UNITED STATES SECURITIES AND EXCHANGE COMMISSION

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1 PROCEDINGS

2 MS. STEIBER: This is going to be the interview of
3 Laura Goldman, G-o-l-d-m-a-n, conducted by Heidi Steiber,

Page 2
S-t-e-i-b as in boy, e-r-. The date is January 23rd, and the
time is 10:00 a.m.

Anyway, I wanted to talk to you about a couple of
different things that I know you talked about in the past or
talked about with David, and one of those things will be all
of your experiences with the SEC in the past, but I thought,
first, if you could just run me through your interactions
with Madoff, when you first heard of Madoff, and then just a
chronology of what --

MS. GOLDMAN: Sure. Okay, okay. First of all, I
met Madoff in 1992 in Palm Beach, Florida. Then -- I was
working at Painewebber at the time, so I couldn't invest with
him because it would have been against my contract at
Painewebber, and I was doing well at Painewebber. So -- you
know, I wasn't ready to rock the boat.

Then in 1997, I wasn't working at Painewebber, and
I had my own firm and I met with him again and I
wanted -- and I want to be clear about this. I wanted to
invest with him. Everyone in the Jewish community loved him,
as you know, okay? -- and he wasn't losing money. It's like
I'm a great salesman. Okay. I would have you do more work
except sell, which is -- you know, for me not work. I love
it. Okay. The hard part is picking stocks and things like
that. Okay?

So I met with him. I come from Philadelphia
originally, and I went back -- and my offices, I had at one
point an independent firm that cleared through Bear Stearns.
So my offices had been in the Bear Stearns office in the
Philadelphia Stock Exchange, but -- you know, I tell you that
for a reason.

When I got back, okay -- you know, Madoff's simple strategy basically was -- you know, the stocks and the options. Okay. I couldn't track the trading of Microsoft, but I can track the trading of options. So I called Susquehanna which is -- those guys are just my personal friends and I talked to them about whether they traded with Madoff, okay, because -- you know, he was doing this for options trading, so he had to be trading through somebody. He wasn't trading with them.

I talked to Personal Privacy. He's head of -- he was head of the Personal Privacy at that time. He wasn't trading there, and I talked to a bunch of the other market-makers that I knew down there. Market Street Securities, Personal Privacy, all kinds of people, and none of these people were trading with Madoff.

That already told me something was wrong. So I went -- because -- you know, these are the big players.

Okay? I mean, Susquehanna at one point was like Number 10 in volume on the New York Stock Exchange. So -- you know, they're doing none of this trading? So, okay, I went back to him. He called me that he was trading in New York. I went back to all these firms to ask them how you could be trading in New York American stocks and they told me that it's probably more expensive, not as efficient, why would he be doing that?

Okay? So that was my second clue that something was wrong. Okay. At that point I called the SEC. I did not
auditors -- you know, it's bullshit. You know what I'm saying? They're all shitty. No, no, no. I worked at Leventhal. I was an accounting major at Wharton. Okay. I worked at Leventhal and Horowitz. I apparently -- and they were sued for bad audits all the time. So who cares what firm you're at?

MS. STEIBER: So were there --

Was there anything else about the documents that you were provided that raised any red flags or --

MS. GOLDMAN: Well, okay. The thing is, is that, it was a -- I mean, obviously the consistency, but it was --

MS. STEIBER: Of the returns?

MS. GOLDMAN: It wasn't just the consistency, but it wasn't -- it was like every month. You know what I'm trying to say? When I say that, it wasn't like, okay, one month he did .2 and then the next month it did 1, you know, which is not a big difference. It was basically .8, .9, point, you know what I mean, all in the same cluster.

MS. STEIBER: Right. Had you ever -- you said you've looked at a lot of firms. Have you seen that type of consistency of returns --

MS. GOLDMAN: Yes.

MS. STEIBER: -- in a firm?

MS. GOLDMAN: Yes.

MS. STEIBER: Okay.

MS. GOLDMAN: Okay. I don't know if -- I'm pretty sure he's not in business any more, but I could track him down for you because I used to have a lot of money with...
He was in the Bermudas. He was a protege of I don't know how much you know about the business. I don't know whether these names mean anything to you.

MS. STEIBER: No, but other than this one other person, this was fairly unusual to see these types of consistent returns?

MS. GOLDMAN: Yes.

MS. STEIBER: Okay.

MS. GOLDMAN: That level. Okay. You know what I'm saying? There are people that aim to do that but not to that level.

MS. STEIBER: Not to that level. So this was the most consistent returns, consistent returns that you've seen?

MS. GOLDMAN: Right, right.

MS. STEIBER: So anything else about the documents that raised any suspicions?

MS. GOLDMAN: Well, okay, Madoff really what we advertised him. He didn't say I couldn't. He said he preferred, I didn't.

MS. STEIBER: Okay. Right now, we're just talking about the documents that you saw.

MS. GOLDMAN: Oh, no, no, nothing.

MS. STEIBER: Nothing else about the documents.

Okay. So then let's walk through your meeting with him. Do you have a standard due diligence procedure that you go through when you interview someone?

MS. GOLDMAN: I mean, I have a list of -- I mean, I have a standard. I have a list of questions -- you know,
like how much money you have, dah-dah-dah -- you know, those kind of questions.

Okay. Now, in my previous meeting with the guy, he'd actually talked to me --

MS. STEIBER: Oh, okay.

MS. GOLDMAN: -- in a fairly, you know, open manner. When I started asking him questions, he started shuffling, as they say. You know, he didn't really answer questions.

MS. STEIBER: Was this unusual compared to other people --

MS. GOLDMAN: Yes.

MS. STEIBER: -- you'd done --

MS. GOLDMAN: Yes, yes. I mean, when I said how many assets do you have under management, he didn't want to answer. I mean, these are standard questions.

MS. STEIBER: Did he say -- did he say why he wouldn't say how much --

MS. GOLDMAN: He did answer eventually, but he said, "Don't worry about those things." You know, first, you have to realize probably one of the reasons he picked me is, you know, he was a chauvinist. He would tell me, every time I asked him a question, he would say, you know, "Don't worry your little pretty head about that." You know how I loved that.

MS. STEIBER: Yeah. I'm sure that was much appreciated.

MS. GOLDMAN: Yeah. You know, I was much younger
then and much skinner, so it wasn't so unusual, especially in
the Jewish community. I mean, they are actually more
chauvinist than the rest of the world, but that's another
story.

But anyway, so he would say that, and then would
say, "Look how lucky you are, we're going to make you a
millionaire." You know, I was already a millionaire. Okay.
So, you know, what the hell. You know what I'm trying to
say?

MS. STEIBER: Right, right.

MS. GOLDMAN: Would he have said that to a man?

You know what I mean? It was obnoxious.

So -- but I really want to say to you there weren't
so many red flags. I mean, you know, --

MS. STEIBER: Let's go through them as they struck
you.

MS. GOLDMAN: Okay. Go ahead, go ahead.

MS. STEIBER: Right. Could you just walk through
like how --

MS. GOLDMAN: My first question was how much money
did you -- did you invest? But, hey, you know, he answered
that this much, it's about that, what do you need to know
for? It was just a stupid question. Of course I need to
know, you know, and then, you know, you know, at that time,
he told me, this was 1997, that he was -- he was investing
three million -- three billion, three billion. Sorry. Okay.
Then, you know, my -- my next question was how many
employees does the firm have?

MS. STEIBER: Okay. And what did he say, and was