

# **EXHIBIT Z**

C O N F I D E N T I A L  
UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK  
11-CV-03605(JSR)(HBP)

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IRVING H. PICARD, Trustee for  
the Liquidation of Bernard L.  
Madoff Investment Securities LLC,  
  
Plaintiff,  
  
v.  
  
SAUL B. KATZ, et al.,  
  
Defendants.

Videotaped  
Deposition of:  
  
MICHAEL KATZ

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TRANSCRIPT of testimony as taken by and before  
NANCY C. BENDISH, Certified Court Reporter, RMR, CRR  
and Notary Public of the States of New York and New  
Jersey, at the offices of Baker & Hostetler, 45  
Rockefeller Plaza, New York, New York on Friday,  
December 9, 2011, commencing at 9:38 a.m.

1 killed in those markets of dis -- of turmoil.

2 Q. So, for example, one obvious example  
3 that everybody remembers is 9/11. Do you remember  
4 when 9/11 happened that the markets closed and there  
5 was a drop in the S & P? You recall all that,  
6 right?

7 A. Yes, I do. I also remember when it  
8 opened, a lot recovered.

9 Q. And during that period of  
10 September 2001, did you review Madoff's returns  
11 during that period?

12 A. I don't remember.

13 Q. Was that an example of a period of  
14 market turmoil where you and your partners were  
15 fascinated that Madoff's returns remained steady?

16 A. His investment strategy was not  
17 market timing. He protected on the down and the  
18 upside, he collared his investment. So we were not  
19 very surprised that he did not get hurt, but we  
20 didn't track it day by day. If I remember  
21 correctly, there was a downturn and then it popped  
22 back. We didn't do a day-by-day analysis of it.

23 Q. Of his returns, you're saying?

24 A. That's correct, yes.

25 Q. Okay.

1           A.           But his strategy is to protect on  
2 that.

3           Q.           Protect on the what, I'm sorry?

4           A.           Protect on the downside and the  
5 upside is a collar, so that he would not be  
6 subjected to the turmoils of the market.

7           Q.           So it's your understanding that  
8 Madoff's strategy insulated him from the turmoils of  
9 the market?

10          A.           Yes.

11          Q.           And earlier you testified that you --  
12 that you and your partners were fascinated by his  
13 ability to not be affected by the turmoil in the  
14 market, right?

15          A.           Correct. Maybe not fascinated is a  
16 proper word. We were impressed that he did not.

17          Q.           And did you ever look into how it was  
18 that Madoff was seemingly unaffected by the -- by  
19 market conditions?

20          A.           Did not.

21          Q.           So would it be fair to say that your  
22 understanding is that Madoff's returns were  
23 unaffected by the market?

24          A.           That's correct.

25          Q.           And did you ever do any investigation