

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

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IRVING H. PICARD,	:
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Plaintiff,	:
	:
- against -	:
	:
SAUL B. KATZ, et al.,	:
	:
Defendants.	:
	:
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11-CV-03605 (JSR)(HBP)

**DECLARATION OF MARVIN B. TEPPEL IN SUPPORT OF
DEFENDANTS' MOTIONS FOR SUMMARY JUDGMENT
AND TO STRIKE EXPERT REPORTS**

I, Marvin B. Tepper, declare, pursuant to 28 U.S.C. § 1746, that the following is true:

1. I am a Defendant in this case. I am 80 years old and have not been an active partner in Sterling since 2005. I submit this declaration in support of Defendants' motions for summary judgment and to strike the reports of Dr. Steve Pomerantz and Mr. Harrison J. Goldin.

2. I was a brokerage customer of Bernard L. Madoff Investment Securities LLC ("BLMIS") for over 20 years, up until December 11, 2008 when the fraud at BLMIS was disclosed. I executed customer agreements for my BLMIS accounts when they were opened, including in each case an authorization permitting Bernard L. Madoff ("Madoff") to trade for me. I made the decisions about when to deposit or withdraw funds from my BLMIS accounts. Sterling

never made, and never had any authority to make, any investment decision for me or my families' brokerage accounts at BLMIS.

3. During the time that I was a BLMIS customer, I deposited money into, and withdrew funds from, my brokerage accounts. I believed that BLMIS and Madoff purchased securities for me, which I owned, and when securities were sold on my behalf, I believed I was entitled to the funds I withdrew. I knew that my partner, Arthur Friedman, regularly received my BLMIS account statements, trade confirmations, and quarterly reports. I understood that I owned the securities that were said to be in my accounts as reflected on these documents. I also understood that Madoff was exercising trading discretion on my behalf.

4. At the time I opened my first account at BLMIS, I knew that certain partners of Sterling had been investing with BLMIS and Madoff for several years. Among other things, I understood that they thought that Madoff was an excellent broker with an exemplary track record. I also understood that Madoff had an outstanding reputation in the investment community.

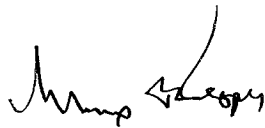
5. I never deliberately avoided information concerning Madoff or BLMIS for fear it would confirm that Madoff was involved in fraudulent activity. At no time prior to December 11, 2008 did I believe Madoff was engaged in any kind of fraud or wrongdoing.

6. If I had had any idea that Madoff was doing anything wrong, I would have taken all of my money out of my BLMIS accounts. I would have advised my family members and my partners to do the same. I would never have

facilitated the opening and maintenance of BLMIS accounts for my wife and children. I was shocked and devastated when Madoff confessed to his many years of defrauding me and my partners, friends and family.

7. I have reviewed the report submitted by Dr. Steve Pomerantz, and, in particular, the twenty-six supposed “red flags” that Dr. Pomerantz identifies. I had no knowledge of most of those supposed “red flags.” Many of them are matters I was never aware of and require information I did not have or analyses I did not know how to perform. The ones that I had some knowledge about, including the receipt of paper statements from BLMIS or the facts relating to the 2004 \$54 million transfer, never caused me to consider, let alone believe, that Madoff was engaged in fraud. None of the red flags of which I knew caused me to be suspicious of BLMIS or Madoff in any way.

Dated: New York, New York
January 26, 2012

A handwritten signature in black ink, appearing to read 'Marvin B. Tepper', written over a horizontal line.

Marvin B. Tepper