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IN THE UNITED STATES COURT OF FEDERAL CLAIMS

STARR INTERNATIONAL COMPANY,)
INC., Individually and on)
Behalf of All Others)
Similarly Situated,)
Plaintiffs,) Case No. 11-779C
vs.)
UNITED STATES OF AMERICA,)
Defendant.)
-----)

Courtroom 4
Howard T. Markey National Courts Building
717 Madison Place, N.W.
Washington, D.C.
Wednesday, November 12, 2014
9:30 a.m.
Trial Volume 29

BEFORE: THE HONORABLE THOMAS C. WHEELER

Josett F. Whalen, RMR-CRR, Reporter

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	I N D E X				
1					
2					
3	WITNESS:	DIRECT	CROSS	REDIRECT	RECROSS VOIR
4	SCHREIBER		6722	6835	
5	REEDER	6850			6874
6		6877			6902
7	STUDZINSKI (via video)	6912			
8					
9					
10	EXHIBITS	FOR ID	IN EVID		
11	Plaintiffs'				
12	Number141		6818		
13	Number186		6813		
14	Number211		6819		
15	Number238		6820		
16	Number584		6748		
17	Number620		6829		
18	Number1553		6809		
19	Number1675		6826		
20	Number1679		6834		
21	Number2248		6726		
22	Number2249		6727		
23	Number2840		6743		
24					
25					

1 EXHIBITS FOR ID IN EVID

2 Defendant 's

3 Number328 6941

4 Number388 6941

5 Number1429 6793

6

7 Joint

8 (none)

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22 *All exhibits premarked for identification prior to
23 trial.

24 *See full attached list of admitted exhibits following
25 transcript.

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

2 - - - - -

3 (Proceeding called to order, 9:30 a.m.)

4 THE COURT: We're on the record this morning for
5 day 29 in the trial of Starr International Company versus
6 the United States.

7 Good morning, Mr. Schreiber.

8 THE WITNESS: Good morning, Your Honor.

9 THE COURT: Do you understand that you're still
10 under oath in these proceedings?

11 THE WITNESS: I do.

12 THE COURT: Good morning, Mr. Boies.

13 MR. BOIES: Good morning, Your Honor.

14 THE COURT: Let's go ahead.

15 MR. BOIES: Thank you, Your Honor.

16 - - - - -

17 Whereupon --

18 BRIAN SCHREIBER

19 a witness, called for examination, having been previously
20 duly sworn, was examined and testified further as
21 follows:

22 CROSS-EXAMINATION (continued)

23 BY MR. BOIES:

24 Q. Good morning, Mr. Schreiber.

25 A. Good morning.

1 Q. Last Thursday before we broke, we were discussing
2 the issue of a fairness opinion in general. Do you
3 recall that generally?

4 A. I do.

5 Q. Now, you understood that a fairness opinion was
6 necessary in order to do the recap, the effort of which
7 you were leading; correct?

8 MR. DINTZER: Objection, Your Honor. Calls for a
9 legal conclusion.

10 THE COURT: Overruled. I'll take his
11 understanding.

12 THE WITNESS: I'm not sure if a fairness opinion
13 was required for a recap. The board may have had a legal
14 requirement for a fairness opinion. I am not familiar
15 with the legal sort of requirements, so it's a
16 challenging question to answer.

17 BY MR. BOIES:

18 Q. You were aware that in September of 2008, when AIG
19 was considering raising money, that a fairness opinion
20 was required at that time; correct?

21 A. I was aware that there might be a need for a
22 fairness opinion. We didn't know the exact form or
23 amount of the ultimate capital raise at the time, so
24 there may or may not have been a legal reason for it.
25 But again, I'm not an expert on the legal requirements of

1 fairness opinions.

2 Q. Incidentally, there were a number of times on
3 Thursday during your examination with the government when
4 you made various assertions about what you thought a
5 contractual right was or was not. Do you recall that
6 generally?

7 A. I may have made that comment. Yes.

8 Q. I take it it is fair to say that you're not a
9 lawyer.

10 A. That's correct.

11 Q. And you were not meaning to express any legal
12 views; correct?

13 A. Correct. Just my understanding.

14 Q. And based -- or rather, just exploring the basis
15 for that understanding, did you ever request or receive
16 any legal advice concerning AIG's contractual rights
17 regarding any aspect of the recapitalization?

18 A. I don't recall.

19 Q. Did you ever request or receive any legal advice
20 concerning AIG's contractual rights regarding any aspect
21 of Maiden Lane II or Maiden Lane III?

22 A. No.

23 Q. Did you ever request or receive any legal advice
24 concerning AIG's contractual rights with respect to the
25 Series C preferred stock?

1 A. I don't recall.

2 Q. Or with respect to the Series E and F preferred
3 stock?

4 A. I don't recall.

5 Q. Or with respect to the government's rights with
6 respect to any preferred stock?

7 A. I don't recall.

8 Q. Did you ever request or receive any legal advice
9 concerning whether AIG's counterparties had a contractual
10 right to par?

11 A. I don't recall.

12 Q. Now, just focusing on your understanding as an
13 AIG executive, did you understand that in September of
14 2008 Blackstone had been retained in order to give a
15 fairness opinion with respect to the proposed capital
16 raise?

17 A. Yes.

18 Q. Let me hand out binders. What we do in this case
19 is we hand out binders of documents to facilitate people
20 looking at them. And you should have up there now two
21 binders. One is a binder of documents and one is a
22 binder of your depositions.

23 The document binder contains excerpts that I may
24 or may not be referring to. If at any time you feel you
25 want to see the entire document for context, we have that

1 in court and we'll be happy to furnish it to you.

2 Now, let me ask you to turn first to
3 Plaintiffs' Trial Exhibit 2248.

4 And these are excerpts from a board of directors
5 presentation made on September 29, 2010 by
6 Bank of America and Merrill Lynch and by Citi.

7 And you were present at that board meeting, were
8 you not, sir?

9 A. I believe I was.

10 MR. BOIES: Your Honor, I would offer
11 Plaintiffs' Trial Exhibit 2248. It has been admitted for
12 just a limited purpose before in terms of expert
13 testimony pursuant to 703, but I'm now offering the
14 document generally.

15 THE COURT: All right.

16 MR. DINTZER: This may be in anyway, Your Honor,
17 not only under Mr. -- Professor Kothari but also as part
18 of a stipulation, but to the extent that it isn't, we
19 don't object.

20 THE COURT: All right. Plaintiffs' Trial
21 Exhibit 2248 is admitted.

22 (Plaintiffs' Exhibit Number 2248 was admitted into
23 evidence.)

24 BY MR. BOIES:

25 Q. When you were at the board meeting, did you make a

1 presentation yourself?

2 A. I don't recall, but if I did, I'm sure it would
3 have been in the board minutes.

4 Q. Let me ask you to look at Plaintiffs' Trial
5 Exhibit 2249, which I would offer.

6 MR. DINTZER: No objection, Your Honor.

7 THE COURT: Plaintiffs' Trial Exhibit 2249 is
8 admitted.

9 (Plaintiffs' Exhibit Number 2249 was admitted into
10 evidence.)

11 BY MR. BOIES:

12 Q. And you see on the first page, the second line
13 from the bottom, that you were in fact present at this
14 board meeting; correct, sir?

15 A. Yes, I see that.

16 Q. And if you look at page 3 of the exhibit, the last
17 paragraph, do you see that you made a presentation?

18 A. I do.

19 Q. And that you introduced to the board Messrs. Steel
20 and Boxer and representatives from the corporation's
21 financial advisors on this transaction?

22 A. I do.

23 Q. And let me go back to Plaintiffs' Trial
24 Exhibit 2248.

25 And if you'd turn to page 35 of the exhibit.

1 A. Okay.

2 Q. There is a box -- two boxes. The box at the
3 bottom, although it's hard to read because of the way the
4 reproduction system works, it says "Series C."

5 Do you see that off to the left?

6 A. I do.

7 Q. And the first bullet opposite that says, "Series C
8 was received by UST for no financial consideration,
9 merely to obtain governance rights until FRBNY Facility
10 repaid."

11 Do you see that?

12 A. I do.

13 Q. First, what is UST?

14 A. This isn't my document, but I suspect it refers to
15 the United States Treasury.

16 Q. And the Series C that is referred to there is the
17 Series C preferred stock that was issued in connection
18 with the Federal Reserve Bank of New York credit facility
19 in September of 2008; correct?

20 A. It appears to be correct, yes.

21 Q. And that's the way you understood it at the
22 September 29, 2010 board meeting; correct, sir?

23 A. Correct.

24 Q. Let me also ask you to look at Defendant's
25 Exhibit 711.

1 And this is --

2 A. That's in the other binder or is it in this
3 binder? I don't see a D -- hold on.

4 THE COURT: It's in the same binder toward the
5 back.

6 BY MR. BOIES:

7 Q. It should be right at the end. Yes. It's the
8 next to last exhibit actually.

9 A. Yep.

10 Q. And this is minutes of the finance committee of
11 AIG on December 9, 2008; correct?

12 A. That's what it says.

13 Q. And do you recall being asked about this by
14 counsel for the United States?

15 A. I'm sorry. Could you repeat the question. I'm
16 not sure I understand.

17 Q. Do you recall being asked about this document by
18 counsel for the United States?

19 A. Let me take a read through it.

20 Q. Let me direct your attention to the page that ends
21 in the Bates number 4401.

22 A. Okay.

23 Q. And do you see the carryover paragraph, the last
24 sentence, where it says, "Mr. Schreiber commented that
25 overall valuations are down 50 percent since September,

1 creating challenges in terms of realizing adequate value
2 for AIG's assets"?

3 A. I do.

4 Q. And do you recall being asked by counsel for the
5 United States whether --

6 "QUESTION: "The assets that you're describing,
7 the 50 percent drop since September, did these include
8 the assets that AIG hoped to sell in order to be able to
9 repay the loan?"

10 And you answered, "Yes."

11 Do you recall that?

12 A. If it's in the -- if it's in the record, then yes,
13 I recall it.

14 Q. Now, is this one of the documents that the
15 government went over with you when you were prepared
16 prior to your testimony last week?

17 A. I don't recall. It very well may have been.

18 Q. Did anyone refresh your recollection, when you
19 were being prepared for this testimony, about what
20 valuations you were referring to?

21 A. Generally speaking, when we spoke of valuations,
22 it was -- particularly a comment like this, it was an
23 overall statement that across all of AIG's businesses
24 across the peer group that valuations are down. It's
25 a -- it's a general comment, but I do believe it provides

1 some indication as to the health of the market for
2 M&A-related transactions.

3 Q. Let me try, as counsel for the United States
4 sometimes says, to unpack that answer.

5 When you were talking about overall valuations are
6 down 50 percent, you were not talking about AIG's assets;
7 correct, sir?

8 A. No. These were -- this was where market --
9 observable market valuations were as opposed to what
10 long-term potential value could be. It was just a
11 measure of the market at that point in time.

12 Q. And I just want to be clear because I asked a
13 question that said "correct" and you said "no." I think
14 we were -- I think we were meeting, but let me just
15 rephrase the question so that it's clear.

16 A. You can rephrase it, sure.

17 Q. When you were talking about overall valuations
18 being down 50 percent --

19 A. Right.

20 Q. -- you were talking about equity market prices
21 generally and not the value of any of AIG's assets;
22 correct?

23 A. We were talking about the market, correct.

24 Q. The general equity market.

25 A. The general equity market, correct.

1 Q. Thank you.

2 Now let me go back to the issue of the fairness
3 opinion and the recapitalization.

4 Did you furnish information to Citi and/or
5 Bank of America in connection with their consideration of
6 the fairness opinion?

7 A. I don't recall.

8 Q. You were the person who was leading this effort;
9 correct?

10 A. When you say the effort, I wasn't leading the
11 fairness opinion effort. I was leading the transactions
12 and recapitalization effort.

13 Q. That is, you were leading the recapitalization
14 effort; correct?

15 A. Correct.

16 Q. And the fairness opinion was an aspect of that;
17 correct?

18 A. Correct.

19 Q. And it was an aspect of that that you were aware
20 of at the time?

21 A. Correct.

22 Q. Who was providing information to Bank of America
23 and Citibank with respect to the preparation of a
24 fairness opinion for this transaction that you were
25 leading?

1 A. To the extent they requested specific information
2 on the transactions, that would have been provided
3 through my team.

4 Q. Now, did your team also give Citi and
5 Bank of America instructions and directions as to what
6 assumptions they should make in doing their fairness
7 analysis?

8 A. I'm not aware of that. We --

9 Q. Let me ask you to look at Joint Exhibit 284.
10 And do you recognize this as the fairness opinion
11 that was provided by Citigroup?

12 A. I don't know if this is the final fairness
13 opinion, but it looks like a -- it looks like it could
14 be.

15 Q. And it is, on page 5 of the exhibit, signed
16 Citigroup Global Markets, Inc.?

17 A. Uh-huh.

18 Q. Do you see that?

19 A. Right.

20 Q. Let me ask you to look at page 3 of the exhibit
21 and in particular the last paragraph on the page.

22 A. Right.

23 Q. Where it says, "With respect to the Series E
24 Preferred Stock and Series F Preferred Stock to be
25 repurchased by AIG pursuant to the Exchange Transactions,

1 we have assumed, at your direction and with your
2 consent, that the fair value of each of the Series E
3 Preferred Stock and Series F Preferred Stock is equal to
4 the liquidation value thereof."

5 Do you see that?

6 A. Yes, I do.

7 Q. Did you or members of your team provide that
8 direction to Citi and Bank of America?

9 A. Yeah. We very well may have. Those were
10 assumptions that we were using in our analysis.

11 Q. So in your analysis, you were using the assumption
12 that the fair value of the Series E preferred stock was
13 equal to its liquidation preference; correct?

14 A. That was the value of AIG's obligation.

15 Q. I didn't ask you what the value of AIG's
16 obligation was. I asked you whether you were assuming
17 that the fair value, as used in this fairness opinion, of
18 the Series E preferred stock was equal to its liquidation
19 value.

20 A. It's a very tricky question to answer because in
21 order to have I guess a fair value, one would need a
22 buyer or seller, there would need to be a bid-ask and in
23 order to have a price at which both parties were willing
24 to transact.

25 It was our assumption that the liquidation value

1 of the E and the F was the value of the securities that
2 would be at a level where parties would be able to
3 transact or at least the holder of that security would
4 transact.

5 Q. Let me try to again unpack that answer.

6 A. Sure.

7 Q. You understood that the government listed what the
8 government considered to be the fair value of the
9 Series E preferred stock; correct?

10 A. Correct.

11 Q. And you were aware at the time that you were doing
12 the recap that the government on a periodic basis issued
13 reports that gave what the government at the time of each
14 of those reports believed was the fair value of the
15 Series E and Series F preferred stock; correct?

16 A. Correct.

17 Q. And you knew at the time that you were doing the
18 recap that what the government was reporting as the fair
19 value of the Series E preferred stock was substantially
20 below its liquidation value; correct?

21 A. Over time the government's value, as I recall,
22 differed from liquidation value.

23 Q. Well, my question was a little more precise.

24 A. Yeah.

25 Q. At the time you were doing the recap, you knew

1 that what the government was reporting at that time as
2 the fair value of the Series E preferred stock was
3 substantially below its liquidation value; correct, sir?

4 A. Based on the government's accounting and
5 methodology, correct.

6 Q. You also knew, because you said it last Thursday,
7 that the Series E preferred stock was an instrument that
8 would have almost no value in the marketplace; correct,
9 sir?

10 A. Correct.

11 Q. And nevertheless, you gave Citi and
12 Bank of America instructions that rather than them trying
13 to figure out what the fair value was, they should assume
14 that the fair value of the Series E stock was equal to
15 its liquidation value; correct?

16 A. Correct.

17 Q. Now, you also said on Thursday that you believed
18 that you had gotten a fairness opinion on the overall
19 recapitalization. Do you recall that?

20 A. I -- yeah, I vaguely recall that, yeah.

21 Q. And you now know that that's not correct;
22 correct?

23 A. I -- I don't know that that's not correct. I'm
24 just -- I haven't read through the whole opinion, so...

25 Q. Well, let's go back to the opinion.

1 And do you see in the very first page of
2 Joint Exhibit 284 that --

3 A. Sorry. Which page?

4 Q. Of 284, the very first page.

5 A. Yep.

6 Q. And you see in the very first paragraph Citi sets
7 out what it defines as the exchange transactions about
8 which they are going to issue a fairness opinion.

9 Do you see that?

10 A. I do.

11 Q. And that series of transactions --

12 A. Uh-huh.

13 Q. -- include some but not all of the transactions
14 that were part of the recapitalization; correct?

15 A. Correct.

16 Q. And does that refresh your recollection that there
17 was no fairness opinion with respect to the overall
18 recapitalization?

19 A. When I think of these components, I think of that
20 as being the bulk of the recapitalization, so I think
21 this is just maybe a matter of semantics. But as I
22 recall that the exchange of the -- what's laid out here,
23 the -- the E and the F and -- just E and the F -- again,
24 I'm -- I'm just trying to recall with detail, but I
25 didn't -- I wasn't -- at least I didn't recall that there

1 were specific opinions for each series of the preferred.
2 That was the point I was conveying.

