:47:00
21	now?	11:45:11	21	least on our part. Not that you guys are confused.	11:47:02
22	A. No.	11:45:11	22	We were confused about some people used the phrase	11:47:04
23	Q. Did he at any point in time?	11:45:12	23	executive committee and partners, and I wasn't sure	11:47:07
24	A. Not on a formal basis. But he might	11:45:14	24	if that was two different things.	11:47:10
25	have been -- I don't know if he was there but he	11:45:19	25	A. Let me help you then. At the Mets we	11:47:13
73			75		
1	might have been at a meeting.	11:45:21	1	have a chairman of the -- Office of the Chairman.	11:47:16
2	Q. Now, in addition to the partners'	11:45:23	2	So three people are in the Office of the Chairman.	11:47:20
3	meetings, the partners make decisions about running	11:45:27	3	That's just the Mets and only the Mets business.	11:47:23
4	the business, right?	11:45:29	4	Q. Okay.	11:47:27
5	A. Yes.	11:45:30	5	A. SAP meets, I think they meet every	11:47:27
6	Q. They set the direction. And you, do	11:45:31	6	Monday morning. And so the partners that run SAP	11:47:34
7	you lead those meetings or chair those meetings?	11:45:34	7	meet every Monday morning.	11:47:39
8	A. No. Mr. Wilpon does.	11:45:37	8	Q. Okay.	11:47:41
9	Q. And is it that formal, that he runs	11:45:38	9	A. But there is no executive committee.	11:47:42
10	the meeting?	11:45:41	10	Q. Over the whole thing?	11:47:44
11	A. He's chair and he runs the meeting.	11:45:41	11	A. Over the whole business. We're all	11:47:46
12	Q. Is there an agenda for each meeting?	11:45:43	12	in the executive committee.	11:47:47
13	A. Yes, there is.	11:45:46	13	Q. Okay.	11:47:49
14	Q. And is that distributed in advance?	11:45:47	14	Did you have a personal or a social	11:47:59
15	A. Yes, it is.	11:45:49	15	relationship with Bernie Madoff?	11:48:01
16	Q. And minutes are kept, correct?	11:45:50	16	A. Somewhat.	11:48:10
17	A. Minutes are kept and distributed with	11:45:51	17	Q. Describe it, please.	11:48:11
18	the agenda.	11:45:54	18	A. Business social.	11:48:13
19	Q. The minutes from the previous	11:45:55	19	Q. And what would that be comprised of?	11:48:14
20	meeting?	11:45:57	20	A. He came to a number of my family	11:48:18
21	A. The previous meeting, yes.	11:45:57	21	affairs, whether it was a wedding or bar mitzvah.	11:48:22
22	Q. Are there any other meetings,	11:46:00	22	Not all. I went to a couple of his, not all. I	11:48:27
23	regularly scheduled meetings with either all of the	11:46:05	23	don't think -- I can't recall a time that he and I	11:48:34
24	partners or a subset of the partners that occur in	11:46:10	24	went out to dinner together, either personally or	11:48:38
25	order to run the business of the Sterling entities?	11:46:15	25	with -- individually or with our wives. But we saw	11:48:41

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1	them at social events.	11:48:45	1	years, it would be a lot, including his parties, my	11:51:27
2	Q. Okay. Just because you were at the	11:48:48	2	parties and our communal parties.	11:51:30
3	same event?	11:48:51	3	Q. Did you -- in your answer you said	11:51:37
4	A. Yes, because we were at the same,	11:48:52	4	all times you talked to Bernie. You said maybe two	11:51:42
5	exactly right.	11:48:54	5	times a year you'd have a phone call.	11:51:44
6	Q. Did you sit on any boards with Bernie	11:48:54	6	A. Right.	11:51:46
7	Madoff?	11:48:57	7	Q. What about, would you call others at	11:51:46
8	A. No. No.	11:48:58	8	his office with regard to business matters?	11:51:49
9	Q. Did you ever vacation with	11:49:05	9	A. I never spoke to anybody in his	11:51:51
10	Mr. Madoff?	11:49:08	10	office other than Bernie.	11:51:52
11	A. No. Never went on vacation with him.	11:49:09	11	Q. Did you ever --	11:51:54
12	Although I ran into him on two different times while	11:49:11	12	A. I'm sorry, I may have spoken to Frank	11:51:55
13	on vacation, but I didn't vacation with him.	11:49:17	13	once or twice during the 25 years.	11:51:57
14	Q. Where was that?	11:49:20	14	Q. Do you recall what you spoke to Frank	11:51:59
15	A. Once in Sardinia and once in the	11:49:22	15	about?	11:52:02
16	South of France.	11:49:24	16	A. No, no.	11:52:02
17	Q. Was that by design you ran into him?	11:49:24	17	Q. Annette Bongiorno, did you ever speak	11:52:03
18	A. Absolutely not. As a matter of fact,	11:49:27	18	to her?	11:52:06
19	as an aside, I could tell you that I was with my	11:49:28	19	A. Who's that?	11:52:07
20	brother and we saw him at our favorite restaurant	11:49:30	20	Q. Annette Bongiorno.	11:52:08
21	and we bought him dinner and my sister-in-law to	11:49:33	21	A. Not that I recall.	11:52:11
22	this day is angry at me for having bought him	11:49:36	22	Q. How about, do you remember the name,	11:52:12
23	dinner.	11:49:39	23	does the name Jodi Crupi?	11:52:13
24	Q. Was she angry at the time or was she	11:49:39	24	A. No.	11:52:15
25	angry --	11:49:43	25	Q. Eleanor Squillari?	11:52:16
77			79		
1	A. Oh, no, she wasn't angry at the time.	11:49:43	1	A. Eleanor was his secretary.	11:52:18
2	Q. -- or after December 11th --	11:49:43	2	Q. Yes.	11:52:20
3	A. She wasn't angry at the time. She	11:49:46	3	A. So I would have spoken to Eleanor	11:52:21
4	was angry after. I said, it didn't matter, he was	11:49:47	4	when I was calling for him.	11:52:23
5	using our money one way or the other.	11:49:49	5	Q. Any other reasons to speak to	11:52:24
6	Q. So be it.	11:49:58	6	Eleanor?	11:52:26
7	How often would you, before you got	11:50:03	7	A. No. It would just be to get through	11:52:27
8	so involved with the hospital work, the health	11:50:17	8	to Bernie.	11:52:29
9	system work when you were focusing more on the	11:50:20	9	Q. Did anyone else, any other partners	11:52:30
10	Sterling work, how often would you communicate with	11:50:23	10	within the Sterling organization, have a personal or	11:52:32
11	Madoff or his office during the week?	11:50:27	11	social relationship with Bernie?	11:52:35
12	A. I think that my communication with	11:50:34	12	A. Fred much more than mine,	11:52:37
13	Bernie was pretty consistent throughout the whole 25	11:50:37	13	substantially more than mine but not that much, but	11:52:42
14	years, whether I was busy in the hospital or not.	11:50:41	14	substantially more than mine. Jeffrey with Mark,	11:52:48
15	Q. Okay.	11:50:45	15	but not really with Bernie. But no one else.	11:52:53
16	A. And I -- Fred and I would visit him	11:50:46	16	Q. Did -- I remember reading when this	11:52:59
17	maybe once a year, and maybe I would have a	11:50:50	17	case broke about Bernie having season tickets to the	11:53:02
18	conversation with Bernie on the phone two times in	11:50:57	18	Mets.	11:53:07
19	addition to that parameter.	11:51:03	19	A. We had 20,000 of those people.	11:53:10
20	Q. Two times per year?	11:51:05	20	Q. I know. But I'm only interested in	11:53:12
21	A. Yeah. So, if I saw Bernie -- if I	11:51:07	21	Bernie.	11:53:14
22	spoke to Bernie, whether in person or by phone, two,	11:51:10	22	A. Okay.	11:53:14
23	three times a year, other than the -- and if the	11:51:15	23	Q. Was he -- he was a season ticket	11:53:14
24	social events I talked about, just so we know, for	11:51:22	24	holder?	11:53:16
25	25 years, if there were 15 social events over 15	11:51:25	25	A. Yes.	11:53:17

