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SWORN STATEMENT  
OF  
Stockbroker A  
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1 APPEARANCES:

6 for your referring clients and ideas for cases to  
7 Milberg Weiss, were they made in the form -- in what  
8 form were they made?

9 A The payments?

10 Q Yes.

11 A Cash.

12 Q So when you were having this discussion  
13 with Mr. Schulman about reducing it by 40 percent,  
14 was that in light of the fact that you were being  
15 paid in cash?

16 A Yes.

17 Q And was it in light of the fact that if  
18 you were paid by a law firm check, it would be  
19 presumably reported to the IRS, that payment to you,  
20 1099?

21 A Probably, yes.

22 Q So by paying you in cash, there was not a  
23 record, as far as you knew, of your being provided  
24 that money; is that correct?

25 A That's correct.

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1 Q And was that a consideration that you took  
2 into account in accepting that discount of  
3 40 percent?

4 A We accepted whatever we got.

5 Q So the payments that were provided to you  
6 in cash, who provided the cash to you?

7 A Steven Schulman.

8 Q Did anyone besides Mr. Schulman ever

9 provide you the cash payments?

10 A No.

11 MR. ROBINSON: Just a moment, I want to  
12 confer.

13 (Thereupon, there was a discussion held  
14 off the record.)

15 BY MR. ROBINSON:

16 Q At any point, did Mr. Schulman say to you,  
17 in substance, that if the payments were made through  
18 his law firm and reported as an expense, then you'd  
19 have to pay taxes on the money?

20 A Not to my knowledge. I can't recollect  
21 that.

22 Q was there a particular practice or  
23 arrangement that you had with Mr. Schulman for him  
24 passing the cash to you and

25 A we would meet, if that's what you're

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1 referring to?

2 Q Yes.

3 A we would meet in Newburgh, New York,  
4 N-E-W-B-U-R-G-H.

5 Q where is Newburgh located?

6 A Roughly 90 miles from Albany, New York,  
7 south, and he would come up from his home in  
8 New Jersey, which I think was about 70 miles away.  
9 So it was the most convenient area.

10 Q was there a particular place or places  
11 that you would meet in Newburgh for the transfer of  
12 the cash?

13           A     There were two places that we generally  
14 met. One was Howard Johnson's, and the other one  
15 was Holiday Inn. They were right across from each  
16 other, and I think -- I'm trying to remember the  
17 route number that went right through that street.  
18 It might have been 17 K, but I'm not recalling it  
19 that well.

20           Q     And those locations were picked because  
21 they were convenient in terms of distance between --

22           A     Yeah. We're right off the throughway.

23           Q     And who would meet there for the exchange  
24 of the cash?

25           A                           myself and Mr. Schulman.

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1           Q     Did anyone other than the three of you  
2 attend those meetings?

3           A     No.

4           Q     So no one else from Milberg Weiss,  
5 correct?

6           A     That's correct.

7           Q     I'm now going to show you a photograph  
8 that we have marked as Exhibit 2, which I'll ask  
9 you, does what is depicted here look at all familiar  
10 to you? It appears to be a building.

11           A     It's a building, okay? The name Union  
12 Square means absolutely nothing; but, basically, the  
13 way it appears, it could be the old Howard Johnson's  
14 Motor Inn.

15           Q     This is the place where you met with

16 Mr. Schulman to receive the cash?

17 A Yes, one of the places.

18 Q One of the places; in Newburgh?

19 A In Newburgh.

20 Q Now I'd like to show you what we've marked  
21 as Exhibit 3 and Exhibit 4, two photographs that  
22 appear to be interiors of a building. Can you tell  
23 us what you think Exhibits 3 and 4 are?

24 A Exhibits 3 and 4 are, I believe, the same  
25 building. It's the dining room of the Holiday Inn,

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1 also in Newburgh, New York, across the street from  
2 Howard Johnson's.

3 Q So to the best of your recollection, does  
4 that depict the dining room -- one of the dining  
5 rooms where you met with Mr. Schulman to receive the  
6 cash?

7 A Yeah, because it was usually in the  
8 morning, and we had to have breakfast someplace.

9 Q Okay. Tell us, in as much detail as you  
10 can, the actual way in which the cash was physically  
11 transferred from Mr. Schulman to you, and in what  
12 form it was provided to you in terms of packaging or  
13 the like.

14 A We would be sitting at a table, having  
15 breakfast, and Mr. Schulman had a briefcase that was  
16 under the table, and I had my briefcase under the  
17 table. I would take out what was in his briefcase  
18 and put it into my briefcase, give him back his  
19 briefcase, close up my briefcase. And there were

20 packages of hundred dollar bills, packs of hundred  
21 dollar bills.

22 Q So the money was passed, literally,  
23 underneath the table?

24 A Under the table.

25 Q You mentioned hundred dollar bills; so

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1 that was the denomination of the cash?

2 A Yes.

3 Q Was the cash contained in an envelope or  
4 envelopes or was it just open?

5 A I believe it was just in packs. I don't  
6 believe it had hundred dollar wrappers on it. I  
7 think it had rubber bands, maybe, but it was not  
8 loose.

9 Q Were the packs of cash inside an envelope?

10 A Yes.

11 Q So you wouldn't see the cash openly  
12 displayed when he passed it to you, you would just  
13 see the envelope, correct?

14 A That's correct.

15 Q Would you pass anything back to him in  
16 return, or just take the cash from his briefcase and  
17 transfer it to your briefcase?

18 A Just made the transfer and continued  
19 eating breakfast.

20 Q And then after you would receive the cash  
21 from Mr. Schulman, did you and do  
22 anything with respect to counting it or verifying

23 that you had received what you had expected to  
24 receive from him?

25 A Occasionally, there's a men's room that

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1 we'd go in and sometimes split it up right on the  
2 side.

3 Q You and

4 A Yes.

5 Q Was Mr. Schulman present for that?

6 A No.

7 Q So Mr. Schulman didn't give you the cash  
8 inside a bathroom, correct?

9 A That's correct.

10 Q Just passed it under the table --

11 A Correct.

12 Q -- in the restaurant?

13 A Right.

14 Q And did you and count up the  
15 cash, then, to make sure that you had what you  
16 expected to receive from Mr. Schulman?

17 A We counted it, but, you know, when you say  
18 expectations, it was -- you know, he would tell us  
19 what was in the envelope and, you know, based on my  
20 calculations of what was coming to us, it may be a  
21 partial payment, you know, carry over to another  
22 time.

23 Q Let me rephrase the question. If he told  
24 you that he was giving you -- would he tell you he  
25 was giving you a certain amount in the envelopes at