3 Q. Well, in fact there were not specific opinions for
4 each series of the preferred, were there, sir?

5 A. As I just said, I didn't think there were.

6 Q. And there was not a fairness opinion for the
7 overall recapitalization; correct?

8 A. Well, first, could you define for me what you mean
9 by "the overall recapitalization."

10 Q. Well, you said that there was a fairness opinion
11 with respect to the overall recap. Do you recall that?

12 A. I do.

13 Q. When you said that there was a fairness opinion
14 with respect to the overall recap, what were you talking
15 about? What was the overall recap that you were talking
16 about?

17 A. When I -- when I made the statement, my
18 recollection was that the E and the F and possibly the C
19 together were considered -- that was the bulk of the
20 recap. When I think about the recap, it was the shares
21 exchanged to extinguish TARP.

22 So maybe it was really just the E and the F. I
23 take it back. Yep.

24 Q. Right.

25 A. Okay.

1 Q. And to just make clear, there was no fairness
2 opinion with respect to the Series C exchange; correct,
3 sir?

4 A. I don't recall.

5 Q. Well, there certainly was no fairness opinion
6 expressed by Citigroup in Joint Exhibit 284 with respect
7 to the Series C exchange; correct?

8 A. Yeah. It's not captured in this opinion.

9 Q. And as you sit here now, you're not aware of any
10 other opinion about the exchange of the Series C stock,
11 are you, sir?

12 A. No.

13 Q. Do you have any understanding at all as to why
14 there was not a fairness opinion with respect to the
15 Series C preferred stock?

16 A. I don't, no.

17 Q. Let me ask you to look at Plaintiffs' Trial
18 Exhibit 609, which is already in evidence.

19 And this is a presentation that is distributed to
20 a number of people in AIG and representing AIG, attaching
21 materials that are going to be used in a September 29,
22 2010 board meeting; correct?

23 A. Yes, that's correct.

24 Q. And it includes both an AIG presentation that is
25 going to be made as well as attaching the Bank of America

1 and Merrill Lynch Citi presentations; correct?

2 A. That is correct.

3 Q. I'd like to focus on the AIG presentation, and
4 would it be fair to assume that this is something that
5 you and your team played a role in preparing?

6 A. That is correct.

7 Q. Were you the primary drafters of this?

8 A. I believe so.

9 Q. Let me ask you to turn to page 16.

10 A. That's 16 of 150?

11 Q. Yes.

12 And it's a page that's headed Status Quo - Risk
13 Factors.

14 A. Yeah.

15 Q. And opposite a box that is labeled FRBNY --

16 A. I see.

17 Q. -- do you see the first bullet says, "While the
18 FRBNY Facility remains outstanding, it essentially
19 prevents AIG from accessing private sector bank
20 financing"? Do you see that?

21 A. I do.

22 Q. And the next sentence, the next bullet, says,
23 "The FRBNY Facility has much stronger covenants than a
24 typical bank facility; AIG is constantly in need of
25 waivers."

1 Do you see that?

2 A. I do.

3 Q. And that was your understanding as of
4 September 28, 2010; correct?

5 A. That's correct.

6 Q. And then this presentation continues (as read),
7 "FRBNY's refusal to grant a waiver could place AIG in a
8 very difficult situation and could even force bankruptcy
9 or liquidation."

10 Do you see that?

11 A. I do.

12 Q. And that was also your understanding as of
13 September 28 and September 29, 2010; correct?

14 A. Correct.

15 Q. And the next and last sentence in this box says,
16 "FRBNY has not charged fees or other penalties for
17 waivers historically; this is always subject to change."

18 Do you see that?

19 A. I do.

20 Q. And that was also what you understood.

21 A. Yes, it was.

22 Q. Let me ask you next to look at Plaintiffs' Trial
23 Exhibit 2840, which is a draft of the Citi and
24 Bank of America presentation, dated September 28, 2010.

25 And this is a draft that you would have seen at

1 the time; correct, sir?

2 A. I may have. I don't recall.

3 MR. BOIES: Your Honor, I would offer Plaintiffs'
4 Trial Exhibit 2840.

5 MR. DINTZER: Objection, Your Honor. The
6 witness -- obviously this was created by two other
7 entities. The witness has not identified this as
8 something that he saw or used, so there's no foundation.

9 THE COURT: Mr. Boies?

10 MR. BOIES: Your Honor, it was stipulated to be an
11 authentic document; that is, it was stipulated to be a
12 draft of this presentation. He was leading the effort.
13 He says on the witness stand that he does not recall
14 receiving it. I don't think that can be a barrier to the
15 admissibility of the draft.

16 MR. DINTZER: May I be heard, Your Honor?

17 THE COURT: Sure.

18 MR. DINTZER: All I can tell you from looking at
19 the document, Your Honor, is that the Bates number is a
20 Citi Bates number. That means it came from Citi as
21 opposed to AIG, and so with that on top of the lack of
22 foundation with the witness, we continue to object.

23 THE COURT: But I believe this is a draft of the
24 presentation we've just been talking about to which the
25 witness has told us of his knowledge.

1 MR. DINTZER: And Your Honor, as long as the
2 witness saw it, but this could -- and I don't know one
3 way or another, Your Honor, but this could have been an
4 internal draft that only Citi generated and that wasn't
5 provided, and to have Mr. Boies question the witness on
6 the document without a foundation that it ever left Citi
7 and made its way to AIG would seem to be unfair to the
8 witness.

9 THE COURT: I'm going to overrule the objection.
10 I will admit Plaintiffs' Trial Exhibit 2840.

11 (Plaintiffs' Exhibit Number 2840 was admitted into
12 evidence.)

13 BY MR. BOIES:

14 Q. Let me ask you to turn to page 35 of this
15 exhibit.

16 And before you actually look at page 35, this
17 document does in fact bear a Citi document production
18 number in the lower right-hand corner. Do you see that?

19 A. I do.

20 Q. Now, in addition to that, if you go back to 2248,
21 the final version?

22 A. Yep.

23 Q. Do you see that that also bears a Citi document
24 production number?

25 A. I do.

1 Q. Now, I take it, quite obviously, you and AIG
2 received the final Citi presentation; correct?

3 A. Well, when you say "AIG," the fairness opinion was
4 to the board of directors. We -- it was the board that
5 received the fairness opinion, not AIG management, and it
6 was for board purposes that the -- I assume the request
7 for the fairness opinion was given.

8 Q. And what you're doing here is you're drawing a
9 distinction between AIG and the AIG board; is that what
10 you're doing?

11 A. No. I'm just saying that this was -- when you
12 talk about my role in the recap, I did lead the recap,
13 but the fairness opinion was something outside of that
14 and was a presentation, as it says on the cover page,
15 that was drafted for the AIG board of directors. That's
16 all I'm saying. Not for AIG management.

17 Q. When you say that although you did lead the recap,
18 the fairness opinion was something outside of that, you
19 were the person and your team were the people --

20 A. Correct.

21 Q. -- that were giving Citibank and Bank of America
22 instructions as to what to assume; correct? That's what
23 you testified to earlier.

24 A. When they requested information from us or asked
25 us for certain assumptions or things to assume, we did

1 provide it, but that was all documented in there. There
2 was no mystery to that, so --

3 Q. I wasn't suggesting there was any mystery.

4 A. They asked for information to produce their
5 analysis and we provided it for them.

6 Q. And when you say "we," you're talking about you
7 and your team.

8 A. The team, correct.

9 Q. Now, going back to Plaintiffs' Trial
10 Exhibit 2840 page 35?

11 A. Uh-huh.

12 Q. Do you see at the bottom where they are again
13 talking about the Series C preferred stock?

14 A. Correct.

15 Q. At the bottom, there is a bullet that says,
16 "Status must be clarified before a recapitalization plan
17 may begin. Presents a significant overhang potentially
18 restraining AIG common stock price appreciation. Tension
19 concerning value; United States Treasury would prefer a
20 high Series C conversion price of common stock and a low
21 TARP conversion price of common stock."

22 Do you see that?

23 A. I do.

24 Q. First, did you ever have any discussions with
25 anyone about the issue that is described here?

Starr International Company, Inc. v. USA

1 A. I certainly had conversations and negotiations
2 with the Treasury about the exchange of TARP and Series C
3 for AIG common stock. The -- so -- but whether B of A
4 had their own conversations and Citi had their own
5 conversations, I can't say where, you know, that point
6 came from.

7 Q. Now, in your negotiations with Treasury, did you
8 understand that the United States Treasury preferred a
9 high Series C conversion price of common stock and a low
10 TARP conversion price of common stock?

11 A. I don't recall their specific preferences as to
12 how the overall value of the recap would get carved up
13 among the Series C, E and F.

14 Q. Do you recall what their general preferences were
15 as to how the overall value of the recap would get carved
16 up among the Series C, E and F?

17 A. I don't recall their specific issues around that
18 or their preferences.

19 Q. Do you recall their general issues around that or
20 their preferences?

21 A. I don't recall. I mean, you know, it was --
22 you know, the way the discussion went was, you know, we
23 established sort of a value, and how the government
24 preferred to cut up that value, I just don't recall the
25 discussions around that.

1 Q. Now, going back to page 28 -- Exhibit 2840
2 page 35 --

3 A. Sorry. So which page?

4 Q. Plaintiffs' Trial Exhibit 2840 page 35.

5 A. Page 35. Okay.

6 Q. These last three lines.

7 A. Uh-huh.

8 Q. And while you are -- keep your finger on that, I
9 want to direct your attention to -- excuse me just one
10 second -- 2248, Plaintiffs' Trial Exhibit 2248, which is
11 the final version, page 35.

12 A. Okay.

13 Q. And do you see that the last three lines on
14 page 35 of the September 28 draft presentation have been
15 removed from the September 29 final presentation?

16 A. Yes, I see the change.

17 Q. Were you aware of that change at the time, sir?

18 A. I don't recall. As I mentioned, I don't recall
19 ever seeing the draft document either.

20 Q. Did you discuss that change with anyone?

21 A. I don't recall.

22 Q. Focusing on what is the same in both the draft and
23 final presentation with respect to the Series C --

24 A. Uh-huh.

25 Q. -- do you see that the first bullet in both the

1 draft and the final presentation says (as read),
2 "Series C was received by the United States Treasury for
3 no financial consideration; merely to obtain governance
4 rights until the Federal Reserve Bank of New York
5 Facility was repaid"?

6 Do you see that?

7 A. I do.

8 Q. And what was your understanding as well, sir;
9 correct?

10 A. No. I think if you go back to my prior
11 testimony -- and I think the word in the AIG documents we
12 used was "monetary consideration," but I think in my
13 prior testimony that the Series C was given in
14 consideration for the 85 billion senior secured facility
15 from the Fed.

16 MR. BOIES: May I have just a moment, Your Honor?

17 (Pause in the proceedings.)

18 BY MR. BOIES:

19 Q. Would you turn to Plaintiffs' Trial Exhibit 584,
20 which I would offer.

21 MR. DINTZER: No objection, Your Honor.

22 THE COURT: Plaintiffs' Trial Exhibit 584 is
23 admitted.

24 (Plaintiffs' Exhibit Number 584 was admitted into
25 evidence.)

1 BY MR. BOIES:

2 Q. This is a cover e-mail with a board of directors
3 agenda and then minutes of a meeting of the board of
4 directors of AIG held January 13, 2010.

5 Do you see that, sir?

6 A. Yeah. All I have is just a -- hold on.

7 Yeah, minutes from January 13, yes, and I see the
8 agenda. Right.

9 Q. And you were present at this meeting; correct,
10 sir?

11 A. Let me check.

12 Are you talking about at the January 13 meeting?

13 Q. Yes, sir.

14 A. Yes. According to the minutes, I was there.

15 Q. And if you turn to page 17 of the exhibit, the --

16 A. Okay. That's 17 of 30, page 11 of the minutes?

17 Q. Yes.

18 A. Okay.

19 Q. And do you see at the last paragraph it's talking
20 about a presentation that you made?

21 A. I do see that.

22 Q. And four lines down, do you see where you told the
23 board of directors "the Series E was essentially received
24 for nothing"?

25 A. I do see that.

1 Q. And you wouldn't lie to the or misrepresent
2 anything to the board of directors of your company, would
3 you, sir?

4 A. Of course not.

5 Q. And that's what you believed at the time of this
6 board meeting; correct?

7 A. I think that --

8 Q. That's a yes, no, or I don't know or I don't
9 understand the question.

10 A. I explained what I believed and what I know.

11 Q. Sir --

12 MR. DINTZER: Objection, Your Honor.

13 THE WITNESS: It was received for no monetary
14 consideration. This was the minutes of the meeting. I
15 didn't write these minutes to the meeting, and I'm just
16 saying, you asked me if I believe and I said no, this
17 is -- this is how it was minuted, but it is not what I
18 believed and it's not what I said.

19 MR. BOIES: Your Honor?

20 THE COURT: Mr. Schreiber, if you can answer the
21 question only asked, if it calls for a yes/no answer, see
22 if you can do that, and if not --

23 THE WITNESS: I'll try.

24 THE COURT: -- you can just say so to Mr. Boies if
25 you need to say more.

1 MR. DINTZER: Your Honor, we do object, though,
2 that if Mr. Boies is not getting the answer that he's
3 seeking, we understand the Court's direction, but that
4 the remedy is not self-help for him to speak over the
5 witness and we'd ask that that not happen.

6 THE COURT: I think that's certainly fair, and
7 we're going to have one person speaking at a time.

8 MR. DINTZER: Thank you, Your Honor.

9 BY MR. BOIES:

10 Q. Now, let me put my question to you again, sir, and
11 let me begin with a predicate.

12 Did you tell the board of directors of AIG, on
13 January 13, 2010, that the Series C preferred stock was
14 essentially received for nothing? Yes, no, or I don't
15 know?

16 A. I don't recall.

17 Q. Do you have any reason to doubt that these minutes
18 are accurate, sir?

19 A. The only reason I have to doubt it is because what
20 I've said before and what has been in my written
21 presentations was that the Series C was given for no
22 monetary consideration and that I explained that there
23 was economic value. It was a form of consideration in
24 exchange for the senior secured credit facility.

25 Q. And that of course is not what is said in these

1 minutes. You'll grant that; correct?

2 A. I can -- the minutes do not reflect that.

3 Q. And if we go back to Plaintiffs' Trial
4 Exhibit 2248 page 35, what Bank of America and Citi say
5 to the board was that the Series C preferred stock was
6 received by the U.S. Treasury for no financial
7 consideration, merely to obtain governance rights until
8 FRBNY facility was repaid; correct?

9 A. I see that.

10 Q. And did you ever tell Bank of America or Citi that
11 you thought that was wrong?

12 A. I don't recall.

13 Q. When this presentation was made to the board of
14 directors of AIG at a time that you were present, did you
15 ever tell the board of directors you thought that was
16 wrong?

17 A. I don't recall.

18 Q. By the way, you testified last Thursday that at
19 the time the exchange took place sometime in 2011, you
20 believed that AIG's common stock was somewhere thirty-ish
21 or in the thirties. Do you recall that?

22 A. I did, but I wasn't -- but I wasn't positive.

23 Q. I'm sorry. What?

24 A. Yeah, I said I wasn't sure, but I vaguely recall,
25 but I don't remember where the stock was.

1 Q. Now, since Thursday have you had a chance to go
2 back and check that?

3 A. No, I did not.

4 Q. Since Thursday have you done anything to prepare
5 for this continued examination?

6 A. I have not.

7 Q. Let me ask you to look at a document that we've
8 marked as Plaintiffs' Trial Exhibit 3126, which is a
9 printout from a Bloomberg terminal.

10 And you know what a Bloomberg terminal is;
11 correct?

12 A. I do.

13 Q. And you can use a Bloomberg terminal to look up
14 historical stock prices; correct?

15 A. Uh-huh. Right.

16 Q. Now, I would ask you whether this refreshes your
17 recollection that in January of 2011 the AIG stock price
18 was higher than the thirties.

19 A. Yeah. It looked like it was in the forties,
20 fifties, had been, yeah.

21 Q. Now, so the record is clear, starting on
22 January 14, when the recap was done, the stock price
23 included for a certain number of days the warrants that
24 were issued; correct?

25 A. Correct.

1 Q. And so if you looked at the stock price for
2 January 14 or January 15, that would include both the
3 underlying share plus the warrant; correct?

4 A. Yeah. I don't know the specific dates when the
5 they were trading separately, but it would be for a
6 period of time including the -- you're correct.

7 Q. And so if you wanted to look at the stock price
8 just for a share of stock, you would either have to
9 somehow factor out the value of the warrant or you would
10 have to look later in the month when the stock began to
11 trade without the warrant; fair?

12 MR. DINTZER: Objection, Your Honor, to the
13 extent -- we have no problem with the witness answering
14 the question, but we want to be clear that he's speaking
15 as a fact witness and not as an expert. This is roving
16 into expert territory.