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1	Q. Were his seats next to the owner	11:53:17	1	same as any other limited partner, and treated that	11:56:28
2	seats or close to the owner seats?	11:53:20	2	way.	11:56:31
3	A. Yes.	11:53:22	3	Q. Did you have a standard list of	11:56:33
4	Q. So, would you sit or would you guys	11:53:22	4	potential -- persons that you'd call to be limited	11:56:35
5	sit, you or Fred Wilpon sit with Bernie during the	11:53:26	5	partners in your deals?	11:56:38
6	games?	11:53:29	6	A. Standard list, no. Continuing, for	11:56:40
7	A. No. Because we didn't use those	11:53:30	7	instance in SAP I think we got 140 different	11:56:46
8	seats. We only sat in our box -- Fred and I	11:53:32	8	investors. We may have visited with four or 500 to	11:56:50
9	rarely -- Fred never goes downstairs, and I'll go	11:53:35	9	get the 140. I'm not sure. I didn't do most of	11:56:54
10	downstairs infrequently, and my seats are not next	11:53:39	10	that money raising over the last number of years.	11:56:58
11	to his. We have a number of owners' seats.	11:53:42	11	Q. You didn't do most of it for SAP?	11:57:01
12	Q. Okay.	11:53:49	12	A. Right. But I would make a phone call	11:57:03
13	A. But I've never sat with Bernie at a	11:53:50	13	to Bernie or to a couple of others that I had a	11:57:05
14	ballgame. Oh, I take it back. He came to Japan	11:53:52	14	relationship with to help the rates.	11:57:07
15	with us.	11:53:57	15	Q. Were you the designated person, so to	11:57:09
16	Q. Oh, when you played in Japan.	11:53:58	16	speak, to make phone calls to Bernie?	11:57:13
17	A. We played in Japan. He and Ruth came	11:54:00	17	A. Well, on that business -- on the	11:57:16
18	to Japan with us. And so I did sit at a ballgame	11:54:02	18	business with him, yes.	11:57:19
19	there with him.	11:54:08	19	Q. Why was it -- how was it decided that	11:57:22
20	Q. Now, we're aware that Madoff made	11:54:19	20	you would be that person as opposed to Mr. Wilpon,	11:57:25
21	investments in some of the Sterling business	11:54:25	21	who knew Bernie personally before you, or	11:57:31
22	operations.	11:54:30	22	Mr. Friedman, who was the liaison on the	11:57:34
23	A. Yes.	11:54:31	23	investments?	11:57:38
24	Q. What -- we can go through some of	11:54:32	24	A. This was not a Madoff investment.	11:57:41
25	those maybe, if we need to, but what role did you	11:54:36	25	Mr. Friedman took care of the money going to Madoff.	11:57:44
81			83		
1	have in connection with Bernie making investments in	11:54:40	1	This was a conversation with Bernie investing with	11:57:48
2	Sterling business operations?	11:54:43	2	us.	11:57:52
3	A. I would make the phone call to	11:54:45	3	Q. Okay. So I guess that eliminates	11:57:52
4	Bernie, it would be my contact to make that phone	11:54:48	4	Mr. Friedman. What about why, was there some	11:57:55
5	call, to ask if he wanted to invest, tell him what	11:54:50	5	discussion between you and Fred Wilpon about whether	11:57:58
6	it was about.	11:54:56	6	it should be one of you or the other of you?	11:58:01
7	Q. How would it be determined if a	11:55:12	7	A. As I said earlier, I'm the one who	11:58:03
8	particular investment opportunity was something that	11:55:15	8	stirs these things and so I usually knew what the	11:58:06
9	you should call Madoff about?	11:55:17	9	deal was about, what the business was about and why	11:58:09
10	A. If we were looking for limited	11:55:31	10	we were going into that particular business, and why	11:58:11
11	partners, Bernie would be a source of money, for us	11:55:35	11	Bernie should invest in that business would be my	11:58:14
12	raising money for doing deals. The only -- yeah,	11:55:44	12	conversation with Bernie.	11:58:17
13	that would be...	11:55:48	13	(Exhibit SK-3 marked for	11:58:30
14	Q. Would you discuss in advance with	11:55:50	14	identification.)	11:58:35
15	your partners that Madoff would be one of the	11:55:53	15	Q. If you look at Exhibit 3, had the	11:58:51
16	potential sources of money that you would be	11:55:56	16	opportunity to go over this exhibit with	11:59:01
17	contacting?	11:55:59	17	Mr. Friedman a few weeks ago. Have you seen this	11:59:02
18	A. I don't recall doing that, but that	11:56:01	18	document before? It's a cover letter and then an as	11:59:12
19	would be the process.	11:56:02	19	of July 7, 2004 chart setting forth Madoff	11:59:16
20	Q. Was there some criteria that you	11:56:05	20	investments in Sterling ventures.	11:59:20
21	employed with respect to your many projects as to	11:56:08	21	A. I've seen it recently.	11:59:23
22	when you would call Madoff versus when you would not	11:56:12	22	Q. Does this -- I guess recognizing that	11:59:29
23	call Madoff?	11:56:15	23	the investment in Sterling Vessels doesn't appear on	11:59:31
24	A. Any time we were looking for outside	11:56:19	24	here, does this accurately, to your mind, summarize	11:59:35
25	money, he would be a potential limited partner, the	11:56:22	25	or set forth the investments made by Madoff in	11:59:39

