

***EXHIBIT 14***

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1 UNITED STATES DISTRICT COURT  
2 SOUTHERN DISTRICT OF NEW YORK  
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3 UNITED STATES OF AMERICA

4 v.

10 Cr. 228 (LTS)

5 DANIEL BONVENTRE,  
6 JEROME O'HARA,  
7 GEORGE PEREZ,  
ANNETTE BONGIORNO,  
8 JOANN CRUPI,

Jury Trial

8 Defendants.

9 -----x

New York, N.Y.  
December 5, 2013  
9:10 a.m.

11 Before:

12 HON. LAURA TAYLOR SWAIN

District Judge

15 APPEARANCES

17 PREET BHARARA  
United States Attorney for the  
18 Southern District of New York  
19 MATTHEW L. SCHWARTZ  
RANDALL W. JACKSON  
JOHN T. ZACH  
20 Assistant United States Attorneys

21 GORDON MEHLER  
22 SARAH LUM  
Attorneys for Defendant O'Hara

24 LARRY H. KRANTZ  
25 KIMBERLY A. YUHAS  
Attorneys for Defendant Perez

1 Q. Can we blow up the top half of it. First of all, Mr.  
2 DiPascali, when is this dated?

3 A. February 3, 1994.

4 Q. Do you see there is a row that says "1993 only"?

5 A. Correct.

6 Q. Do you recall what that meant, "1993 only"?

7 A. Yes.

8 Q. What did it mean?

9 A. It meant that there was an arrangement in place between  
10 Frank and these clients and then subsequently between Bernie  
11 and Frank that because A&B had unwound in late '92 and these  
12 individuals were due a payment for '93 that had not yet  
13 occurred, and here it is in early '94 that they were addressing  
14 this payment, they were instructing me that for '93 only these  
15 people would get these amounts, then going forward after '93  
16 they would get a different amount.

17 Q. On the left side you see a list of four underlined names.  
18 Are those the folks that were going to get schtupped?

19 A. Yes.

20 Q. Did this process continue going forward?

21 A. Yes.

22 Q. Stepping back for a moment, A&B had been, we talked about  
23 it earlier, shut down by the SEC, right?

24 A. That is correct.

25 Q. You and others were involved in the process of bringing

1 those A&B clients back to Madoff Securities, right?

2 A. That is correct.

3 Q. Again, who were the people that were speaking to these A&B  
4 clients that were coming back in?

5 A. Bernie, myself, Jodi, Annette, members of Annette's staff.

6 Q. These people were asking you questions about the trading  
7 that was going to occur at Madoff Securities?

8 A. Yes.

9 Q. Did you lie to those folks?

10 A. Yes.

11 Q. As part of these people coming back in, did folks like we  
12 see here bring in additional customers to Madoff Securities?

13 A. These entities were clients of A&B. A&B, being closed down  
14 by the SEC, had no vehicle to pay them any longer. The purpose  
15 of this was illustrated to me and explained to me that since  
16 Frank can't pay these guys anymore for the money they  
17 originally brought in to A&B and now those very same clients  
18 are going to be transferred, if you will, to Madoff, if you  
19 will, and have direct accounts, the only vehicle that Frank and  
20 therefore now Bernie would have to pay these managers of other  
21 people's money would be to shtup their personal accounts with  
22 extra P&L.

23 Q. Just so the record is clear, when you say Frank, were you  
24 referring to Frank Avellino?

25 A. I was.

1 Q. This was the process by which to pay these folks money,  
2 right?

3 A. Exactly that.

4 Q. What were they getting that extra money for?

5 A. For originally bringing in the clients to A&B and then  
6 subsequently those clients became clients of Madoff.

7 Q. Did those payments continue after this and into the '90s  
8 and beyond?

9 A. Yes.

10 Q. How were those payments made to these folks?

11 A. We would design an option transaction, typically an index  
12 option, and we would calculate what the payment should be.  
13 These numbers over the years changed somewhat. But once we  
14 identified what the number was, then we would write a  
15 fictitious buy ticket and a subsequent fictitious sell ticket  
16 that would create P&L in their accounts, and the value of their  
17 account would therefore increase equal to the amount of  
18 theoretical commission Bernie owed them.

19 Q. These trades that were being put into their accounts to get  
20 back credit, were those trades real?

21 A. No.

22 Q. Over time did the number of folks that were getting  
23 shtupped increase?

24 A. Yes.

25 Q. How would folks get added to the shtupping?