

1 UNITED STATES DISTRICT COURT
2 SOUTHERN DISTRICT OF FLORIDA
3 FORT LAUDERDALE DIVISION

4 CASE NO. 09-34791-RBR

5
6 IN RE:
7 ROTHSTEIN ROSENFELDT ADLER, [REDACTED],
8 Debtor.

_____ /

9
10 [REDACTED]
11 [REDACTED]

12 Ft. Lauderdale, Florida
Monday, June 4, 2012
13 9:07 [REDACTED] - 12:37 [REDACTED].

14
15 2004 EXAMINATION
16 of
17 SCOTT ROTHSTEIN
18

19
20 Examination of witness taken before:
21 Pearlyck Martin, FPR
Friedman, Lombardi & Olson

22 [REDACTED]
23 [REDACTED]
24 [REDACTED]

25 - - -

1 APPEARANCES:

2 BERGER, SINGERMAN, [REDACTED]. by
3 Charles Lichtman, Esq.
4 Paul Singerman, Esq.
5 Isaac Marcushamer, Esq.
6 David Gay, Esq.
7 Attorneys for Trustee.

8 GENOVESE, JOBLOVE & BATTISTA, [REDACTED]. by
9 John Genovese, Esq.
10 Jesus Suarez, Esq.
11 Attorneys for the Trustee.

12 CONRAD & SCHERER, by
13 James Silver, Esq.
14 Maxine Streeter, Esq.
15 Attorneys for Razorback Funding, LLC, D3
16 Capital Club & Other Investors.

17 FOX ROTHCHILD, LLP, by
18 Heather Ries, Esq.
19 Attorney for Aran Development.

20 MCINTOSH SCHWARTZ, [REDACTED]., by
21 Robert McIntosh, Esq.
22 Attorney for Iron Shore Indemnity

23 U.S. ATTORNEY'S OFFICE, by
24 Laurence LaVecchio, Esq.
25 For the Government.

MARC NURIK, [REDACTED]., BY
Marc Nurik, Esq.
Attorney for Scott Rothstein.

AKERMAN SENTERFITT, by
Michael Goldberg, Esq.
Attorney for Official Committee of Unsecured
Creditors.

1 FURR & COHEN, [REDACTED], by
 2 Robert Furr, Esq.
 3 Attorney for Chapter 7 Trustee for Banyon
 4 1030-32 and Banyon Income Fund.

5 STICHTER, RIEDEL, Et Al, by
 6 Scott Stichter, Esq.
 7 Attorney for Robert Furr.

8 ALSO PRESENT:

9 Special Agent Guariglia

10 I N D E X

11	WITNESS	EXAMINATION	FURTHER EXAMINATION
12	SCOTT ROTHSTEIN		
13	(By Mr. Lichtman)	8	128
14	(By Mr. Singerman)	68	
15	(BY Mr. Goldberg)	79	

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1 THE COURT: Let the record reflect this is
2 the Rule 2004 Examination of Scott Rothstein taken in
3 the case of Rothstein Rosenfeldt Adler, Case Number
4 09-34791-BKC-RBR. This particular examination is
5 taken pursuant to an order establishing second set of
6 protocols for Scott Rothstein's second deposition,
7 Docket Entry 3091 in the underlying RRA case. And
8 there are some other orders that are somewhat also
9 equally applicable as well.

10 If you'd please swear the witness.

11 Thereupon:

12 SCOTT ROTHSTEIN
13 was called as a witness and, having been duly sworn,
14 was examined and testified as follows:

15 THE WITNESS: I do.

16 MR. LICHTMAN: Okay. Thank you.

17 First, let the record reflect that we are
18 calling Mr. Rothstein as an adverse witness.

19 And the second thing I'd like to say is,
20 Scott, there are some areas of inquiry I'm going to
21 go through this morning on the 2004 Exam that we
22 touched on in the last Rule 2004 Exam in
23 December 2011. We are taking great pains to not be
24 repetitive, but there are some procedural reasons why
25 I need to ask certain limited areas of inquiry over

1 again.

2 I think that you'll see that happen for the
3 most part only with respect to the Rule 2004
4 Examination, and with some luck over the course of
5 the next three weeks you will not see that happen.
6 To the extent that it does, it would probably be
7 minimal by various parties, but I think this is one
8 of the few instances. Okay?

9 THE WITNESS: Yes, sir.

10 MR. LICHTMAN: And what I think we'll next
11 do is take other appearances around the table.

12 MR. SINGERMAN: Good morning, Scott. I'm
13 Paul Singerman. I'm Chuck's law partner from Berger
14 Singerman. We are general counsel to Herbert
15 Stettin, the Chapter 11 Trustee.

16 Behind me and probably out of your line of
17 sight are our colleagues from Berger Singerman, Isaac
18 Marcushamer and David Gay. And at this moment I
19 would like to reflect on the record that regardless
20 of the attendance of more than two people from our
21 firm, the Berger Singerman firm will not be billing
22 the estate for attendance for the two lawyers at any
23 part of these proceedings.

24 Good morning, Scott.

25 THE WITNESS: Good morning.

1 MR. GOLDBERG: Good morning, Scott. I
2 don't know how wide the angle is, if you see
3 everybody in the room. Michael Goldberg, I represent
4 the Creditor Committee, and I'll be asking questions
5 following Mr. Lichtman today.

6 MR. FURR: Good morning, I'm Robert Furr --

7 THE WITNESS: Good morning, sir.

8 MR. FURR: I'm the Chapter 7 Trustee for
9 Banyon 1030-32 and Banyon Income Fund.

10 MR. SUAREZ: Good morning, I'm Jesus Suarez
11 with Genovese, Joblove and Battista. We are special
12 counsel, conflicts counsel for the trustee.

13 THE WITNESS: Good morning.

14 MS. RIES: Good morning, my name is Heather
15 Ries from Fox Rothchild, and I represent Aran
16 Development in one of the adversary proceedings.

17 THE WITNESS: Good morning to you.

18 MR. SILVER: Good morning, Scott. I'm Jim
19 Silver, I'm with the law firm of Conrad & Scherer.
20 We represent Razorback Funding and other victim
21 creditors. And specifically when we take your
22 deposition this afternoon, we'll be representing
23 seven individuals and entities who are part of the
24 Razorback victim group, specifically Viceroy Global
25 Investments, Inc., Concorde Capital, Inc., [REDACTED]

1 Associates, Harvey Wolinetz, Jacob Mussry, Nassim
2 Mussry and Scott Morgan. And with me today is my
3 partner, Maxine Streeter.

4 THE WITNESS: Good morning.

5 MR. MCINTOSH: Good morning, Scott. My
6 name is Robert McIntosh, I represent Iron Shore
7 Indemnity, one of the insurers in the 1030-32 Banyon
8 case.

9 THE WITNESS: Good morning.

10 MR. GENOVESE: Good morning, Scott. John
11 Genovese, Genovese Joblove and Battista, special
12 litigation counsel for Herb Stettin.

13 MR. LICHTMAN: A quick note.

14 MR. LAVECCHIO: For the record, Lawrence
15 LaVecchio on behalf of the United States.

16 MR. LICHTMAN: Oh, yes. Can't forget him.

17 Quick note, the reason that certain people
18 are here today, like Aran Development and the
19 insurers, as an example -- well, the insurers are
20 part of the committee, but certainly Razorback, is
21 that they'll be asking you questions in the Rule 7030
22 depositions. The transcript from today will be
23 posted on the trustee's website, I'm going to guess
24 in the early evening today. And because it's
25 conceivable that there are questions that are being

1 asked this morning and early afternoon that could be
2 relevant to their lines of inquiry and they won't
3 have daily copy because they'll be asking questions
4 subsequent to this deposition, that's why they are
5 there.

6 The deposition room will be filled with
7 much fewer people after today, except for what I
8 believe is the insurers' litigation, that will be the
9 last two days of the deposition.

10 Before we get started, Scott, do you have
11 any questions?

12 THE WITNESS: No, I'm good to go.

13 EXAMINATION

14 BY MR. LICHTMAN:

15 Q. Okay. Even though we know who you are,
16 please state your name for the record.

17 A. Scott W. Rothstein.

18 Q. Your date of birth?

19 A. June 10, 1962.

20 Q. Where did you grow up?

21 A. Bronx, New York.

22 Q. When did you move to South Florida?

23 A. 1976.

24 Q. Did you go to high school in the Bronx or in
25 South Florida?

1 A. South Florida.

2 Q. What high school did you graduate?

3 A. Woody Anderson.

4 Q. What year?

5 A. Graduated high school in 1980.

6 Q. Okay. And then you went to college?

7 A. I did so.

8 Q. Where to?

9 A. University of Florida.

10 Q. And did you graduate?

11 A. I did.

12 Q. What year?

13 A. 1984.

14 Q. What was your degree in?

15 A. Criminal justice, bachelor of arts.

16 Q. Did you graduate with any honors?

17 A. I did not.

18 Q. Okay. Following University of Florida
19 undergrad, you then went to law school?

20 A. I did, sir.

21 Q. Where at?

22 A. Nova.

23 Q. And what year did you start?

24 A. Must have been -- I graduated in '88, so
25 must have been end of '84, beginning of '85.

1 Q. So what did you do between the years that
2 you graduated college and the year that you started
3 law school?

4 A. I had about nine months off. I worked at
5 the Brahman automobile dealerships.

6 Q. All right. When you were in law school, was
7 there a particular emphasis in classes that you took?

8 A. Trial work. Other than that, no.

9 Q. Did you have any other education, formal
10 education besides Bar seminars?

11 A. No, sir. No, sir.

12 Q. What State Bars are you admitted to?

13 A. Florida.

14 Q. What year were you admitted?

15 A. 1988.

16 I'm no longer admitted, by the way.

17 Q. Yes, I understand you've been disbarred,
18 correct?

19 A. Yes.

20 Q. And that was also voluntary, as I recall,
21 correct?

22 A. I actually resigned and then they disbarred
23 me, yes.

24 Q. Okay. When you graduated law school -- we
25 are going to do this very quickly -- where did you

1 work?

2 If you can just give me the names of the
3 places very quickly.

4 A. Sure. Let me give it to you in a straight
5 line. In law school and then right after, Gunther and
6 Whitaker. Right after that, the law firm Kaplan,
7 Kusnick and Rothstein. That firm then changed Kaplan,
8 Kusnick, Rothstein and Salomon. Then Kusnick,
9 Rothstein and Salomon. Then Kusnick Rothstein. Then
10 Scott W. Rothstein, [REDACTED]. Then Phillips, Eisinger,
11 Koss, Kusnick, Rothstein and Rosenfeldt. Then
12 Rothstein Rosenfeldt. Then Rothstein, Rosenfeldt,
13 Dolin and Pancier, and then Rothstein Rosenfeldt
14 Adler.

15 Q. Okay. What type of law did you practice
16 immediately after law school when you were at Gunther
17 Whitaker?

18 A. Mostly Section 1983 civil rights stuff, some
19 general insurance litigation, construction, that kind
20 of stuff. But the bulk of my practice was with Bobby
21 Schwartz doing Section 1983 defense work.

22 Q. Did that change in terms of the nature of
23 your practice as time went on?

24 A. Yes. Eventually I did -- there was a period
25 of time when I did personal injury plaintiffs and then

1 the emphasis went to labor and employment law.

2 Q. When would you say that your practice area
3 migrated over to labor and employment law?

4 A. It happened while I was in Scott W.
5 Rothstein, [REDACTED]. I do not remember the year.

6 Q. Did you become certified with the Florida
7 Bar?

8 A. No, sir.

9 Q. How much of your practice would you say was
10 labor and employment from the time that you were
11 with -- when you formed your own [REDACTED]. to and through
12 and including the time that you were at RRA?

13 A. It varied. Anywhere from 60 to 80 percent.
14 It just depended upon the time period.

15 Q. And what would you say in that time period
16 the rest of your practice was focused on?

17 A. A myriad of things. It was -- it was
18 everything, Chuck.

19 Q. Okay.

20 A. All different types of litigation.

21 Q. Commercial, business litigation?

22 A. Commercial, yes.

23 Q. Torts?

24 A. Yes, sir.

25 Q. Including personal injury?

1 A. Yes.

2 Q. Okay.

3 A. Yes.

4 Q. What year did you marry Kim?

5 A. I actually don't recall.

6 Q. Are you still married?

7 A. I am.

8 Q. Okay.

9 A. Maybe not after that answer, but I am.

10 Q. Glad to see that you still have your sense
11 of humor.

12 What led you to forming RRA in its first
13 iteration or name which was -- I think you said it was
14 Rothstein Rosenfeldt?

15 A. Stu and I were in conflict with one of the
16 partners at Phillips Eisinger, Gary Phillips. We
17 decided to break off and form our own firm.

18 Q. Briefly, what was the nature of the
19 conflict?

20 A. They were accusing us of impropriety and we
21 were accusing them of impropriety.

22 Q. Was there impropriety on either or both
23 sides?

24 A. Both sides.

25 Q. What was your impropriety?

1 A. We were taking money that didn't belong to
2 us, and they were taking money that didn't belong to
3 them.

4 Q. Okay. So then you formed RRA?

5 A. That's correct.

6 Q. How many lawyers were there in the firm when
7 you first founded it?

8 A. Somewhere -- approximately seven.

9 Q. Who were the shareholders?

10 A. Stuart Rosenfeldt and myself.

11 Q. By "shareholders" I mean those that actually
12 owned the equity of the [REDACTED], as opposed to being
13 shareholders in name, which I know occurred at RRA.
14 It would be Stuart and you?

15 A. That's correct.

16 Q. All right. And when was that?

17 A. I don't remember the year we were formed.

18 Q. Safe to say that it would be roughly 2002,
19 2003?

20 A. I'd be guessing, Chuck.

21 Q. Okay. Don't guess.

22 MR. NURIK: Chuck, are we talking about RRA
23 or one of the predecessor firms?

24 MR. LICHTMAN: Well, I'm talking about RRA
25 because my belief is that the entity that Scott

1 formed with Stu went simply through name changes as
2 opposed to dissolving [REDACTED] and reformulating them.

3 Would that be a fair statement, Scott?

4 THE WITNESS: That's correct.

5 BY MR. LICHTMAN:

6 Q. Okay. And to be sure, it was a Florida
7 professional association?

8 A. Yes, sir.

9 Q. The other roughly five people that formed
10 RRA with you, I'm going to refer to it as RRA even
11 though it wasn't titled RRA at the very beginning.
12 Did they have any titles such as partner or
13 shareholder?

14 A. The other people that formed it with us?

15 Q. That joined the firm when Stuart and you
16 formed it. Forgive me if I was imprecise.

17 A. No, that's okay.

18 Dolin and Pancier were considered
19 shareholders at that time.

20 Q. Okay. What was the nature of the practice
21 when it first formed?

22 A. Labor and employment. The bulk of our
23 practice was labor and employment at that time.

24 Q. Now, we are going to make a leap and we are
25 going to start talking about the Ponzi scheme a little

1 bit, okay?

2 A. Okay.

3 Q. All right.

4 A. Yes, sir.

5 Q. When did the Ponzi scheme begin?

6 A. There's really not a precise date for the
7 Ponzi scheme because it started out in the form of
8 what we refer to as bridge loans, where we were
9 borrowing money and paying it back with exorbitant
10 interest.

11 Q. Right. Do you agree that was in 2004 or
12 perhaps earlier?

13 A. That would be approximately correct.

14 Q. What is there that would refresh your
15 recollection, or what documents if I were to look
16 at -- do you recall your first bridge loan?

17 A. I don't recall the first one, but all you
18 need to do is find in our records the original
19 promissory note to whoever we did the first bridge
20 loan with, and that would be it.

21 Q. You would agree then that bridge loans were
22 the genesis, really the first acts of the Ponzi
23 scheme?

24 A. Yes.

25 Q. Okay. How long did you do the bridge loans

1 for, approximately?

2 A. On and off we did them consistently through
3 the entire Ponzi scheme in some form or another. The
4 bulk of it would have been the first couple of years
5 before.

6 What you need to do is just look at the
7 documents, Chuck, and see the first time we did a deal
8 with Preve, Levin and Banyon. Everything before that
9 would have been -- should have been, to my
10 recollection, bridge loans.

11 Q. Was there a point where the Ponzi scheme
12 changed in nature or scope so that it became founded
13 on other types of transactions?

