

1 UNITED STATES SECURITIES AND EXCHANGE COMMISSION

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3 In the Matter of:)

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11 On behalf of the Interviewee:

12 LAURA GOLDMAN, Pro Se

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1 P R O C E E D I N G S

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,

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

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

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

19 Then in 1997, I wasn't working at PaineWebber, and
20 I had my own firm and I met with him again and I
21 wanted -- and I want to be clear about this. I wanted to
22 invest with him. Everyone in the Jewish community loved him,
23 as you know, okay? -- and he wasn't losing money. It's like
24 I'm a great salesman. Okay. I would have you do more work
25 except sell, which is -- you know, for me not work. I love

4

1 it. Okay. The hard part is picking stocks and things like
2 that. Okay?

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

8 for a reason.

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

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

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

5

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

9 okay? So that was my second clue that something
10 was wrong. Okay. At that point I called the SEC. I did not

4 auditors -- you know, it's bullshit. You know what I'm
5 saying? They're all shitty. No, no, no. I worked at
6 Leventhal. I was an accounting major at Wharton. Okay. I
7 worked at Leventhal and Horowitz. I apparently -- and they
8 were sued for bad audits all the time. So who cares what
9 firm you're at?

10 MS. STEIBER: So were there --

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

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

15 MS. STEIBER: Of the returns?

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

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

25 MS. GOLDMAN: Yes.

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1 MS. STEIBER: -- in a firm?

2 MS. GOLDMAN: Yes.

3 MS. STEIBER: Okay.

4 MS. GOLDMAN: Okay. I don't know if -- I'm pretty
5 sure he's not in business any more, but I could track him
6 down for you because I used to have a lot of money with

7 Personal Privacy . He was in the Bermudas. He was a protege of
8 Personal Privacy I don't know how much you know about the
9 business. I don't know whether these names mean anything to
10 you.

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

14 MS. GOLDMAN: Yes.

15 MS. STEIBER: Okay.

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

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

21 MS. GOLDMAN: Right, right.

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

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

14

1 preferred, I didn't.

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

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

5 MS. STEIBER: Nothing else about the documents.
6 Okay. So then let's walk through your meeting with him.

7 Do you have a standard due diligence procedure that
8 you go through when you interview someone?

9 MS. GOLDMAN: I mean, I have a list of -- I mean, I
10 have a standard. I have a list of questions -- you know,

11 like how much money you have, dah-dah-dah -- you know, those
12 kind of questions.

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

15 MS. STEIBER: Oh, okay.

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

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

22 MS. GOLDMAN: Yes.

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

24 MS. GOLDMAN: Yes, yes. I mean, when I said how
25 many assets do you have under management, he didn't want to

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1 answer. I mean, these are standard questions.

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

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

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

13 MS. GOLDMAN: Yeah. You know, I was much younger

14 then and much skinner, so it wasn't so unusual, especially in
15 the Jewish community. I mean, they are actually more
16 chauvinist than the rest of the world, but that's another
17 story.

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

23 MS. STEIBER: Right, right.

24 MS. GOLDMAN: Would he have said that to a man?
25 You know what I mean? It was obnoxious.

16

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

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

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

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

8 MS. GOLDMAN: My first question was how much money
9 did you -- did you invest? But, hey, you know, he answered
10 that this much, it's about that, what do you need to know
11 for? It was just a stupid question. Of course I need to
12 know, you know, and then, you know, you know, at that time,
13 he told me, this was 1997, that he was -- he was investing
14 three million -- three billion, three billion. Sorry. Okay.

15 Then, you know, my -- my next question was how many
16 employees does the firm have?

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