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1	A.	I never had any discussions with	12:05:22	1	Q.	Their choice or your choice?	12:07:38
2		people.	12:05:24	2	A.	Their choice. It's their choice.	12:07:39
3	Q.	Do you know what front-running is?	12:05:26	3		It's their choice.	12:07:57
4	A.	Yes.	12:05:28	4	Q.	Now, we talked to -- in our	12:07:57
5	Q.	What do you understand that to be?	12:05:28	5		discussions with other people from Sterling, we've	12:08:01
6	A.	That if some broker has information	12:05:30	6		talked about investment in Madoff, not just by the	12:08:04
7		or an order to buy 20,000 shares and those will	12:05:32	7		Sterling partners, but by what I think we've called	12:08:07
8		drive the stock up, he'll buy a thousand shares for	12:05:36	8		outsiders.	12:08:11
9		himself first before he buys it and then sells it	12:05:40	9	A.	Friends and family.	12:08:12
10		when he's gotten through the selling.	12:05:42	10	Q.	Friends and family. Tell me about	12:08:13
11	Q.	Did you ever have any discussion with	12:05:46	11		your role in that, if you have any role.	12:08:18
12		anyone that Madoff might be involved in	12:05:47	12		MS. SESHENS: Objection to the form.	12:08:22
13		front-running?	12:05:49	13	A.	My role in that is that this was such	12:08:25
14	A.	Not that I recall.	12:05:53	14		a blessing that I wanted to share with my friends	12:08:28
15	Q.	Did you ever have any suspicion that	12:05:53	15		and family. And so if an opportunity came and if	12:08:32
16		Madoff might be involved -- whether you discussed it	12:05:56	16		somebody needed a safe, steady return to help them	12:08:36
17		with anybody or not -- might be involved in	12:05:58	17		live their life, we introduced them to an idea.	12:08:41
18		front-running or inside trading?	12:06:01	18	Q.	And how would that introduction take	12:08:46
19	A.	No. Because he did it in --	12:06:04	19		place?	12:08:49
20		front-running would be a particular stock, again.	12:06:07	20	A.	Tell them we're doing it and just	12:08:50
21	Q.	I understand.	12:06:10	21		tell them what we know, tell them what we knew.	12:08:52
22	A.	And he did it in lumps. And so my	12:06:11	22	Q.	So give me -- what would you -- I've	12:08:56
23		sense of it was that because of the flow he had, he	12:06:16	23		become a good -- let's say it's 1990 and I'm a good	12:08:58
24		had a sense of where the market was going, whether	12:06:21	24		friend of yours and you're going to tell me about	12:09:01
25		it was one stock or 25 stocks. And that was his	12:06:23	25		Madoff. What would you tell me?	12:09:04
89			91				
1		advantage. His advantage was not in front-running,	12:06:26	1		MS. SESHENS: Objection to the form.	12:09:06
2		but his advantage was a sense of the market, a sense	12:06:29	2	A.	I'd tell you that Bernie's been a	12:09:10
3		of how much he was trading and a feel for the	12:06:33	3		friend of ours for a while, we've had a successful	12:09:13
4		market. That was my naive understanding.	12:06:35	4		relationship with him, and we've invested money with	12:09:15
5	Q.	Now, switching gears totally.	12:06:41	5		him, and this has been our returns and we're	12:09:19
6	A.	Sure. Are we through with this?	12:06:45	6		comfortable doing this. If this is what you'd like	12:09:23
7	Q.	Yeah, for now.	12:06:47	7		to do with some of your money, you're certainly	12:09:28
8		You're married to Iris?	12:06:49	8		welcome to do it.	12:09:32
9	A.	50 years.	12:06:51	9	Q.	And would you -- what would be the	12:09:33
10	Q.	I was going to ask how long.	12:06:52	10		next step, if the person wanted to take you up on	12:09:35
11		Congratulations.	12:06:54	11		that offer, would they just call Bernie directly?	12:09:39
12	A.	Thank you.	12:06:56	12		What would they do?	12:09:43
13	Q.	How many children do you have?	12:06:58	13	A.	They'd speak to Arthur. Arthur	12:09:44
14	A.	Three.	12:07:00	14		Friedman, speak to Mr. Friedman.	12:09:46
15	Q.	What are their names?	12:07:00	15	Q.	And then what would happen?	12:09:48
16	A.	David, Natalie --	12:07:01	16	A.	Mr. Friedman would open an account	12:09:50
17	Q.	Oh, Natalie was the one I didn't	12:07:03	17		for them.	12:09:52
18		remember.	12:07:05	18	Q.	In their own name?	12:09:52
19	A.	And Heather.	12:07:06	19	A.	In their own name.	12:09:54
20	Q.	And are Natalie and Heather involved	12:07:08	20	Q.	Would they -- would these friends and	12:09:56
21		in the Sterling business?	12:07:13	21		family, would they ever be joined in accounts with	12:09:58
22	A.	No.	12:07:15	22		Sterling partners?	12:10:01
23		Just so, off the record, I can tell	12:07:26	23	A.	If they didn't have enough of the	12:10:02
24		you that, ladies, that's by choice. I don't want	12:07:27	24		minimum, in order to help them, we might join them	12:10:03
25		anyone to get upset with me, okay.	12:07:36	25		in the account.	12:10:07

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1	Q.	Right. That Arthur administered.	02:39:28	1	A. I don't think so. Certainly don't	02:42:47
2	A.	Yes.	02:39:30	2	recall any.	02:42:51
3	Q.	Arthur Friedman administered.	02:39:34	3	MR. LUCCHESI: Okay. We're out of	02:43:05
4		Because if you didn't have that rule	02:39:35	4	tape, so let's take a short break. You can call	02:43:07
5		in place, every time someone withdrew money,	02:39:37	5	your daughter. Give us a few minutes so we can see	02:43:11
6		Mr. Friedman would have to reallocate everything --	02:39:41	6	if we can wrap this up.	02:43:17
7	A.	Change percentage of the ownership.	02:39:45	7	THE VIDEOGRAPHER: Going off the	02:43:19
8	Q.	At some point in time, do you recall	02:40:12	8	record, the time is 2:43. This ends tape 3.	02:43:20
9		that at some point in time Madoff came to you or	02:40:17	9	(Recess taken.)	02:43:26
10		someone else at Sterling with some kind of a special	02:40:21	10	THE VIDEOGRAPHER: We're back on the	03:02:07
11		deal or a special opportunity?	02:40:24	11	record. The time is 3:02. This is tape number 4.	03:02:18
12	A.	At one time he came to us and said	02:40:29	12	BY MR. LUCCHESI:	03:02:23
13		that he's going to try a new strategy that he thinks	02:40:37	13	Q. Okay. You mentioned a few minutes	03:02:25
14		may be more efficient and make us more money and	02:40:53	14	ago, when I was asking you about the double-up	03:02:28
15		asked us if we wanted to do it.	02:40:57	15	accounts, you said that your brother, Michael, would	03:02:33
16	Q.	Who did he approach with that?	02:41:01	16	have -- might have been the person that talked to	03:02:38
17	A.	I don't recall.	02:41:05	17	the banks, because at some point you said he was in	03:02:41
18	Q.	You don't recall?	02:41:05	18	charge of finances. What were Michael's -- I didn't	03:02:44
19	A.	No, I don't recall.	02:41:06	19	follow up at that time and I want to find out, what	03:02:48
20	Q.	Could it have been you?	02:41:08	20	were Michael's job responsibilities in late, in the	03:02:51
21	A.	It could have been but I don't	02:41:09	21	mid to late 1990s with the Sterling Group of	03:03:01
22		recall.	02:41:11	22	companies?	03:03:04
23	Q.	What do you recall about this special	02:41:14	23	A. He was chief financial officer, which	03:03:05
24		deal? What was the strategy?	02:41:16	24	was responsible for the bookkeeping, banking	03:03:08
25	A.	As I recall, he made a little bit	02:41:19	25	relationships and the typical things that a CFO	03:03:11
173			175			
1		extra money for a short period of time, months, and	02:41:24	1	would be responsible for.	03:03:20
2		then it looked no different than all the other	02:41:30	2	Q. What is his role with the company	03:03:21
3		accounts.	02:41:33	3	today?	03:03:24
4	Q.	I guess I didn't ask the question	02:41:33	4	A. Was strictly real estate, with a	03:03:25
5		very well.	02:41:35	5	relationship working with Mark because he was --	03:03:28
6		What was different about Madoff's	02:41:38	6	working with Mr. Peskin, who is the CFO, just all of	03:03:31
7		strategy for this special deal as compared to what	02:41:40	7	the supervisory, working with Mark Peskin, because	03:03:40
8		Madoff --	02:41:45	8	he has the background, enjoys the finance aspects of	03:03:43
9	A.	I don't recall.	02:41:46	9	the business, but spends most of his time in real	03:03:48
10	Q.	Do you think that's something you	02:41:46	10	estate.	03:03:53
11		knew at one point?	02:41:50	11	Q. Why was there that -- why was -- did	03:03:53
12	A.	I'm not sure.	02:41:52	12	he move from being a CFO to spending most of his	03:03:57
13	Q.	Do you recall that the opportunity	02:41:54	13	time in real estate?	03:04:01
14		for this special deal was limited in the sense that	02:41:57	14	A. The business grew too much for him to	03:04:02
15		partners had to invest new money into Madoff? You	02:42:03	15	be able to do them both. So we -- I literally gave	03:04:04
16		couldn't, in other words, take money out of an	02:42:09	16	him the choice of he can be the CFO or he can be	03:04:09
17		existing Madoff account and put that in the special	02:42:12	17	dealing in real estate, can't do them both. He	03:04:13
18		account?	02:42:16	18	chose to continue to stay in the real estate and we	03:04:16
19		MS. SESHENS: Objection to the form.	02:42:16	19	brought Mr. Peskin on about seven or eight years	03:04:19
20	Q.	Do you recall that?	02:42:17	20	ago.	03:04:22
21	A.	No, I don't recall that.	02:42:18	21	Q. We talked about the double-up	03:04:30
22	Q.	Was there any -- other than this one	02:42:33	22	accounts and the concept of risk with a big	03:04:33
23		special deal that you told me about, are there any	02:42:36	23	leverage. I'd asked a series -- I started off by	03:04:39
24		other special deals or short-term arrangements that	02:42:39	24	asking a question at one point about whether the	03:04:43
25		Madoff brought to you or your partners at any time?	02:42:42	25	notion of the, any additional risk was discussed at	03:04:46

