

EXHIBIT H

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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)

-----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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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 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. SESSENS: 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. 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. SESHENS: 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. SESHENS: Objection to the form.

25 A. No. Not me.

1 A. Whether he would -- depending on what
2 the meeting was -- what part of the year it was, he
3 might say, well, we've earned X to date and if you
4 annualize that, it would be Y. That would be below
5 our projection or above our projection. We might
6 have to change the projection in our financials or
7 whatever.

8 Q. And in connection with that report,
9 did Mr. Friedman ever provide any documents, any
10 materials for your review?

11 A. Generally, no.

12 Q. Did he ever provide any materials or
13 documents for your review in connection with the
14 Madoff investments?

15 A. May have, but I don't really
16 recollect specifics.

17 Q. You said earlier that Mr. Friedman
18 was in charge of the administration of the accounts.
19 What did you mean by administration?

20 A. Well, the -- some of the family and
21 friends that were investors, if they had a question,
22 he would try to find the answer out for them. And I
23 think, I think, I'm not sure of this, but I think
24 that he helped people fill, you know, have the
25 information for their tax returns, because they

1 needed the information for their tax returns. So he
2 would coordinate that with the people.

3 Q. Other than the friends and family and
4 the tax returns, is there anything else that you
5 understood Mr. Friedman to be doing in connection
6 with his administration of the Madoff investments?

7 A. No. That's generally.

8 Q. You testified earlier that
9 Mr. Friedman was tracking statements. What did you
10 mean by tracking the statements?

11 A. As I understand it, he would get the
12 statements and he would make sure that the stocks
13 that were talked about were purchased and, you know,
14 to the best of his ability in terms of checking the
15 newspapers or whatever to see that the stocks were
16 the prices they were and he'd look at, I guess, the
17 puts and the calls. I don't really know.

18 Q. This tracking of the statements and
19 checking the stocks, was this something that
20 Mr. Friedman did early on or was it something that
21 he continued to do during the length of the
22 relationship with Madoff?

23 A. I think he stopped doing it at some
24 point, but I'm not sure. But I know he did it for a
25 while. I don't really know. I didn't have anything

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 A. Right.

2 Q. And these were individuals that
3 Sterling did not bring to Madoff to open an account?

4 A. Right.

5 Q. Now, I understand from your testimony
6 that at the beginning the idea of opening these
7 friends and family accounts was really done as a
8 favor to friends and family, right?

9 A. Not only at the beginning.
10 Throughout.

11 Q. But did there come a time when, with
12 the increased burden of managing these accounts, did
13 there come a time when there was a discussion that
14 maybe there should be something given in exchange
15 for the management of the accounts?

16 A. Yeah.

17 MS. SESHENS: Objection to the form.

18 A. The motivation was always to help the
19 people, from the beginning to the end.

20 Q. Right.

21 A. Many people were not -- did not get
22 in because they weren't close friends or family.
23 And there were discussions, I don't know the
24 specifics, but about should there be an
25 administrative charge.

1 Q. Right.

2 A. And we all said no. Because, you
3 know, that's not why we're -- we're not doing it to
4 make money. We're not receiving any benefit from
5 it. We're just doing it for friends and family.

6 Q. Do you recall who raised the
7 possibility of charging an administrative charge?

8 A. I don't recall that.

9 Q. Did there come a time when Sterling
10 partners decided to diversify their investments?

11 A. Several years prior to acquiring the
12 interest in the Mets we talked about
13 diversification. We had had a little
14 diversification before that, but we talked about
15 diversification.

16 Q. Just so we're clear on the time line,
17 the purchase of the Mets, the full ownership
18 purchase of that was in 2002, right?

19 A. Yeah, but we, we've had ownership in
20 the Mets from 1980 or something like that.

21 Q. So when you're referring that there
22 was a discussion of diversification a few years
23 before full ownership of the Mets, we're talking
24 like the late 1990s?

25 A. No. Late 1970s.

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.

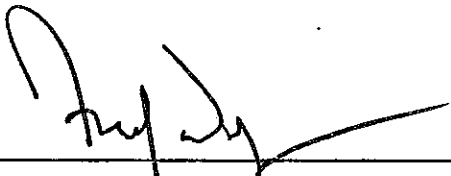
23 Q. Well, he, Madoff received commissions
24 on the trades he was making on your accounts,
25 correct?

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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

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
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REDACTED

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.	Grammatical error

REDACTED

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SIPC v. BLMIS No. 08-01789-BR:
Rule 2004 Examination of Fred Wilpon
EXHIBIT A

PAGE	LINE	Correction		REASON
		ORIGINAL	CHANGE	
			REDACTED	

PAGE	LINE	Correction		REASON
		ORIGINAL	CHANGE REDACTED	