14 A. Yes.

15 Q. Would you describe that for me, please?

16 A. At some point in time I was introduced to
17 George Levin by Howard Gruverman. Through Levin I met
18 Mr. Preve, Frank Preve. I pitched Mr. Levin and Preve
19 the whole settlement, fraudulent settlement deal. I
20 pitched it as a real deal. Mr. Levin invested and it
21 was at that point in time that we began selling the
22 fraudulent settlements.

23 Q. How did you come up with the idea of the
24 fraudulent settlements?

25 A. I don't recall the exact genesis, Chuck. It

1 was me thinking of some way to justify taking this
2 money.

3 Q. Is it a fair statement that it was your
4 idea, though, as opposed to somebody planting the seed
5 of the idea in your mind?

6 A. No, it was completely my idea.

7 Q. Okay. If I understand your testimony,
8 Mr. Levin and Preve, at the time that you first
9 solicited them for those settlement deals, did not
10 know that there was -- that they were false deals,
11 that they were fictitious transactions, correct?

12 A. That's correct.

13 Q. Did Gruverman at any point in time
14 participate in the Ponzi scheme?

15 A. He did.

16 Q. What was his role?

17 A. He invested in the deals.

18 Q. As an investor, correct?

19 A. Correct.

20 (Thereupon, Mr. Stichter entered the room.)

21 BY MR. LICHTMAN:

22 Q. Did he know that the deals were fictitious?

23 A. At first, no. I'm not sure whether he
24 actually ever did or not. I don't have a specific
25 recollection.

1 Q. For the record, because the issue of Levin
2 and Preve was covered in such depth in December, I'm
3 not going into that. I don't want you to think that
4 I'm ignoring it, it's just that it's been covered,
5 okay?

6 A. Yes, I understand.

7 MR. LICHTMAN: And we have somebody else
8 who just showed up for the deposition, if we can get
9 an appearance, please?

10 MR. STICHTER: Scott Stichter.

11 MR. LICHTMAN: Representing?

12 MR. STICHTER: Robert Furr.

13 MR. LICHTMAN: Okay.

14 THE WITNESS: Sorry, representing who?

15 MR. LICHTMAN: Robert Furr.

16 MR. FURR: The Chapter 7 trustee for Banyon
17 entities.

18 THE WITNESS: Thank you.

19 MR. SINGERMAN: Did you hear that, Scott?

20 THE WITNESS: I did. Thank you.

21 BY MR. LICHTMAN:

22 Q. So, describe for me generally how you grew
23 the Ponzi.

24 A. I guess the simplest way to explain it is, I
25 started doing deals with Levin at -- just with Levin.

1 There were no outside investors, to my knowledge.

2 Q. When you say doing deals, meaning that --
3 Scott, when you say that you were doing deals with
4 Levin, you mean that he was putting in his money and
5 thinking that they were settlements and that was the
6 cash that was generated for the Ponzi as opposed to
7 him --

8 A. That's correct.

9 Q. Right -- as opposed to him having investors
10 at that time, correct?

11 A. Yes. To my knowledge it was all his money
12 in the beginning. And then as time went on and the
13 Ponzi scheme grew, we turned into settlement packages,
14 which I believe is the documents that you guys are
15 calling the deal documents.

16 Q. The settlement packages, those were
17 formulated by Mr. Preve and you; is that correct?

18 A. That is correct, sir.

19 Q. Okay. Again, I'm going to state this from
20 time to time on the record, just so it's clear. This
21 is an area that was covered at length before so we are
22 not going to delve into it much more.

23 What I'm trying to accomplish, Scott, is to
24 get some broad-brush paint stroke issues out of the
25 way, tell the story a little bit without delving into

1 all the detail that's been covered. Got it?

2 A. I understand, Chuck. Thanks.

3 Q. Okay. Did the Ponzi scheme in any way
4 continue to grow after Levin and Preve, who we'll call
5 Banyon also, started doing investments with you?

6 A. Did it continue to grow?

7 Q. Yes.

8 A. Yes, it did.

9 Q. How?

10 A. Eventually it got to the point where Levin
11 and Preve thought we could go to outside investors and
12 sell the product.

13 Q. Do you recall --

14 A. Which we did.

15 Q. Do you recall approximately when that was?

16 A. I don't recall the date. No, sir.

17 Q. There were some other --

18 A. You can tell -- I'm sorry, you can tell
19 based upon the deal packets.

20 Q. There were some other feeders --

21 MR. SILVER: Can we hear the rest of the
22 answer? I'm sorry.

23 MR. LICHTMAN: I think I interrupted you.
24 I apologize.

25 THE WITNESS: Yes, you can tell the exact

1 date of what investor came in by simply looking at
2 the deal packets, with one exception. You have to
3 look at the Levin records to determine whether or not
4 he was bringing in investor money unbeknownst to me.
5 Because there were points in time during the Ponzi
6 scheme where I believed that Levin was investing his
7 own money when in reality he had a large number of
8 private investors whose money he was investing.

9 BY MR. LICHTMAN:

10 Q. The basis for that belief is what?

11 A. I was told.

12 Q. By whom?

13 A. By Mr. Preve.

14 Q. Describe your understanding of the
15 relationship between Preve and Levin.

16 A. Levin was the owner of the company and Preve
17 acted as the man basically running the business on the
18 day-to-day basis.

19 Q. When you say the business --

20 A. CFO, COO.

21 Q. When you say "the business," meaning the
22 business that Mr. Levin was engaged in as part of
23 Banyon?

24 A. Yes.

25 Q. Did you view them as partners?

1 A. And most of his other businesses.

2 Q. Okay.

3 A. I really couldn't --

4 Q. I'm sorry.

5 A. Go ahead, Chuck.

6 Q. Did you view Levin and Preve as partners?

7 A. At times I did and at times I didn't. For
8 the most part, no.

9 Q. Okay. There were other people that brought
10 money into the Ponzi scheme as well, other feeders,
11 correct?

12 A. That's correct.

13 Q. Can you give me some of their names?

14 A. Do you want the names of the individual
15 investors or do you want the names of the umbrellas
16 that brought in the bulk of the funds?

17 Q. Yes, the umbrella, the principals of the
18 feeders.

19 A. All right. There was the New York hedge
20 fund, that would have been Centurion, Platinum and
21 Level 3. That was all under the Levin-Banyon-Preve
22 umbrella. There was the Szafranski Group, that would
23 have been Sochet, Damson, Coquina, Mel Klein, those
24 guys. Other investors that I didn't know, Szafranski
25 was bringing in. Same thing with Levin-Banyon

1 umbrella. Lots of people that I didn't know were
2 being brought in.

3 There was the, what I'll call the Clockwork
4 umbrella, which it's called at this time Razorback,
5 since that's what you guys have called it in the
6 litigation, the Razorback umbrella. I'm not really
7 sure even as I sit here today who brought them in
8 because lots of different people were trying to take
9 credit for the Von Allmen Group and Bekkedam and the
10 like. Actually, Bekkedam was trying to take credit
11 for Von Allmen. Levin tried to take that credit for
12 them. That was a very confusing umbrella.

13 Then there was the Boden/Pearson umbrella.
14 They had what's commonly now referred to as the
15 subPonzi going.

16 Q. Just for one moment I want to go back to the
17 Clockwork, Razorback, Bekkedam, Von Allmen.

18 You used the phrase a moment ago that
19 everybody was trying to take credit. Who do you mean
20 by that, "take credit"?

21 A. Von Allmen was I guess what you would call a
22 big fish. He had access to a lot of his own money and
23 certainly gave the appearance of having access to a
24 lot of other potential large investors. And it was a
25 constant source of battle between Bekkedam, Levin,

1 A.J. Discala, as to who brought Von Allmen in.

2 Q. What would be the advantage --

3 A. As a matter of fact -- hang on a second. As
4 a matter of fact, Von Allmen and Barry Bekkedam, were
5 at one time friends. If you look at all the
6 correspondence you'll see that they had a falling out
7 over this whole thing.

8 Q. What would the advantage be to somebody
9 wanting to take credit with you for bringing in people
10 into the Ponzi, was it ego or fee or what was it?

11 A. A combination. Some ego, but mostly the
12 fact that I tended to give the very higher interest
13 deal to the people who were bringing the most money to
14 the table.

15 Q. Okay. So speaking of bringing money to the
16 table, do you know how much money actually circulated
17 through the Ponzi during its lifetime?

18 A. I can give you a guesstimate now based upon
19 what I've heard from my last testimony, what I've
20 read.

21 Q. Based upon your best estimate as the
22 principal that ran the Ponzi scheme, tell me what you
23 understand the amount to be.

24 A. In the neighborhood of \$2 billion. And
25 that's with recirculating money back and forth.

1 Q. Now, I know you would agree that the
2 interest rates that were provided on these
3 transactions were definitionally we'll call it
4 usurious. Would you agree to that?

5 MR. SILVER: Objection to form.

6 BY MR. LICHTMAN:

7 Q. Do you have an understanding as to Florida
8 usury law?

9 A. Somewhat.

10 Q. You agree that the transactions that you
11 entered into all were above 25 percent per annum as an
12 interest rate?

13 MR. SILVER: Objection to form.

14 THE WITNESS: Yes, far in excess. They ran
15 into 70, 80 percent, all the way up to 600 plus
16 percent.

17 MR. LICHTMAN: What was the basis of your
18 objection, Jim?

19 MR. SILVER: The use of the term "interest
20 rates" is vague and also calls for a legal
21 conclusion. And also presupposes that these were
22 loans as opposed to investments.

23 MR. LICHTMAN: Okay.

24 BY MR. LICHTMAN:

25 Q. Did you have an exit strategy for the Ponzi

1 scheme?

2 A. Yes.

3 Q. Describe that, please.

4 A. We were investing Ponzi money in legitimate
5 businesses and the idea was to sell the legitimate
6 business to pay off the investors.

7 Q. Would examples of that include, for
8 instance, Jewel River Cruises, Casa Casuarina, Qtask
9 among others?

10 A. Yes, sir.

11 By the way, Chuck, just so you are clear.

12 Q. Yes.

13 A. That \$2 billion number that I gave you
14 earlier --

15 Q. Yes.

16 A. Okay -- that's that information I got from
17 all of you guys, that's not my number. That's a
18 number that people kept repeating during my last
19 deposition, that lagged over a 10-day period of time.

20 Q. Then just for a moment let me go back to
21 that and then we'll come back to the exit strategy.

22 A. Sure.

23 Q. Did you have a number that you believed from
24 your experience in handling the Ponzi, that you
25 thought was the sum of money that was recirculated

1 through the Ponzi?

2 A. With all money in total, including the
3 monies we were stealing through the fake bonds and
4 everything else to support the Ponzi, I believed it
5 was in the neighborhood of a billion dollars or less.

6 Q. When you say "fake bonds," what do you mean?

7 A. There was money that we were stealing from
8 various individuals. In this particular case I'm
9 talking about the Morses, Ted and Carol Morse, to the
10 tune of about \$58 million at its height that I include
11 in that number.

12 Q. Did you have any fake bonds as it pertained
13 to Silversea Cruises?

14 A. No. The answer to the direct question is
15 yes, with the following caveat. The CEO of the
16 company knew they were fake.

17 Q. The CEO being Albert Peter?

18 A. Correct.

19 Q. Okay. We have a deposition scheduled
20 tomorrow on Albert Peter and Silversea Cruises, so I'm
21 going to defer on that until tomorrow to make best use
22 of the time today.

23 A. Very good. I think I'll be here tomorrow.

24 Q. With respect to the exit strategy, though,
25 tell me what your thought was, as an example, on

1 Qtask. If you can be specific.

2 A. Sure. The way I was sold Qtask by the two
3 main partners there, Mr. -- what's his name Wolfgang,
4 Von Wolfgang, Von Wolfsheild.

5 Q. Reichart Von Wolfsheild?

6 A. I was pretty close. And Russell Mix. And
7 then the way I was sold it by two people from my firm,
8 Russell Adler and Rob Buschel, was that this was
9 groundbreaking technology, that it would eventually be
10 worth a fortune, and hence my decision to invest in
11 it. I hoped that down the road we would be able to
12 sell it and cash out all the Ponzi investors.

13 Q. Would it be a fair statement that you wanted
14 to buy some of these side businesses, such as Qtask,
15 because the Ponzi had created a lot of debt and what
16 you were hoping was that all these side businesses
17 would help you buy your way out of the Ponzi?

18 A. Yes, sir.

19 Q. So would you then agree that these
20 businesses that you bought were not for RRA's benefit
21 but for your benefit in terms of trying to close down,
22 shut down the Ponzi?

23 A. That's correct, that was their main purpose.

24 Q. Okay. Let me migrate then to the, we'll
25 call it, the toys. And by toys I'll include in that

1 realm, houses, jewels, cars, things of that nature.

2 Got it?

3 A. Okay.

4 Q. Okay. Would you agree with that?

5 A. Yes, sir.

6 Q. Would you agree that the toys existed to
7 help in a sense, aside from having toys, promote you
8 to give your investment business a vestige of success
9 and respectability?

10 A. Yes, sir.

11 Q. Would you agree that those toys really had
12 nothing to do with RRA except that you took money from
13 RRA accounts to buy those toys?

14 MR. SILVER: Objection to form.

15 THE WITNESS: Yes, sir.

16 MR. LICHTMAN: What's the objection?

17 MR. SILVER: Well, when you say "RRA
18 accounts," there were numerous accounts, some were
19 actually operating accounts with RRA's legitimate law
20 firm revenue, others were trust accounts with stolen
21 investor funds. So your question is vague.

22 BY MR. LICHTMAN:

23 Q. Would you agree that the accounts that were
24 titled with RRA were under your control, for the most
25 part?

1 MR. SILVER: Objection to form.

2 THE WITNESS: They were all under my
3 control and Stu Rosenfeldt's control, that's correct.

4 BY MR. LICHTMAN:

5 Q. And you commingled funds out of those
6 accounts as well?

7 MR. SILVER: Objection to form.

8 THE WITNESS: Yes, tremendously.

9 MR. SILVER: I didn't hear the answer.

10 MR. SINGERMAN: Could you repeat your
11 answer? You said yes --

12 THE WITNESS: Yes, tremendously.

13 BY MR. LICHTMAN:

14 Q. And that when you needed money for one idea,
15 regardless of what it was, whether it was to pay an
16 investor or to buy a toy, as an example, you would get
17 the money from whatever account had the money in it at
18 that particular point in time?

19 A. Yes. I had someone within RRA move it to
20 where I needed it and then I took it.

21 Q. And I assume that was Ms. Villegas?

22 A. No, Ms. Stay.

23 Q. Ms. Stay, okay.

24 And also, from time to time, when needed,
25 you would go into any of those accounts to fund

1 operating expenses of the firm?

2 MR. SILVER: Same, objection to form.

3 MR. LICHTMAN: Meaning RRA.

4 THE WITNESS: That's correct.

5 MR. LICHTMAN: One second, Paul -- I mean,
6 Scott.

7 Can you read back my last question?

8 (The question was thereupon read by the
9 reporter as above recorded.)

10 BY MR. LICHTMAN:

11 Q. I just wanted to make the question more
12 clear.

13 From time to time as RRA needed money for
14 its operations, did you take funds from any of the RRA
15 related operating or trust accounts, whichever
16 accounts had the money, to fund RRA operating
17 expenses?

18 A. Yes.

19 Q. Okay. You agree then that you intended that
20 in terms of the Ponzi scheme you were the principal
21 beneficiary of the Ponzi scheme?

22 A. Yes, sir.

23 Q. Do you agree that to the extent that if
24 anyone else ever got something of value out of the
25 Ponzi scheme is because you needed them to do

1 something to help assist in connection with the Ponzi
2 scheme?

3 A. Can you repeat that question, Chuck?

4 Q. Do you agree that to the extent that anyone
5 else got money out of the Ponzi, got something of
6 value out of the Ponzi scheme, it's because you got
7 them that item, that value, whatever it was, because
8 you needed them to help you in the Ponzi scheme?

9 MR. SILVER: Objection to form.

10 THE WITNESS: Your answer is correct for
11 the large percentage of the money that I spent, but
12 it's incorrect with regard to, for example, gifts
13 that I bought people or I spent money that had
14 nothing to do with the Ponzi scheme.

15 And I guess Stu Rosenfeldt, because I
16 wasn't trying to get Stu to do anything specifically.
17 Although I suppose the giving of the money to him
18 did, in fact, whet his appetite for allowing the
19 Ponzi to continue, so you can relate it that way.