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1	out of the market?	03:26:50	1	respond?	03:30:14
2	A. When he was out of the market, yes.	03:26:51	2	A. We did respond. I don't know if I	03:30:14
3	Q. Anything else that you can recall as	03:26:53	3	responded.	03:30:17
4	far as a limitation?	03:26:55	4	Q. Would it be your style, your business	03:30:24
5	A. That's all.	03:26:56	5	practice, in this instance where a written response	03:30:31
6	Q. Did you have to give prior notice?	03:26:57	6	is being requested, that others would draft the	03:30:35
7	In other words, did Bernie require like a one week?	03:27:01	7	response and that you would sign it?	03:30:40
8	A. Not when he was out of the market.	03:27:04	8	A. Yes.	03:30:41
9	Q. Do you ever recall any time when you	03:27:07	9	Q. Would you review it before you signed	03:30:42
10	wanted to make a withdrawal and you were unable for	03:27:12	10	it?	03:30:44
11	one reason or another, from Madoff?	03:27:16	11	A. I doubt it.	03:30:44
12	A. Never.	03:27:19	12	Q. So you wouldn't read it?	03:30:47
13	Q. I can show you a document if you need	03:28:14	13	A. If it was of interest to me,	03:30:49
14	to see it, but in 2000 you received a letter from	03:28:17	14	otherwise I wouldn't.	03:30:51
15	the Attorney General of New York, from the Office of	03:28:23	15	Q. Would this type of response be	03:30:52
16	the Attorney General having to do with your family	03:28:29	16	something that was of interest to you?	03:30:56
17	foundation, and having some questions about the	03:28:31	17	MS. SESHENS: Objection to the form.	03:30:58
18	types of trading that the foundation was engaged in.	03:28:36	18	A. Depends on how busy I was.	03:31:00
19	Do you recall that letter?	03:28:42	19	MS. SESHENS: You might just show it	03:31:02
20	A. Not until I was just shown it	03:28:43	20	to him if you want him to answer that question.	03:31:05
21	yesterday or the day before.	03:28:44	21	Q. Were there certain types of documents	03:31:08
22	Q. And if you need to see the letter I	03:28:46	22	that you'd be more likely to read that were put in	03:31:12
23	can show it to you. But that letter needed to be --	03:28:48	23	front of you for signature versus types that you	03:31:15
24	they were looking for a response, and the documents	03:28:57	24	were less likely to read?	03:31:19
25	indicate that that letter was faxed by Arthur	03:29:00	25	A. In my office I have a general counsel	03:31:27
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1	Friedman to Madoff's office. And there's a -- I	03:29:05	1	and a chief financial officer who were constantly	03:31:30
2	guess I'll stop there.	03:29:09	2	asking me to sign things and I just sign them	03:31:36
3	Q. Were you aware that -- did you give	03:29:11	3	because I have the confidence of what they're	03:31:39
4	that letter to Arthur to deal with, to craft a	03:29:13	4	putting in front of me, they need my signature.	03:31:40
5	response?	03:29:17	5	Q. So if your general counsel or your	03:31:44
6	A. I don't recall.	03:29:17	6	CFO put a document in front of you and said sign it,	03:31:47
7	Q. Would that have been logical?	03:29:18	7	you would take it on faith --	03:31:50
8	A. That would have been what I would	03:29:21	8	A. That's correct.	03:31:52
9	have done, but I don't recall.	03:29:23	9	Q. -- that the document reflects --	03:31:53
10	Q. Were you aware that Mr. Friedman sent	03:29:25	10	A. Conversations we've had and what	03:31:57
11	the letter to Bernie Madoff's office?	03:29:28	11	they're telling me it's for.	03:32:00
12	A. No.	03:29:32	12	Q. And your CFO is?	03:32:02
13	Q. Can you think of any reason why	03:29:33	13	A. Mark Peskin.	03:32:04
14	Bernie Madoff's input or input from his office would	03:29:39	14	Q. And your general counsel is Mr. Nero?	03:32:05
15	have been required to respond to the Attorney	03:29:43	15	And before Mr. Nero it was Mr. Tepper?	03:32:13
16	General's letter?	03:29:46	16	(Indiscernible crosstalk.)	03:32:13
17	MS. SESHENS: Objection.	03:29:47	17	Q. With Mr. Nero sitting here.	03:32:21
18	A. I think the letter asks for certain	03:29:49	18	A. Yes.	03:32:24
19	details and Bernie was able to answer. I don't	03:29:52	19	Q. But has any of those individuals,	03:32:24
20	recall.	03:29:56	20	Mr. Nero, Mr. Peskin or Mr. Tepper ever put	03:32:26
21	Q. Did you have any role -- did you have	03:29:56	21	something in front of you that didn't reflect	03:32:30
22	any role in drafting the response to the Attorney	03:29:59	22	whatever the deal was or whatever the conversations	03:32:34
23	General's inquiry?	03:30:02	23	were that related to that document?	03:32:36
24	A. No. Not that I recall.	03:30:03	24	A. I've only seen one instance like	03:32:42
25	Q. Do you recall that you did -- you did	03:30:10	25	that.	03:32:44