17 THE COURT: Well, I think we have a knowledgeable
18 witness on these subjects, so I will certainly let him
19 answer.

20 BY MR. BOIES:

21 Q. And if I could ask you to look at
22 Plaintiffs' Trial Exhibit 3123, which may actually be in
23 your binder.

24 A. I believe it is.

25 Q. And this is a printout from the AIG Web site, and

1 at the top is the information for the stock price the day
2 this was printed out, but at the bottom there's the
3 historical stock price.

4 Do you see that?

5 A. I do.

6 Q. And that's for January 14, 2011.

7 Do you see that?

8 A. I do.

9 Q. And that shows a closing stock price of \$45.24.
10 Do you see that?

11 MR. DINTZER: Objection, Your Honor. The document
12 is not in evidence and the document I believe wasn't on
13 their exhibit list, and if plaintiffs' counsel is
14 actually going to read the numbers from it, then we're
15 opposed to the document.

16 I mean, the first document, he just asked the
17 witness if it refreshed his memory, and that's fine, so
18 we don't have an objection to that. Counsel is going
19 farther than that now and reading the document.

20 If counsel wants to put the number into evidence,
21 we don't object to ask for a number like that, that if
22 counsel represents that they know that the number is
23 true, the Court could take judicial notice of the number,
24 but the document should not come into evidence and should
25 not be read from.

1 THE COURT: Mr. Boies, do you have a response?

2 MR. BOIES: Your Honor, I'm not going to offer
3 this document in evidence. My point is simply this
4 comes from their Web site and this simply calculates
5 what they say the price for the stock by itself would be
6 without -- without the warrant attached.

7 And I'm doing it primarily so that the Court
8 understands that the stock price was not up in the
9 fifties on those days. If it was up in the fifties,
10 that's better for me, because the higher it is, the
11 better it is because that means the government was
12 getting even a better deal. But I'm just trying to make
13 clear that you do have to make this adjustment.

14 THE COURT: Well, I'm going to let the witness
15 state what he understands the stock prices to be based on
16 having his recollection refreshed, but we're not going to
17 let the document into evidence.

18 MR. DINTZER: Thank you, Your Honor.

19 THE WITNESS: Yeah, I don't know if the -- again,
20 I don't know when the warrants started trading
21 separately. I don't recall the specific date, so --

22 BY MR. BOIES:

23 Q. If I represented to you that the warrants were not
24 trading separately on January 14, which is the date
25 here --

1 A. Right.

2 Q. -- would that refresh your recollection as to why
3 there is a difference between the stock price for
4 January 14 shown on the AIG Web site and the stock price
5 for January 14 shown on Bloomberg?

6 MR. DINTZER: Objection, Your Honor. He's asking
7 the witness about whether -- just so that I understand
8 what he's asking, would that refresh your recollection as
9 to why there's a difference between the stock price on
10 AIG's Web site. There's been no foundation that the
11 witness has ever seen this on AIG. Maybe he has. I
12 don't have the slightest idea, but -- so if he's trying
13 to refresh the witness' memory about what he saw on the
14 Web site, that's fine, he can ask that question, but he
15 seems to -- but counsel seems to be stretching that to
16 compare that with the price on a different document that
17 the witness has never seen, and so that -- that's asking
18 we think too much for a refresh question.

19 THE COURT: Well, you know, Mr. Dintzer, since
20 this is cross-examination, I think a little less speaking
21 would be in order in this.

22 MR. DINTZER: I apologize. I was trying --
23 looking for the shortest way to get to that answer. I do
24 apologize.

25 THE COURT: All right. Well, let's have the

1 witness explain if he can.

2 THE WITNESS: Yeah. I can't explain why the --
3 why the numbers are different. I have no idea how the
4 AIG Web site prices are calculated or the source that is
5 used for that, if there's any sort of delay. I have -- I
6 just -- I -- I can't explain that difference. I'm not
7 responsible for putting these numbers on the Web site.
8 I -- I -- sorry. I don't know.

9 BY MR. BOIES:

10 Q. What's your current position?

11 A. I'm executive vice president, investments.

12 Q. Investments.

13 A. The deputy chief investment officer.

14 Q. Deputy chief investment officer.

15 A. Yeah.

16 Q. And as deputy chief investment officer, you
17 understand what a split adjustment factor is; correct?

18 A. I do.

19 Q. Okay. And you see a split adjustment factor on
20 PTX 3123?

21 A. I see it there.

22 Q. And what does that represent, sir, in your
23 knowledge and information as the deputy chief investment
24 officer of AIG?

25 MR. DINTZER: Objection, Your Honor. Asking for

1 testimony from a document not in evidence.

2 THE COURT: I'm going to let him answer.

3 THE WITNESS: I don't know what the -- the split
4 adjustment factor would be to look at the pro forma
5 impact of a split on a share price to calculate the
6 post-split effect on the price. That's all it is.

7 BY MR. BOIES:

8 Q. Okay. Now, in your capacity as deputy chief
9 investment officer of AIG, you are aware of when AIG has
10 stock splits; correct?

11 A. I think every shareholder of AIG would sort of be
12 notified as to when share splits would take place.

13 Q. Yes, everyone should be notified, but given your
14 position, you would remember those; correct, sir?

15 A. I would not remember the specific dates.

16 Q. Well, sir, has there been any stock split at AIG
17 after January of 2011, other than the separation of the
18 warrant from the stock?

19 A. Not to my knowledge.

20 Q. Okay. So the only split adjustment factor since
21 January would be the factor for separating the warrant
22 from the stock; correct?

23 A. Correct.

24 Q. Okay. So the split adjustment factor that's shown
25 here would be the factor that AIG applies to separate the

1 warrant from the stock; correct?

2 A. Correct. It should be.

3 Q. Okay. Now, it may be that given the fact that
4 there was an objection, I never got an answer to an
5 earlier question, so I want to go back and be sure I have
6 an answer for the record.

7 Question: If you wanted to look at the stock
8 price just for a share of stock in the period before the
9 stock and the warrant were separated, you would either
10 have to somehow factor out the value of the warrant or
11 you would have to look later in the month when the stock
12 began to trade without the warrant; correct?

13 A. Not necessarily. I believe that the warrants may
14 have been trading in a -- in a fashion before they were
15 actually separated so that there may have been an
16 observable price for the warrants prior to.

17 Q. So if the warrants were themselves trading -- and
18 do you recall whether they were or not?

19 A. The warrants themselves weren't trading, but there
20 may have been in advance of the separation a sort of
21 warrant trade, an observable price for the warrant.

22 Q. And if there was an observable price for the
23 warrant, then you could subtract that observable price;
24 correct?

25 A. Correct.

1 Q. And if there was not an observable price, you
2 could either estimate what you thought it was going to be
3 or you could wait until the stock began to trade without
4 the warrant; correct?

5 A. That's correct.

6 Q. And those would all be ways of finding out what
7 the value was just of a share of stock without the
8 warrant; correct?

9 A. Yeah.

10 Q. Okay. You also testified last Thursday that if
11 the Series E and F had been exchanged before the
12 Series C, that would have led the government to have
13 99 percent of the stock of AIG. Do you recall that?

14 A. I do.

15 Q. What is that based on?

16 A. Pardon me?

17 Q. What is that based on, that view that you
18 testified to?

19 A. It was a rough calculation of exchanging the
20 series, you know, E and F for shares at -- I don't know
21 what I assumed the price was -- calculating new shares
22 outstanding and then just assuming that the Series C
23 would convert into 79.9 percent so that the -- those
24 earlier -- that earlier share count effectively became
25 20 percent of the shares outstanding, and that's how you

1 got to the number.

2 Q. Did you ever look at the Series C certificate of
3 designation?

4 A. I did not. I have not.

5 Q. Did anyone on your behalf?

6 A. I don't recall.

7 Q. But you do understand that the Series C
8 designation would tell you what shares under what
9 circumstances the Series C was entitled to.

10 A. Yes.

11 Q. And let me ask you to look at Joint Exhibit 185.

12 First --

13 A. Sorry. Which exhibit?

14 Q. Joint Exhibit 185, which is the Series C purchase
15 agreement.

16 A. Okay.

17 Q. And let me hand up the complete copy of this just
18 so you have it for context.

19 This is the only one we have, Your Honor. I'm
20 just going to ask him some questions about it, and if he
21 needs to direct anybody's attention to a particular
22 page, we can put it on the screen, with the Court's
23 permission.

24 THE COURT: That's fine.

25 THE WITNESS: Is this different from what's in

1 the -- oh, it's the full document?

2 BY MR. BOIES:

3 Q. It's the full document. It is -- it hopefully is
4 the full document of what the excerpt is.

5 If I can approach, Your Honor, just to be sure?

6 Yes, it's the full Joint Exhibit 185.

7 Now, do you see that at page 22 and page 21 of the
8 exhibit --

9 A. Page 22 of 56?

10 Q. Yeah. Or look -- yeah. There is a page 22.

11 There is a section 11 on conversion?

12 A. Where are you referring to? I'm sorry.

13 Yes, I see it.

14 Q. And this sets forth the number of shares of common
15 stock that Series C preferred stock will be entitled to
16 upon conversion; correct?

17 A. Uh-huh. Right.

18 Q. And although what happened in the recap was an
19 exchange and not a conversion, it was your understanding
20 that the Series C stock was getting the common stock that
21 it would have gotten if there had been a conversion;
22 correct?

23 A. Correct. The -- that the -- you know, the
24 difference between exchange conversion and, you know --
25 can I just hear the question one more time, please?

1 Q. Sure.

2 Although what happened in the recap --

3 A. Yep.

4 Q. -- was an exchange and not a conversion, it was
5 your understanding that the Series C stock was getting in
6 the exchange the common stock that it would have gotten
7 if there had been a conversion; correct?

8 A. Are you talking about in the -- in the ultimate
9 sort of exchange conversion that happened in the recap or
10 what is in the document? I'm not -- again, when you're
11 saying -- are you talking about what the Series C
12 received in the recap?

13 Q. Yes.

14 I'm saying, what happened in the recap is that the
15 Series C stock was exchanged for AIG common stock;
16 correct?

17 A. Correct -- well, yeah. Yes. It received AIG
18 common stock.

19 Q. It received AIG common stock.

20 Now, it could have received AIG common stock
21 either in a conversion, in theory, or in an exchange;
22 correct?

23 A. I -- I don't know whether it -- either-or. Again,
24 I just -- I don't -- there -- it was just entitled to a
25 certain amount of shares. Whether it was in the form of

1 a sort of conversion or exchange is a distinction that I
2 can't speak to.

3 Q. Did you understand in 2010 and 2011 up till
4 January 14 that the Series C stock could not be converted
5 at that time into common stock?

6 A. I don't recall.

7 Q. Did you understand in 2010, when you were working
8 on the recap, that the reason that the Series C stock was
9 going to be exchanged for common stock was that it was
10 not possible at that time, without a common shareholder
11 class vote, to convert the Series C preferred stock into
12 common?

13 A. I don't recall.

14 Q. At the time that you were leading the recap
15 effort, was it your understanding that the number of
16 common shares that the Series C preferred stock was going
17 to get was the number of common shares to which it would
18 have been entitled if it had been converted?

19 A. Ultimately in the recap, what securities were
20 entitled to wasn't -- really almost, you know, was --

21 MR. BOIES: Your Honor, could I ask the Court's
22 intervention?

23 THE COURT: We're starting to drift again.

24 THE WITNESS: I apologize. I'm just trying to
25 answer the question as best I can, Your Honor.

1 BY MR. BOIES:

2 Q. This is a yes, no, I don't know, or I don't
3 understand the question situation.

4 A. Could you repeat the question again. I'll try and
5 answer it.

6 Q. Sure.

7 At the time you were leading the recap effort, was
8 it your understanding that the number of common shares
9 that the Series C preferred stock was going to get was
10 the number of common shares to which it would have been
11 entitled if it had been converted?

12 A. The -- the question I have about the question is
13 what they were entitled to in terms of the document
14 itself or in terms of what was negotiated as part of the
15 recap?

16 Q. What the Series C preferred stock would be --
17 would have been entitled to under the documentation that
18 existed.

19 A. That, I don't know. I can't answer that
20 question.

21 Q. Did you ever look into that?

22 A. I don't recall.

23 Q. Did anyone ever look into that?

24 A. I -- I don't know.

25 Q. Now, when you talked on Thursday about the

1 government getting 99 percent of AIG if the Series E and
2 F had been exchanged before the Series C had been
3 exchanged, did you have any basis to believe that that
4 would be true under the documents that existed?

5 MR. DINTZER: Objection, Your Honor. Confusing.
6 With respect to "documents."

7 THE COURT: Can you rephrase? I think it is a
8 little confusing.

9 MR. BOIES: Sure.

10 BY MR. BOIES:

11 Q. You understood, even though you may not have
12 looked at them, that there was a Series C preferred stock
13 purchase agreement and a Series C certificate of
14 designation; correct?

15 A. Correct.

16 Q. And you understood, in the various financial
17 capacities that you were operating in, that those
18 documents would define what shares of common stock the
19 Series C preferred stock would be entitled to and under
20 what circumstances; correct?

21 A. Correct.

22 Q. And did you ever look at that, and by "that" I
23 mean what common shares the Series C preferred stock were
24 entitled to under the purchase agreement and the Series C
25 certificate of designation?

1 A. I personally don't recall reviewing these
2 documents for the specific conversion or terms.

3 Q. Did anyone do that on your behalf?

4 A. They may have. I don't recall.

5 Q. Did anyone tell you what the documents provided?

6 A. I do recall discussions as to whether, you know,
7 the Series C was sort of a top-up option, whether it
8 could be converted after the E and the F converted or
9 would it have to be looked at sort of before the E and
10 the F conversion. I don't recall what the outcome of
11 those discussions were or where, you know, the very --
12 you know, which interpretation ultimately prevailed.

13 Q. Now, you testified yesterday that the government
14 was at some point taking the position that it had a right
15 to more than 95 percent of the stock, depending on what
16 order the various series of preferred stock were
17 exchanged in. Do you recall that?

18 A. I do recall that.

19 Q. Who from the government took that position?

20 A. I don't recall.

21 Q. Now, in order to negotiate against that position,
22 did you look up or have somebody look up what the actual
23 facts were?

24 A. Yes. We -- we had a position on the Series C as
25 part of the negotiation.

1 Q. And was the position that you had on the Series C
2 based on what the purchase agreement and the Series C
3 certificate of designation said?

4 A. I -- my understanding was that it was based on our
5 interpretation or who -- our interpretation of the
6 document.

7 Q. Now, let me look at -- or at least let me ask you
8 to look at --

9 A. Yeah.

10 Q. -- Joint Exhibit 185 at page 22.

11 And while there's a lot of text here, am I correct
12 that in the various financial roles that you've had,
13 including as deputy chief investment officer today, this
14 is something that you understand readily when you read
15 it?

16 A. Not necessarily. But I can have a good
17 understanding -- I mean, I'll read it. I can interpret
18 it, but it might not be an accurate legal interpretation
19 of it, but --

20 Q. No. I'm just asking for your interpretation of it
21 as the deputy chief investment officer of AIG.

22 A. This is -- would be something that would be -- has
23 nothing to do with the scope of my job, so, you know, I
24 can read it and sort of interpret it, you know, how I
25 would a financial document, but this is a legal document,

1 and I -- you know, again, this is -- I did not draft it,
2 and that's all.

3 Q. In your capacity at AIG in the various capacities
4 that you've served AIG, you have occasion to read and
5 analyze financial documents; correct?

6 A. I do. And I also have the ability to have my
7 legal counsel or other experts provide me insight and
8 advice on these documents.

9 Q. Yes, but you testified earlier that you'd never
10 asked for any legal device in connection with any of
11 these documents in connection with the recap, do you
12 remember?

13 A. I said I didn't recall and I may have been
14 provided with the input for the negotiation. I may not
15 have asked for it. It may have been provided to me.

16 Q. Was it?

17 A. I believe so.

18 Q. Who provided it?

19 A. I don't recall.

20 Q. Was it a lawyer?

21 A. I don't recall.

22 Q. Was it somebody who worked in your team?

23 A. I don't recall.

24 Q. Was it provided to you orally or in writing?

25 A. I don't recall.

1 Q. Let me ask you to look at this conversion section
2 and just read it to yourself, and when you've finished,
3 let me know.

4 MR. DINTZER: Your Honor, a clarification. Is
5 counsel asking him to read the entire conversion section,
6 section 11? I'm hoping not.

7 MR. BOIES: I hope it's not necessary.

8 MR. DINTZER: I'm just asking --

9 MR. BOIES: If it turns out to be necessary,
10 Your Honor, I'm going to abandon this line of inquiry and
11 I'll deal with it in a ten-minute segment in my rebuttal
12 case. I would have thought this would have been very
13 easy to do.

14 THE COURT: But are you referring to just the
15 first paragraph or something more than that?

16 MR. BOIES: I think that if he reads the first
17 paragraph and then two and a half other very short, much
18 shorter paragraphs, I think he can answer the question.
19 If he can't, I'm going to abandon it and I'll deal with
20 this with one of my rebuttal experts. This ought not to
21 be something that takes up much time, and I apologize for
22 how much time it's already taken.