20 But the answer to your question is, the
21 bulk of the money was always related to the Ponzi
22 scheme. Gifts, toys, etcetera related to the Ponzi
23 scheme.

24 BY MR. LICHTMAN:

25 Q. Indeed with respect to Stu Rosenfeldt, he

1 was a signatory on most, if not all, of the RRA
2 related trust and operating accounts, correct?

3 A. That's correct.

4 Q. And do you agree that one of the aspects of
5 establishing the legitimacy of those accounts and
6 continuing the Ponzi scheme was having his name on
7 those accounts?

8 A. Yes, sir.

9 Q. Do you agree also that if something enhanced
10 RRA, we'll call it political contributions or
11 influence, may be even exorbitant salaries, that the
12 ultimate purpose of those items was to enhance RRA so
13 you can run the Ponzi scheme and then loot it, loot
14 RRA?

15 A. Yes.

16 Q. When did the Ponzi scheme begin to fail?

17 MR. NURIK: Chuck, I think you need to
18 rephrase that question since by definition it fails
19 when it begins.

20 MR. LICHTMAN: Okay, that would be true.

21 BY MR. LICHTMAN:

22 Q. At what point in time did you come to
23 realize that things were getting increasingly
24 difficult to maintain, the Ponzi scheme, and that it
25 was about to we'll call it explode and be revealed?

1 A. There were a multiple -- there were multiple
2 times when that occurred. It occurred when the hedge
3 funds cut us off. It occurred in various points in
4 time when we were unable to find any new investors.
5 That would have been right around the time that
6 Szafranski started. And ultimately occurred in the
7 middle -- probably April 2009 forward.

8 We are talking about a myriad of things
9 happening that had us believing that the Ponzi was
10 ultimately going to crash. And then
11 September/October 2009 I knew it was going to crash.

12 Q. Let me address each of those very quickly.
13 You said the hedge funds, let's just -- I know a lot
14 of time was spent on some of these areas. I'm going
15 to skip that and defer to John, John Genovese, to ask
16 questions on the hedge fund.

17 A. Okay.

18 Q. Let me focus, actually, on the very end
19 because most of the areas that would be covered in
20 those four categories of the hedge funds, couldn't
21 find new investors, Szafranski, middle of 2009. That
22 was all covered in your deposition in December, so let
23 me just address briefly September and October of 2009.

24 What were the facts that you were looking at
25 that led you to conclude that the Ponzi was ultimately

1 about to explode and totally shut down?

2 A. We had extended ourselves on a
3 return-on-investment basis that was not sustainable
4 and the amount of money we were able to bring in
5 despite the fact that we had some very large
6 investors, Mr. Sochet, Mr. Von Allmen, other people
7 through them, the Coquina Group, despite their
8 investments, there was no way we were going to be able
9 to make the final payments. And ultimately we had --
10 I had cut a huge deal with the Clockwork Von Allmen
11 group and had a huge deal pending with Sochet, and
12 there was no way I was going to be able to generate
13 enough money to make those payments.

14 Q. I think that it's clearly been established
15 that the Ponzi failed at the very end of October 2009.
16 Was there an event that week --

17 A. Correct.

18 Q. Was there an event that week that signaled
19 the very end of the Ponzi?

20 A. I'm not sure I understand, Chuck, what you
21 are asking me, signaled the end.

22 Q. Was there a final event, a payment that was
23 due that you weren't making, somebody that would --

24 A. Yes, there was a payment to -- there was a
25 payment to the Clockwork Von Allmen people, a large

1 payment somewhere in the neighborhood of 20 some odd
2 million dollars, I believe.

3 Q. Once you understood you weren't going to be
4 able to make that payment and that the Ponzi was going
5 to be revealed, you fled to Morocco, correct?

6 A. That's correct.

7 Q. You were not extradited and forced to return
8 to the United States, correct?

9 A. That's correct. Morocco is a
10 non-extradition treating country.

11 Q. And that's why you went there?

12 A. That's correct.

13 Q. You were not under indictment and no arrest
14 warrants were outstanding at the time you returned to
15 the United States from Morocco, correct?

16 A. That's correct.

17 Q. Why did you return?

18 A. After a very difficult period of soul
19 searching, I realized the hell that I had brought down
20 on a lot of different people was going to end up in my
21 family's lap. On top of that, again, after a very
22 difficult period, emotional period, I made the
23 decision to come back and make sure that all the
24 people that I stole money from, the innocent people,
25 got money back. And I made that decision knowing that

1 I was going to go to prison. I wanted to do the right
2 thing. At that point in time I made the decision that
3 I could not live my life like this any longer.

4 Q. When you say that you couldn't live your
5 life like this any longer, from a lifetime historical
6 standpoint, can you put that in context?

7 A. Sure. I went from a kid with a great family
8 and a great upbringing, surrounded by people that
9 loved me and a fairly successful career as a
10 legitimate lawyer, and turned that into a nightmare
11 due to greed. Everything that my family, that my
12 parents and my grandparents had taught me went right
13 out the window and I let my greed take over. And
14 my -- I had an insatiable quest for power and I
15 literally went berserk. I mean, I did everything. I
16 looked like I was self destructing when I go back and
17 look at it now. And I decided I couldn't be that way
18 anymore.

19 I mean, as you know from my last deposition,
20 I considered suicide on several occasions and
21 ultimately decided that would have been the coward's
22 way out. And I made probably the most important
23 decision I've ever made. I mean, I could have stayed
24 in Morocco, Chuck. I had, as you know from my last
25 deposition, I had more money than I could have spent

1 in multiple lifetimes in Morocco, given the cost of
2 living there. I was in an a non-extradition country.
3 I could have stayed there indefinitely, but I could
4 not, I could not do that. I had to come back and make
5 things right and protect my family from what was going
6 to end up in their laps.

7 Q. In January 2010, you pled guilty to
8 committing a massive fraud. You agree with that?

9 A. Yes, sir.

10 Q. The counts included racketeering conspiracy,
11 conspiracy to commit money laundering, conspiracy to
12 commit mail fraud and wire fraud, and wire fraud,
13 correct?

14 A. That's correct.

15 Q. And you signed the statement of facts that
16 the U.S. -- the United States Attorney's Office
17 drafted after interviewing you in connection with your
18 guilty plea and that statement of facts described in
19 detail the different things that you did in committing
20 the fraud. Do you recall that?

21 A. That's correct.

22 Q. And you signed that document, right?

23 A. Yes, sir.

24 Q. And when you signed that document it's
25 because you agreed with the contents of the document

1 as it being true?

2 A. Yes, sir.

3 Q. And your attorney, Mr. Nurik, also signed
4 the document, correct?

5 A. Correct.

6 Q. So, do you agree that you admitted your
7 wrongdoing through your guilty plea as accepted by
8 Judge Cohn and by signing willingly your statement of
9 facts?

10 A. Yes, sir.

11 Q. And you continue to admit your wrongdoing to
12 this day. You agree with that?

13 A. Yes, sir.

14 Q. You agree this was your fraud, not RRA's
15 fraud, correct? You were the bad actor?

16 MR. SILVER: Objection to form, vague.

17 BY MR. LICHTMAN:

18 Q. You understand the question?

19 A. Can you reask it, please?

20 Q. You agree that the Ponzi scheme was a fraud
21 you committed, correct?

22 A. Along with coconspirators, yes. It was not
23 RRA's fraud, if that's what you are trying to get at.

24 Q. You simply used RRA's name, offices and
25 people to get what you wanted in committing the Ponzi

1 scheme, correct?

2 A. That's correct.

3 Q. So during the Ponzi, the course of the Ponzi
4 scheme you lied to people extensively. You agree with
5 that?

6 A. Yes, sir.

7 Q. About a lot of different things, right?

8 A. Yes, sir.

9 Q. But then you turned yourself into the
10 authorities and you told the truth about what you did
11 in connection with the Ponzi scheme, correct?

12 A. About the Ponzi scheme and every tentacle
13 attached to the Ponzi scheme, yes, sir.

14 Q. What impact do you feel your crimes have had
15 on people that you were friends with, family that you
16 knew?

17 A. I hurt a lot of innocent people. The impact
18 has been devastating. The truth is that this is
19 probably far more devastating to my family and my
20 close friends than it is to me. I hurt a lot of good
21 people.

22 Q. How do you feel about that now?

23 A. The words really don't exist to explain
24 that, Chuck. It's -- this is a nightmare of
25 undescribable, indescribable proportion. It hit home

1 awful hard when my grandmother passed away and my dad
2 passed away and I couldn't be there. I'm sorry.

3 You know I should have been in that very --
4 I should have been there when my dad was dying and I
5 should be there for my mom now, my children. This
6 is -- it's not describable. It's just -- this is just
7 not describable.

8 Q. You received a 50-year sentence, right?

9 A. Yes, sir.

10 Q. Are you sorry that you returned from Morocco
11 given the 50-year sentence?

12 A. No, sir. No, sir.

13 Q. Why?

14 A. Because I did the right thing in coming
15 back, Chuck. I mean, I honestly am proud of the fact
16 that I came back. I don't think you can find a
17 handful of people in the universe that would have, in
18 the circumstances I was in, having gotten away to the
19 a non-extradition country with the kind of money that
20 I had who would have brought themselves back to this.

21 I'm proud of what I did and I'm proud of the
22 fact that I'm helping everybody recover this money for
23 the innocent people. I think I'm doing the right
24 thing by them and the right thing by my family now.

25 Q. You wish to get your sentence shortened,

1 correct?

2 A. Yes, sir.

3 Q. Tell me your understanding of how that
4 works, the procedure.

5 A. My understanding is that when I'm done with
6 all my cooperation, that the government will evaluate
7 it, determine whether or not it rises to the level of
8 substantial assistance in criminal investigations,
9 criminal prosecutions. And that they will then, if
10 they believe that it rises to that level, they will
11 make the appropriate request to the Court to reduce my
12 sentence. And then ultimately it will be up to Judge
13 Cohn and Judge Cohn alone to determine whether or not
14 I'm entitled to a reduction.

15 Q. Has the government promised you anything in
16 return for telling the truth now?

17 A. No, sir.

18 Q. Has Judge Cohn, the judge who handled your
19 criminal case, promised you anything if you cooperate
20 with the United States?

21 A. No, sir.

22 Q. What is your understanding if the government
23 finds that you've been lying to them in the course of
24 providing your cooperation?

25 A. I will die in prison.

1 Q. You know who my client, Mr. Stettin, is,
2 correct?

3 A. I do.

4 Q. He's the trustee of Rothstein, Rosenfeldt
5 and Adler, your former law firm, that's now being
6 liquidated in bankruptcy for the benefit of your
7 victims and creditors. Do you agree with that?

8 A. I do, sir.

9 Q. Mr. Stettin has made you no promises with
10 respect to any possible Rule 35 downward departure
11 motion either, correct?

12 A. That's correct.

13 Q. Nor have I or any of my counsel that work
14 with me on this case?

15 A. No, sir.

16 Q. And you understand that even with your
17 cooperation there are no guarantees that your sentence
18 will be reduced, correct?

19 A. That's correct.

20 Q. So would you agree that people might be
21 skeptical about whether or not you've been telling the
22 truth since you've turned yourself in?

23 A. Yes, sir.

24 Q. Would you agree that they would be skeptical
25 about things that you've said about either your bad

1 acts or the conduct of other people during the course
2 of the Ponzi scheme?

3 A. Yes, sir.

4 Q. So how do you answer these people? Why
5 should we believe you now?

6 A. As opposed to when I was running the Ponzi
7 scheme, where I had everything to gain by lying, I am
8 now in the situation where I have everything to lose
9 if I lie. Meaning my life, I will die in prison if I
10 lie.

11 Q. Indeed --

12 A. I have no reason to lie.

13 Q. Indeed you have discussed alleged bad acts
14 that were engaged in by family members, correct, Uncle
15 Bill Brock?

16 A. Yes, I have told the government about every
17 single thing, everyone that I know, including what a
18 family member has done that could potentially be
19 criminal in nature. Everything, everybody, every
20 single person that I know.

21 Q. Who is Bill Brock?

22 A. Bill Boockvor, that's my mother's brother,
23 my uncle.

24 Q. Is he one of the --

25 A. Helped raise me.

1 Q. Is he one of the people that you discussed
2 with the government?

3 A. I'm the reason that he got indicted.

4 Q. You recall having your deposition taken for
5 two weeks in December 2011, right?

6 A. I do.

7 Q. Did you testify truthfully at that
8 deposition?

9 A. I did, sir.

10 Q. Did you review the transcripts from your
11 deposition in December 2011?

12 A. Yes, I did so.

13 MR. NURIK: Are we talking about all of the
14 transcripts of all of the depositions?

15 MR. LICHTMAN: Yes.

16 THE WITNESS: You are talking about my
17 transcripts, right?

18 MR. LICHTMAN: Your transcript of the
19 December 2011 deposition where you were in a courtroom
20 with a lot of lawyers?

21 THE WITNESS: Yes, I reviewed -- yes, I
22 reviewed everything except for -- I have to give you
23 the date. Hang on, I wrote it down. On 12/22, the
24 December 22, 2011 transcript, which I know is dated
25 as the Levinson transcript, for some reason I never

1 received a copy of that.

2 MR. LICHTMAN: Okay.

3 THE WITNESS: I read everything else that
4 was sent to me.

5 MR. LICHTMAN: We'll get you one one way or
6 another, at least hopefully we'll be able to get to
7 you -- we'll have to figure the mechanics of this
8 out, the Levinson transcript, so that we can make
9 sure that you get that one and review it for errata
10 purposes.

11 MR. NURIK: For the record -- I'm sorry,
12 Chuck. Go ahead.

13 MR. LICHTMAN: What did you have, Marc?

14 MR. NURIK: For the record, this morning
15 Mr. Rothstein handed to me the errata pages with
16 respect to all of the transcripts that he has
17 reviewed. Due to reasons relating to his location
18 and the nature of his incarceration, he has either
19 not had access to certain transcripts in a timely
20 manner or the ability to make changes or the ability
21 to send them to me before.

22 Apparently one set was sent to me and was
23 not received; therefore, they were resending to me
24 yesterday and handed to me today, and I will be
25 providing them to whomever I need to provide them to

1 once I return.

2 MR. LICHTMAN: If you get them to me, that
3 would be great.

4 MR. NURIK: Okay.

5 MR. LICHTMAN: Thank you.

6 BY MR. LICHTMAN:

7 Q. You've made, and I think those are the
8 errata sheets that you are alluding to right now from
9 the December 2011 transcript. Just so the record is
10 clear, right?

11 A. That's correct.

12 Q. Okay. So if I was to ask you all the same
13 questions now that you were asked in the December 2011
14 deposition, are there any questions that you would
15 answer differently other than an errata?

16 A. Other than the errata?

17 Q. Yeah.

18 A. No.

19 Q. You had a number --

20 A. As I sit here today.

21 Q. Go on.

22 A. Chuck, you have to remember, the transcript
23 is 2,200 pages plus long.

24 Q. Yes.

25 A. I did the best job I possibly could with the

1 errata sheets under the circumstances of my housing.
2 And I believe that they are now, to the best of my
3 knowledge, complete. And other than what I put in the
4 errata sheet, I would not change anything, no, sir.

5 Q. Okay. I'm going to switch gears now.

6 You had a number of --

7 A. Let me just --

8 Q. Yes. I'm sorry, go on.

9 A. Let me just clarify one thing, okay. It's
10 just -- it's the nature of my security that prevented
11 this from getting to me with as much time as I would
12 have liked to have reviewed it and getting back to you
13 all, that's all.

14 Q. Okay. You had a number of RRA lawyers that
15 were involved in the Ponzi scheme to varying degrees.
16 You agree with that?

17 A. Yes, sir.

18 Q. Some had different roles and some had
19 different levels of knowledge of the wrongful conduct.
20 Do you agree with that?

21 A. Let me just ask for clarification. When you
22 are saying "Ponzi scheme," you are talking about the
23 Ponzi and all of what I've referred to as its various
24 tentacles?

25 Q. Yes, and any of the aspects of the fraud

1 that you were committing in order to help facilitate
2 the Ponzi one way or the other. So it would go well
3 beyond just the bridge loans or the settlement deals.

