

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK**

In re:

**BERNARD L. MADOFF INVESTMENT
SECURITIES LLC,**

Debtor,

**IRVING H. PICARD, Trustee for the Liquidation of
Bernard L. Madoff Investment Securities LLC,**

Plaintiff,

v.

SAUL B. KATZ, et al.,

Defendants.

Adv. Pro. No. 08-01789 (BRL)

SIPA LIQUIDATION

(Substantively Consolidated)

Adv. Pro. No. 10-05287 (BRL)

11 Civ. 03605 (JSR) (HBP)

**DECLARATION OF
MATTHEW B. GREENBLATT**

I, Matthew B. Greenblatt, declare under penalty of perjury:

1. I am Matthew B. Greenblatt, a Senior Managing Director in the Forensic and Litigation Consulting practice of FTI Consulting, Inc. ("FTI") and a retained expert in the above captioned matter. I submit this Declaration in support of the motion for partial summary judgment brought by Irving H. Picard ("Trustee"), trustee for the substantively consolidated liquidation of the business of Bernard L. Madoff Investment Securities LLC ("BLMIS") under the Securities Investor Protection Act ("SIPA"), 15 U.S.C. §§ 78aaa *et seq.*, and the estate of Bernard L. Madoff ("Madoff").

2. Attached as Exhibit 1 is a true and correct copy of my Expert Report dated November 22, 2011, and submitted to Defendants on or about that date (the "Expert Report"). I hereby incorporate by reference the contents of the Expert Report as my sworn testimony as if fully rewritten herein.

3. I describe my retention in this matter in the Expert Report at ¶¶ 4-6.

4. A true and correct description of my background and qualifications is set forth in the Expert Report at ¶¶ 7-9.

5. The findings, statements, conclusions and opinions rendered in the Expert Report and the bases for each are detailed in various sections of my Expert Report, including but not limited to ¶¶ 10-73, which identify the (a) methodology that I employed and/or supervised in connection with the analyses performed, and (b) sources of information and data that form the basis of my findings, conclusions and opinions.

6. The information sources and data reviewed by myself and those within FTI under my direction include voluminous BLMIS books and records such as customer statements, portfolio management reports, portfolio management transaction reports, spiral bound notebooks

listing customer cash deposits and withdrawals, and a “checkbook file” maintained within the BLMIS AS 400 computer system. *Id.* ¶¶ 38-61. Exhibits C to H of the Expert Report are examples of redacted excerpts of these documents. *Id.* Exhibit I is a summary of the cash and principal activity in Defendants’ 185 BLMIS accounts as evidenced from the BLMIS books and records described above. *Id.*, ¶ 69. Exhibit J contains a detailed chronological listing of all cash and principal transactions in the Defendants’ 185 BLMIS customer accounts as evidenced from the BLMIS books and records described above. *Id.*

7. The voluminous BLMIS books and records detailed above and in my Expert Report at ¶¶ 38-61, along with certain third-party data, were loaded by FTI into multiple Microsoft SQL Server Databases (the “SQL Databases”). My understanding from counsel is that the SQL Databases were provided to Duff & Phelps LLC for use by Bruce G. Dubinsky and Dr. Steve Pomerantz in connection with their Expert Reports. I am informed by Counsel that they were also produced to Defendants in discovery and are available to the Court upon request.

8. The sources of data loaded into the SQL Databases include, but are not limited to the following:

a. StorQM Optical Storage Device: BLMIS used the StorQM application to store historic customer records from December 1995 through November 2008, which include, but are not limited to, Customer Statements and Portfolio Management Reports (“PMRs”).

b. Microfilm Reels: BLMIS used this storage medium for historic customer records, which include, but are not limited to Customer Ledgers and PMRs as well as Portfolio Management Transaction Reports (“PMTs”).

c. Spiral notebooks: BLMIS recorded cash deposits and withdrawals relating to customer accounts. Spiral notebooks were identified for the periods of 1985 to 1994 and contain a subset of the cash deposit and withdrawal information represented on customer statements/ledgers.

d. BLMIS's bank records, from various banks, including monthly bank statements, check images, wire transfer records and deposit slips.

e. House 17 AS400 System: This is the system that the BLMIS Investment Advisory Business used to manage customer accounts and generate Customer Statements.

f. House 5 AS400 System: This is the system that the BLMIS' Market Making and Proprietary Trading businesses used to track and report trading and position information.

g. House 17 Backup Tapes: These tapes were created in the normal course of business at BLMIS and contain historic and contemporaneous purported customer activity and customer records from the House 17 AS400 System.

h. House 5 Backup Tapes: These tapes were created in the normal course of business at BLMIS and contain historic and contemporaneous backups of the trading and position records from the House 05 AS400 system.

i. Madoff Securities International Ltd. historic trading and position records.

j. Files recovered from BLMIS employee computers and network folders.

k. Cohmad Cash Database.

l. Bloomberg Instant Messaging: Instant messages passed between House 5 traders.

- m. BLMIS phone logs from Avaya and Blackberry.
- n. Security swipe data of employees and visitors from the Lipstick Building.
- o. Reporting data from the Depository Trust & Clearing Corporation (“DTCC”).
- p. Reporting data from the Options Clearing Corporation (“OCC”).
- q. Bloomberg Market Data.
- r. Data from the Center for Research in Security Prices (“CRSP”).
- s. Data from the Chicago Board Options Exchange (“CBOE”).

9. Attached as Exhibit 2 hereto is a summary of the transfers from BLMIS to the Defendants made during the two-year period preceding the bankruptcy filing that consist of amounts in excess of principal. Columns 2 through 13 of Exhibit 2 are derived from Exhibit J to the Expert Report. Column 1 of Exhibit 2 is based on information sources and data and analysis of Lisa M. Collura as set forth in her Expert Report and Declaration. *See* Declaration of Lisa M. Collura, dated January 26, 2012, Ex. 1.

10. I affirm that the findings, statements, conclusions and opinions in the Expert Report and in this Declaration are truthful at the time given and continue to be true and accurate.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury under the laws of the United States of America, to the best of my knowledge that the foregoing is true and correct.

Dated: New York, New York
January 26, 2012



Matthew B. Greenblatt, CPA/CFP, CFE