23 THE COURT: Okay.

24 BY MR. BOIES:

25 Q. Let me see if I can speed this up a little bit.

1 A. Sure.

2 Q. At the very beginning, under Conversion, it says
3 that each share of Series C preferred stock shall be
4 convertible at the option of the holder, and then it goes
5 down nine lines, following the phrase "Conversion Date."

6 Do you see that?

7 A. Okay. Yeah, "Conversion Date" with the -- in the
8 parentheses?

9 Q. Yes.

10 And then it says "into a number of shares of
11 Common Stock equal to the Conversion Ratio."

12 A. I see that.

13 Q. Do you see that?

14 A. Right.

15 Q. So we begin with the fact that Series C preferred
16 stock is convertible into a number of shares of common
17 stock equal to the conversion ratio, whatever that is;
18 correct?

19 A. Correct.

20 Q. Okay. Now, if you turn to page 30, it says,
21 "'Conversion Ratio' as of any date shall mean the
22 quotient obtained by dividing the Number of Underlying
23 Shares as of such date by 100,000."

24 Do you see that?

25 A. I do.

1 Q. And "Number of Underlying Shares" is a defined
2 term; correct?

3 A. Yes. It's capitalized. I assume it's --

4 Q. And if you turn to page 31 of the exhibit --

5 A. Uh-huh.

6 Q. -- "Number of Underlying Shares" --

7 A. Right.

8 Q. -- means, as of any date, a number of shares of
9 Common Stock equal to the excess of (a) the product of
10 3.9751244 times the Number of Outstanding Shares as of
11 such date over (b) the sum of 53,798,766 (the number of
12 shares of Common Stock underlying the 2008 Warrants as of
13 the date hereof) and (ii) the initial number of shares of
14 common stock underlying any warrants or other securities
15 convertible into, exchangeable for or representing the
16 right to receive shares of Common Stock (other than the
17 Series C Preferred Stock and the 2008 Warrants) that are
18 beneficially owned by the Treasury (or any vehicle on its
19 behalf).

20 Do you see that?

21 A. I do.

22 Q. And "Number of Outstanding Shares," which was just
23 used in what we looked at, is also a defined term;
24 correct?

25 A. Yes.

1 Q. And that is also on page 31.

2 A. I see that.

3 Q. And it says, "'Number of Outstanding Shares'
4 means, as of any date, the number of shares of Common
5 Stock outstanding as of the date hereof" -- and that's
6 the date of the purchase agreement; correct?

7 MR. DINTZER: Objection, Your Honor. Calls for a
8 legal conclusion.

9 THE WITNESS: Correct.

10 MR. DINTZER: And it gets -- I mean, it's
11 confusing. Just -- I'll stop there.

12 THE COURT: I'll stipulate that it's confusing.

13 MR. DINTZER: Any question on it thus would be
14 confusing, Your Honor.

15 THE COURT: But if the witness understands it,
16 I'll let him give his answer.

17 THE WITNESS: That's what the definition of
18 "outstanding shares" is according to this.

19 BY MR. BOIES:

20 Q. Now, I'm going to ask you one simple question, and
21 if you can't answer it, I will pass this line of
22 questioning with the witness.

23 Having looked at this, can you tell the Court
24 whether, if the Series E and F had been exchanged before
25 the Series C, that would have increased, decreased or not

1 affected the number of total shares that the government
2 got in the recap?

3 A. Just repeat the question one more time, please.

4 Q. Can you tell the Court whether, if the Series E
5 and F had been exchanged before the Series C, that would
6 have increased, decreased or not affected the number of
7 total shares that the government got in the recap?

8 MR. DINTZER: Objection, Your Honor. Calls for a
9 familiarity with the entire document, or it may.
10 Honestly, I don't know, but it may call for a familiarity
11 with the entire document.

12 THE COURT: I'm going to take his understanding.

13 THE WITNESS: The question I have, which actually
14 gets to other parts of the document, is what sort of
15 antidilution protection the Series C had and whether
16 there are other provisions in the documents -- in this
17 document or other documents that would have made
18 adjustments for subsequent issuance of common stock to
19 the outstanding shares. If that was the case, it would
20 have increased the number of shares, as I had said in my
21 testimony last week.

22 BY MR. BOIES:

23 Q. But you don't know whether that's the case or not,
24 do you, sir?

25 A. Without reviewing the document, no, I can't tell

1 you.

2 Q. And if you just looked at the portions that I
3 directed your attention to, assuming there's not
4 something else out there that changes that, you can tell
5 that by exchanging the Series E and F before the
6 Series C, you would not have increased the total number
7 of shares the government got, you would have decreased
8 it; correct, sir?

9 MR. DINTZER: Objection. Foundation.

10 MR. BOIES: That's yes, no, or I don't know, and
11 if the answer is "I don't know," I'll wait until my
12 rebuttal case.

13 THE COURT: The objection is overruled.

14 THE WITNESS: That ultimately what the government
15 received in the recap was a negotiated settlement. If
16 the -- so it's a -- it's an impossible question to
17 answer.

18 MR. BOIES: Okay.

19 THE COURT: On that note, why don't we take a
20 morning break.

21 MR. BOIES: Yes, Your Honor.

22 THE COURT: We'll reconvene at 11:15.

23 (Court in recess.)

24 MR. BOIES: I think they've gone to get the
25 witness.

1 (Pause in the proceedings.)

2 THE COURT: All right. Let's go ahead.

3 MR. BOIES: Thank you, Your Honor.

4 BY MR. BOIES:

5 Q. Mr. Schreiber, were you involved in any
6 discussions where it was discussed whether AIG's charter
7 would have to be amended in order for the Series C
8 convertible preferred shares to become common stock?

9 A. I don't recall.

10 Q. Did you participate in any discussions whether a
11 separate class vote would be required for the Series C
12 preferred stock to become common stock?

13 A. I don't recall.

14 Q. Were you involved in any way in determining how
15 the Series C preferred stock would become common stock?

16 A. I don't recall.

17 Q. You testified that you understood that the purpose
18 of the reverse stock split was to ensure that AIG's share
19 price remained above a dollar so that AIG wouldn't get
20 delisted from the New York Stock Exchange. Do you recall
21 that?

22 A. I do.

23 Q. And you testified that you were not aware of any
24 other purpose. Do you recall that?

25 A. That is -- yes, that's my recollection.

1 Q. When did you first become aware that the purpose
2 of the reverse stock split was to ensure that AIG's share
3 price remained above a dollar so that AIG would not get
4 delisted?

5 A. I don't remember.

6 Q. Was it during your preparation for this
7 testimony?

8 A. Pardon me?

9 Q. Was it during your preparation for this
10 testimony?

11 A. Was what during the preparation that -- sorry.
12 I'm -- you asked me when was it that I became aware of
13 the --

14 Q. Purpose of the reverse stock split.

15 A. Well, no, it was not as part of the preparation.
16 It was back, you know, years ago, whenever -- I don't
17 know the specific time, but no, it was not at my
18 preparation.

19 Q. Let me ask you to look at your deposition, which
20 is in the binder labeled Deposition Transcript, and in
21 particular to page 272.

22 A. Which deposition?

23 Q. It's your deposition in this case.

24 A. 272?

25 Q. And I'm particularly interested in the portion at

1 lines 21 through 23, but I want to begin for context at
2 line 8:

3 "QUESTION: Did you have any involvement in
4 structuring or implementing that reverse stock split?

5 "ANSWER: I don't recall. I don't think so. I
6 don't recall.

7 "QUESTION: Do you recall being a party to any
8 discussions about that reverse stock split?

9 "ANSWER: I don't recall.

10 "QUESTION: Do you recall any documents or
11 e-mails, other than the two that we just looked at,
12 discussing the reverse stock split?

13 "ANSWER: I don't.

14 "QUESTION:" -- and this is the question I'm
15 particularly interested in -- "Do you have any
16 understanding as to why the reverse stock split was
17 done?

18 "ANSWER: I don't recall."

19 Now, that was your testimony at the time of your
20 deposition; correct?

21 A. Correct.

22 Q. And so my question is, what has led you since your
23 deposition to come to the view that the purpose of the
24 reverse stock split was to ensure that AIG's stock price
25 remained above a dollar so that you wouldn't get delisted?

1 A. Perhaps just going through all of this has sort of
2 allowed you know, just -- my memory has sort of come
3 back. I just vaguely remember that that was the -- that
4 was the reason, or at least that was my understanding.
5 When I -- you know, when it happened I can't recall.

6 Q. Now, you did testify on Thursday that you had been
7 prepared for several hours for your testimony in a
8 meeting that took place with the government lawyers. Do
9 you recall that?

10 A. I do.

11 Q. Which government lawyers were present?

12 A. A couple of people at the plaintiffs' table -- I
13 mean at the -- at the defendant's table. I don't know
14 all the names.

15 Q. Do you know any of the names?

16 A. Mr. Roberson, Ken and his colleague. I don't -- I
17 don't know all the names.

18 Q. That's okay.

19 MR. DINTZER: I believe "Ken" is myself,
20 Your Honor.

21 THE WITNESS: Yes.

22 MR. DINTZER: Just for the record.

23 THE COURT: Thank you. I figured that out.

24 BY MR. BOIES:

25 Q. Now, were other lawyers present other than

1 government lawyers?

2 A. I believe that Weil lawyers were present as well,
3 and there might have been -- may have been AIG lawyers.
4 I don't recall.

5 Q. Which Weil lawyers?

6 A. Robert Carangelo.

7 Q. Anyone else?

8 A. I don't recall.

9 Q. Now, other than that meeting, you've also been
10 prepared for your testimony by lawyers from Weil;
11 correct?

12 A. That's correct.

13 Q. What lawyers?

14 A. From Weil, Robert Carangelo.

15 Q. Anyone else?

16 A. Principally Robert.

17 Q. Now, did any of the people at the meeting that you
18 had with the government lawyers provide you with either
19 documents or information concerning the reverse stock
20 split?

21 A. I don't recall. I don't think so.

22 Q. In any of the meetings that you had with the Weil
23 lawyers, did they provide you with any documents that
24 refreshed your recollection concerning the reverse stock
25 split?

1 A. There was I believe an e-mail, you know, from
2 David Herzog that referenced something, and that's
3 probably what -- what it was.

4 Q. Were you aware of the Walker lawsuit?

5 A. No, I am not.

6 Q. Were you aware of any lawsuit in Delaware about
7 the circumstances under which AIG could or could not
8 issue common stock to the holders of the Series C
9 preferred stock?

10 A. I'm not aware.

11 Q. Let me turn now to another subject, and that is
12 the rating agencies.

13 And you told the government that you had
14 participated in various rating agency presentations in
15 September of 2008; correct?

16 A. Correct.

17 Q. And you told me on Thursday that you knew it was
18 very important for AIG to be honest and accurate and
19 complete in any information that it presented to rating
20 agencies; correct?

21 A. That is correct.

22 Q. Now, let me ask you to look at Defendant's
23 Exhibit 233 that is in evidence. And that will be near
24 the back of the volume that you have.

25 A. Which -- sorry. The binder we were working from

1 earlier?

2 Q. Yes. The one with documents.

3 When you have it, let me know.

4 A. Okay.

5 Q. And this was the document that you identified as
6 the Moody's presentation on September 11, 2008; correct?

7 A. Correct.

8 Q. And you said that you had had input in this
9 presentation. Do you recall that?

10 A. That's correct.

11 Q. Let me go through some pages of this presentation
12 and just confirm your views on certain points.

13 Let me ask you to look first at page 4 of the
14 presentation. It's the page that ends with the Bates
15 number 5834.

16 A. I have it.

17 Q. And the heading says "Executive Summary. AIG has
18 an incomparable global franchise."

19 Do you see that?

20 A. I do.

21 Q. I want to ask you about the third point on this
22 page, that says, "Underlying business values
23 significantly exceed current market capitalization."

24 Do you see that?

25 A. I do.

1 Q. And you're talking about the underlying business
2 values of AIG's business; correct?

3 A. That is correct.

4 Q. And that is something that you believed on or
5 about September 11; correct?

6 A. That is correct.

7 Q. Let me ask you to look at page 39 of the
8 presentation, which ends in Bates number 5869. It's
9 headed Capital and Liquidity Plan: Sources and Uses.

10 A. Right.

11 Q. And the first point under that says, "AIG has
12 identified adequate sources of liquidity to meet expected
13 uses and contingencies."

14 Do you see that?

15 A. I do.

16 Q. And that was something that you believed as of
17 September 11; correct?

18 A. That is correct.

19 Q. Let me ask you next to look at page 30, which ends
20 in Bates number 5860.

21 And down at the bottom of this page, which is
22 headed Independent Cash Flow Analysis, and the subheading
23 says, "The BlackRock analysis enables AIG to better
24 estimate the cash flow profile associated with running
25 off AIGFP's multi-sector CDO portfolio" -- do you see

1 that?

2 A. I do.

3 Q. And then down at the bottom, the last bullet says:
4 Collateral posted to date is \$19.2 billion.

5 Do you see that?

6 A. I do.

7 Q. And that was your understanding as of
8 September 11, 2008; is that correct?

9 A. I guess that's correct. Right.

10 Q. And what you're talking there about is collateral
11 that AIG had posted in support of its multi-sector CDSs;
12 correct?

13 A. I think that's what it refers to. Yes.

14 Q. And then the --

15 A. It could have been -- there could have been other
16 books of business beyond the multi-sector CDS that
17 collateral was posted for, but I can't be -- you know,
18 probably the majority of it was from that, but there may
19 have been other things.

20 Q. Is it fair to say that the collateral posted of
21 \$19.2 billion would have included the AIG multi-sector
22 CDSs and might or might not have included other things?

23 A. Correct.

24 Q. And then the bullet right before that says:
25 BlackRock's estimate of net cash requirements is

1 \$5.6 billion, ignoring collateral posted to date.

2 Do you see that?

3 A. I do.

4 Q. And was that your understanding as of
5 September 11, 2008?

6 A. Yes.

7 Now, I was not involved with the BlackRock
8 analysis, and others were overseeing that day to day and
9 probably contributing that information to this
10 presentation, so I just want you to be clear that I was
11 not involved with that.

12 Q. You didn't have any reason to doubt that;
13 correct?

14 A. No.

15 Q. Let me ask you to look at page 33 that is headed
16 Securities Lending and has Bates stamp 5683.

17 Do you have that?

18 A. I have it.

19 Q. And under Potential Solutions, the first --

20 A. Hold on, hold on. Potential Solutions? Sorry.

21 Which page are you on? I thought you said --

22 Q. Page 33.

23 A. 33.

24 Q. Ends in Bates number 5863?

25 A. Correct.

1 Q. The top heading says "Securities Lending"?

2 A. Yes.

3 Q. Right beneath it, it says, "AIG, aided by
4 BlackRock, is developing a plan for the orderly reduction
5 and runoff of the Securities Lending portfolio."

6 Do you see that?

7 A. Yes, I do.

8 Q. And that was your understanding as of
9 September 11, 2008; correct?

10 A. Correct.

11 Q. And then right beneath that it says
12 "Potential Solutions"?

13 A. Right.

14 Q. Do you see that?

15 A. I see it.

16 Q. And with respect to the subject of face value/par,
17 the potential solution is shrinking the net outstanding
18 balances of \$69 billion, and it says \$2.7 billion
19 reduction between March 31 and June 30, 2008 and a
20 \$6.5 billion reduction since June 30, 2008.

21 Do you see that?

22 A. I do.

23 Q. And would it be fair to say that you were not
24 responsible for those numbers, but you have no reason to
25 doubt their accuracy?

1 A. Correct.

2 Q. And then the next point under GAAP Earnings and
3 Equity, it says, "BlackRock analysis projects a
4 \$5.7 billion principal loss over the remaining duration
5 of the aggregate portfolio."

6 Do you see that?

7 A. I do.

8 Q. And the aggregate portfolio that's referred to
9 there is the securities lending portfolio; correct?

10 A. I assume that's what it's referring to.

11 Q. And then it goes on to say "there are \$26 billion
12 of RMBS securities in other AIG portfolios with projected
13 losses of \$3.4 billion."

14 Do you see that?

15 A. I see it.

16 Q. And that adds up to a total of \$9.1 billion of
17 projected losses over the duration of all of these RMBS
18 portfolios; correct?

19 A. Right.

20 Q. Now, if you go down to the area that is labeled
21 Liquidity?

22 A. Right.

23 Q. The first says "FHLB loans: Texas \$6-8 billion,
24 expected availability September 30, 2008."

25 Do you see that?

1 A. I do.

2 Q. And FL- -- or "FHLB" stands for Federal Home Loan
3 Bank; is that correct?

4 A. That's correct.

5 Q. And was it your understanding that as of
6 September 11, 2008, AIG expected to have six to
7 eight billion dollars available from that as of
8 September 30, 2008?

9 A. I think that would -- appears to be one of the
10 solutions.

11 Q. And the next bullet says "Current cash in
12 Securities Lending pool of \$9.4 billion."

13 Do you see that?

14 A. Yes, I do.

15 Q. And that was your understanding as of
16 September 11, 2008; correct?

17 A. Yes. That's what was reported.

18 Q. And then it says "cash in General Account pool
19 participants of \$15.3 billion."

20 What is the general account pool?

21 A. I am not exactly sure what they're referring to.
22 Let me -- that just may be the general -- the general
23 investment account for AIG at the time. Not part of the
24 program, just additional liquidity.