4 A. Then the answer to your question is yes.

5 Q. And some of the lawyers that were involved
6 with you to different degrees would be Stu Rosenfeldt,
7 Russ Adler, Steve Lippman, David Boden, Howard
8 Kusnick, Ken Padowitz. You agree with those names?

9 A. Yes, sir.

10 Q. Okay. I think that we have covered before
11 what their respective roles are, so I'm not going to
12 spend any time on that. I do want to ask, were there
13 any others that I missed?

14 A. Scott Goldstein.

15 Q. That's right.

16 A. Talking about lawyers only, right?

17 Q. Yes, lawyers only.

18 Scott Goldstein is the lawyer who
19 impersonated a Federal judge or helped --

20 A. Yes, impersonated Judge Meryl and he
21 impersonated a Palm Beach circuit court judge.

22 Q. And that was in connection with the Morses,
23 correct?

24 A. Yes, sir.

25 Q. Okay. Any others?

1 A. At this time I don't recall anybody else.

2 Q. The firm had, meaning RRA, had 70 lawyers at
3 its height, would you agree with that, approximately
4 70?

5 A. Yes, sir.

6 Q. Okay. And you've identified seven lawyers
7 that were involved in some type of illicit activity
8 with you, right?

9 A. That's correct.

10 Q. So is it a fair statement that the other
11 lawyers in the firm were not corrupt or did not
12 participate or have knowledge of the Ponzi scheme or
13 any of your illegal activity?

14 A. That's a fair statement.

15 Q. Would you agree that the rest of those RRA
16 lawyers were ethical, honest and hard working lawyers
17 who did not engage in the corruption with you?

18 A. That is a fair statement.

19 Q. I'm going to go through some names and I'd
20 like for you to confirm or deny whether or not these
21 people were all honest. I'm going to work on the
22 assumption since you didn't name them as being corrupt
23 that they are honest, but let's confirm. Or let me
24 rephrase the question. I withdraw that question.

25 What I'd like to do is -- the question is,

1 did the following lawyers know that you were engaged
2 in any type of illicit activity during the period from
3 2004 through 2009. Les Stracher?

4 A. No.

5 Q. Marc Nurick?

6 A. No.

7 Q. Carlos Reyes?

8 A. No.

9 Q. Do you agree that each of those three
10 individuals sat on the RRA management committee?

11 A. Yes.

12 Q. Okay. Here are some others. Barry Stone?

13 A. No.

14 Q. Grant Smith?

15 A. He had some knowledge about certain
16 political things that were going on but overall, no.

17 Q. Did he know that you were engaged in the
18 Ponzi scheme?

19 A. No.

20 Q. Did he know that you were engaged in illegal
21 activity?

22 A. Yes.

23 Q. What was that?

24 A. Had to do with public corruption of a
25 political nature.

1 MR. LICHTMAN: Off the record for one
2 moment.

3 [Discussion off the record.]

4 BY MR. LICHTMAN:

5 Q. Let me see, I think that there's one other
6 lawyer who you might have forgotten. Christina
7 Kitterman? Hello?

8 A. I'm sorry. Marc was pushing buttons.

9 Q. We are back on the record. I think that's
10 one other lawyer on the illicit activity side,
11 Christina Kitterman?

12 A. Yes, I was going let -- I was going to tell
13 you about her. The other thing with regard to Grant,
14 I just want to make sure this record is clear. His
15 knowledge goes to specifically to campaign financial,
16 political corruption dealing with campaign finance
17 issues, that's it.

18 Q. Now, let's go back to the basic question
19 which focuses on lawyers that knew -- that did not
20 know of your illicit activity.

21 Bandon Reicht?

22 A. I recently discovered that Mr. Reicht
23 assisted me with something having to do with Silversea
24 and may have assisted me in writing an opinion letter.
25 But I have not concluded my investigation in that, so

1 I can't give you any more information than what I just
2 told you.

3 Q. What is it that you think he assisted you
4 with?

5 A. Falsifying financial records and potentially
6 drafting a letter. But I am not certain, it's
7 something that I recently ran across when I was
8 reviewing things.

9 Q. Since I have a deposition on the Albert
10 Peter case tomorrow, and I have an evening to prepare,
11 what financial record is it that you would be alluding
12 to?

13 A. There was a -- I'm not sure, but just the
14 Albert Peter thing, there's two things that I was
15 looking at: One is I saw some e-mail traffic with
16 Blandon, and I'm not sure what it relates to, where he
17 was helping me prepare a financial statement which was
18 false. And at this moment I don't know who it was
19 being furnished to.

20 Q. What was the financial statement that you
21 recall, so I can track it down?

22 A. I don't recall. You have to look at the
23 e-mail traffic, Chuck, between myself and Blandon.
24 I'm continuing to look through that traffic. As you
25 know, there's well over a million e-mails involved

1 here and getting through it is a massive task.

2 The other thing that you need to look at is
3 I recently seen some e-mail traffic that leads me to
4 believe that Blandon may have known that something was
5 going on with regard to Albert and Jewel River.

6 Q. What do you mean by that?

7 A. That he may have known that Albert was
8 stealing from me.

9 Q. Okay. I'll go and I'll deal with that
10 tomorrow then.

11 So back to the basic question about lawyers,
12 honest lawyers that did not know you were engaged in
13 the corruption. Simon Ferro?

14 A. No.

15 Q. Steve Jaffe?

16 A. No.

17 Q. Lisa Kaufman?

18 A. No.

19 Q. Arthur Neiwirth?

20 A. This is another recent discovery. It
21 appears from looking at records that Arthur Neiwirth
22 was aware that there was a fraud going on with regard
23 to my purchase through a fictitious name of the Morses
24 home in Boca Raton. I am not certain, but there is
25 e-mail traffic that seems to indicate that.

- 1 Q. Okay.
- 2 A. Other than that he had no knowledge.
- 3 Q. All right. Charles Perlman?
- 4 A. No.
- 5 Q. Michael Pancier?
- 6 A. No.
- 7 Q. Melissa Lewis?
- 8 A. No.
- 9 Q. Laurence Barsky?
- 10 A. No, Barsky.
- 11 Q. Barsky. Oh, dyslexic on the letters there?
- 12 A. No.
- 13 Q. Pedro Dijols?
- 14 A. No.
- 15 Q. Ben Dishowitz?
- 16 A. No.
- 17 Q. Gary Farmer?
- 18 A. No.
- 19 Q. Mark Fistos?
- 20 A. No.
- 21 Q. Julio Gonzalez?
- 22 A. No.
- 23 Q. Seth Lehrman?
- 24 A. No.
- 25 Q. You agree that Barry Stone, Pedro Dijols and

1 Julio Gonzalez were all former judges?

2 A. Correct.

3 Q. Okay. And to be clear, all those lawyers
4 that you said no to, none of them knew you were
5 engaged in the Ponzi scheme or committing illegal
6 acts, correct?

7 A. To my knowledge, no, sir, they did not know.

8 Q. I know that you've been disbarred, but by
9 chance are you familiar with the Rule 4-8.3 that deals
10 with reporting professional misconduct, the rules of
11 professional conduct of the Florida Bar?

12 A. Yes.

13 Q. Okay. I'm going to read it to you for the
14 record because you don't have it in front of you.
15 It's subsection A, reporting misconduct of other
16 lawyers. It says, "A lawyer having knowledge that
17 another lawyer has committed a violation of the Rules
18 of Professional Conduct that raises a substantial
19 question as to that lawyer's honesty, trustworthiness
20 or fitness as a lawyer in other respects shall inform
21 the appropriate professional authority."

22 Do you recall that rule?

23 A. I certainly do.

24 Q. Okay. Do you believe that the lawyers to
25 whom you said no, meaning that they didn't know of

1 your engaging in a Ponzi scheme or committing illegal
2 acts, that had they known you were engaged in that
3 would have complied with Rule 4-8.3 of the Rules of
4 Professional Conduct of the Florida Bar?

5 A. As I sit here today reflecting on everything
6 I know about all of them, yes, they would have
7 reported me.

8 Q. Okay. In Rule 4-8.4 of the Rules of
9 Professional Conduct for misconduct states, and I'll
10 read it to you because I know you don't have it in
11 front of you, "A lawyer shall not, A, violate or
12 attempt to violate the Rules of Professional Conduct,
13 knowingly assist or induce another to do so, or do so
14 through the acts of another."

15 B says, "A lawyer shall not commit a
16 criminal act that reflects adversely on the lawyer's
17 honesty, trustworthiness or fitness as a lawyer in
18 other respects." Do you believe that if -- strike
19 that.

20 My understanding from your testimony is the
21 lawyers that you identified as not having knowledge of
22 the Ponzi scheme did not violate Rule 4-8.4 from your
23 perspective?

24 A. That's correct.

25 Q. And had they known that you were engaged in

1 illegal acts under 4-8.4 they would have reported you
2 to the Bar under 4-8.3?

3 A. My belief, yes.

4 Q. Okay. Do you agree that if any of those
5 lawyers knew what you were doing, that they would have
6 turned you into the authorities for criminal
7 prosecution?

8 A. Yes.

9 Q. Why do you think they'd do that?

10 A. Because having had time to reflect on all of
11 them, their personalities, their ethics, I believe
12 that if they had known what I was doing they would
13 have turned me in. That's the kind of people that
14 they were. They were good, ethical, hard working,
15 lawyers.

16 Q. Do you believe they would have done it
17 promptly?

18 A. Yes.

19 Q. You agree they also had, from your knowledge
20 and experience when you were a lawyer, the
21 professional responsibility to turn you in?

22 A. I'm sorry, can you repeat that question,
23 Chuck?

24 Q. Do you also believe, from your knowledge and
25 experience from when you were a licensed Florida

1 attorney, that they had a professional responsibility
2 to turn you in?

3 A. Yes, sir.

4 Q. Do you also understand that each of the
5 lawyers in RRA had certain ethical responsibilities
6 with respect to the maintenance of the RRA trust
7 accounts?

8 A. Yes, sir.

9 Q. Explain to me your understanding of what
10 those responsibilities included.

11 A. Make sure that the trust accounts remained
12 sacrosanct and reporting any defalcations to the
13 Florida Bar.

14 Q. When you say "sacrosanct," what do you mean?

15 A. That means don't commingle money, make sure
16 that the money is only utilized for the purpose for
17 which its deposited with you, don't steal it.

18 Q. Do you agree --

19 A. Treat it as -- don't treat it as a piggy
20 bank.

21 Q. You agree that while you were in the midst
22 of operating the Ponzi scheme, you commingled funds
23 among accounts?

24 MR. SILVER: Object to the form.

25 THE WITNESS: Yes, sir.

1 BY MR. LICHTMAN:

2 Q. The trust accounts?

3 A. Yes, sir.

4 Q. And commingled funds between and among the
5 operating and trust accounts?

6 MR. SILVER: Objection to form.

7 THE WITNESS: Yes, sir.

8 BY MR. LICHTMAN:

9 Q. You acknowledge that you stole money out of
10 the accounts?

11 MR. SILVER: Objection to form.

12 THE WITNESS: Yes, sir.

13 MR. LICHTMAN: What's the objection?

14 MR. SILVER: There's a large, large number
15 of accounts and you are lumping them all together as
16 one, so it makes all the questions vague.

17 BY MR. LICHTMAN:

18 Q. Do you agree that there were a large number
19 of RRA trust and operating accounts combined?

20 A. Yes, sir.

21 Q. And the questions that I ask you about
22 commingling and stealing, that pertained to all the
23 accounts, correct?

24 A. Yes. I can't think, as I sit here today, of
25 one single account that did not have Ponzi money in it

1 that was stolen.

2 Q. And the same would be the case with respect
3 to commingling, correct?

4 MR. SILVER: Same objection.

5 BY MR. LICHTMAN:

6 Q. Can you think of a single account --

7 A. That's how I got --

8 Q. Let me rephrase the question.

9 Can you think of a single account that was
10 titled in RRA's name that was never commingled?

11 MR. SILVER: Same objection.

12 THE WITNESS: No, sir. I can't think of
13 one as I sit here today.

14 Chuck, can we take a five-minute break?

15 MR. LICHTMAN: Yes.

16 THE WITNESS: Five minutes.

17 [Short recess taken.]

18 BY MR. LICHTMAN:

19 Q. Before I get off track, I had asked you
20 about Kitterman for one quick moment and what was her
21 level of knowledge or involvement in the Ponzi.

22 A. Kitterman was the person who played Adrian
23 Quintella, the Florida Bar rep. When I had testified
24 originally I had confused two people who were
25 involved, both involved in the fraud. I had switched

1 their roles. Adelina Cubelo was the person who did
2 the fraud on the due diligence with the hedge funds.
3 She pretended to be an intake person who was intaking
4 hundreds of cases a month.

5 Q. That was Rosenfeldt's secretary, correct?

6 A. Yes. And Kitterman was the one who played
7 the Bar rep. I switch their fraudulent roles.

8 Q. And when you say played the Bar, meaning she
9 was on the telephone call impersonating Adrian
10 Quintella, correct?

11 A. That's correct.

12 Q. Okay. One minor clarification on the
13 accounts. I think you had one account, it was a
14 merchant account for credit cards that wasn't
15 commingled. Do you know anything about that, an RRA
16 merchant account?

17 A. Well, I think I -- here is the way I -- I
18 was aware of that account when I answered the
19 question, but here's the way I answered the question
20 in case you need further clarification. The money
21 from the merchant account, I didn't take Ponzi money
22 and put it in there. But I certainly took money from
23 the merchant account and used it in other Ponzi
24 accounts.

25 Q. Okay. So you pilfered that account then?

1 A. Yeah, all the accounts.

2 Q. Okay. Is it a fair statement that you had
3 control personally over the RRA trust and operating
4 accounts?

5 A. Yes, sir.

6 Q. Do you agree that they were not in
7 compliance with the Florida Rules of Professional
8 conduct?

9 A. Yes, sir.

10 Q. And I think that you described how earlier,
11 but to be sure it's because you commingled them?

12 A. We commingled them. We never balanced them.
13 We stole from them. We used them for crime. I mean,
14 we pretended accounts were segregated when they
15 weren't, pretended trust accounts had money in when
16 they didn't. I mean, there's a whole myriad of
17 things.

18 Q. Do you agree that the lawyers whose names we
19 discussed a few moments ago as being lawyers with
20 integrity, had they known what you were doing with the
21 trust accounts, describe what you believe they would
22 have done?

23 A. They would have reported me to the Bar and
24 to the authorities.

25 Q. Why do you believe they would have reported

1 you to the Bar for the trust account defalcations?

2 A. Because that was their ethical
3 responsibility and they took it very seriously.

4 Q. At any point in time, any point in time if
5 any of your lawyers had turned you into the
6 authorities or the Florida Bar for committing any
7 illegal acts or even the trust account violations,
8 what do you believe the result would have been for the
9 Ponzi scheme?

10 A. It would have exploded.

11 Q. Why do you believe that?

12 A. Because there's no way it would have
13 functioned without the trust accounts. The trust
14 accounts were an integral part of what myself and my
15 coconspirators were trying to do. That illusion of it
16 being a trust account was key.

17 Q. Okay. Now, in connection with identifying
18 Mr. Stracker, Mr. Nurik and Mr. Reyes, they sat on the
19 management committee, correct? You said that?

20 A. That's correct. I think we called it the
21 executive committee.

22 Q. Executive committee.

23 What was the purpose of the executive
24 committee?

25 A. It was to advise me about the legitimate law

1 firm business.

2 Q. And did it hold meetings?

3 A. From time to time, yes, sir.

4 Q. Did they, in fact, advise you?

5 A. They did.

6 Q. What type of matters did they advise you on?

7 A. Marketing, lawyer hiring and firing, new
8 business, how to deal with client problems, how to
9 deal with lawyer problems, expansion, contracts, all
10 that stuff, financial issues.

11 Q. Do you agree that sometimes you listened to
12 them, sometimes you didn't?

13 A. Yes, sir. That's a fair statement.

14 Q. Is it a fair statement that if they
15 consulted you on typical law firm business you were
16 inclined to listen?

17 A. These people, yes, I listened to them. To
18 the extent that it didn't interfere with the Ponzi
19 scheme, I listened to them.

20 Q. So if I understand your answer, if something
21 they wanted you to do would have been overridden in
22 terms of advancing the interest of the Ponzi scheme
23 first, then the Ponzi scheme would prime the executive
24 committee's decision?