196			198			
1	Q.	And what would that be?	03:32:45	1	banks to lend us each \$27 million for the \$54	03:35:33
2	A.	The one you're going to show me	03:32:46	2	million. We were satisfied that the two banks were	03:35:39
3		later.	03:32:51	3	going to deliver the money. Because the content was	03:35:43
4	Q.	How do you know what I'm going to	03:32:53	4	very valuable, worth substantially more than the \$54	03:35:50
5		show you later?	03:32:55	5	million.	03:35:55
6	A.	I just have a feeling. I have a	03:32:57	6	Banks being what banks are were	03:35:58
7		feeling. Still can't figure it out.	03:33:00	7	crossing the T's and dotting the I's, and we were	03:36:01
8	Q.	You're referring to the 54 million	03:33:03	8	running out of time and we could not take the chance	03:36:06
9		dollar --	03:33:04	9	that there would be a blip. Because if we didn't	03:36:13
10	A.	Yes.	03:33:05	10	pay by May 31st, we'd lose that opportunity, a	03:36:17
11	Q.	-- Ruth Madoff?	03:33:05	11	one-time opportunity, 30 days.	03:36:23
12	A.	Yes.	03:33:08	12	So I remember being in a car with	03:36:26
13	Q.	Whether it was a loan or an	03:33:08	13	Fred, Marvin and we were coming into the City and we	03:36:28
14		investment with respect to your exercise of the	03:33:10	14	were trying to figure out what to do. I said, we	03:36:34
15		option?	03:33:12	15	just can't wait any longer. Let's call Bernie,	03:36:37
16	A.	There was never an investment.	03:33:13	16	close one of our accounts or two of our accounts or	03:36:41
17	Q.	Indisputably the document suggests	03:33:16	17	whatever it takes and get us \$54 million, even if	03:36:43
18		that?	03:33:20	18	it's in the middle of a cycle.	03:36:47
19	A.	That's correct.	03:33:20	19	So we called Bernie, told Bernie	03:36:53
20	Q.	Is it your testimony that you didn't	03:33:23	20	where we were and he says, why break it, I'll wire	03:36:57
21		read the document before you signed it?	03:33:24	21	you \$54 million and either you'll pay me back in a	03:37:05
22	A.	I don't recall.	03:33:32	22	couple of days when you get the money from the bank	03:37:09
23	Q.	You don't recall if you read it or	03:33:32	23	or at the end of the cycle on June 30th, when we	03:37:11
24		not?	03:33:34	24	unwind whatever we have to unwind, you'll pay me	03:37:15
25	A.	Right.	03:33:35	25	back the money.	03:37:19
197			199			
1	Q.	Is it your testimony that the	03:33:35	1	We thanked him profusely, hung up the	03:37:22
2		discussions -- first of all, you never discussed it	03:33:37	2	phone. I never talked to him about it again. That	03:37:27
3		with Ruth, correct?	03:33:40	3	was the extent of the conversation we had with	03:37:30
4	A.	Absolutely not.	03:33:41	4	Bernie. Never talked to Ruth.	03:37:32
5	Q.	I asked that in a bad way.	03:33:43	5	The money came the next day.	03:37:36
6	A.	I've never discussed any business	03:33:46	6	Q. Bernie's money?	03:37:40
7		with Ruth, including anything in that document.	03:33:48	7	A. Bernie's money came the next day.	03:37:42
8	Q.	The discussions that you had with	03:33:56	8	The same day the bank put the money in the bank.	03:37:44
9		Bernie about the \$54 million, why don't you tell me	03:33:59	9	The banker called me and said, what is going on	03:37:46
10		what that was. Tell me what the discussion was.	03:34:03	10	here, I got \$54 million just came into the account	03:37:48
11	A.	Let me put it in context. The	03:34:12	11	and I just put 54 million in. I said, the deal	03:37:52
12		control of our media, of our content, is an	03:34:22	12	closed? Yes. We got our money? Yes. Okay, send	03:37:55
13		exceedingly valuable asset. Because of the document	03:34:28	13	Bernie back his money, and we shipped Bernie back	03:37:59
14		that we got signed with Cablevision earlier, we had	03:34:36	14	his money the next day.	03:38:02
15		a 30-day window to buy back that content. If we	03:34:41	15	Q. Who did you give that instruction to?	03:38:03
16		didn't, Cablevision would own that content -- when I	03:34:50	16	A. The bank.	03:38:05
17		say own it, they'd have control of it, they'd have	03:34:54	17	Q. You gave it directly to the bank?	03:38:05
18		to pay us for it but they'd have control of the	03:34:57	18	A. Whether some pieces of paper had to	03:38:07
19		content not only for the next ten years but because	03:35:01	19	be sent to them, wire instructions, I don't know,	03:38:09
20		of the way that thing read, forever. It was a	03:35:04	20	but the conversation took place between me and the	03:38:11
21		continuing, potentially forever. So we had a 30-day	03:35:09	21	banker that the thing was completed. Because this	03:38:16
22		window to buy that content back. We were able to	03:35:16	22	was very important that I was on top of closing that	03:38:18
23		start a network once we got the content, which we	03:35:23	23	deal to make sure we got the money in the bank to	03:38:20
24		did, which is SNY.	03:35:26	24	send to Cablevision.	03:38:23
25		We made a deal with the banks, two	03:35:30	25	Q. Do you recall who the banker was that	03:38:25

204			206			
1	A.	Right.	03:42:45	1	well, whether you read it or didn't read it I guess	03:45:02
2	Q.	Is it your belief that Mr. Tepper	03:42:47	2	is (inaudible). This I think you said is the one	03:45:04
3		prepared this?	03:42:51	3	instance in however many years you've been in	03:45:07
4	A.	Yes.	03:42:55	4	business that one of your people, general counsel,	03:45:13
5	Q.	What is the basis for that belief?	03:42:59	5	CFO, has put before you a document that you signed	03:45:22
6	A.	That he was our general counsel, he	03:43:05	6	that didn't accurately reflect the conversations	03:45:25
7		would have prepared it.	03:43:07	7	that preceded it. Is that correct?	03:45:30
8	Q.	But there's nothing on the document	03:43:08	8	A. Correct.	03:45:33
9		that indicates that?	03:43:10	9	Q. Can you give me any explanation as to	03:45:38
10	A.	No. There is no MBT, there is no --	03:43:11	10	how the terms in this document came to be?	03:45:41
11		no.	03:43:14	11	A. I don't know.	03:45:51
12	Q.	And do you recognize, I think	03:43:17	12	Q. Can you think of any legitimate	03:45:52
13		Mr. Wilpon has already said that is his --	03:43:20	13	business reason -- by legitimate I mean not	03:45:57
14	A.	That is his signature.	03:43:22	14	illegal -- any business reason why one would	03:46:02
15	Q.	This document is the one -- well, let	03:43:24	15	structure this arrangement as a --	03:46:06
16		me ask you this: Do you believe you read this	03:43:29	16	(Interruption.)	03:46:11
17		before you signed it?	03:43:32	17	A. I'm sorry. It's not a duck.	03:46:11
18	A.	I could have.	03:43:35	18	Q. You can tell a lot about a person by	03:46:25
19	Q.	If you had read it, would you -- let	03:43:37	19	his ring tones.	03:46:28
20		me back up.	03:43:47	20	(Comments off the record.)	03:46:31
21		The document doesn't -- isn't	03:43:48	21	Q. Let me ask it this way: Can you	03:46:35
22		consistent with the conversation you told me about.	03:43:51	22	think of any business purpose for structuring the	03:46:38
23	A.	That's correct.	03:43:54	23	transfer of this \$54 million in the manner it's	03:46:41
24		MS. SESHENS: Objection to the form.	03:43:55	24	structured here, as opposed to what was discussed on	03:46:46
25	Q.	You agree it's not consistent with	03:43:56	25	the telephone?	03:46:49
205			207			
1		the conversation?	03:43:58	1	A. It's on Mets stationery, the money is	03:46:54
2	A.	That's correct.	03:43:59	2	going to Sterling Equities Associates. We're	03:47:02
3	Q.	If you had read it would you have	03:44:05	3	borrowing money without a note. Whether there was	03:47:09
4		recognized it was not consistent with the	03:44:07	4	some covenants potentially at the club that we	03:47:17
5		conversation?	03:44:09	5	weren't allowed to borrow or that we had covenants,	03:47:22
6		MS. SESHENS: Objection.	03:44:09	6	I don't know what precipitated this piece of paper.	03:47:26
7	A.	If I had read it?	03:44:11	7	But there are reasons that might have happened that	03:47:30
8	Q.	Yes.	03:44:12	8	Marvin was looking to make sure that we weren't	03:47:32
9	A.	Yes.	03:44:13	9	breaking any covenants in the day that we had the	03:47:38
10	Q.	Do you believe you would have signed	03:44:16	10	money as to whether it was this or that, I don't	03:47:43
11		it?	03:44:18	11	know.	03:47:46
12		MS. SESHENS: Objection.	03:44:18	12	Q. Do you think as a business matter,	03:47:47
13	A.	I would have asked Marvin Tepper why.	03:44:21	13	and I don't know what your paperwork behind the Mets	03:47:49
14	Q.	But you have no recollection of that	03:44:25	14	is, but if there are covenants, for example, with	03:47:53
15		occurring?	03:44:27	15	major league baseball leagues or the banks or	03:47:55
16	A.	No.	03:44:28	16	whatever, that you can't take a loan, do you believe	03:48:00
17	Q.	Do you have a recollection of --	03:44:28	17	as a business matter that it's appropriate to	03:48:02
18	A.	Not that I didn't read it and not	03:44:31	18	disguise a loan that is really a loan, that was the	03:48:05
19		that I didn't ask him. I don't recollect whether I	03:44:33	19	basis of your discussion, as a potential investment	03:48:09
20		read it or asked him.	03:44:35	20	in order to avoid the effect of a covenant?	03:48:13
21	Q.	Right. I understood that.	03:44:36	21	MS. SESHENS: Objection to the form.	03:48:17
22	A.	Okay.	03:44:38	22	A. We don't do it. I don't know. You	03:48:23
23	Q.	Do you recall signing this?	03:44:47	23	asked me what could be; I don't know. I shouldn't	03:48:26
24	A.	No.	03:44:49	24	be answering what could be. You have to figure out	03:48:30
25	Q.	If in fact you didn't read it --	03:44:55	25	what could be. I'm telling you we didn't do	03:48:33