25 Q. Does the general account, insofar as you're

1 aware, have something to do with the insurance
2 subsidiaries?

3 A. It could. At the time, I don't know what was
4 included in the general account. It could have been the
5 insurance companies, but it also might have included
6 parent liquidity as well. I'm not sure what was in
7 that.

8 Q. Let me ask you to look next at page 37.

9 A. Right.

10 Q. And it bears Bates number 5867 and at the top it
11 says "Capital Markets Scenarios."

12 Do you see that?

13 A. I do.

14 Q. And the first point on this page is: "AIG and
15 JPMorgan believe AIG has the ability to raise
16 \$10-25 billion in the public and private markets."

17 Do you see that?

18 A. I do.

19 Q. And was that your understanding as of
20 September 11, 2008?

21 A. That was my understanding.

22 Q. And if you turn to page 18 --

23 A. The same presentation?

24 Q. The same document.

25 It bears Bates number 5848 and it's headed

1 Domestic Personal Lines.

2 Do you see that?

3 A. Yes.

4 Q. And this is the -- this is the business that,
5 among others perhaps, Travelers was interested in;
6 correct?

7 A. I don't recall -- they were interested, yes.

8 Q. I'm sorry. Say again?

9 A. Yeah, I recall Travelers was interested.

10 Q. And with respect to the AIG domestic personal
11 lines business, under Process and Timing, this says
12 "Significant unsolicited interest expressed from several
13 strategic buyers."

14 Do you see that?

15 A. I do.

16 Q. And that was true as of September 11, 2008;
17 correct?

18 A. Correct.

19 Q. And if you'll look at page 19, the next page, it's
20 headed AGLA.

21 A. Yeah.

22 Q. And what is that?

23 A. AGLA. That was a domestic life insurance company,
24 very traditional captive agent life company.

25 Q. And under Process and Timing, the last two bullets

1 say "Potential acquirer conducting due diligence."

2 Do you see that?

3 A. I do.

4 Q. And was that true as of September 30 -- or
5 September 11, 2008?

6 A. I don't -- yeah, I assume it's true. I don't
7 recall who was doing due diligence at the time.

8 Q. That was going to be my next question, is
9 whether --

10 A. Yeah, I don't recall who.

11 Q. And the next point here says "Gross proceeds from
12 AGLA estimated at 2.5 to 3 billion dollars."

13 Do you see that?

14 A. I do.

15 Q. And was that true as of September 11, 2008?

16 A. Yeah. Based on the valuation at that point in
17 time, that was an estimate.

18 Q. Now, one of the things that is done in this
19 presentation is to identify businesses that AIG was
20 considering selling; correct?

21 A. Correct.

22 Q. At this point AIG contemplated retaining AIA and
23 ALICO and ILFC; correct?

24 A. At the time, based on the anticipated capital and
25 liquidity needs, I believe that was the case.

1 Q. That is, this presentation was based on the
2 assumption that you were not going to have to sell those
3 businesses; correct?

4 A. This was a plan, but if we were not able to
5 achieve the valuations we targeted or if our needs
6 increased, we would be forced to sell other assets.

7 Q. Based on your expectations and plans as of
8 September 11, you believed that there were ample sources
9 of capital and liquidity without selling AIA, ALICO and
10 ILFC; correct?

11 A. At that time I believe that we felt, yeah, that
12 under those assumptions, yes, that that would be -- that
13 would be the case.

14 Q. Now, let me ask you to look at Defendant's
15 Exhibit 1429, which I would offer.

16 MR. DINTZER: No objection, Your Honor.

17 THE COURT: Defendant's Exhibit 1429 is admitted.

18 (Defendant's Exhibit Number 1429 was admitted into
19 evidence.)

20 BY MR. BOIES:

21 Q. And this is a Standard & Poor's presentation made
22 September 9, 2008; is that correct?

23 A. That's what it looks like.

24 Q. And I'm not going to go through it, but this
25 presentation was very similar in substance to the

1 presentation that was made to Moody's; correct?

2 A. I would expect it would be very similar.

3 Q. Now, let me turn to the period after September 11.

4 I mean, shortly after September 11, you came to
5 the view that things were going to be worse than you
6 thought; fair?

7 A. Yes.

8 Q. And one of the things that happened was that there
9 was an effort made by JPMorgan and Goldman Sachs to put
10 together a solution to AIG's financial needs and then try
11 to syndicate it to other banks; correct?

12 A. Correct.

13 Q. And on Thursday, you told counsel for the
14 government that it was your understanding that this had
15 been done at the instruction of the Federal Reserve. Do
16 you recall that?

17 A. That was my recollection.

18 Q. Now, you were not aware of any discussions the Fed
19 had with Goldman Sachs or JPMorgan or other banks;
20 correct?

21 A. Correct.

22 Q. And any understanding that you have was picked up
23 from others who at this point you cannot identify;
24 correct?

25 A. Correct.

1 I do recall that when the banks came over to AIG,
2 they had been at the Fed before coming to AIG. There
3 was, you know, some conversation among various bankers,
4 and that's, again, where I picked it up.

5 Q. Now, let me just be sure I understand.

6 You're saying after there was a meeting at the
7 Fed --

8 A. Yeah.

9 Q. -- there was a meeting at AIG; correct?

10 A. Correct.

11 Q. And you were not present at the meeting that was
12 held at the Fed; correct?

13 A. Correct.

14 Q. And the meeting that was held at the Fed was on
15 Monday, September 15; correct?

16 A. I believe that's the date.

17 Q. And then after that meeting, there was a meeting
18 at AIG; correct?

19 A. Correct.

20 Q. Now, who was present at the meeting at AIG?

21 A. Which meeting -- there were I think several
22 meetings going on. You're referring to a meeting that I
23 attended?

24 Q. Yes.

25 A. There were a lot of people in that meeting. There

1 were, you know, maybe fifty or more people in the
2 meeting. It felt like the 16th floor conference room
3 was, you know, sort of packed to the rafters.

4 Would you like me to just name a few of the people
5 I recall being there or --

6 Q. Yes. Why don't you name the top people that you
7 remember from each of the institutions that were
8 present.

9 A. I recall Doug Braunstein and Jimmy Lee from
10 JPMorgan.

11 I think Jon Winkelried from Goldman Sachs was
12 there. Other Goldman Sachs bankers were there, too. I
13 don't recall who it was.

14 I think Bob Scully may have been there from
15 Morgan Stanley. Ruth Porat may have been there from
16 Morgan Stanley.

17 I think -- I vaguely recall Eric Dinallo being
18 there, may or may not have been.

19 I think Chris Cole may have been there from
20 Goldman Sachs.

21 And I just don't remember all of the guys. I
22 think -- yeah. There just were a lot of people.

23 Q. Now, what did Mr. Dinallo say at this meeting?

24 A. Nothing. I don't recall -- well, at least I don't
25 recall him saying anything.

1 Q. JPMorgan had been AIG's banker; correct?

2 A. They had been, yes.

3 Q. And on Monday, September 15, they appeared to be
4 no longer functioning as your banker; correct?

5 A. I think it was unclear who they were representing.
6 At least in my own -- my own view, it was unclear who
7 they were representing at that time.

8 Q. It was unclear to you what they were doing and
9 whose interests they were looking after; correct?

10 A. I think that's correct.

11 Q. And based on whatever conversations that you had
12 with respect to what the banks were proposing, you came
13 to the view that it was a vulture type of approach;
14 correct?

15 A. Yes. I think they were -- you know, they were
16 looking at doing a very distressed rescue financing and
17 were haircutting the assets significantly, at least in my
18 view at the time.

19 Q. And the purpose of the meeting at AIG was for the
20 banks to try to evaluate what assets AIG had and what
21 future liquidity needs AIG might have; correct?

22 A. Correct. I think it was understanding the
23 collateral that they would potentially be lending
24 against.

25 Q. Now, at the same time that this was going on, AIG

Starr International Company, Inc. v. USA

1 was attempting to get repo financing; correct?

2 A. I am not sure if at that point in time the whole
3 idea of repo financing was still ongoing.

4 Q. Well, you certainly were trying to get or AIG was
5 trying to get repo financing from JPMorgan and Citibank
6 over that weekend; correct?

7 A. Correct. Over that weekend and -- that is
8 correct. They were supposed to submit their proposals by
9 Sunday evening I believe.

10 Q. And you told counsel for the defendant that AIG
11 had wanted to get \$10 billion of repo capacity from each
12 of JPMorgan and Citibank for a total of \$20 billion;
13 correct?

14 A. Correct.

15 Q. And counsel for the government asked you whether
16 JPMorgan had ultimately provided that repo capacity, and
17 you said they had not; correct?

18 A. They did not.

19 Q. Let me ask you now whether Citi offered to provide
20 the \$10 billion of repo capacity.

21 A. They did.

22 Q. And they came over to AIG's offices around
23 5:00 p.m. or 6:00 p.m. on Sunday, the 14th --

24 A. Correct.

25 Q. -- correct?

1 A. That is correct.

2 Q. And they told you that they would provide
3 \$10 billion of repo capacity; correct?

4 A. That is correct.

5 Q. And they said that that was their company's or
6 institution's limit but that given the list of collateral
7 you would provide it, Citi believed that there was at
8 least another \$20 billion or more of repo-able assets;
9 correct?

10 A. That is what I recall.

11 Q. Let me turn to the question of AIG's insurance
12 subsidiaries and a variety of issues, including
13 bankruptcy.

14 You testified, in response to questions from the
15 government, as to what you believed might be the effect
16 on AIG's insurance subsidiaries of an AIG parent company
17 bankruptcy; correct?

18 A. I believe I was asked that question, correct.

19 Q. And I think you said you were not a bankruptcy
20 expert; correct?

21 A. Correct.

22 Q. And you're not an expert on insurance regulation;
23 correct?

24 A. I don't remember what I -- the exact
25 word-for-word, but yes, correct.

1 Q. And in September of 2008, you had not personally
2 been involved in any discussions with regulators with
3 respect to the insurance subsidiaries; correct?

4 A. That is correct.

5 Q. And you had met with regulators from time to time
6 over the years on a variety of subjects, but not in
7 connection with liquidity or capital issues; correct?

8 A. No. Well, we had talked to -- well, with
9 regulators? I don't recall. I've been in meetings with
10 regulators. I don't remember exactly what the topics
11 were.

12 Q. But those meetings with regulators had been
13 meetings that you'd had prior to September of 2008;
14 correct?

15 A. That is correct.

16 Q. You were not involved in any discussions at AIG
17 planning for bankruptcy; correct?

18 A. I was not.

19 Q. In fact, you don't recall anyone at AIG mentioning
20 the potential for a bankruptcy filing in September 2008;
21 correct?

22 A. Correct.

23 Q. Or indeed at any time during the first quarter of
24 2009 or the fourth quarter of 2008; correct?

25 A. Yeah, I -- no. The answer is no. I don't recall.

1 I don't think so.

2 Q. That is, you don't recall anyone at AIG
3 mentioning the potential for a bankruptcy filing in the
4 first quarter of 2009 or the fourth quarter of 2008;
5 correct?

6 MR. DINTZER: Objection. Compound.

7 THE WITNESS: I don't --

8 MR. BOIES: Let me break it up.

9 THE COURT: He'll break it up.

10 THE WITNESS: I don't recall.

11 BY MR. BOIES:

12 Q. Do you recall anyone at AIG mentioning the
13 potential for a bankruptcy filing in the fourth quarter
14 of 2008?

15 A. I don't recall.

16 Q. Do you recall anyone at AIG mentioning the
17 potential for a bankruptcy filing in the first quarter of
18 2009?

19 A. I don't recall.

20 Q. Now, there were -- even after September 16, 2008,
21 there were a number of businesses that were unaffected by
22 the liquidity crisis that AIG was having in
23 Financial Products and in the sec lending group;
24 correct?

25 A. That's correct.

1 Q. And AIA was one of the businesses that remained
2 relatively unscathed by the crisis; correct?

3 A. That is correct.

4 Q. Now, you talked to the government about how long
5 it would take to complete sales of insurance
6 subsidiaries, and am I correct that there is a difference
7 between the length of time that it would take to sell
8 insurance subsidiaries in the United States and to sell
9 subsidiaries like AIA and ALICO?

10 A. There could be.

11 Q. And AIA and ALICO were ultimately either sold or
12 IPO'd; correct?

13 A. That's correct.

14 Q. And AIG got approximately \$20.5 billion for -- in
15 connection with AIA; correct?

16 A. No. It got far more than \$20.5 billion. That --
17 the IPO was about 20.5, but we still maintained a
18 significant ownership stake and sold that down over time,
19 and I don't recall what our total realized proceeds were,
20 but I think it may have been closer to 35 billion.

21 Q. That is, you sold approximately two-thirds of AIA
22 for \$20.5 billion; correct?

23 A. Yeah. Whatever the numbers were, yeah.

24 Q. And you still had a third of AIA left, which you
25 then monetized thereafter; fair?

1 A. Correct.

2 Q. And you sold ALICO for a little over \$16 billion;
3 is that correct?

4 A. Yeah, that's correct. I think the ultimate
5 proceeds were -- may have been a little bit higher
6 because of the gain in MetLife stock.

7 Q. Were you aware in September of 2008 of offers to
8 buy AIA and ALICO?

9 A. I was not.

10 Q. Were you aware during the fourth quarter of
11 2008 of offers to buy AIA and ALICO?

12 A. I was not.

13 Q. Now, let me turn to the question of valuing AIG's
14 insurance subsidiaries.

15 A. Uh-huh.

16 Q. Were you aware of any work that Morgan Stanley was
17 doing for the Federal Reserve Bank of New York to value
18 AIG's insurance subsidiaries?

19 A. I was aware that they were working for the Fed,
20 and my assumption was they were doing that kind of
21 analysis for them.

22 Q. Did you ever have any discussions with
23 Morgan Stanley about that analysis?

24 A. I don't recall.

25 Q. Did anyone ever inform you as to what

1 Morgan Stanley had estimated the value of AIG's insurance
2 subsidiaries to be?

3 A. I don't recall.

4 Q. Were you also aware that the Federal Reserve Bank
5 of New York had retained Ernst & Young to estimate the
6 value of AIG's insurance subsidiaries?

7 A. I knew they had retained Ernst & Young, but I
8 didn't -- I don't recall what their -- the full scope of
9 their engagement was.

10 Q. Did you ever have any discussions with
11 Ernst & Young about any of the AIG assets that E&Y was
12 valuing?

13 A. I don't recall specifics, but I do recall meeting
14 with Ernst & Young on a pretty regular basis, but I don't
15 recall the specifics of those meetings.

16 Q. In your meetings with Ernst & Young, did you
17 discuss the value or the estimated value of AIG's
18 assets?

19 A. We may have. I don't recall.

20 Q. In any of your meetings with Ernst & Young, did
21 you discuss the value or estimated value of AIG's
22 insurance subsidiaries?

23 A. As I said, we may have. I don't recall
24 specifics.

25 Q. Do you recall generally?

1 A. Yeah. I don't recall what we discussed in those
2 meetings.

3 Q. Now, you mentioned Eric Dinallo being present at a
4 meeting on Monday evening at AIG. Do you recall that?

5 A. Yeah. I vaguely recall. I can't be a hundred
6 percent certain, but I think he was in that meeting.

7 Q. Did you ever have any discussions with
8 Mr. Dinallo about AIG's insurance subsidiaries or what
9 might or might not happen to them in the event of an AIG
10 bankruptcy?

11 A. I don't recall.

12 Q. Let me ask you to look at Plaintiffs' Trial
13 Exhibit 449.

14 And in particular -- and this is already in
15 evidence -- let me direct your attention to page 63 of
16 this exhibit.

17 A. Okay.

18 Q. And at the very top of the page, the first full
19 paragraph, do you see where Mr. Dinallo says "even if
20 there had been a run on the securities lending program
21 with no Federal rescue, our detailed analysis indicates
22 that the AIG life insurance companies would not have been
23 insolvent"? Do you see that?

24 A. I do.

25 Q. And was that consistent with what you understood

1 insurance regulators' views were in September of 2008 and
2 continuing into March of 2009?

3 MR. DINTZER: Objection. Vague.

4 THE COURT: I'll let him answer.

5 THE WITNESS: I don't -- I don't know what the
6 regulators were thinking at that specific point in time.

7 BY MR. BOIES:

8 Q. Let me ask you to look at page 20.

9 A. In the same document?

10 Q. The same document.

11 And down at the bottom, there is a statement by
12 Mr. Dinallo, where he says, "As I said in my opening
13 statements, our calculations are that even after taking
14 into account the losses for the securities lending, the
15 U.S. life insurers were \$11 billion to the solvent side.
16 They were not insolvent."

17 Do you see that?

18 A. Yes, I do.

19 Q. And did you understand that that was the view of
20 insurance regulators as of March 5, 2009, the date of
21 this hearing?

22 A. No. Since I don't know what the insurance
23 regulators were thinking or assuming. I'm looking at
24 this for the first time, or at least I certainly don't
25 recall ever seeing it.