25 A. Unbeknownst to them, yes.

1 Q. For one quick moment I want to go back to --
2 go back to what has been referred to for quite some
3 time as the RRA entities. Those are the various
4 businesses that you bought, it could be Qtask, Casa,
5 it could be the WAWW entities. You know what I'm
6 alluding to when --

7 A. Yes, sir.

8 Q. Is it a fair statement that you were the
9 owner of those entities, not RRA?

10 A. That's correct. I was the owner. Stu
11 Rosenfeldt was going to be a beneficiary of them, but
12 I was the owner.

13 Q. And Boden was to be a beneficiary of some of
14 them as well, correct?

15 A. Certain of them, yes.

16 Q. And you agree also that even some of those
17 would have been titled as RRA entities that were
18 legitimate operating businesses, such as the
19 restaurants or Qtask, that they were other owners
20 outside of RRA that you were partners or shareholders,
21 with, right?

22 A. That's correct.

23 Q. Okay. There's no common ownership among
24 many of those entities. Is that a fair statement?

25 A. That's a fair statement.

1 Q. Okay. One quick second.

2 Scott, what I'm going to do for a few
3 minutes is yield the floor to my colleague, Paul
4 Singerman, who you've met before. Paul is going to
5 ask you a few questions and if time allows, because we
6 are really trying to run this on a tight schedule and
7 hold to this schedule, then I may come back for just a
8 couple of questions before Mr. Goldberg takes over,
9 okay?

10 A. Very good. Thank you.

11 EXAMINATION

12 BY MR. SINGERMAN:

13 Q. Scott, good morning again, it's Paul
14 Singerman. If you wish to see me, given where I'm
15 sitting, can you?

16 A. I can see you, fine.

17 Q. Thank you. Scott, earlier in your testimony
18 to Chuck you testified regarding the early stages or
19 commencement of the Ponzi scheme. And I believe you
20 testified that it evolved from initially what you
21 referred to as bridge loans. Do you recall that?

22 A. I do, sir.

23 Q. And you described the bridge loans as
24 borrowings made by RRA. And I think your words were
25 at an exorbitant rate of interest; is that correct?

1 A. That's correct.

2 Q. At the time that RRA started borrowing under
3 the bridge loans, did it do so in order to generate
4 funds to pay RRA's debts as they became due?

5 A. In part, yes.

6 Q. And without the proceeds of bridge loans at
7 the commencement or early stages of the Ponzi scheme,
8 would RRA have been able to pay its debts as they
9 became due?

10 A. No.

11 Q. You earlier testified in your discussion of
12 the I think what you called or Chuck called the deal
13 documents or the deal packages. Do you recall the
14 line of questioning and use of one of those two terms?

15 A. I do, sir.

16 Q. And did the deals that were documented or
17 memorialized by the deal documents or the deal
18 packages offer to the people providing money for them
19 a fixed rate of return?

20 MR. SILVER: Objection to form.

21 THE WITNESS: Sorry, can you repeat that
22 question, please?

23 BY MR. SINGERMAN:

24 Q. Sure. Did the deals that were documented by
25 what you've called the deal documents or the deal

1 packages, the documentation, provide for a fixed rate
2 of return to the people providing the money for them?

3 MR. SILVER: Same objection.

4 THE WITNESS: There was no rate of return
5 in the documents, but the amount of money that they
6 would be getting was in certain of the documents.

7 BY MR. SINGERMAN:

8 Q. I'm sorry, the amount of money they --

9 A. It provided for a fixed amount of money that
10 they would be getting.

11 Q. So let me make sure I understand your
12 testimony.

13 The documents memorialized that a party or
14 an entity was giving RRA a sum of money, correct?

15 MR. SILVER: Objection to the form.

16 THE WITNESS: Correct.

17 BY MR. SINGERMAN:

18 Q. And in exchange for that sum of money, the
19 documents provided that that party or entity would
20 receive back a different and greater amount of money;
21 is that correct?

22 A. Okay, just to make sure we are succinct --

23 Q. Yes.

24 A. The documents provided that the investor
25 would be providing a sum of money which would go

1 through RRA to a putative client and then provided
2 that the funds that were supposed to go to the
3 putative client, which were much greater in amount
4 than the amount funded by the investor, would
5 ultimately be paid through RRA to the investor.

6 Q. Thank you for that. And this latter amount,
7 the amount that was going to be paid through RRA to
8 the person or entity which you are describing as the
9 investor, that was a fixed amount of money specified
10 in the documents, correct?

11 A. Correct.

12 Q. And you earlier in your testimony, when
13 Chuck asked you why would people seek to get credit
14 from you for bringing Von Allmen or the Razorback
15 constituents, you testified that you would give the
16 quote, "better deals," to the people that were
17 bringing the money; is that right?

18 MR. SILVER: Objection to form.

19 THE WITNESS: I would give the better deals
20 to the people that were bringing in the most money,
21 that's correct. And secondarily, I would give the
22 better deals to people who I knew could bring a lot
23 more money to the table to entice them to bring more
24 deals.

25 BY MR. SINGERMAN:

1 Q. And what were the attributes of what you are
2 testifying to be the, quote, "better deals," close
3 quote?

4 A. Instead of being maybe payable over six or
5 eight months, they were payable in much shorter time
6 frames, perhaps three, four, five months, and they
7 were much more significant payouts. The best example
8 I can give to you is what's been referred to as the
9 Regent deal where I believe it was \$11 million in and
10 22 million out.

11 Q. And when you testified, Scott, to a much
12 larger payout, does that have a correlation to the
13 rate of return?

14 A. Of course.

15 MR. SILVER: Objection to form.

16 THE WITNESS: That affected the rate of
17 return.

18 BY MR. SINGERMAN:

19 Q. Could you explain that correlation again,
20 because Mr. Silver interposed an objection, which is
21 noted for the record. And my friend and law partner,
22 Mr. Lichtman, whispered something to my area business
23 related.

24 Could you explain -- do you understand my
25 question? Could you explain the correlation?

1 A. I want to know what Chuck whispered.

2 Q. He said -- I won't tell you.

3 MR. LICHTMAN: It was about the Gators.

4 THE WITNESS: That's not nice.

5 The better deals were structured in a
6 fashion that where the normal deals might have an
7 interest rate of 70 percent, 90 percent, 100 percent,
8 the better deals were the deals that were
9 150 percent, 200 percent, 400 percent, 600 percent.
10 There's a drastic difference in the amount of money
11 that people were making on a per annum basis.

12 BY MR. LICHTMAN:

13 Q. And when you refer to the rate of interest
14 and the examples that you just offered, do you mean a
15 rate of interest per annum?

16 A. Both per annum and in the short haul. It
17 was overall. When I stopped, and I didn't do it that
18 frequently, but my investor did from time to time,
19 when I stopped to look at the interest rates, I always
20 tried to calculate it on a per annum basis because
21 that's the only way you get a true rate of return.

22 Q. Amongst the documents that were included in
23 the deal documents or the deal packages, were
24 promissory notes made by RRA; is that correct?

25 A. Yes, sir.

1 Q. And those promissory notes memorialized how
2 much money RRA was to pass back to the parties or
3 entities that you are referring to as investors,
4 correct?

5 MR. SILVER: Objection to form.

6 THE WITNESS: Yes, sir, that's what they
7 were meant to do.

8 BY MR. SINGERMAN:

9 Q. And also, in some of the deal documents or
10 deal packages, there were instruments or documents
11 called guarantees. Do you recall that?

12 A. I do.

13 Q. And was the maker of those guarantees in
14 those instances in which guarantee documents were
15 included in the deal packages RRA?

16 A. My recollection is the bulk of them were RRA
17 and some were RRA and me.

18 Q. And was the point of the guarantee to
19 provide additional comfort to the parties you are
20 calling investors that the amount of money provided
21 for in the deal documents would be repaid to them?

22 A. Yes, sir.

23 Q. Throughout the course of the Ponzi scheme
24 until it ended, payments were made back to the parties
25 that you are calling investors; is that right?

1 A. Yes, sir.

2 Q. And the overwhelming source of the payments
3 that were made to investors came from funds provided
4 by other private investors; is that right?

5 A. Correct.

6 Q. And is it right, sir, that one of the
7 purposes for the payments throughout the course of the
8 Ponzi scheme to the parties that you are calling
9 investors was to delay or delay those parties from
10 learning that the Ponzi scheme was, in fact, a Ponzi
11 scheme?

12 A. That's correct.

13 Q. And is it also fair to say, sir, that
14 amongst the purposes of the payments that were made
15 during the course of the Ponzi scheme, it was the
16 intent to defraud the parties who were receiving the
17 money so as to ensure or seek to ensure that they did
18 not discover that it was an underlying Ponzi scheme?

19 MR. SILVER: Can we have that question
20 repeated?

21 MR. SINGERMAN: Do you want to make an
22 untimely objection to it, or should I just ask it
23 again, what would you like to do?

24 MR. SILVER: No, no, if I could just hear
25 it.

1 (The question was thereupon read by the
2 reporter as above recorded.)

3 MR. LICHTMAN: Scott, did you get the
4 question?

5 MR. SINGERMAN: He answered it. There's no
6 question pending.

7 THE WITNESS: I can't repeat it back
8 though.

9 BY MR. SINGERMAN:

10 Q. Scott, is it also fair to say that amongst
11 the purposes of the payments that were made during the
12 course of the Ponzi scheme to the parties whom you are
13 defining or describing as investors was to hinder
14 their ability to discover that the underlying business
15 was a Ponzi scheme?

16 A. As to the innocent investors, yes.

17 Q. You've testified in a number of instances
18 this morning to your coconspirators in the Ponzi
19 scheme. Do you recall using that term?

20 A. Yes, sir.

21 Q. Did you have coconspirators in the Ponzi
22 scheme who were employed by or associated with TD
23 Bank?

24 A. I did.

25 Q. Do you consider TD Bank itself to be one of

1 your coconspirators in the Ponzi scheme?

2 A. I do. I couldn't have done this without
3 them.

4 Q. Within TD Bank, can you name, sir, the
5 individuals employed by or associated with TD Bank who
6 you consider to be coconspirators in the Ponzi scheme?

7 A. Frank Espinosa, Roseanne Caretsky and
8 Jennifer Herstead.

9 Q. Can you, Scott, offer the name of other
10 parties, both entities and individuals, whom you
11 consider to be coconspirators in the Ponzi scheme?

12 A. You want an exhaustive list?

13 Q. Well, yes.

14 A. Well, hold on one second.

15 MR. NURIK: For the record, we are taking
16 about the Ponzi and all of its tentacles as he has
17 mentioned, correct?

18 MR. SINGERMAN: Yes, sir.

19 THE WITNESS: Larry?

20 MR. LAVECCHIO: I'm here.

21 THE WITNESS: What do you want me to do
22 about all the people that are involved that we
23 haven't spoken about yet? You want their names out?

24 MR. LAVECCHIO: Give me a moment.

25 [Short recess taken.]

1 BY MR. SINGERMAN:

2 Q. We are back on the record. Sorry for the
3 interruption and thank you for accommodating the
4 delay.

5 My friend, Jim Silver, reminded me that a
6 good part of the testimony I was beginning to elicit
7 or seek to elicit was covered at the December 2011
8 deposition, Scott. So I'm going to withdraw -- I'm
9 going to withdraw my last question in order to move
10 this along and ask only a couple of follow-up
11 questions regarding specific parties who you may
12 consider to be within the definition of the term
13 coconspirators which you've used a few times this
14 morning, is that okay?

15 A. Okay. Very good.

16 Q. Was Gibraltar Bank a coconspirator in the
17 Ponzi scheme?

18 A. Yes, sir.

19 Q. And were any individuals employed by or
20 associated with Gibraltar Bank coconspirators in the
21 Ponzi scheme?

22 A. Yes, sir.

23 Q. And who are those individuals or employees
24 associated with or employed at any time by Gibraltar
25 Bank?

1 at that deposition.

2 Scott, I want to start off and I'll just
3 explain to you for a couple of seconds about the
4 process and why I'm sitting here. This was a process
5 designed to try to make the depositions over the next
6 three weeks go a little smoother. So it was decided
7 by Judge Ray that we'd ask some general questions that
8 could be used in all the other depositions to follow
9 for the hope that you won't have to state your name 20
10 different times and talk about certain issues 20
11 different times.

12 A. Okay.

13 Q. We formed a committee that Judge Ray
14 appointed, and Judge Ray is the bankruptcy judge. And
15 it contains five defense counsel and those defense
16 counsel formulated questions and provided it to me --
17 provided them to me. I have not formulated any
18 question, and I have the difficult task of trying to
19 put together the mind processes of five attorneys into
20 one cohesive deposition.

21 So at times this is going to sound choppy.
22 It may seem a little disorganized, not aided at all by
23 the fact that Mr. Lichtman started off and I was
24 crossing out different parts of the deposition that he
25 was covering, so it may be even more choppy and not

1 flowing, but that's going to be.

2 MR. LICHTMAN: You don't have to be so
3 defensive.

4 MR. GOLDBERG: And I'm going to apologize
5 to Chuck because I'm going to ruin -- Chuck is one of
6 these guys that likes to have a beautifully flowing
7 deposition because he writes books and I'm going to
8 ruin his beautifully flowing deposition with a lot of
9 chop.

10 So, I just wanted to explain to you the
11 process and we'll get going.

12 BY MR. GOLDBERG:

13 Q. When Mr. Singerman was just questioning you
14 you used the term coconspirator. How do you define
15 coconspirator?

16 A. Someone that was involved in any part of the
17 Ponzi scheme or its related entities, excuse me,
18 related tentacles regardless of their level of
19 knowledge of what other coconspirators were doing.

20 Q. Now, under that definition does the
21 coconspirator have to have knowledge of the existence
22 of the Ponzi itself?

23 A. No. As a matter of fact, if you recall my
24 prior testimony, it was that I tried my best to keep
25 all coconspirators isolated from each other. I did

1 not tell people, unless it was absolutely necessary,
2 who else was involved. If I could limit their
3 contact, limit their knowledge to just the
4 need-to-know basis.

5 Q. And in fact, you used the term when
6 Mr. Singerman was questioning you of unwittingly
7 coconspirator or an unwitting coconspirator, correct?

8 A. Yes, but that does not -- that only refers
9 to a very, very, very small group of people. Most of
10 the coconspirators, the largest percentage of them
11 knew that they were doing something illegal, knew that
12 I was requesting that they did something illegal.
13 They just didn't know the scope of the entire
14 conspiracy, nor did they know necessarily who all the
15 other coconspirators were. They knew their limited
16 part and they knew that it was aiding in greater
17 things, but they didn't necessarily know what.

18 Q. Okay. I'm going to go back now to the
19 initial formation of RRA. Who were the initial I
20 guess shareholders of RRA?

21 A. You want me to tell you who the shareholders
22 were?

23 Q. The initial shareholders when it was formed,
24 correct.

25 A. Myself, Stu Rosenfeldt. Those are the two

1 real shareholders, 50/50. And, the two named only
2 shareholders when it was initially formed was Susan
3 Dolin and Michael Pancier.

4 Q. And how were you first introduced to Stu
5 Rosenfeldt?

6 A. To the best of my recollection, I met him on
7 the other side of a case or in a labor and employment
8 seminar. I don't recall specifically.

9 Q. And what year would that be approximately?

10 A. I'd be guessing. I don't have a clue.

11 Q. Earlier than 2000?

12 A. Yes.

13 Q. Earlier than '95?

14 A. Let me do it this way. It would -- I don't
15 want to guess. It could have been a year or so prior
16 to the formation of Phillips, Eisinger, Koss,
17 Rothstein and Rosenfeldt. Let's say within two or
18 three years prior to that. So, if you look at that
19 formation date and go back two or three years, you get
20 an approximation. Understanding that my answer is
21 really just a guess.

22 Q. Understood. How were you first introduced
23 to Adler?

24 A. I met him in law school.

25 Q. When you first formed RRA, did all of the

1 initial partners have equal control over the
2 management of RRA?

3 A. Okay. So now you are jumping from RRE to
4 RRA is what I understand.

5 Q. I'm actually jumping to RRA and I apologize.
6 I told you it was going to be choppy.

7 A. No, that's okay. I just want to make sure.

8 The bulk of the management decisions were
9 made by me. The only real control in existence was
10 vested with me and Stuart Rosenfeldt, everything else
11 was advisory. The only person that could overrule me
12 was Stu Rosenfeldt and he never did, not that I can
13 recall.