208			210		
1	anything. I don't know anything about this.	03:48:35	1	conversation with Bernie and he was going to advance	03:50:51
2	Q. Despite the fact that your signature	03:48:37	2	the money.	03:50:53
3	is on it?	03:48:38	3	A. I don't know how soon after -- I may	03:50:54
4	A. Absolutely.	03:48:39	4	have gotten off the phone and called them right	03:50:57
5	Q. And Mr. Wilpon's signature is on it?	03:48:40	5	after the phone.	03:51:00
6	A. That's correct.	03:48:42	6	Q. Okay.	03:51:00
7	Q. And both of you -- I mean, Mr. Wilpon	03:48:43	7	A. But your question is, discussed is	03:51:01
8	didn't know anything about it either.	03:48:46	8	one thing. We didn't discuss it. We informed them	03:51:02
9	MS. SESHENS: Is that a question?	03:48:48	9	as to what happened. This was not a prior	03:51:06
10	MR. LUCCHESI: Yes.	03:48:50	10	discussion, let's call Bernie and borrow the money.	03:51:08
11	Q. Does that surprise you, that	03:48:51	11	Q. I've got it.	03:51:11
12	Mr. Wilpon --	03:48:52	12	This document, Exhibit 7, that shows	03:51:55
13	A. It would surprise me if he knew about	03:48:53	13	the signatures of everybody -- by the way, before I	03:51:59
14	it.	03:48:57	14	forget, Ruth Madoff's signature, do you know if	03:52:08
15	Q. So both of you signed a document	03:48:57	15	that's her signature or not?	03:52:11
16	involving \$54 million and neither of you knew what	03:48:59	16	A. (Witness shakes head.)	03:52:13
17	you were signing?	03:49:03	17	Q. No.	03:52:13
18	A. That's correct.	03:49:04	18	A. I think I've seen that before, but I	03:52:15
19	Q. Do you recall whether you discussed	03:49:11	19	-- Fred's I know, mine I know. I'm not sure of	03:52:17
20	with the other partners, other than the people that	03:49:14	20	hers. Could be Bernie signing all the time for all	03:52:19
21	were in the car, did you discuss with the other	03:49:18	21	I know.	03:52:22
22	partners the discussion that you had with Bernie	03:49:21	22	Q. The signed version of this letter is	03:52:23
23	about the 54 million dollar loan?	03:49:24	23	not in Sterling or the Mets records. Are you aware	03:52:26
24	A. Yes.	03:49:26	24	of that?	03:52:30
25	Q. When did that occur?	03:49:28	25	A. No, I'm not aware of it.	03:52:35
209			211		
1	A. Right when it happened and	03:49:37	1	Q. Now, at some -- I want to change	03:53:02
2	subsequently a number of times because we were very	03:49:39	2	topics and talk about the 401(k) program that was	03:53:06
3	pleased with what Bernie did.	03:49:44	3	offered to the Sterling employees. And I forget the	03:53:17
4	Q. After the fact you talked about?	03:49:45	4	dates but I think it was '97?	03:53:24
5	A. Yes. No, we did not discuss it -- if	03:49:47	5	A. '97-'98.	03:53:29
6	you asked if we discussed it while doing it, the	03:49:49	6	Q. Prior to offering the program, you	03:53:30
7	answer is no.	03:49:52	7	know, offering the 401(k) option -- let me ask it	03:53:33
8	Q. Because I was wondering -- since this	03:50:03	8	this way -- prior to '97-'98 was there a 401(k)	03:53:39
9	is dated the 25th, I was wondering if maybe you had	03:50:05	9	option for your employees?	03:53:44
10	the discussion possibly on the 24th, which was a	03:50:09	10	A. No.	03:53:45
11	Monday on your way into work and maybe there was a	03:50:12	11	Q. So this was the creation of a plan	03:53:45
12	partners' meeting at lunch?	03:50:15	12	from the get-go, from scratch?	03:53:48
13	A. No. This was not discussed prior.	03:50:18	13	A. Yes.	03:53:50
14	We were surprised at this. This was not --	03:50:22	14	Q. Whose idea was that?	03:53:51
15	Q. You were surprised at what?	03:50:25	15	A. I don't recall.	03:53:52
16	A. That Bernie said don't break the	03:50:27	16	Q. It was not your idea?	03:53:53
17	accounts, I'm just going to send you the money.	03:50:30	17	A. No. Not that I recall.	03:53:56
18	Q. Right. But if that had happened --	03:50:33	18	Q. Were you involved in the discussions	03:53:58
19	A. It happened right on the phone, right	03:50:35	19	about -- first of all, the discussions about the	03:54:02
20	then and there.	03:50:37	20	idea to offer a 401(k) plan to your employees?	03:54:08
21	Q. But if that had happened on the	03:50:38	21	A. I would have been.	03:54:13
22	morning on the 24th, on your way to work, which was	03:50:40	22	Q. As part of the partners?	03:54:14
23	a Monday, and if that was also a day you had a	03:50:43	23	A. Yes.	03:54:15
24	partners' meeting at lunch, I was thinking maybe you	03:50:45	24	Q. As all the partners would have been?	03:54:16
25	discussed at lunch the fact that you had this	03:50:49	25	A. Yes.	03:54:18