1 Q. Did you ever have any discussions with anyone from
2 the Federal Reserve Bank of New York concerning what the
3 bank's view was concerning what, if anything, would
4 happen to AIG's insurance subsidiaries in the event of an
5 AIG parent bankruptcy?

6 A. I don't recall.

7 Q. Let me ask you to look at Plaintiffs' Trial
8 Exhibit 1553, which is a Federal Reserve document marked
9 "restricted" --

10 A. Uh-huh, I'm there.

11 Q. -- and which I would offer.

12 A. Okay.

13 MR. DINTZER: Objection, Your Honor. No
14 foundation with this witness.

15 THE COURT: Mr. Boies?

16 MR. BOIES: It's not a document with this witness.
17 It's a Federal Reserve document, Your Honor. And I think
18 I'm entitled to confront the witness on cross-examination
19 with what the Federal Reserve, the defendant in this
20 action, is saying with respect to issues about which he's
21 testified.

22 MR. DINTZER: If we could be heard. If -- if
23 necessary, we could excuse the witness. It's brief, but
24 I would like to make a comment about it, Your Honor.

25 THE COURT: All right. Mr. Schreiber, can I ask

1 you, please, to step out in the hallway?

2 THE WITNESS: Certainly, Your Honor.

3 THE COURT: We'll call you back in just a moment.

4 (Whereupon, the witness was not present in
5 open court.)

6 THE COURT: Yes, Mr. Dintzer, please go ahead.

7 MR. DINTZER: Thank you, Your Honor.

8 Plaintiffs' counsel or plaintiffs have called a
9 number of Federal Reserve employees and had multiple
10 chances to question them. And I understand the Court's
11 basic rule that if it's a party's document, then it comes
12 in, and we do understand that and respect that,
13 Your Honor.

14 But to bring in a document that they chose not to
15 bring in with any of the people and give us a chance to
16 ask them about it or a chance to clarify what it was and
17 then bring it in with somebody who almost certainly has
18 never seen it and ask them questions about it seems to be
19 stretching the rule of parties' documents coming in.

20 THE COURT: Authenticity is conceded; right?

21 MR. DINTZER: It is. It's a relevance objection,
22 Your Honor, and also a timing. They had the chance to
23 question our witnesses about it.

24 THE COURT: Well, I think it's okay on
25 cross-examination to see if he knows anything about the

1 subjects that are addressed in this document, and then
2 you still have an opportunity for redirect where you can
3 fill in any gaps that you see.

4 MR. DINTZER: Your Honor, we wouldn't -- we don't
5 challenge if he wishes to ask the witness about the
6 document. We challenge it coming in with this witness so
7 that it comes into evidence at this time.

8 MR. BOIES: Your Honor, it is a -- it's an
9 authentic Federal Reserve document, and they thought it
10 was important enough to mark it "restricted" at the time
11 that they prepared it. It is authentic. It is their
12 document. It is relevant. And I think -- I mean, we've
13 both introduced all sorts of documents --

14 THE COURT: That's for sure.

15 MR. BOIES: -- that have not been related to the
16 witness, and we both read then various portions of those
17 documents to witnesses to get the witness' reaction to
18 it.

19 THE COURT: I'm going to overrule the objection.
20 I'll allow the document in evidence, so Plaintiffs' Trial
21 Exhibit 1553 is admitted.

22 (Plaintiffs' Exhibit Number 1553 was admitted into
23 evidence.)

24 THE COURT: We can have the witness come back in.

25 MR. DINTZER: Thank you, Your Honor.

1 (Whereupon, the witness was present in
2 open court.)

3 THE COURT: Thank you, Mr. Schreiber.

4 THE WITNESS: No worries.

5 THE COURT: Mr. Boies will proceed now.

6 THE WITNESS: Okay.

7 BY MR. BOIES:

8 Q. Mr. Schreiber, if you could look at the first page
9 and the first question that's in bold that says, "If the
10 holding company files for bankruptcy, what would be the
11 New York State Insurance Department's approach?" Do you
12 see that?

13 A. I do.

14 Q. And it then says, "Solid P&C" -- and "P&C" stands
15 for property and casualty; correct?

16 A. Correct.

17 Q. It says, "Solid property and casualty companies
18 with sufficient capital which would be walled off from
19 the insolvency proceedings. The companies can continue
20 to run, plenty of money to pay claims since the New York
21 State Insurance Department feels comfortable with the
22 current level of surplus."

23 Do you see that?

24 A. I do.

25 Q. And were you aware of this view being expressed

1 either by the New York State Insurance Department or by
2 the Federal Reserve Bank of New York on or about
3 September 15, 2008?

4 A. I -- no, I was not aware or I certainly don't
5 recall.

6 Q. Let me ask you to look at the next page, which is
7 headed Bankruptcy of Parent versus Receivership of
8 Insurance Entities.

9 A. I see it.

10 Q. And it says, "If parent files for bankruptcy, it
11 does not force the insurance regulators to do anything as
12 long as the insurance subsidiaries remain financially
13 healthy and solvent. However, New York State Insurance
14 Department would increase monitoring of the AIG parent to
15 make sure that there aren't inappropriate transfers out
16 of the subs. Article 74, however, does not have any
17 provision that forces the department to come in and seize
18 the institution, but there are a number of situations
19 where they are empowered to do that (sic)."

20 Then it goes on to say, "If the New York State
21 Insurance Department determines that a company is
22 hazardous to its policyholders and/or is insolvent, it
23 could seek consent of the insurer to rehabilitation. If
24 it doesn't consent, it could force the issue, but it
25 would involve having to go before a judge."

1 Do you see that?

2 A. I do.

3 Q. And was this something that you were aware of in
4 or about September 15, 2008; that is, were you aware of
5 either the New York State Insurance Department saying
6 something like this or the Federal Reserve Bank saying
7 something like this?

8 A. I wasn't aware at that time or at least I
9 certainly don't recall being aware of them making these
10 statements.

11 Q. Was this consistent with your understanding as of
12 September 15, 2008 to the extent you had an
13 understanding?

14 A. Yeah, generally speaking.

15 Q. Let me turn next to Plaintiffs' Trial Exhibit 186,
16 which I would offer.

17 MR. DINTZER: Your Honor, we don't have any
18 objection to most of this document or some of this
19 document, but attached to the document is a newspaper
20 article that -- that we object on hearsay grounds. We
21 have no problem with it coming in not for the truth of
22 the matter asserted.

23 MR. BOIES: Your Honor, I will limit my offer to
24 pages 1 and 2 of Plaintiffs' Trial Exhibit 186, and I
25 will offer pages 3 through 5, which is the article, only

1 for the purpose of showing what information AIG had
2 available to it and circulated.

3 MR. DINTZER: I think that that's consistent with
4 our non- -- our objection, but we accept that.

5 MR. BOIES: I think it is, too.

6 MR. DINTZER: We accept that, Your Honor.

7 THE COURT: All right. Plaintiffs' Trial
8 Exhibit 186 is admitted with the exception that the
9 article on pages 3 through 5 carries a
10 rule 703 restriction.

11 (Plaintiffs' Exhibit Number 186 was admitted into
12 evidence.)

13 BY MR. BOIES:

14 Q. Let me ask you to look at the paragraph that is
15 the first substantive paragraph of your September 21,
16 2008 e-mail.

17 A. Uh-huh.

18 Q. Where you write (as read), "AIG's breakup value
19 and underlying franchise value is far in excess of the
20 \$85 billion federal line. Independent research from
21 Merrill, Wachovia and CS value AIG in excess of
22 \$123 billion. AIG's internal analysis as well as that of
23 our advisor Blackstone is far in excess of the
24 \$85 billion, too. It is AIG's goal not to draw down the
25 entire facility."

1 And you believe that was accurate as of
2 September 21, 2008; correct?

3 A. I do.

4 Q. And the next paragraph begins, "We are seeing
5 strong buyer interest for our businesses from
6 well-capitalized strategics. The insurance industry has
7 been less effected (sic) by this crisis and many
8 international companies in Europe, Asia as well as
9 North America and other places see this as a
10 once-in-a-lifetime opportunity to pick up leading
11 franchises."

12 Do you see that?

13 A. I do.

14 Q. Now, as of September 21, 2008, did you believe
15 that was accurate?

16 A. I did.

17 Q. And the next paragraph distinguishes AIG from a
18 company called Reliance; correct?

19 A. Correct.

20 Q. And you say, "Our companies," referring to AIG's
21 companies; correct?

22 A. Correct.

23 Q. "Our companies remain well-capitalized, our
24 producers understand that and we are actively managing
25 client communications."

1 And as of September 21, 2008, you believed that
2 was accurate as well; correct?

3 A. I do.

4 Q. And then the next paragraph says, "Our view,
5 supported by BlackRock's analysis, is that the RMBS and
6 CDS portfolios are high quality and that realizable value
7 will be significantly higher than the current market
8 values."

9 And that also was your view as of September 21,
10 2008; correct?

11 A. Yes, it was.

12 Q. Now, AIGFP wrote credit default swaps on what are
13 referred to as super senior tranches; correct?

14 A. Correct.

15 Q. And what was your understanding in
16 September 2008 of what a super senior tranche was?

17 A. It was the most senior tranche of a securitization
18 of -- it could be a loan or, you know, an asset, cash
19 flows, so that's my understanding.

20 Q. And focusing now on securities lending --

21 A. Right.

22 Q. -- is it the case that AIG's securities lending
23 cash collateral investment policy required that
24 95 percent of its asset-backed securities, which included
25 RMBSS, be invested in transactions that were rated AAA or

1 Aaa?

2 A. I don't remember what the exact terms were. I
3 can't recall.

4 Q. Do you recall whether that was approximately the
5 case?

6 A. It may have been. Again, I don't have any
7 detailed reference points to prove that, but yeah,
8 I'll -- it seems to make sense.

9 Q. Let me, just for purposes of refreshing your
10 recollection, direct your attention to Plaintiffs' Trial
11 Exhibit 2930, which is a complaint filed by AIG and a
12 number of its subsidiaries or affiliates in
13 August 2012 against Bank of America, Merrill Lynch, and a
14 variety of their subsidiaries and affiliates.

15 Do you see that?

16 A. I do.

17 Q. Just as background, were you familiar with this
18 lawsuit when it was filed?

19 A. I'm familiar with it.

20 Q. Did you have any involvement in the preparation of
21 the lawsuit?

22 A. I don't think -- I don't recall.

23 Q. Did you read the complaint at or about the time it
24 was prepared?

25 A. I did read the complaint.

1 Q. Was there anything in the complaint that you
2 thought was wrong?

3 A. I don't think so.

4 Q. Let me ask you to look at page 57 of the
5 complaint, in particular lines 10 through 12.

6 A. Page 57 of the complaint, so hold on.

7 Q. Page 57 of the exhibit.

8 A. Of the exhibit. Okay. I got it.

9 Q. It's paragraph 128 of the complaint.

10 A. Right.

11 Q. And I'm particularly asking you to look at the
12 last sentence of that paragraph, which is at
13 lines 10 through 12.

14 Does that refresh your recollection --

15 A. Yeah. Again, I don't -- yeah, it refreshes it,
16 but again, I don't remember what the original program's
17 documents were, but this is, you know -- let's just
18 agree. That's fine, so it was 95 percent in AAA.

19 Q. Let me ask you to turn to Plaintiffs' Trial
20 Exhibit 141.

21 And this is an AIG e-mail or a series of
22 e-mails between a variety of AIG personnel on
23 September 18, 2008 with respect to the subject of
24 collateral calls.

25 Can you identify any of the authors or recipients

1 or copyees of these e-mails?

2 A. I know the parties to the e-mail. They're
3 familiar to me.

4 Q. Can you just identify them for the record what
5 their position was.

6 A. Tom Athan, I don't remember what his exact
7 position was at FP, but -- and I -- I don't know his
8 specific position. But, you know, Tom Fewings and
9 Jon Liebergall and Andrew Forster, at the time, I don't
10 remember what their exact positions were, but I did know
11 these gentlemen and do know them, all of -- you know,
12 both Tom Athan and the recipients of the e-mail.

13 MR. BOIES: Your Honor, I would offer Plaintiffs'
14 Trial Exhibit 141.

15 MR. DINTZER: No objection, Your Honor.

16 THE COURT: Plaintiffs' Trial Exhibit 141 is
17 admitted.

18 (Plaintiffs' Exhibit Number 141 was admitted into
19 evidence.)

20 BY MR. BOIES:

21 Q. The e-mail from Tom Fewings at
22 September 18, 2008 at 2:13 p.m. says, "Spoke to Elias -
23 The Fed has instructed that all collateral calls that are
24 not contractual (eg IA amounts) but based on collateral
25 values need to be fully vetted by us and then agreed by

1 them before we post."

2 Do you see that?

3 A. I do.

4 Q. And was that your understanding in September of
5 2008, on or about September 18, 2008, that the
6 Federal Reserve had instructed be done?

7 A. I was not involved in the collateral call issues
8 with FP, so I can't answer the question.

9 Q. Let me ask you to look at Plaintiffs' Trial
10 Exhibit 211, which I would offer.

11 MR. DINTZER: No objection, Your Honor.

12 THE COURT: Plaintiffs' Trial Exhibit 211 is
13 admitted.

14 (Plaintiffs' Exhibit Number 211 was admitted into
15 evidence.)

16 BY MR. BOIES:

17 Q. This is an e-mail addressed to a number of people,
18 including yourself, from the general counsel of AIG on
19 September 22, 2008 at 8:59 in the morning; correct?

20 A. Yes.

21 Q. And it attaches a term sheet.

22 Do you see that?

23 A. I do.

24 Q. Was this the first term sheet with respect to the
25 proposed credit facility that you'd personally received?

1 A. I don't recall.

2 Q. Do you recall receiving any other term sheet
3 before this?

4 A. I don't recall.

5 Q. Let me ask you to look next at Plaintiffs' Trial
6 Exhibit 238, which are two e-mails from Kathleen Shannon
7 to a large number of people, but I don't think you.

8 Am I right about that?

9 A. I'm -- the bottom e-mail is addressed to me as
10 well.

11 Q. Okay.

12 I would offer this exhibit.

13 MR. DINTZER: No objection, Your Honor.

14 THE COURT: Plaintiffs' Trial Exhibit 238 is
15 admitted.

16 (Plaintiffs' Exhibit Number 238 was admitted into
17 evidence.)

18 BY MR. BOIES:

19 Q. And the bottom e-mail is the e-mail dated
20 September 23, 2008 at 10:59 p.m.; is that correct?

21 A. Correct.

22 Q. And this is an e-mail that Kathleen Shannon sends
23 to the AIG senior management team; correct?

24 A. Yes.

25 Q. And the first sentence says, "Although we had

1 originally hoped to file the Form 8-K with definitive
2 documents today, the Fed and their counsel have delayed
3 our filing until later in the week."

4 Do you see that?

5 A. I do.

6 Q. Did you understand on or about September 23, 2008
7 that the Fed and their counsel delayed AIG's 8-K filing
8 that it was going to make with respect to the definitive
9 credit agreements?

10 A. No. I'm not aware -- I mean, I'm a recipient on
11 this e-mail but wasn't involved in the discussions with
12 the Fed and -- that's it.

13 Q. Let me ask you to look next at Plaintiffs' Trial
14 Exhibit 266, which I would offer.

15 MR. DINTZER: Your Honor, I think I know the
16 answer to the question, but if counsel can lay any
17 foundation with this witness, we won't object, but at
18 this point we just -- we haven't heard anything.

19 THE COURT: Mr. Boies?

20 MR. BOIES: Let me try it with the witness,
21 Your Honor. I think it -- I think that we all know what
22 it is, but...

23 BY MR. BOIES:

24 Q. This was one of the documents that you and your
25 team received from BlackRock in connection with the work

1 that you were doing; correct, sir?

2 A. That my team and I were -- this was sort of
3 specifically with respect to the FP solutions, and I
4 don't know if I received it. I mean, it's -- I received
5 a number of documents from BlackRock, but I was not
6 involved in the day-to-day on the -- on these solutions,
7 so I was copied on it. It was part of the more overall
8 sort of solution for AIG, but, you know, again, I was --
9 may not have been at the meetings, and I think I was
10 copied more as a matter of courtesy to keep me
11 up-to-date.

12 Q. Even though you may not have been at all the
13 meetings, members of your team would have been at the
14 meetings; correct, sir?

15 A. Not necessarily my direct team, but I mean, this
16 may have been really more of the FP team and some folks
17 in finance, so I don't -- you know, this was -- this is
18 sort of separate and apart from the divestitures and
19 other things going on at that time.

20 I mean, you know, again, I may have, but just for
21 the benefit of the Court, I really wasn't directly
22 involved in the BlackRock work and what was going on at
23 FP at the time.

24 MR. BOIES: Your Honor, I think it's weak, but
25 I'll offer it. I mean, I think --

1 MR. DINTZER: We'll stipulate that it's weak and
2 we object.

3 THE COURT: I'll sustain the objection. Maybe you
4 can bring it up with another witness.

5 MR. BOIES: I will, Your Honor.

6 BY MR. BOIES:

7 Q. Let me just ask one question about it.

8 Turn to page 3.

9 A. Okay.

10 Q. And if you look at the last substantive sentence
11 on this page that begins, "Collateral posted," do you see
12 that?