14 Q. God, looks like you are reading my questions
15 because that was my next question, so you saved a
16 question right there.

17 A. Yes, I have a camera in the ceiling pointing
18 down at you.

19 Q. You are in a government office.

20 Did the firm have any formal partnership
21 process?

22 A. There was no formal process to become a
23 partner, but let me just break it down this way.
24 There were real shareholders; only two, me and Stuart.
25 There were shareholders in name, partners in name.

1 How you became a shareholder or partner was up to Stu
2 and I. No real process.

3 Q. And what about hiring lateral partners, how
4 did that usually take place? What process governed
5 that?

6 A. There was no specific process. It was a
7 decision usually made by me with Stu's approval. From
8 time to time other people would bring people to us and
9 we'd interview them and make that decision, but
10 ultimately the decision rested with myself and Stuart.

11 Q. Actually, outside of Marc, is there anybody
12 else in the room with you? Can I ask that question?

13 MR. LAVECCHIO: Sure.

14 MR. GOLDBERG: Is there anybody else in the
15 room there with you?

16 THE WITNESS: Yes.

17 BY MR. GOLDBERG:

18 Q. Who? If it's a guard or security you can
19 say a security guard. I don't need their names.

20 MR. LAVECCHIO: You can reveal the fact
21 that Special Agent Guariglia is with you.

22 THE WITNESS: Yes, Special Agent Guariglia
23 is here with me.

24 SPECIAL AGENT GUARIGLIA: Yes, IRS --

25 MR. GOLDBERG: Yes, I think we met you at

1 the last depo.

2 BY MR. GOLDBERG:

3 Q. I'm crossing out because you answered a
4 bunch of those already.

5 Okay, as far as bank accounts, who had the
6 ability to withdraw money from the bank accounts
7 outside of yourself?

8 A. Stuart Rosenfeldt, Irene Stay. Move forward
9 to a lesser degree Debra Villegas, and it varied from
10 the account to account, but Stu and I on all the
11 accounts, all the RRA accounts. And then Irene pretty
12 much on all the RRA accounts. Dan probably all the
13 RRA accounts. Bill, bulk of the accounts.

14 Q. And the firm had a management committee,
15 correct?

16 A. Hang on. Let me clarify this. That is with
17 my -- the other people -- the only people who were
18 signatories on the accounts were myself and Stuart,
19 Debra on some. I don't recall whether Irene was a
20 signatory on any accounts. But the banking
21 relationship was such that both with Gibraltar and TD
22 that if Irene or Bill or Debra said that myself or
23 Stuart had authorized something to go through, both
24 banks would have let the transaction go through,
25 whether I actually authorized it or not.

1 Q. Would the bank actually ever pick up the
2 phone and call you and say, hey, did you authorize
3 Irene to withdraw this money?

4 A. No. The only time I remember any bank ever
5 calling me about that was early on with Gibraltar when
6 we were doing wire, they called telephonically to okay
7 wires with me. But other than that, no.

8 Q. And I don't think you did this in today's
9 deposition, I know you did it in the past deposition.
10 But the firm had a management committee, correct?

11 A. Yes, we called it an executive committee.

12 Q. And who were the members? Let's take it in
13 the year before the collapse of RRA, who were the
14 members of that executive committee?

15 A. I'll give you my best recollection.

16 Q. Sure.

17 A. Myself, Stu Rosenfeldt, Marc Nurick, Les
18 Stracher, Russ Adler, Steve Lippman, David Boden,
19 Barry Stone I think at one point in time. Judge
20 Berger at one point in time. Grant Smith at one point
21 in time. Actually, the entire time he was with us.

22 Q. I don't mean to cut you off. Are you done?

23 A. That's all right.

24 Carlos Reyes, that's all I remember at this
25 time. There may be more.

1 Q. And what power did that committee have?
2 What was it able to do?

3 A. Nothing.

4 Q. So it was just an executive committee as
5 figurehead with no real ability to do anything?

6 A. It advised me on day-to-day management
7 issues, the issues I discussed before. I mean, it was
8 to me, on the legitimate side of the business, it was
9 important because I got good advice. I didn't always
10 follow the good advice but I got good advice. But
11 they were not -- the management committee had nothing
12 to do with the Ponzi scheme. Not that there weren't
13 people on the management committee involved in the
14 Ponzi scheme and its tentacles, but it itself as a
15 body had nothing to do with the Ponzi scheme. It was
16 advisory in nature, not governing in nature.

17 Q. Could it overrule any of your decisions?

18 A. No.

19 Q. So it was purely advisory in your mind?

20 A. Yes.

21 Q. What were the annual revenues in RRA in
22 2007 -- for 2007?

23 A. I have no independent recollection. I think
24 in our best year we probably did eight or \$9 million,
25 maybe 10, 11. No more than that, not to my

1 recollection, anyway.

2 Q. Do you recollect whether that was 2008?

3 A. It was probably 2008. I wasn't around for
4 the 2009 tax return.

5 MR. SILVER: We are talking gross, right?

6 MR. GOLDBERG: Gross.

7 BY MR. GOLDBERG:

8 Q. Did you have a budgetary committee that
9 formulated budgets for each year as the firm operated?

10 A. No.

11 Q. Now, were budgets created or did you create
12 budgets I guess is the better question?

13 A. It's dealing specific with budgets, not with
14 hourly requirements, billing requirements, just
15 budget, right?

16 Q. Your expected costs, let's start with the
17 cost side of the budget. You knew you were going to
18 have a salary of --

19 A. We didn't do anything.

20 Q. You didn't do anything?

21 A. We did nothing like that because the firm
22 was being supported by the Ponzi scheme.

23 Q. So you did not even care about what the
24 costs of operating the firm were, correct?

25 A. That's correct.

1 Q. And who was responsible for managing and
2 overseeing the firm's administrative staff?

3 A. The administrative staff was managed by me,
4 Stuart, David Boden, Grant Smith for a period of time,
5 Irene Stay and Debra Villegas and Bill Brock on a
6 lesser extent.

7 Q. And I know you answered this and went into
8 detail at your last deposition, but for purposes of
9 this deposition, did any member of the firm's
10 administrative staff assist in the fraud?

11 A. Yes.

12 Q. Who are they?

13 A. Now you are talking about non-lawyers now,
14 right?

15 Q. Non-lawyers. If you can give me their names
16 and how they assisted?

17 A. Oh, God, that's a couple of hours.

18 Q. No, I don't actually.

19 MR. LICHTMAN: You do, you just don't want
20 to use it.

21 MR. GOLDBERG: Exactly two hours.

22 THE WITNESS: Let me try to do it in a
23 poignant fashion, then you can ask me follow-up
24 questions.

25

1 MR. GOLDBERG: That's great.

2 THE WITNESS: Debra Villegas, she was my
3 right hand in the Ponzi scheme, did all the deal
4 documents, handled that issue to some extent, helped
5 create bank documents.

6 Irene Stay directly involved in the Ponzi
7 scheme on the financial side, moved amounts of money,
8 control of ledger of investors, making sure we were
9 properly funded to pay the investors of the Ponzi
10 scheme.

11 Bill Brock made sure that fake bank
12 statements got out to TD Bank in a timely fashion,
13 making sure Steve Caputi got out to TD Bank when he
14 was playing the banker for us, go to the bank to get
15 me cash for various purposes.

16 David Boden ran subPonzi scheme and advised
17 me on a myriad of illegal activity.

18 Russ Adler attempted to bring in -- sorry,
19 I'm getting into lawyers. Back to administrative
20 side. Sorry about that.

21 MR. GOLDBERG: No problem.

22 THE WITNESS: Curtis Renie, director of
23 information technologies, created all the fake
24 websites and helped us create fake bank documents and
25 the like, fake TD letterhead.

1 Bill Corte assistant director of IT, did
2 basically the same thing as Chris Renie, changing
3 balances, creating of the TD Bank fake website, fake
4 bank statements and the like.

5 Let's see, Marybeth Feiss created -- help
6 with phony documents, created plaintiff and defense
7 fake names.

8 Who else? Who else? Adelina Cubelo, she
9 pretended to be the fake due diligence person for the
10 due diligence done by the hedge funds. There was a
11 secretary whose name I can't remember who pretended
12 to be a plaintiff with Mel Lipsitz.

13 Pam Donavisin, she's a secretary that typed
14 a fake order or two. I think that's all I can
15 remember at this moment. There may be more.

16 MR. GOLDBERG: Did any staff --

17 THE WITNESS: That's just a --

18 MR. NURIK: He's not done.

19 THE WITNESS: That's just a pointed
20 explanation of what they were doing, by no means
21 meant to be exhaustive, both as people and what they
22 were actually doing.

23 BY MR. GOLDBERG:

24 Q. No, I didn't want it to be exhaustive, I
25 want it to be concise. I appreciate it.

1 Did any staff member ever resign from the
2 firm as a result of having learned about the Ponzi
3 scheme?

4 A. Actually, it later became known that
5 Marybeth Feiss quit because she thought something
6 illegal was going on at the firm and then came back.

7 Q. Did the firm have an accounting department?

8 A. I don't know that you'd call it an
9 accounting department, but yes, we had a financial
10 department, yes.

11 Q. And who were the members of that department?

12 A. Two main members were Irene Stay formerly
13 Irene Shannon and Bill Boockvor.

14 Q. Which is going to make my next couple of
15 questions irrelevant, but did any member of the
16 accounting department know about the scheme?

17 And who was responsible for managing the
18 accounting personnel?

19 A. Ultimately management was, myself and Stu
20 Rosenfeldt. Day-to-day was Irene Stay.

21 Q. Was there ever a time when you guys were
22 hiring lateral attorneys that you said, you know what,
23 this person is going to ask too many questions or they
24 have a skill set that may not be -- fit in right with
25 the firm or with the operation of the Ponzi scheme?

1 A. I don't recall that, no.

2 Q. Did you ever question the hiring of judges
3 when you did that saying, you know, maybe they just
4 don't fit in right here?

5 A. No, I didn't because, remember the bulk of
6 the firm was legitimate and it operated completely
7 separate and apart from the Ponzi scheme. It didn't
8 generate a lot of money, but they were doing real
9 legal business and legitimate lawyers, so I never had
10 that concern.

11 Q. Did any of the attorneys in the firm ever
12 solicit investors for you?

13 A. Yes.

14 Q. Which attorneys would those be?

15 A. Are we talking about only successful
16 solicitations or attempted solicitations of investors?

17 Q. Let's go with both and tell me if they were
18 successful or not.

19 A. Myself, obviously; David Boden, successful;
20 Russ Adler, unsuccessful; Stu Rosenfeldt,
21 unsuccessful.

22 Q. I can't tell if you are thinking of more or
23 you are done with that answer.

24 A. At this point that's who I remember
25 attempting to solicit or actually soliciting investors

1 that were lawyers.

2 Q. Okay. And did each of those attorneys or
3 any -- did any of those attorneys know that you were
4 actually committing a Ponzi scheme?

5 A. Yes.

6 Q. Who? Which ones?

7 A. Boden, Adler and -- Boden, Adler and
8 Rosenfeldt.

9 Q. Was there ever any attorney in the firm that
10 ever resigned as a result of having learned of the
11 Ponzi scheme?

12 A. To my knowledge, no.

13 Q. To your knowledge, has any attorney other
14 than -- has any attorney other than the ones you just
15 mentioned ever note -- strike that.

16 Did any attorney, other than the ones you
17 mentioned, know you were operating a Ponzi scheme?

18 A. And all of its tentacles?

19 MR. NURIK: Excuse me one second but I
20 thought these questions were just asked 20 minutes
21 ago. We gave a list of all the attorneys in the firm
22 who knew of the Ponzi scheme.

23 MR. GOLDBERG: I can appreciate that, Marc,
24 and I'll move on from that.

25 BY MR. GOLDBERG:

1 Q. Scott, did the firm publish monthly
2 financial reports?

3 A. Define "publish" for me, please.

4 Q. Well, did it prepare monthly financial
5 reports?

6 A. Well, here's the problem with your question.
7 There were lots of financial reports. The bulk of
8 them were fictitious, the other group of them were for
9 use in the Ponzi scheme or related Ponzi activity.
10 They were --

11 Q. Let me interrupt you for a second.

12 A. There were financial records -- sure.

13 Q. I'm talking about financial reports on the
14 firm, not on the Ponzi, but on firm's finances.

15 A. I understand that, but that's all -- you
16 understand that's all commingled money.

17 Q. Okay, go ahead.

18 A. Take a look at and see if -- go ahead, Mike.

19 Q. Did the firm prepare financial reports on
20 income statements, balance sheets, revenues for the
21 firm, cash and source statements?

22 A. From time to time, yes.

23 Q. And were those reports distributed -- how
24 widely within the firm were those reports distributed?

25 A. To my knowledge the only people that ever

1 saw them were myself, Stu Rosenfeldt, David Boden, to
2 a lesser extent, Russ Adler as far as the personal
3 injury department went, and Les Stracher for a period
4 of time where he was aiding us in trying to increase
5 and control attorney billing practices and
6 collections.

7 Q. Were those reports ever distributed to all
8 the members of the management committee?

9 A. No.

10 Q. What type of accounts did RRA have at
11 Gibraltar?

12 A. Operating, trust, and then a bunch of
13 business accounts, several trust accounts, operating
14 accounts.

15 Q. And were the trust accounts IOTA trusts?

16 A. Yes, sir.

17 Q. And at some point in time did RRA move its
18 account to TD Bank?

19 A. We did not move our accounts. At some point
20 in time we opened up additional accounts at TD Bank.

21 Q. And why?

22 A. It was Commerce at the time.

23 Q. I appreciate that.

24 And why did you open up those new accounts
25 at Commerce?

1 A. Certain of our large investors wanted us to
2 be with a bigger more substantial bank.

3 Q. And when you opened those accounts at
4 Commerce/TD Bank, what type of accounts were they?

5 A. Operating, myriad of trust accounts, and
6 then I think some personal accounts, but I don't
7 recall.

8 Q. And did you have electronic access to view
9 the Gibraltar Bank accounts?

10 A. At Gibraltar I had power to view, yes.

11 Q. And was there anybody else within your firm
12 that had the ability to electronically review the
13 accounts?

14 A. Yes.

15 Q. And who was that person or persons?

16 A. Are we talking about Gibraltar, right?

17 Q. Yes, Gibraltar.

18 A. Myself, Stu Rosenfeldt, Irene Stay, possibly
19 Debra Villegas, I don't recall, and possibly Bill
20 Brock. I don't recall specifically, but the other
21 people, yes.

22 Q. And did you have the ability to
23 electronically review the TD Bank accounts?

24 A. Yes.

25 Q. And who were the -- was there anybody else

1 besides yourself that had that access?

2 A. Myself, Stu Rosenfeldt, Irene Stay, Bill
3 Boockvor, possibly Debra Villegas, David Boden
4 utilizing my password. That's it. And you know there
5 was always the possibility that Curtis Renie and Bill
6 Corte were accessing this. And I previously testified
7 that I always believed that they were looking at our
8 bank accounts, I just can't be certain.

9 Q. And I think the difference between who had
10 access to Gibraltar from the list you just gave me and
11 TD, did it expand to include Boden and Boockvor at TD?

12 A. Yes, I'm certain that Boockvor had access to
13 TD, I just don't remember about Gibraltar
14 specifically. And I don't recall Boden ever having
15 access to Gibraltar, but I know he used my password
16 and username to get into TD.

17 Q. Did any of the bank accounts at Gibraltar
18 ever require two signatures for withdrawals?

19 A. In reality or fictitiously?

20 Q. Both. If you want to explain.

21 A. In reality -- yes, sure. In reality, no.
22 Fraudulently, yes. We had told people -- you know,
23 now that I'm thinking about it, I don't remember
24 whether we used the two signature scam at Gibraltar or
25 not, but we absolutely used it in TD Bank. Where we

1 were telling people that accounts required two
2 signatures to withdraw and move money when in reality
3 it didn't require any signatures because we had
4 treasury direct and business direct capabilities at TD
5 Bank.

6 And there were also other coconspirators
7 that were using the two signature, dual signature
8 fraud to lure in innocent investors, in addition to
9 myself and the people we discussed earlier.

10 Q. Could you withdraw money from every
11 Gibraltar bank account without anybody else's
12 authority or permission?

13 A. Me specifically?

14 Q. Yes.

15 A. Yes.

16 Q. And the same question for TD Bank, could you
17 withdraw money from every account without anybody
18 else's authority?