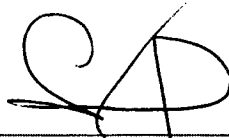
220			222		
1	MS. SESHENS: Objection to the form.	04:25:33	1	about Peter Stamos at length before. Did anyone	04:28:37
2	A. Ashok at the moment is a potential	04:25:41	2	from the Stamos group of people, any other advisors	04:28:40
3	long-term aide to our family in, when this whole	04:25:44	3	or employees working with Stamos, ever criticize or	04:28:44
4	thing gets through playing itself out, in investing	04:25:56	4	express concern about investment with Madoff?	04:28:51
5	our money. And so he knows where we are, where we	04:26:03	5	A. No.	04:28:54
6	were.	04:26:06	6	Q. Have you seen any post-December 11th,	04:28:57
7	Q. Where you want to go.	04:26:06	7	after December 11th, have you seen any statements	04:29:04
8	A. And where we want to go.	04:26:08	8	from Peter Stamos or those working under him, either	04:29:09
9	Q. So he's the potential for the	04:26:10	9	written statements or oral statements to the effect	04:29:14
10	replacement for Peter Stamos down the road?	04:26:11	10	that they were aware or they were concerned about	04:29:17
11	A. As an advisor. He potentially will	04:26:14	11	Madoff and, hence, that's why they never invested in	04:29:22
12	advise us long term and help us find the right	04:26:20	12	Madoff?	04:29:25
13	people.	04:26:25	13	A. No.	04:29:26
14	Q. So -- but back at the time when he	04:26:26	14	Q. After, following the collapse of	04:29:31
15	was working under Peter Stamos, one of his roles was	04:26:29	15	Madoff, did you come to learn that Sterling Stamos	04:29:33
16	to help you balance your, this Sterling portfolio	04:26:34	16	had any direct investments with Madoff?	04:29:39
17	across all the investments, real estate, Madoff, et	04:26:41	17	MS. SESHENS: I just want to put our	04:29:42
18	cetera, correct?	04:26:45	18	standing objection for relevance, to relevance for	04:29:44
19	A. No. He was learning where we were,	04:26:46	19	anything after December 11, 2008 on the record.	04:29:47
20	understanding where we were in real estate,	04:26:51	20	MR. LUCCHESI: Okay. You can have a	04:29:50
21	baseball, network and all the other assets, and on a	04:26:53	21	continuing objection.	04:29:53
22	20-year position where we're going to be, and how to	04:26:59	22	MS. SESHENS: Yes. Thank you.	04:29:54
23	position each of these assets.	04:27:04	23	A. Could you repeat the question.	04:29:55
24	Q. You told me earlier that he left?	04:27:06	24	Q. Yes. I'll reword it a little bit.	04:29:56
25	A. Yes.	04:27:11	25	Did Sterling Stamos have any direct	04:30:06
221			223		
1	Q. Do you know why he left Sterling	04:27:11	1	investments in Madoff?	04:30:09
2	Stamos?	04:27:13	2	A. Not that I'm aware of.	04:30:11
3	A. I think similar to the same reason	04:27:15	3	Q. Did Sterling Stamos have any indirect	04:30:14
4	that I'm having some issues with Peter as to where	04:27:16	4	investments in Madoff?	04:30:18
5	Peter's gone and how -- Peter had two partners when	04:27:21	5	A. As I discovered after December 11th,	04:30:20
6	he started, Kevin Yakamoto (phonetic) and Ashok, and	04:27:28	6	yes.	04:30:22
7	both of them are gone. So, nothing bad, just a	04:27:32	7	Q. So based on your answer that would be	04:30:25
8	change in where you want to go. Ashok wants to deal	04:27:39	8	something you were not aware of before December	04:30:27
9	with a small group of people, sort of a family	04:27:43	9	11th?	04:30:29
10	office kind of thing, and Peter has got this Merrill	04:27:49	10	A. That's correct.	04:30:30
11	Lynch big picture thing.	04:27:54	11	Q. And you learned about it sometime	04:30:30
12	Q. What is Ashok doing now?	04:27:56	12	after?	04:30:32
13	A. He's at Allen & Company, small	04:27:59	13	A. Yes.	04:30:32
14	private boutique, investment company.	04:28:02	14	Q. What -- can you tell me what are the	04:30:33
15	Q. Is that here in New York?	04:28:05	15	indirect investments that you're aware of.	04:30:35
16	A. It's New York but it's international.	04:28:06	16	A. As I understand it, and I don't know	04:30:45
17	Q. Is he based here in New York?	04:28:09	17	much of the details, but they are an investor, and I	04:30:47
18	A. Yes, he's based in New York.	04:28:10	18	don't know which funds they are invested in --	04:30:50
19	Q. Did you ever -- you said you had	04:28:20	19	sorry. I don't know which fund of funds that they	04:30:54
20	discussions with Ashok about your investments.	04:28:22	20	have that are invested in Gabriel, which is Ezra	04:30:57
21	A. Yes.	04:28:27	21	Merkin's fund.	04:31:01
22	Q. Did he ever express any concern or	04:28:27	22	Q. Ezra Merkin's fund or --	04:31:05
23	criticism about your investment with Madoff?	04:28:29	23	A. Gabriel is a Merkin's fund. So I	04:31:08
24	A. No.	04:28:32	24	don't know which of Sterling Stamos' funds of	04:31:13
25	Q. Did anyone from the -- I asked you	04:28:35	25	funds -- remember, they've got 30 different funds.	04:31:16

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JURAT

I, SAUL B. KATZ, do hereby certify that I have read the foregoing transcript of my testimony taken on August 4, 2010, and have signed it subject to the following changes:

PAGE	LINE	CORRECTION
		SEE ATTACHED EXHIBIT A



SAUL B. KATZ

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

NOTARY PUBLIC: Ursula M. Mika

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

EXHIBIT A

11	24	recently stopped it, turned the garages into a	recently stopped, turned the garages into a	Transcription error
13	5	been chairman. But been very, very active.	been chairman. But I have been very, very active.	Grammatical error
13	21	actually wrote NAPTA (phonetic), he was the only	actually wrote NAFTA (phonetic), he was the youngest	Transcription errors
13	24	was no longer chairman the first time; retained a	was no longer chairman the first time; we retained a	Grammatical error
14	1	relationship came.	relationship came about.	Grammatical error
15	5	who convinced me to become chairman. He was	who convinced me to become chairman. He was a	Grammatical error
16	18	made mistakes are the people who are the liars or	made mistakes are the people who are liars or	Grammatical error
18	10	And that's the areas that you focused	And those are the areas that you focused	Grammatical error
20	5	off the top of my head.	on the top of my head.	Transcription error
21	9	responsible for investing Sterling organization's	responsible for investing the Sterling organization's	Grammatical error
22	18	partners' money or the Sterling entity's money into	partners' money or the Sterling entities' money into	Grammatical error
31	24	would have done our tax returns and always done some	would have done our tax returns and has always done some	Grammatical error
36	4	Fred's son-in-law is Wachler.	Fred's son-in-law is Wachtler.	Transcription error
45	13	world of derivatives that are going on, the answer	world of the derivatives that are going on, the answer	Grammatical error
46	17	against the company, lends me money. Brokerage	against, the company lends me money. Brokerage	Grammatical error; Transcription error
47	3	at Sterling Stamos we use those assets as borrowing	at Sterling Stamos we use those assets for borrowing	Grammatical error
47	23	Put is a derivative that one person	A put is a derivative that one person,	Transcription error
51	3	we became with Bernie and everything else, had great	we became with Bernie and everything else. We had great	Transcription error
51	23	is, can't conceive of this person who became a	is, we can't conceive of this person who became a	Grammatical error
77	9	system work when you were focusing more on the	system work, when you were focusing more on the	Grammatical error
77	25	25 years, if there were 15 social events over 15	25 years, if there were 15 social events over 25	Transcription error
78	3	Did you -- in your answer you said	Did you -- in your answer you said, of	Transcription error
78	4	all times you talked to Bernie. You said maybe two	all the times you talked to Bernie, you said maybe two	Transcription errors
82	7	instance in SAP I think we got 140 different	instance, in SAP I think we got 140 different	Grammatical error
82	14	relationship with to help the rates.	relationship with to help the raise.	Transcription error
83	15	If you look at Exhibit 3, had the	If you look at Exhibit 3, we had the	Transcription error
85	4	do it ourselves. That's the only, I remember him	do it ourselves. That's the only time I remember him	Transcription error