13 A. I do.

14 Q. Is that consistent with your understanding as of
15 September 29, 2008?

16 A. I -- all I can say is I assume it's true, being in
17 here, and what was in the original BlackRock stress case
18 and the assumptions I don't know, so...

19 Q. Without tying you to any specific number --

20 A. Right.

21 Q. -- did you understand on or about September 29,
22 2008 that collateral posted to counterparties under AIG's
23 CDS portfolio was far in excess of the projected net cash
24 flows in BlackRock's stress case?

25 A. I -- I -- as I said, I was not aware, and I

1 certainly don't recall.

2 Q. You don't recall one way or the other.

3 A. Yeah, I don't recall if -- you know, at the time
4 if I thought it was in excess. I don't remember what the
5 BlackRock stress case numbers were. I do recall that a
6 lot of collateral was being posted as the market
7 volatility continued to increase.

8 Q. Do you know who William Dooley is?

9 A. Yes.

10 Q. Who is he?

11 A. Bill Dooley at the time was responsible for all
12 the financial services businesses, including FP.

13 Q. At AIG.

14 A. At AIG.

15 MR. BOIES: All right. Let me pass this for a
16 moment, Your Honor. I may come back with the witness if
17 I can find another document that I think exists.

18 THE COURT: Okay.

19 (Pause in the proceedings.)

20 MR. BOIES: Your Honor, I would like to use
21 Plaintiffs' Trial Exhibit 1675 with the witness. I don't
22 have multiple copies, but with the Court's permission, I
23 will hand the one copy I have to the witness and put it
24 on the screen for the rest of us.

25 THE COURT: All right. That's fine.

1 MR. BOIES: And then we'll furnish copies right
2 after the next break.

3 MR. DINTZER: If we could just ask counsel to wait
4 one minute, we're going to pull ours.

5 THE COURT: Okay.

6 MR. DINTZER: Thank you, Your Honor.

7 THE COURT: Let me know when you're ready.

8 (Pause in the proceedings.)

9 MR. DINTZER: We're ready, Your Honor. Thank you.

10 THE COURT: Okay. Let's go ahead.

11 BY MR. BOIES:

12 Q. This is a series of e-mails on September 29, 2008
13 in the morning, the first one at 9:32 a.m. and the second
14 one at 9:34 a.m., and can you identify the people who are
15 the authors and addressees of this both by name and
16 position?

17 A. I can identify some of the individuals.

18 Q. Let's start with the 9:32 a.m., and this is an
19 e-mail from somebody at BlackRock to people at AIG;
20 correct?

21 A. Correct.

22 Q. And who are the people at AIG to whom this goes?

23 A. William Dooley, or Bill Dooley as he goes by, and
24 Elias Habayeb.

25 Q. And what are their positions?

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1 A. At the time, my recollection is Bill Dooley was a
2 senior vice president responsible for AIG's financial
3 services businesses, so AIG Financial Products, among
4 other businesses, reported up through him. And my
5 understanding is that Elias Habayeb was his chief
6 financial officer.

7 Q. And then the second e-mail also comes from the
8 same person at BlackRock to other people, and can you
9 identify those people?

10 A. The other people, Charles Hallac, Craig Phillips,
11 Zach Buchwald and Richard Prager, I believe are all
12 BlackRock employees.

13 Q. Okay. So let's focus on the one at 9:32 that goes
14 to the two AIG executives that you referred to.

15 And I would offer this exhibit, Your Honor.

16 MR. DINTZER: No objection, Your Honor.

17 THE COURT: All right. Plaintiffs' Trial
18 Exhibit 1675 is admitted and based upon the assurance
19 that we'll receive copies after the next break.

20 MR. BOIES: Thank you.

21 (Plaintiffs' Exhibit Number 1675 was admitted into
22 evidence.)

23 BY MR. BOIES:

24 Q. And this transmits a draft of BlackRock's review
25 of the multi-sector CDO portfolio disposition options.

1 Do you see that?

2 A. I do.

3 Q. And were you involved in those disposition
4 options?

5 A. I was not.

6 Q. Was your team?

7 A. I don't believe so.

8 Q. In that case, I will not ask you more questions
9 about it.

10 And let me ask you to -- may I have just a moment,
11 Your Honor?

12 THE COURT: Sure.

13 (Pause in the proceedings.)

14 BY MR. BOIES:

15 Q. Let me ask you to look at Plaintiffs' Trial
16 Exhibit 584.

17 My notes do not indicate this. I think I offered
18 this when we talked about it before. May I just inquire
19 of the Court as to whether this is in evidence?

20 THE COURT: I think it is in evidence.

21 MR. BOIES: Thank you.

22 BY MR. BOIES:

23 Q. In that case, you can pass that.

24 Let me ask you to look next at Plaintiffs' Trial
25 Exhibit 620, which is a GAO document which is based on

1 interviews with a number of AIG personnel, including
2 yourself.

3 Do you see that?

4 A. I do.

5 Q. Have you seen this document before?

6 A. I don't recall.

7 Q. You do recall participating in this interview;
8 correct?

9 A. Yes. Well, it was sort of more of a meeting with
10 a bunch of executives and the GAO, but if it's the same
11 meeting I'm recalling, yes, then I -- then it is.

12 MR. BOIES: Your Honor, I would offer
13 Plaintiffs' Trial Exhibit 620.

14 MR. DINTZER: Objection, Your Honor. Hearsay and
15 lack of foundation with -- regarding any of these other
16 people. It does not appear to break out individual
17 testimony.

18 MR. BOIES: I think that's right, Your Honor.
19 It's not purporting to be a transcript of what individual
20 people said. It's a government report based on
21 interviewing people, including this witness. And I think
22 it's a government report, it is admissible, and I think
23 because he was a participant in the interviews, I can at
24 least ask him, once it's admitted, whether he agrees with
25 what the report says.

1 MR. DINTZER: Your Honor, we believe that this may
2 contain multiple levels of hearsay, and even if it's
3 described as a government report, which it doesn't
4 indicate, it says a record, we believe that there are
5 levels of hearsay and it should be excluded.

6 THE COURT: Well, I think on balance and seeing a
7 rather high indicia of reliability, being a GAO report
8 after some investigation, I will admit Plaintiffs' Trial
9 Exhibit 620.

10 (Plaintiffs' Exhibit Number 620 was admitted into
11 evidence.)

12 MR. DINTZER: Thank you, Your Honor.

13 BY MR. BOIES:

14 Q. Let me direct your attention to page 7 of the
15 exhibit, the third paragraph. And if you look at the
16 bottom of page 6, you will see that this is talking about
17 a meeting of financial institutions on September 15,
18 2008.

19 Do you see that?

20 A. I do.

21 Q. And then over on page 7, in the third paragraph,
22 the GAO states, "The banks, however, did not put any
23 terms on the table for AIG. They may have been
24 exchanging terms among themselves, but AIG did not know.
25 When the banks came to AIG, they spent time with

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1 Mr. Schreiber, sizing up how much would be needed and
2 what the future draws on a facility would be."

3 Do you see that?

4 A. I do.

5 Q. First, is that consistent with what AIG executives
6 told the GAO when you were present?

7 A. It's consistent with my recollection. Yes.

8 Q. The next paragraph says, "The terms of the RCF" --
9 and that refers to the revolving credit facility;
10 correct?

11 A. Yeah, I see the paragraph.

12 Q. Yes.

13 A. Uh-huh.

14 Q. It says, "The terms of the RCF were 'pretty
15 onerous' and 'incredibly high,' although there was no
16 market to compare it with at the time. The rate was
17 'very high' (until later renegotiated), and giving away
18 80 percent of the company was 'severe.' The AIG
19 executives did not know the extent to which the FRBNY
20 used terms developed by the private effort as the basis
21 for the terms of the RCF."

22 And was that consistent with what AIG executives
23 told the GAO in the meeting you attended?

24 A. I don't recall if it was consistent. It's a
25 little bit inconsistent with my recollection because I

1 do -- and I think I've testified to this -- I do recall
2 sort of a rough term sheet being passed around I think on
3 that Monday, so -- so there were -- and there were I
4 think some discussions that day as to the nature of the
5 terms. The -- let's see.

6 Yeah, that's -- is -- could -- again, I just don't
7 recall specifically, but so -- yeah, I -- based on my
8 recollection, this is for the most part true.

9 Q. I want to be sure I understand.

10 Now, when you talk about a rough term sheet, that
11 was not something that you ever received; correct?

12 A. No. I don't think it was ever submitted.
13 Although I don't know, it may have been to someone else,
14 but I don't recall specifically.

15 Q. But you never had a copy of it in your hands;
16 correct?

17 A. I may have had a copy at the meeting, of it in my
18 hands at the meeting with the banks.

19 Q. When you say you may have --

20 A. I may have. I vaguely -- I have a vague
21 recollection of seeing a term sheet. To see it, I mean,
22 I may have -- I physically recall seeing something.

23 Q. Do you recall any of the items or terms that were
24 on the term sheet?

25 A. Very vaguely. I remember the large equity

1 component, again, vaguely, but I can't be sure of the --
2 and I remember, you know, again, very vaguely, a high
3 interest rate, but what that was specifically I don't
4 recall.

5 Q. How many pages was it, this thing you say you
6 saw?

7 A. It was more like, as I recall, like one or two
8 pages. It was a pretty, you know, rough draft.

9 Q. Who had prepared it?

10 A. I don't know who prepared it.

11 Q. Who was handing it out?

12 A. I don't know if it was necessarily handed out,
13 but I think Goldman and JPMorgan may have been preparing
14 it to share with other banks that they were bringing in
15 or they had intended to bring in to sort of this
16 syndicate, so they may have shared -- Goldman and
17 JPMorgan may have shared it with other banks.

18 Q. But I guess what I'm asking is, who shared it with
19 you at this meeting?

20 A. I don't remember who shared it with me at the
21 time.

22 Q. Who else was at this meeting from AIG?

23 A. That Monday afternoon, when I went down to that
24 meeting, I think I was the only AIG person in the
25 meeting.

1 Q. Did you ask for a copy of the term sheet?

2 A. I don't -- I don't recall.

3 Q. Did you tell anybody else at AIG in September of
4 2008 that you'd seen this or may have seen this rough
5 term sheet?

6 A. I don't recall.

7 Q. Did you ever communicate to anyone at AIG your
8 understanding, if you had one, of what any of the terms
9 on the rough term sheet was?

10 A. I don't recall.

11 THE COURT: Mr. Boies, should we take our lunch
12 break?

13 MR. BOIES: Yes, Your Honor.

14 THE COURT: All right. Let's reconvene at 1:50.
15 (Whereupon, at 12:48 p.m., a lunch recess was
16 taken.)

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1 A. That is correct.

2 Q. You have said that in January of 2009 at then
3 current valuations, it would have been possible that
4 proceeds could have been insufficient to repay all of
5 AIG's obligations. Do you recall that generally?

6 A. I do recall that.

7 Q. And by "obligations" there you included not only
8 its debt obligations, but you included repaying the
9 government for the TARP preferred; correct?

10 A. I don't know what you're specifically referring
11 to, but generally speaking, I agree with that comment.

12 Q. The -- I pass the witness.

13 THE COURT: All right. Thank you, Mr. Boies.
14 Redirect, Mr. Dintzer?

15 MR. DINTZER: Yes, Your Honor.

16 - - - - -

17 REDIRECT EXAMINATION

18 BY MR. DINTZER:

19 Q. Good afternoon, sir.

20 A. Good afternoon.

21 Q. I'm going to start, sir, with DX 711, which is at
22 the back of the plaintiffs' binder, and if you could just
23 let me know -- I think it's the second to last document.
24 I'm going to take you to the same page plaintiffs'
25 counsel took you, to the ninth page.

1 A. DX -- okay. Page 9.

2 Q. And he asked you about the last sentence of that
3 top paragraph. Do you recall that?

4 A. I do.

5 Q. And you indicated the declines that were being
6 talked about here were market declines?

7 A. That is correct.

8 Q. And was there a relationship between those market
9 declines and the value of AIG's insurance subsidiaries?

10 A. If we were to try and sell those businesses
11 rapidly at that point in time, I believe the current
12 market prices would be indicative of the -- of the
13 decline in value that we would have suffered.

14 Q. Okay. No further questions on that document,
15 sir.

16 Do you remember plaintiffs' counsel asked you a
17 number of questions about a fairness opinion related to
18 the preferred C stock?

19 A. I remember.

20 MR. DINTZER: Your Honor, may I approach?

21 THE COURT: Yes.

22 BY MR. DINTZER:

23 Q. Sir, do you have an understanding of what this
24 document is?

25 Let me make it as -- do you understand it's a

1 filing with the Securities and Exchange Commission?

2 A. Yes, I do.

3 Q. And do you understand it was a filing by AIG?

4 A. I see that.

5 Q. And if I could take you, sir, to page 6 of 1127,
6 and I promise we won't cover them all, but it's page --
7 it's the document page 4 number.

8 And this is a part of the document, but of course
9 if the witness wants to see anything else, I'm happy to
10 show it to him.

11 A. Document page 4. Mine is --

12 Q. JX 3- -- I'm sorry. JX 307?

13 A. JX 307. It skips from page -- so document
14 page 3, exhibit page -- sorry -- document page 2,
15 exhibit page 4 to page -- I don't have page 4. It skips
16 from page 5 to page 7. There's no page 6 or exhibit
17 page --

18 Q. You don't have page 6 of 1127?

19 A. No, I do not.

20 MR. DINTZER: Is that the same with the Court,
21 Your Honor?

22 THE COURT: I have it.

23 MR. DINTZER: Oh, you do have it.

24 THE WITNESS: Oh, sorry. It was just stapled the
25 wrong way. I have it.

1 BY MR. DINTZER:

2 Q. So if I could take you to page 6 of 1127, the
3 bottom paragraph --

4 A. Hold on, hold on, hold on a second.

5 Q. Just let me know --

6 A. Page 6 of 1127 I don't have.

7 Q. You don't have or you do?

8 A. No, I do not.

9 MR. DINTZER: Just one moment, Your Honor.

10 MR. BOIES: You can take this copy.

11 MR. DINTZER: Thank you, Counsel.

12 May I approach, Your Honor?

13 THE COURT: Yes.

14 BY MR. DINTZER:

15 Q. And do you see the heading there, sir, is
16 The Recapitalization?

17 A. I see that.

18 Q. And then it says "Summary of Recapitalization
19 Transactions" and then it says "Background"?

20 A. I see that.

21 Q. And if you go to the sort of the middle of the
22 bottom paragraph?

23 A. Okay.

24 Q. And it says, "The fairness opinions rendered by
25 Citigroup and B of A Merrill Lynch do not opine as to the

1 fairness of the exchange of the Series C Preferred Stock
2 for shares of AIG Common Stock. The Government Repayment
3 Committee did not deem it necessary to receive a fairness
4 opinion regarding this exchange because the number of
5 shares of AIG Common Stock received by the Trust for the
6 Series C Preferred Stock was derived from a previously
7 agreed formula," and then there's a parenthetical.

8 Do you see that?

9 A. I do.

10 Q. Do you know what the government repayment
11 committee was?

12 A. My recollection, it was a subcommittee of the
13 board of directors.

14 Q. Of AIG.

15 A. Of AIG's board of directors.

16 Q. Okay. No further questions on that document,
17 sir.

18 A. Okay.

19 Q. If you could go to PTX 609, and that's in your --
20 the same binder that the plaintiffs gave you. And just
21 let me know when you're there, sir.

22 A. Okay. I'm there.

23 Q. Okay. And the first I'm going to ask you to do,
24 sir, is if you could go to page 6 of this document.

25 A. That's 6 of 150?

1 Q. It is --

2 A. PTX 609 page 6 of 150?

3 Q. Actually, sir, I'm sorry. I'm going to take you
4 to page 18 of 150.

5 A. Okay.

6 Q. And the heading is AIG Conclusion.

7 Do you see that?

8 A. I see it.

9 Q. And then it says: The recapitalization plan is a
10 win/win for all key AIG shareholders -- or stakeholders.

11 Do you see that?

12 A. I do.

13 Q. Did you agree with that conclusion?

14 A. I did agree with that conclusion.

15 Q. Why, sir?

16 A. I believe that the recapitalization plan was
17 favorable. It was better than we may have done, as I
18 recall, based purely on the original terms of the
19 refinancing -- or of the recapitalization or -- and the
20 bailout, that all of the obligations were paid in full,
21 that the pro forma ownership of the U.S. government, the
22 Treasury, at 92 percent was again less than what it may
23 have been, and I think it provided a foundation for AIG
24 to continue to move from the strength to strength, which
25 is why we are where we are today.