19 A. Yes.

20 Q. When you needed to withdraw money from
21 Gibraltar Bank, how would you typically go about doing
22 that, would it be electronic transfer?

23 A. No, the bulk of Gibraltar's business was
24 done by check.

25 Q. Okay. So you'd write the check and either

1 write funds out of the account via check. What about
2 if you got cash?

3 A. Cash or check. Irene would cash it, Debra
4 would cash it, Bill would cash it, Stu would cash it
5 but the only people who had authority to take money
6 out of the Gibraltar or TD for the bulk of the
7 accounts was myself and Stuart. And then there were
8 Debra and Irene as additional signatories on some
9 accounts.

10 Q. Are you aware of any instance where anybody
11 ever removed money from one of RRA's accounts
12 regardless of the institution without your permission?

13 A. From either of the bank accounts?

14 Q. Yes, let's start globally and work down.

15 A. I am aware that -- well, Stu didn't need my
16 permission, he took money when he felt like he needed
17 it. I recall Irene taking money for a boat, which I
18 do not recall her asking permission from me to do it.
19 As a matter of fact, in my review of the e-mail
20 traffic pertaining to that transaction, I noted that
21 while I did ultimately receive a copy of the wire
22 transmittal, because I was on Gibraltar's wire
23 transmittal list, that all of Irene's correspondence
24 pertaining to taking the hundred some odd thousand
25 dollars for the boat she was buying, excluded me from

1 every e-mail, to my recollection. It was between her,
2 her husband and the bank.

3 Q. And do you know what type of account that
4 that money was removed from?

5 A. I thought it was 5214, and I'm pretty -- I
6 don't remember whether that was a trust account or
7 not. Somebody would have to refresh my recollection.

8 Q. Outside of that possible circumstance, are
9 you aware of any other instance that Irene ever
10 transferred money out of an account holding investor
11 funds without your permission?

12 A. Transferred into whom? Because she
13 regularly moved investor money to cover investor
14 payments. Early on I instructed her to do it and then
15 as she became acquainted with the Ponzi scheme she did
16 what was necessary, both upon my instruction and
17 without my instruction, to move money from account to
18 account to make sure investor payments were covered.

19 Q. And the same question with respect --

20 A. Hang on, you also have to define for me --
21 you say move money because there were also -- you
22 include within the movement of money false expense
23 reimbursements.

24 Q. Well, that's the reason the money got moved.
25 But I'm talking about the movement of money without

1 your permission, without your authority.

2 A. Without my authority, that's -- the only
3 person -- Stu didn't need my permission. Irene did
4 need my permission to take money except for the
5 movement of investor funds. That's all I remember at
6 this time. There may be more.

7 Q. How about Debra Villegas, any circumstance
8 where she ever moved money?

9 A. I don't recall.

10 Q. Not that you recall?

11 A. I don't recall. You know, the problem,
12 Mike, is that the phrase "moving money" is very vague
13 given the significant number of transactions that were
14 going on on a daily basis at the firm between bank
15 accounts. So if I'm understanding your question
16 correctly, it's basically someone stealing money from
17 the firm, and the answer would be, my knowledge right
18 now, Irene Stay if we are talking about leaving out
19 stealing through expense reimbursements.

20 Q. No, I'm actually talking about more of the
21 process of could somebody just go into the account,
22 withdraw money, even to pay a legitimate expense
23 without your authority?

24 A. Oh, yes, yes. Now with that clarification,
25 sure. They did it all the time.

1 Q. And would that -- did anyone ever do that
2 with respect to accounts where investor funds were
3 held?

4 A. Sure. Yes.

5 Q. And which people would have done that
6 without your authority?

7 A. Irene Stay. Probably Bill Boockvor.
8 Authorized it without my authority would have been
9 David Boden, because in the subPonzi he didn't really
10 need my authority, he would authorize things through
11 Irene and just copied me on it. That's all I recall
12 at this time. There may be more.

13 Q. Give me a second, Scott. I'm just trying to
14 eliminate a bunch of questions.

15 A. Sure. I'm going to use the restroom while
16 you are looking.

17 MR. GOLDBERG: It might be a good time for
18 a five-minute break.

19 [Short recess taken.]

20 THE WITNESS: Mike, I need to clarify what
21 we are talking about, the question. This question is
22 a little confusing, okay. I need you to define for
23 me whether we are talking about people stealing money
24 from us. When you say without my authorization, were
25 people paying, for example, bills or investors. You

1 got people paying bills in the normal course of
2 legitimate business. You got people paying investors
3 in the normal course of investor business, both with
4 and without my authority.

5 BY MR. GOLDBERG:

6 Q. Well, I guess if they are paying it in the
7 normal course of business, that would be with your
8 tacit authority, I would assume?

9 A. And that's the point I'm going to make. The
10 only person I can recall at this time stealing money
11 from the account, taking it without my authority,
12 leaving out Stu Rosenfeldt because he had authority,
13 was Irene Stay in the boat deal.

14 Now, I also later learned in my review that
15 there were substantial thefts from the account through
16 other people's expense reimbursements. For example,
17 Irene's husband, Jeff Stay, I had the opportunity to
18 review his expense statements and a significant number
19 of them were fraudulent. Other than that, you have my
20 best memory as I sit here right now, but there may be
21 more.

22 Q. Thanks for the clarification.

23 A. Okay.

24 Q. Scott, earlier we talked about people within
25 the firm that had the ability to view the bank

1 accounts electronically. Was there anybody outside
2 the firm that had the ability to look at the bank
3 accounts electronically and get reporting on it?

4 A. To actually do that, no. There were people
5 that said they did, but they did not.

6 Q. Who said they did?

7 A. Barry Bekkedam told some investors he had
8 24-hour access to the accounts. Mike Szafranski told
9 some investors he had 24-hour access to the accounts.
10 Richard Pearson told investors that he had 24-hour
11 access to the accounts. That's the best of my
12 recollection. There may be more.

13 Q. But was there any way that, to your
14 knowledge, that an investor would be able to access
15 the account without you either providing information
16 or giving them the information?

17 A. One investor's lawyer told me that they
18 accessed our account through a grey market process.
19 Other than that the answer is no.

20 Q. Did you put any safeguard in place or try to
21 otherwise protect the ability of any investor from
22 accessing your accounts and the information thereon?

23 A. We just -- no, no, not on the accounts. We
24 just didn't furnish the password or usernames to
25 people.

1 Q. When Chuck was asking you questions earlier
2 you talked about the bridge loans. What else did you
3 use the money for besides to fund RRA expenses?

4 A. To buy what we talked about, what you call
5 toys, to fund what was previously discussed as a rock
6 star lifestyle of both coconspirator and
7 non-conspirators, gifts.

8 Q. When Chuck was --

9 A. Personal bills.

10 Q. When Chuck asked you earlier about the
11 Ponzi, you kind of described yourself at the top.

12 A. Hold on. Let me just add something to that.
13 The funds were also used to reward coconspirators and
14 to pay bribes.

15 Q. All right. I'm going to go on.

16 A. Also political contributions. That's all I
17 remember at this time. There may be more.

18 Q. Thanks. Scott, earlier you described
19 yourself, if you take the Ponzi as a pyramid, you had
20 yourself at the top. Then I guess the next level you
21 described you had -- you said the Szafranski group and
22 then people coming down from that. And then the
23 Banyon-Levin group and people coming down from that.
24 And Boden and people coming down from that. And then
25 you had Clockwork and the group coming down. So I

1 think that's the next level of the pyramid, correct?

2 MR. SILVER: Objection to form.

3 THE WITNESS: Well, if you are talking
4 about strictly -- it's not really a very good way to
5 describe it, Michael, because you've got -- I'll give
6 you an example. You have Preve assisting me with
7 documentation for all of those, so he's kind of in
8 that pyramid either to the side of me or under me.
9 You have Irene dealing with -- you know, you have
10 other people in that pyramid that you are not
11 accounting for. That's not really a good way to
12 describe it.

13 BY MR. GOLDBERG:

14 Q. Well, that was going to be my next question,
15 who else was up with you at the tip of the pyramid, so
16 that's where I was going, actually.

17 A. At the tippy top, if that's a real word, at
18 the tippy top, no one, just me. Then you have
19 different people at different levels. It doesn't --
20 because of the number of tentacles that were there on
21 this thing, you really can't use a pyramid to describe
22 it. It would be like one of those government charts
23 at the very at top, you have the next layers you have
24 all those people laid out. Then people come down from
25 there and then you have things off to the side, you

1 have lines going back.

2 Q. Have you made any promises to cooperate with
3 the trustee of the Chapter 11 case?

4 MR. LICHTMAN: Objection to form.

5 You mean RRA.

6 MR. GOLDBERG: Of the RRA Chapter 11 case,
7 sorry.

8 THE WITNESS: Have I made any promises?

9 MR. GOLDBERG: Yes.

10 THE WITNESS: I made a promise to myself
11 that I would help everyone I could to help the
12 innocent investors get their money back.

13 BY MR. GOLDBERG:

14 Q. But you have not made any promises to
15 Mr. Stettin, correct?

16 MR. LICHTMAN: Objection --

17 MR. GOLDBERG: You can have a standing
18 objection.

19 MR. LICHTMAN: I'm okay with that question.

20 BY MR. GOLDBERG:

21 Q. Have you had any private meetings with Mr.
22 Stettin?

23 A. I'm not --

24 Q. Go ahead.

25 A. The promise -- the way you are asking that

1 question, I can't answer it because I made a promise
2 to myself that anyone that's helping innocent
3 investors, that I'm going help them. As far as having
4 a private meeting with anyone, the only time I ever
5 met with anyone was court ordered with Mr. Lichtman,
6 Mr. Stettin and some others at that meeting. Other
7 than that, no other than the government.

8 Q. And was that -- how many meetings did you
9 have with either Mr. Stettin and/or his counsel?

10 A. We met for three days.

11 Q. But one time, did you have three days,
12 contiguous days?

13 A. Yes.

14 Q. Did you have any other meeting with them
15 outside of those, that three-day meeting?

16 A. No, sir.

17 Q. And do you remember what month of last year
18 that meeting occurred?

19 A. August seems to stick out in my head, but I
20 don't remember.

21 Q. And to the best of your recollection, who
22 was present at that meeting?

23 A. Myself, Mr. Nurick, Mr. LaVecchio, Richard
24 Stout, Aaron, Mr. Lichtman, Mr. Stettin,
25 Mr. Singerman, Cimo, some really boring forensics guy,

1 Mr. Genovese.

2 MR. GENOVESE: Thank God.

3 THE WITNESS: That's all I remember at this
4 time. There may be more.

5 MR. GOLDBERG: And I don't expect you to
6 give me everything that was discussed at the meeting,
7 but generally --

8 MR. LICHTMAN: Time out. Time out. Hold
9 on. At the time that we obtained the court order
10 from Judge Cohn allowing for the interview, we
11 specifically deemed that to be work product and I not
12 only interposed an objection, it's the only time I'm
13 going to do this, period, but if I have to get a
14 court order to go to Judge Cohn now to preclude him
15 from discussing the contents of that interview --

16 MR. GOLDBERG: I'm moving on, don't worry,
17 it's not my question.

18 BY MR. GOLDBERG:

19 Q. Was the meeting recorded in any way, to your
20 knowledge, Scott?

21 A. To my knowledge, no.

22 Q. When was the last time you've communicated
23 either directly or indirectly with the trustee or one
24 of his lawyers?

25 A. I don't know what you mean indirectly.

1 Q. Through somebody else.

2 A. Here is the problem with that, I talk to my
3 lawyer on a regular basis and I can't tell you because
4 I don't know what conversation he has had with others
5 regarding what I tell him.

6 Q. Let's go directly. Have you had any other
7 meetings with the trustee or his counsel or
8 communications directly with them, not through anybody
9 else, since that meeting?

10 MR. LICHTMAN: Meaning him personally?

11 MR. GOLDBERG: Scott personally.

12 THE WITNESS: No.

13 BY MR. GOLDBERG:

14 Q. Have you had any situations where your
15 lawyer or somebody else had a communication with you
16 where they identified a question coming from the
17 trustee or his counsel? For instance, did Mr. Nurik
18 say, Herb Stettin or his lawyers want to know this?

19 MR. NURIK: Wait, I'm going to object on
20 attorney-client privilege basis and instruct the
21 witness not to answer any conversations he has had
22 with me.

23 MR. GOLDBERG: Fair enough, moving on.

24 BY MR. GOLDBERG:

25 Q. Did you receive a list of any questions from

1 anybody in advance of this deposition?

2 A. No.

3 Q. Did you receive any advance information from
4 anybody such as topics that were going to be discussed
5 prior to this deposition?

6 A. I saw that deposition schedule. Other than
7 that, no.

8 Q. Did you see the deposition protocol order?

9 A. No.

10 Q. Other than the -- I assume you got the
11 premarked exhibits, correct?

12 MR. LICHTMAN: Bates stamped.

13 THE WITNESS: No. I have them now, I did
14 not receive them prior.

15 BY MR. GOLDBERG:

16 Q. You got them this morning?

17 A. I have -- I have them here now. I can't get
18 into why but ...

19 MR. NURIK: The bottom line is that despite
20 all the efforts of everybody, including the
21 litigants, their counsel and the government, my
22 client has not been able to view anything other than
23 for a limited period of time and probably will be in
24 a position of viewing things either before or after
25 the depositions each day in an effort to avoid

1 wasting anyone's time.

2 MR. GOLDBERG: Thank you, Marc.

3 MR. NURIK: And taking undue amount of
4 time.

5 MR. GOLDBERG: Thank you.

6 BY MR. GOLDBERG:

7 Q. Scott, you are generally familiar with the
8 forfeiture proceedings surrounding your arrest and
9 conviction?

10 A. Yes.

11 Q. Do you have an understanding of the dollar
12 amount of assets that the government seized in
13 connection with that?

14 A. I don't know what they valued it at. I gave
15 them everything I owned.

16 Q. Do you have any understanding of what the
17 value is at this point?

18 A. No.

19 Q. Do you know if it's more than \$50 million in
20 assets?

21 A. I have no idea. You are talking about their
22 valuation, Michael?

23 Q. I'm talking about -- I wish I knew what I
24 was talking about, because I didn't write the question
25 but I guess I'm talking about the value of the asset

1 itself. I'm being honest with you.

2 MR. LICHTMAN: Objection to form.

3 MR. NURIK: For clarification purposes,
4 Michael, do you mean the amount it was sold for?

5 MR. GOLDBERG: I'm going to move on, Marc,
6 because I honestly don't know what the question is
7 getting at.

8 BY MR. GOLDBERG:

9 Q. Scott, how many years were you sentenced to?

10 A. 50.

11 Q. Now, in Mr. Lichtman's questioning you said
12 you returned from Morocco knowing that you would go to
13 jail. When you returned, how much time did you think
14 you would get?

15 A. I didn't really think about it. I thought
16 I'd probably go to jail for life.

17 Q. Okay. So when you got the 50 years you sort
18 of expected that?

19 A. I don't think -- unless you are in this kind
20 of position, Michael, you can't understand what you go
21 through. No, I wasn't expecting 50 years, I was
22 expecting to get the 40 that the government was
23 recommending. So I think I was in a little bit of
24 shock when I got 50, but I understood the 50.

25 Q. Scott, has anybody promised you anything

1 from your testimony today?

2 A. No.

3 Q. How about -- has anybody promised you
4 anything for your testimony in anything related to
5 this case?

6 MR. LICHTMAN: Objection to form.

7 THE WITNESS: Never.

8 BY MR. GOLDBERG:

9 Q. Do you expect to receive anything for your
10 testimony?

11 A. I'm hopeful that I will. I'm hopeful that
12 I'll get a reduction.

13 Q. And based upon your cooperation to date,
14 what do you think a fair reduction would be?

15 A. Okay. First of all, my understanding is
16 that my cooperation in these civil proceedings doesn't
17 weigh technically to the Rule 35, it's for criminal
18 investigation and criminal prosecutions.

19 Q. Right, I didn't limit this solely to the
20 civil. Based on your cooperation in any matter, what
21 do you think a fair reduction would be?

22 A. Until my cooperation is complete, I have no
23 way of even coming close to guesstimating that. My
24 goal is to get every single investor all their money
25 back and to make sure that everyone that committed any

1 criminal act is brought to the attention of the
2 government so they can do what they see fit with those
3 individuals. That's my goal.