EXHIBIT A

86	18	different part of his business, in either the market	different part of his business than in either the market	Transcription error
86	22	call that business? Been referred to as the	call that business? It has been referred to as the	Grammatical error
94	11	allowed to manage other people's monies. That's	allowed to manage those people's monies. That's	Transcription error
95	19	There's minimums but no tranches. In	There are minimums but no tranches. In	Grammatical error
98	25	your wife and family, the accounts you talk about,	your wife and family, the accounts you talked about,	Grammatical error
99	10	use that term, by Mr. Friedman?	to use that term, by Mr. Friedman?	Grammatical error
99	17	account with Solomon Brothers or Bankers Trust.	account with Salomon Brothers or Bankers Trust.	Grammatical error
99	19	you're looking at the end where Solomon and --	you're looking at the end where Salomon and --	Transcription error
99	20	Yeah, it would say Solomon Brothers.	Yeah, it would say Salomon Brothers.	Grammatical error
108	16	worry about. The nontransparent is when he went in	worry about. The nontransparency is when he went in	Grammatical error
113	16	during the market crash in the late '80s suggesting	during the market crash in the late '80s when you suggested	Transcription error
114	12	between the Sterling Group and Mr. Stamos?	between the Sterling group and Mr. Stamos?	Transcription error
116	24	not going to be here. What happens when you're not	not going to be here forever. What happens when you're not	Transcription error
119	22	about this friends and family that you may have	about the friends and family that you may have	Grammatical error
123	7	No, I don't.	No, I am not.	Transcription error
124	11	few black box, so people know that all the other	few black boxes, so people know that all the other	Grammatical error
125	22	now one that we own a piece of --	now, one that we own a piece of --	Grammatical error
126	12	the funds they're dealing with, are those black box?	the funds they're dealing with, are those black boxes?	Grammatical error
131	7	I answer yes or no. Very little.	The answer is yes or no. Very little.	Transcription error
133	22	and you didn't jump into a fund with them until	and you didn't jump into a fund with him until	Grammatical error
133	24	when your fund started and when you met him, in that	when the fund started and when you met him, in that	Transcription error
145	24	percentage returns on a monthly, quarterly, an	percentage returns on a monthly, quarterly, and	Grammatical error
146	19	Citibank, Tigan. Each one of those are totally	Citibank, Keegan. Each one of those	Transcription error
148	22	Because that's what Pete was putting	Because that's what Peter was putting	Grammatical error
150	23	opportunity to grow from an 8 billion dollar assets	opportunity to grow from \$8 billion assets	Transcription error
154	18	you're sitting there and they're not.	you're sitting here and they're not.	Grammatical error

EXHIBIT A

154	19	As you made more investment over time	As you made more investments over time	Grammatical error
157	19	had with them that I don't want U.S. Trust to run	had with him that I don't want U.S. Trust to run	Grammatical error
157	20	out of money.	our money.	Transcription error
158	10	why you have so much money in one place. Because	why do you have so much money in one place. Because	Transcription error
167	10	concept of this double-up accounts before it hap --	concept of this double-up account before it hap --	Transcription error
168	13	and the progress of creating these double-up	and the proccess of creating these double-up	Transcription error
171	13	Equities Funding and their proportionate interest.	Equities Funding in their proportionate interest.	Transcription error
174	21	mid to late 1990s with the Sterling Group of	mid to late 1990s with the Sterling group of	Grammatical error
175	4	Was strictly real estate, with a	Strictly real estate, with a	Transcription error
177	22	As a matter of fact, as bad as the market took place	As a matter of fact, as bad as the market place is	Transcription error
178	15	I said about ten years ago. It's	I would say about ten years ago. It's	Transcription error
178	18	responsible for his sisters. There was concerns	responsible for his sisters. There was concern	Grammatical error
184	3	opposed Bayou, which, it was a Ponzi, but that Ponzi	opposed to Bayou, which, it was a Ponzi, but that Ponzi	Grammatical error
191	18	Madoff accounts, was there any rules you had to	Madoff accounts, were there any rules you had to	Grammatical error
191	23	options expired and usually liquefied, as opposed to	options expired and usually liquified, as opposed to	Grammatical error
198	13	Fred, Marvin and we were coming into the City and we	Fred and Marvin, and we were coming into the City and we	Grammatical error
201	12	but wherever he is they get ahold of him. They got	but wherever he is they get a hold of him. They got	Grammatical error
201	13	ahold of him immediately. Could have been in the	a hold of him immediately. Could have been in the	Grammatical error
202	20	And this was, the notice was in 2004?	And this was, this was in 2004?	Transcription error
207	3	borrowing money without a note. Whether there was	borrowing money without a note. Whether there were	Grammatical error
207	10	money as to whether it was this or that, I don't	money; as to whether it was this or that, I don't	Grammatical error
207	15	major league baseball leagues or the banks or	Major League Baseball or the banks or	Grammatical error
209	4	After the fact you talked about?	After the fact you talked about it?	Transcription error
210	5	after the phone.	after the phone call.	Transcription error
210	17	No.	No?	Transcription error
214	11	guy. Died of brain dead damage -- or brain tumor.	guy. Died of brain damage -- or a brain tumor.	Transcription error
216	1	If people were similar to the same	If people were similar to, the same	Grammatical error

EXHIBIT A

216	2	people who were in Madoff, invested in Sterling	people who were in Madoff invested in Sterling	Grammatical error
219	1	Group's investments in Madoff?	group's investments in Madoff?	Grammatical error
219	3	knew he was aware of it.	know he was aware of it.	Grammatical error
219	19	figure out how to balance your portfolio investment	figure out how to balance your portfolio of investments	Transcription error
221	6	he started, Kevin Yakamoto (phonetic) and Ashok, and	he started, Kevin Okimoto (phonetic) and Ashok, and	Transcription error
221	13	He's at Allen & Company, small	He's at Allen & Company, a small	Grammatical error
221	16	It's New York but it's international.	It's in New York but it's international.	Grammatical error
224	23	and I think the same -- I think, go back to that	and I think the same -- I think, going back to that	Grammatical error
227	13	you're going to still answer your questions, but I'd	you're going to still ask your questions, but I'd	Transcription error
232	11	we talked about this in the context of you moving	we talked about this in the context of you discussing	Transcription error
232	13	you discussed the transparency with.	you discussed transparency with.	Transcription error
235	7	mean you or the Sterling.	mean you or the Sterling group.	Transcription error
235	9	1031, we bought the group of properties from Eddie	1031, we bought a group of properties from Eddie	Grammatical error
235	17	sort of assumed there was.	sort of assumed he was.	Transcription error
236	7	you and the Sterling Group were investors with	you and the Sterling group were investors with	Grammatical error
242	9	By the way, brilliant person.	By the way, a brilliant person.	Grammatical error
242	11	I'm telling you, brilliant person.	I'm telling you, a brilliant person.	Grammatical error
243	23	talks about conversation that Mr. Friedman had with	talks about a conversation that Mr. Friedman had with	Grammatical error
244	6	year with respect to the Sterling Group's	year with respect to the Sterling group's	Grammatical error