4 After that I'll start concerning myself with
5 my reduction. Right now my job is to render
6 assistance to all of you, to the innocent investors
7 and to the government.

8 Q. Do you believe that lessening the harm to
9 victims through your cooperation in these civil
10 proceedings would benefit you in connection with the
11 reduction hearing?

12 A. I hope it does. I don't know one way or the
13 other. I certainly hope that at the time that Judge
14 Cohn looks at this and when society looks at it as a
15 whole, they think that I did something proper and good
16 as opposed to all the harm I created, yes.

17 Q. You stated earlier in your deposition today
18 that if you lie you would die in prison, correct?

19 A. That is correct.

20 Q. And you received a 50-year sentence which --
21 would you equate that to a life sentence at this
22 point?

23 A. It is a life sentence, yes, sir.

24 Q. So isn't it similarly the fact that if you
25 did not testify and get a reduction you would

1 essentially die in prison, correct?

2 MR. LICHTMAN: Objection to form.

3 THE WITNESS: If I don't testify here?

4 BY MR. LICHTMAN:

5 Q. If you had nothing to offer -- you are
6 already sentenced to 50 years, correct, which we
7 equate to a life sentence?

8 A. Yes.

9 Q. So if you had nothing to testify to, you
10 would die in prison, correct?

11 I'm not talking about this case, if you had
12 nothing to assist the government with you would die in
13 prison, correct?

14 A. If I have nothing to assist the government
15 with I suspect I would die in prison, yes.

16 Q. Because you wouldn't be eligible for a
17 reduction, correct?

18 A. You only get a reduction if you render
19 substantial assistance. And taking your hypothetical,
20 if I have no information to give, then by definition I
21 can't substantially aid them.

22 Q. So you would also die in prison under that
23 circumstance, correct?

24 A. Yes.

25 Q. I'm just going to the preparation for

1 today's depo, did you review your deposition
2 transcript from the December depo?

3 A. Yes. Except for one section.

4 Q. What section was that?

5 A. I don't remember the date. It was the
6 Levinson transcript. I think it was December 22nd.
7 Let me look.

8 Q. I don't need the exact date.

9 A. December 22nd.

10 Q. Thank you.

11 And over what time period have you been
12 reviewing those depo transcripts?

13 A. Couple of weeks.

14 Q. The last couple of weeks?

15 A. Yes. I tried to review some of it a couple
16 of months ago but for reasons I am not permitted to
17 discuss, I didn't get to complete my review. And I
18 since completed my review over the last couple of
19 weeks.

20 Q. Scott, you are familiar with your plea
21 agreement, correct?

22 A. I am.

23 Q. Are all the statements contained in there
24 true and correct, to the best of your knowledge?

25 A. Yes, sir.

1 Q. Do you believe -- do you know -- strike
2 that.

3 Do you know what the definition of alter ego
4 is, Scott?

5 A. Yes.

6 Q. What is it?

7 MR. LICHTMAN: Objection to form.

8 BY MR. GOLDBERG:

9 Q. What's the definition you believe it is?

10 A. From a legal standpoint it's an entity that
11 is supposed to be separate and apart. For example,
12 the name that I operate as if it is me, it is my alter
13 ego.

14 Q. And were there --

15 A. Not treating a corporation -- not treating a
16 corporation as a separate and distinct entity.

17 Q. Do you believe RRA was your alter ego?

18 MR. LICHTMAN: Objection to form.

19 THE WITNESS: Was RRA my alter ego? No.

20 BY MR. GOLDBERG:

21 Q. Do you believe that you and RRA were a
22 single economic entity?

23 MR. LICHTMAN: Objection to form.

24 THE WITNESS: No.

25

1 BY MR. GOLDBERG:

2 Q. Do you believe RRA functioned as a facade
3 for you as a dominant shareholder?

4 MR. LICHTMAN: Objection to form.

5 THE WITNESS: As a facade for me? No.

6 BY MR. GOLDBERG:

7 Q. Do you believe that RRA was not properly
8 capitalized to conduct legitimate business operations?

9 MR. LICHTMAN: Objection to form.

10 THE WITNESS: Yes.

11 BY MR. GOLDBERG:

12 Q. Was RRA insolvent in your opinion?

13 MR. LICHTMAN: Objection to form.

14 THE WITNESS: Yes.

15 BY MR. GOLDBERG:

16 Q. Did RRA observe proper corporate
17 formalities, in your opinion?

18 MR. LICHTMAN: Objection to form.

19 THE WITNESS: No.

20 BY MR. GOLDBERG:

21 Q. Do you believe that you and RRA were
22 inextricably intertwined and entangled? I didn't
23 write this.

24 MR. LICHTMAN: Objection to form.

25 MR. NURIK: Could you repeat that?

1 MR. GOLDBERG: I don't know if I could
2 repeat it. I'll try.

3 MR. LICHTMAN: Objection to form.

4 BY MR. GOLDBERG:

5 Q. Do you believe that you and RRA were
6 inextricably intertwined and entangled?

7 MR. LICHTMAN: Same objection.

8 THE WITNESS: I have no idea what that
9 means.

10 MR. GOLDBERG: I don't either, so I'm moving
11 on.

12 THE WITNESS: Good.

13 BY MR. GOLDBERG:

14 Q. Do you agree that you syphoned off RRA's
15 corporate funds for your own personal use?

16 A. Yes.

17 Q. Was RRA formed and operated by you for the
18 improper purpose of conducting a massive Ponzi scheme?

19 MR. LICHTMAN: Objection to form.

20 THE WITNESS: Okay. Wait, say that again.

21 BY MR. GOLDBERG:

22 Q. I'm going to break it down into two thing.

23 Was RRA operated by you for the improper
24 purpose of conducting a Ponzi scheme?

25 MR. NURIK: Did you say formed and

1 operated?

2 MR. GOLDBERG: I changed it to operated,
3 then I read it the second time.

4 THE WITNESS: Ultimately it was operated in
5 part for the Ponzi scheme, but that's -- I don't know
6 who wrote that question, but they are looking at
7 50 years.

8 I'm sorry, Michael. I can't answer that
9 question, because I have no idea what the question is
10 asking.

11 BY MR. GOLDBERG:

12 Q. Was RRA necessary for you to conduct your
13 Ponzi scheme?

14 MR. LICHTMAN: Objection to form.

15 BY MR. GOLDBERG:

16 Q. Was it a necessary component of your Ponzi
17 scheme in order for you to perpetrate it?

18 A. Yes. I mean, yes, that was the entity that
19 was -- yes. The answer to that question is yes, it
20 was necessary. But that's not reason RRA was formed.

21 Q. No, I get that.

22 Just give me a second, I'm trying to
23 eliminate a bunch of these.

24 Was RRA authorized to act as a broker/dealer
25 or a lender?

1 MR. LICHTMAN: Objection to form.

2 THE WITNESS: To my knowledge, no.

3 BY MR. GOLDBERG:

4 Q. Did you ever advise your malpractice carrier
5 that you were engaged in the sale of settlements?

6 A. No.

7 Q. Did you ever advise your malpractice carrier
8 that your were engaged in the sale of securities?

9 MR. LICHTMAN: Objection to form.

10 THE WITNESS: No.

11 BY MR. GOLDBERG:

12 Q. Did you ever advise your malpractice carrier
13 that you were engaged in the lending of monies?

14 MR. LICHTMAN: Objection to form.

15 THE WITNESS: No.

16 BY MR. GOLDBERG:

17 Q. Did you ever advise your malpractice carrier
18 that you were engaged in a Ponzi scheme?

19 A. No.

20 Q. When potential investors visited your
21 office, was it your practice to show them screen shots
22 of the TD bank account?

23 MR. LICHTMAN: Wait, can I hear that back?

24 MR. GOLDBERG: You can read it.

25 Scott, do you need me to repeat it?

1 THE WITNESS: No. My regular practice
2 varied. It depended upon who the investor was, with
3 some yes, with some no.

4 BY MR. GOLDBERG:

5 Q. I'm not saying this to be argumentative, did
6 Kim have any knowledge of the Ponzi scheme as it was
7 ongoing?

8 A. No.

9 Q. Did any other family members have any
10 knowledge of the Ponzi scheme as it was ongoing?

11 MR. LICHTMAN: Objection to form.

12 THE WITNESS: My Uncle Bill. Other than
13 that, no.

14 BY MR. GOLDBERG:

15 Q. Are you familiar with what a suspicious
16 activity report is?

17 A. I am.

18 Q. Can you describe it and your understanding
19 of it?

20 A. Suspicious activity report, to my
21 understanding, is a confidential document filed by a
22 bank when they believe that something that a customer
23 is doing meets the criteria established for suspicious
24 activity under the BSA/AML regulations.

25 Q. And prior to the collapse of the Ponzi, were

1 you ever made aware of any suspicious activity reports
2 which were generated in connection with any accounts
3 held by RRA?

4 A. Actually held by RRA? I was made aware that
5 it was being talked about, but I was never actually
6 told that one was filed.

7 Q. Which bank?

8 A. Gibraltar.

9 Q. Any others?

10 A. Not RRA accounts. I had the experience with
11 other related things, but not with RRA accounts.

12 Q. What related things, Scott?

13 A. There was a check kiting scheme going on
14 between myself and Steve Caputi using an entity that
15 was at the time unrelated to me, Kendall Sports Bar
16 d/b/a Cafe Iguana, where Bank of America -- I was
17 notified that Bank of America was filing a suspicious
18 activities report. And I had Ted Morse intervene to
19 attempt to quash the Bank of America SAR based upon
20 his relationship with them.

21 The other time was in a check kiting scheme
22 with Steve Lippman utilizing the old Lippman Wolinski
23 bank accounts. Steve and I were -- well, Steve was
24 advised and he advised me that there might have been a
25 suspicious activity report filed based upon our

1 banking -- his banking along with me in the Lippman
2 Wolinski account because of the check kiting.

3 Q. Were you ever made aware of any suspicious
4 activity reports which were generated in connection
5 with the accounts held by you individually or with
6 your wife?

7 A. No.

8 Q. Do you have, and I'm going to leave this --
9 this is the last question, it's open-ended. Do you
10 have any knowledge of any other criminal activities
11 which took place at RRA by lawyers or staff in which
12 you were not directly involved?

13 I know we discussed the marijuana stuff at
14 the last depo. You didn't really need to get back
15 into that, but anything else?

16 MR. NURIK: So that we understand the
17 question --

18 MR. GOLDBERG: Is that an objection, Marc?
19 Getting nervous?

20 MR. NURIK: I'm getting nervous about
21 whoever wrote that question.

22 MR. GOLDBERG: Me too.

23 MR. NURIK: But that's a separate issue.
24 Broad question. About any criminal
25 activity he would have been aware of involving any

1 other person or lawyers, is it limited to lawyers?

2 MR. GOLDBERG: It said RRA, by lawyers or
3 staff it says.

4 MR. NURIK: Lawyers or staff, which he was
5 not personally involved in.

6 MR. GOLDBERG: Correct.

7 THE WITNESS: Yes.

8 MR. GOLDBERG: Please elaborate?

9 MR. LAVECCHIO: I'd have to object at this
10 point.

11 MR. GOLDBERG: We are done, at least I am
12 done.

13 MR. LICHTMAN: Let us just take a couple of
14 quick minutes.

15 [Short recess taken.]

16 FURTHER EXAMINATION

17 BY MR. LICHTMAN:

18 Q. I have only a couple of quick questions on
19 the accounts.

20 You had personal accounts that you
21 maintained, I think they were at Gibraltar Bank,
22 right?

23 A. Yes, I think so. I don't recall having one
24 at TD, but I may have.

25 Q. Do you agree that the --

1 A. I don't think so.

2 Q. When it came time to funding your personal
3 accounts that you used to purchase cars, jewelry,
4 houses, what have you, that all of the money that
5 came -- that was deposited into those personal
6 accounts came from accounts that were titled in RRA's
7 name such as trust accounts or the operating account?

8 MR. SILVER: Objection to form.

9 THE WITNESS: Yes.

10 MR. LICHTMAN: What was the objection?

11 MR. SILVER: Titled in RRA's name, when
12 it's a trust account, obviously it's not RRA's
13 property.

14 BY MR. LICHTMAN:

15 Q. Well, okay, take that -- all right. You had
16 no other source of income to fund your personal
17 account except for the money that you were able to
18 take in the accounts that were titled in RRA's name,
19 right?

20 MR. SILVER: Same objection.

21 THE WITNESS: Except for money I may have
22 been taking from the other businesses.

23 BY MR. LICHTMAN:

24 Q. Okay. And what other businesses did you
25 take money from?

1 A. I took a bunch of cash from Bova. I got
2 distribution checks from Cafe Iguana. I got
3 distribution checks from Renato. I got a couple of
4 distribution checks from the hotel I owned with Shimon
5 Levy. That's the best of my recollection at this
6 time.

7 Q. Okay. The cash I assume you put in the door
8 in the credenza behind you or otherwise --

9 A. Yes.

10 Q. -- held on to at some point.

11 Cafe Iguana --

12 A. Yes.

13 Q. Cafe Iguana was that part of the Ponzi?

14 A. We purchased it with the Ponzi money but --

15 Q. Yes, correct.

16 A. It was a legitimate investment.

17 Q. Let me rephrase the question.

18 The money that you used to invest in Cafe
19 Iguana was Ponzi money, correct?

20 A. Yes.

21 Q. Okay. The money that you used to invest in
22 Renato watches was Ponzi money, correct?

23 A. Correct.

24 Q. Okay. How about the money that you used for
25 the hotel that you owned with Shimon Levy, was that

1 Ponzi money?

2 A. Yes.

3 Q. Okay. All right. Next, I think that -- and
4 I think this is last, actually, although Mr. Singerman
5 may have one other question. That is that I think we
6 made it clear that you were transferring money back
7 and forth among trust accounts. But to clarify, RRA
8 accounts -- strike that. Let me strike this very
9 clear.

10 Do you agree that you transferred money
11 between and among accounts titled in RRA's name,
12 whether they were operating accounts or trust accounts
13 or vice versa?

14 MR. SILVER: Objection to form.

15 THE WITNESS: Yes.

16 MR. LICHTMAN: Okay. Let me just check and
17 see if they have anything more, then I think we are
18 done early.

19 Two more moments.

20 MR. NURIK: Take a minute break until you
21 get back to us.

22 [Short recess taken.]

23 MR. LICHTMAN: Okay. I think that with that
24 this session is concluded. I see from my watch that
25 it's 12:35, so I defer to you, Larry. What time do

1 you want tell everybody to be back?

2 MR. LAVECCHIO: They want a half hour. If
3 we can start like at 1:05, maybe we can actually go
4 and pick it up a little earlier today.

5 MR. LICHTMAN: Yeah.

6 MR. LAVECCHIO: Is that all right with
7 everybody?

8 MR SILVER: Can we compromise at 1:15,
9 Larry? I just need to digest some of this and revise
10 my outline a little bit.

11 MR. LAVECCHIO: All right. 1:15.

12 [Thereupon, the taking of the deposition was
13 concluded at 12:37 [REDACTED]. and the reading and signing of
14 the deposition was not waived.)

15
16
17

SCOTT ROTHSTEIN

18 Sworn to and subscribed
before me this day
19 of , 2012.
Notary Public, State
20 of Florida at Large.

21
22
23
24
25

1 CERTIFICATE

2 STATE OF FLORIDA)
3 COUNTY OF MIAMI-DADE)

4 I, Pearlyck Martin, a Notary Public in and
5 for the State of Florida at Large, do hereby certify
6 that, pursuant to a Notice of Taking Deposition in the
7 above-entitled cause, SCOTT ROTHSTEIN was by me first
8 duly cautioned and sworn to testify the whole truth,
9 and upon being carefully examined testified as is
10 hereinabove shown, and the testimony of said witness
11 was reduced to typewriting under my personal
12 supervision and that the said deposition constitutes a
13 true record of the testimony given by the witness.

14 I further certify that the said deposition
15 was taken at the time and place specified hereinabove
16 and that I am neither of counsel nor solicitor to
17 either of the parties in said suit nor interested in
18 the event of the cause.

19 WITNESS my hand and official seal in the
20 City of Miami, County of Dade, State of Florida, this
21 day of June 4, 2012.

22 _____
23 Pearlyck Martin
24
25