1 Q. And at the bottom of this page, it says, "AIG
2 management recommends approval of the recapitalization
3 plan."

4 A. Yep, I see it.

5 Q. And is that -- does that comport with your memory,
6 that there was that recommendation?

7 A. Yes. I -- I do recall that.

8 Q. And did you agree with that?

9 A. I agree.

10 Q. On the previous page, if you could just turn one
11 page forward?

12 A. The previous page?

13 Q. Page 16 of 150 at PTX 609.

14 A. Uh-huh.

15 Q. Plaintiffs' counsel asked you about the waivers
16 language, that --

17 A. Right.

18 Q. -- AIG is constantly in need of waivers.

19 Do you see that?

20 A. Yes.

21 Q. Sort of under the FRBNY box in the middle?

22 A. I see that.

23 Q. Are you aware if the -- if the FRBNY ever denied a
24 waiver to AIG?

25 A. I don't recall.

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1 Q. Okay. No further questions on that document,
2 sir.

3 A. Okay.

4 Q. If you could go to PTX 620, which plaintiffs'
5 counsel showed you.

6 A. Okay.

7 Q. And do you remember he asked you questions about
8 page 7 of 16? Do you remember that, sir? Just let me
9 know when you're there.

10 A. Okay. I'm on 7 of 16.

11 Q. No, no. I'm going to actually -- I'm going to
12 take you one page earlier. I'm going to ask you about
13 page 6 of 16.

14 A. Okay.

15 Q. And it says -- sort of towards the top there, it
16 says "In the end."

17 Do you see that part?

18 A. Yes.

19 Q. It says, "In the end, the biggest reason the
20 efforts to raise private financing didn't work out were
21 that," and then it has a list:

22 "Investors had a hard time figuring out how much
23 money was needed."

24 Two, "Even at that, the amount was too big --
25 'nobody had the money.'"

1 Three, "Investment at the holding company level
2 would have been risky."

3 Four, "There was too little time -- only two days
4 of due diligence available for such a large deal."

5 And finally, "Difficulty in valuing assets during
6 the market turmoil at the time."

7 Do you see that?

8 A. I do.

9 Q. Do you have a personal opinion as to whether those
10 items that I just listed and that are listed here were
11 the biggest reasons the efforts to raise private
12 financing didn't work out?

13 A. I think that they sum it up well.

14 Q. Okay. No further questions on that document,
15 sir.

16 A. Okay.

17 Q. At one point in your testimony you drew a
18 distinction between financial consideration and monetary
19 consideration for the Series C. Do you remember that?

20 A. Yes, I do.

21 Q. And counsel didn't ask you to explain, so I'm
22 going to ask you.

23 What's the difference between financial
24 consideration and monetary consideration?

25 A. Well, again, I think these are, you know -- I

1 wasn't sure what "financial consideration" meant, but in
2 my mind, it could have meant a much broader form of
3 consideration. Monetary is, in my mind, you receive
4 cash, a monetary value equivalent of -- you know, in some
5 form of instrument in consideration as opposed to
6 economic value, which there was clearly economic value
7 received as part of the Series C in consideration for the
8 senior secured credit facility.

9 MR. DINTZER: No further questions, Your Honor.
10 We pass the witness.

11 THE COURT: All right. Thank you, Mr. Dintzer.
12 Any recross, Mr. Boies?

13 MR. BOIES: No, Your Honor.

14 THE COURT: All right. Thank you very much.

15 Mr. Schreiber, thank you very much for your
16 testimony in this matter, and I appreciate that you came
17 back to Washington this week. We were not able to
18 finish you last week, so thank you for that. You are
19 excused.

20 THE WITNESS: Thank you.

21 MR. DINTZER: Your Honor, at this time the
22 government calls Robert Reeder to the stand.

23 THE COURT: Okay.

24 MR. BOIES: Before Mr. Reeder takes the stand,
25 could we address a housekeeping matter, Your Honor?

1 THE COURT: Surely.

2 MR. BOIES: Mr. Reeder is the first of two AIG
3 lawyers that are being called. Mr. Reeder is a partner
4 in Sullivan & Cromwell, which was outside counsel for
5 AIG. And then we will also have a partner from
6 Weil Gotshal that, as the Court is aware, is also outside
7 counsel for AIG.

8 And I don't object to them testifying, and I think
9 there are things that they can testify to, but AIG has
10 been very scrupulous up till now in terms of protecting
11 attorney-client privilege. We've had many redactions and
12 many instructions not to answer.

13 And I think that it is important that the witness
14 be instructed, be particularly careful about responding,
15 that the response match the question so that we don't
16 inadvertently get into or maybe advertently get into
17 statements about mental impressions, what he thinks the
18 facts were, what he thinks the law was, what he thinks
19 was right and wrong, the kind of mental impressions that
20 are protected by the attorney-client privilege.

21 And I raise it simply as a caution, and I would
22 ask that the Court both be particularly clear. I know
23 that AIG has counsel present today, and they will
24 presumably be protecting that privilege if they want to
25 maintain it, but I just want the Court to be aware of

1 it.

2 THE COURT: Is there counsel present in the
3 courtroom for AIG?

4 MR. CARANGELO: Yes, Your Honor. I'm
5 Robert Carangelo from Weil Gotshal. We represent AIG as
6 well as counsel for some of the third-party witnesses and
7 co-counsel for some of the third-party witnesses.

8 And we agree with everything that Mr. Boies says,
9 that AIG has been very careful to protect the privilege,
10 and I'd ask you -- would like to ask permission to
11 approach, Your Honor, and hand you a letter. I'd like
12 to request to be able to be present during the testimony
13 of Mr. Allerhand to protect the privilege if necessary.

14 And I know Mr. Ehrenberg from Sullivan & Cromwell
15 has already submitted a similar type of letter and will
16 at least in the first instance be protecting the
17 privilege today on behalf of AIG and other
18 Sullivan & Cromwell clients.

19 THE COURT: I'll tell you what we're going to do.
20 I'm going to invite you gentlemen to come forward. I'll
21 be happy to receive the letter, but I think we have a
22 couple of seats right in the middle here that you can
23 occupy during these witnesses, and you can be sure and
24 let me know if you think there's a reason to object.

25 MR. EHRENBURG: Thank you, Your Honor.

1 And we also agree with comments by Mr. Boies, and
2 we will be diligent for any questions that might be
3 invading the privilege.

4 THE COURT: Yes. Thank you.

5 Let's go off the record just for a moment so that
6 our court reporter gets your precise names and
7 affiliations. You can come forward and just give her
8 that information.

9 (Discussion off the record.)

10 THE COURT: Yes, sir.

11 MR. EHRENBERG: I understand that there's an
12 agreement among the parties as to how to proceed with
13 documents that were designated under the 502 order during
14 discovery and that witnesses are permitted to testify
15 about discussions at, for example, a board meeting where
16 those board meetings have been permitted and that that
17 testimony will not result in a further waiver.

18 That's our understanding. If there's any
19 misunderstanding as to that, I just wanted to make that
20 clear that that was our outstanding so that we can
21 resolve that before the witness testifies as to that.

22 MR. BOIES: Anything that they do at trial that
23 implicates the privilege is a waiver. The documents are
24 not and the discovery is not. We agree with that for
25 discovery. But if they're going to come in at this trial

1 and testify about mental impressions, why they did
2 something, anything that implicates the privilege, our
3 view is that becomes a subject-matter waiver.

4 THE COURT: Well, Mr. Todor?

5 MR. TODOR: So we understand the parameters,
6 there are certain documents that were produced and were
7 made joint exhibits in many cases, for example, board
8 minutes. Some of those minutes include statements made
9 by counsel.

10 If we were to ask the witness, this document says
11 that you made a certain statement, did you make that
12 certain statement at this board meeting, were there any
13 other statements you made at that board meeting, is it
14 the Court's understanding that that is permissible under
15 the scope of the 502(d) order as it is the same meeting
16 and the same document that has already been made into
17 evidence?

18 THE COURT: Well, I think so, but --

19 MR. BOIES: Your Honor, I would agree with that.

20 THE COURT: Okay.

21 MR. BOIES: I think that if all they're doing is
22 saying did you say this at the meeting, that simply says
23 the minutes are accurate, and that's a factual thing
24 that I do not think implicates the attorney-client
25 privilege.

1 If they go beyond what the document says and says,
2 oh, what other advice did you give, I think that clearly
3 invades -- waives the privilege.

4 MR. TODOR: Well, the question would be, okay, so
5 there are statements attributed to counsel, was this
6 statement of what you said accurate, you know, was there
7 any other discussion of this topic at that meeting. That
8 would be the type of examination that at least the prior
9 understanding was not going beyond the scope of what had
10 already been disclosed due to the document.

11 If that is not the Court's understanding, then,
12 you know, please inform us of that and we'll adjust
13 accordingly.

14 THE COURT: It's hard, I must say, to give you an
15 advanced ruling on every possible scenario that might
16 come up. I think we have the general guidelines laid out
17 to include, just as we discussed, that asking a witness
18 about a statement in a set of board minutes and did you
19 say that, I think that would be fine.

20 But as to all of the ramifications about what we
21 might get into beyond that, we have able counsel here
22 representing the witness, and so I think I'll rely on
23 that.

24 MR. TODOR: Thank you, Your Honor.

25 THE COURT: Okay.

1 All right. Mr. Reeder, please come forward.

2 - - - - -

3 Whereupon --

4 ROBERT W. REEDER

5 a witness, called for examination, having been first duly
6 sworn, was examined and testified as follows:

7 DIRECT EXAMINATION

8 BY MR. TODOR:

9 Q. Good afternoon, sir.

10 A. Good afternoon.

11 Q. Would you please state your name for the record.

12 A. Robert W. Reeder.

13 Q. Are you currently employed, sir?

14 A. Yes, I am.

15 Q. Where are you employed?

16 A. Sullivan & Cromwell.

17 Q. How long have you been with Sullivan & Cromwell?

18 A. Close to 30 years.

19 Q. What is your current position with

20 Sullivan & Cromwell?

21 A. I'm a partner and the co-head of our corporate
22 group.

23 Q. How long have you been in that position?

24 A. 15 years.

25 Q. During your work at Sullivan & Cromwell, have you

1 represented AIG?

2 A. Yes, I have.

3 Q. Roughly how long have you been representing AIG in
4 your work at Sullivan & Cromwell?

5 A. Probably close to 25 years.

6 Q. Would you please give a description, without going
7 into attorney-client communications, of the types of work
8 you have done for AIG over the years.

9 A. I have done their financings, their debt
10 offerings, their equity offerings. I've also worked on
11 their periodic reports that they file with the SEC, their
12 10-Ks, their 10-Qs, their proxy statements, and then just
13 general corporate-type advice.

14 Q. Turning your attention to the summer and fall of
15 2008, did you become aware of any attempts by AIG to
16 address its liquidity issues during that period?

17 A. Yes, I did.

18 Q. What, if any, was your involvement in AIG's
19 attempts to address its liquidity issues during this
20 period?

21 A. I was one of their lead lawyers involved in the
22 process.

23 Q. Did AIG seek funding from private entities during
24 this period?

25 A. We're talking early September 2008?

1 Q. During the September 2008 period, yes.

2 A. Yes.

3 Q. Were you involved in any of those discussions?

4 A. Yes, I was.

5 Q. Which private entities, if any, were you in
6 contact with?

7 A. There were -- there were multiple entities at that
8 time that had been brought in. To be more precise on
9 timing, if we're talking about Lehman, the so-called
10 Lehman weekend, that weekend?

11 Q. With respect to the Lehman weekend, which, if any,
12 private entities were you in touch with?

13 A. There were a whole group of both private equity
14 funds plus there were sovereign wealth funds who had been
15 brought in plus investment banks that had been brought in
16 to explore the alternative of giving capital over the
17 weekend to AIG to provide liquidity. It was all the
18 major private equity firms were there as well as the
19 investment banks.

20 Q. Turning your attention first to the sovereign
21 wealth funds, which sovereign wealth fund or funds were
22 you in touch with?

23 A. You know, I can't say exactly who they were.
24 There were people -- we had conference rooms full of
25 different people at the time and we were going in and out

1 of conference rooms, so I can't say for sure which
2 sovereign wealth funds.

3 Q. Was AIG able to obtain any funding from sovereign
4 wealth funds over this weekend?

5 A. No.

6 Q. With respect to private equity firms, which, if
7 any, private equity firms were you in touch with over
8 this weekend?

9 A. The Flowers firm was there. The -- I'm sorry.
10 The Flowers firm was there and the other major firms
11 were there. I just can't recall their names at this
12 point.

13 Q. Was AIG able to obtain funding from any private
14 equity firms over the Lehman weekend?

15 A. Not that I'm aware of.

16 Q. Did any private equity firms communicate to you
17 any reason why they were or were not able to provide
18 funding to AIG over this weekend?

19 A. The weekend progressed in a manner where the needs
20 of AIG continued to grow throughout the weekend, and that
21 is what caused a lot of angst among investors with
22 respect to how much liquidity AIG really needed.

23 Q. And what do you mean by saying that the needs of
24 AIG continued to grow?

25 MR. BOIES: Your Honor, I don't object to this,

1 because if they want to waive the privilege, they can
2 waive the privilege. But I think the only way he has of
3 knowing this information for this answer is what his
4 client told him in the context of his function as a
5 lawyer, which is the only function he was performing.

6 And I just -- I rise to note that because I don't
7 want there to be any issue about whether any waiver was
8 possibly inadvertent.

9 MR. TODOR: And Your Honor, my question was
10 intended to be solely the scope to information he heard
11 from his discussions with the private equity firms, not
12 information he would have received internally at -- my
13 question -- and if my phrasing was inaccurate, I
14 apologize for that -- was in terms of the communications
15 he received from private equity firms.

16 THE COURT: Counsel, did you want to add
17 anything?

18 MR. EHRENBURG: I was only going to reiterate that
19 Mr. Reeder can testify to communications that he had with
20 third parties.

21 THE COURT: All right.

22 MR. BOIES: Your Honor, I think that will be
23 objectionable on hearsay grounds, so I think that using a
24 lawyer to go over the evidence that we have in this trial
25 I think is unnecessary, but it's up to them if they're

1 going to do it. But if they're going to do it, I think
2 that his information is either privileged or it's hearsay
3 and it may be both.

4 So if it's coming from the third parties, I'm
5 going to object unless it's being admitted -- I think
6 there is no relevance to it for state of mind because his
7 state of mind is not relevant here, so I would object if
8 it's coming from the third parties.

9 I would also say that if he is going to be asked
10 questions about third parties, we ought to know what
11 third party is being referenced. It shouldn't just be a
12 vague, well, third parties told me things.

13 THE COURT: Mr. Todor, I think we're venturing
14 into dangerous waters here, but I'll give you the
15 opportunity to respond.

16 MR. TODOR: No desire for danger, Your Honor.

17 With respect to the -- whether the hearsay
18 objection with respect to the statements from the outside
19 parties, that would be relevant not only if -- to the
20 truth of what AIG's needs actually were but also in the
21 course of dealings and to the effect on AIG and what
22 decisions it would have to make since it had heard a
23 response from private parties, not for the truth of what
24 AIG's liquidity needs actually were.

25 Otherwise, I would seek to rephrase and to limit

1 my question solely to whether the witness has a specific
2 recollection of a private equity firm making that
3 statement to him and what that statement was rather than
4 the substance or, you know, the actual magnitude of the
5 liquidity needs being expressed.

6 THE COURT: I know you're trying to be careful
7 with your questions, and I appreciate that. And we don't
8 have any question actually pending at the moment, so why
9 don't you go ahead.

10 BY MR. TODOR:

11 Q. Mr. Reeder, do you have a recollection of any
12 specific private equity firm communicating to you the
13 reason why they could or could not extend liquidity
14 assistance to AIG over the Lehman weekend?

15 MR. BOIES: I have no objection to that question,
16 but I would ask that in this area, because of the
17 sensitivity, that the witness be particularly careful to
18 respond "yes" or "no" or "I don't know" to questions that
19 call for such a response.

20 THE COURT: Yes. Point well-taken.

21 Go ahead, Mr. Reeder.

22 THE WITNESS: Okay.

23 The answer to your question is yes. But in order
24 to answer it fully, I would have to give more of an
25 explanation, but the answer to your question is yes.

1 BY MR. TODOR:

2 Q. Which private equity firm made such a
3 communication to you?

4 A. As I indicated to you, we had over 200 people at
5 AIG that weekend. We had every major group represented.
6 They were in different conference rooms. I was shuttling
7 between conference rooms. I do not know precisely what
8 group it was at that time.

9 Q. During the Lehman weekend, did you have any
10 dealings with JPMorgan or Goldman Sachs?

11 A. Yes, I did.

12 Q. What was the nature of the communications you had
13 with JPMorgan and Goldman Sachs over that weekend?

14 MR. BOIES: Objection, Your Honor. I don't know
15 what "nature" means. If he means was it oral or in
16 writing, I've got no objection to it. If he's calling
17 for the substance of it, I do have an objection both on
18 hearsay and foundation grounds.

19 THE COURT: Mr. Todor?

20 MR. TODOR: Please allow me to rephrase.

21 THE COURT: All right.

22 BY MR. TODOR:

23 Q. Did you have any communications with JPMorgan or
24 Goldman Sachs, over the Lehman weekend, with respect to
25 JPMorgan or Goldman Sachs participating in any effort to

1 provide liquidity to AIG?

2 A. Yes, I did.

3 Q. When did that communication take place?

4 A. It started Sunday night.

5 Q. And by "Sunday night," is that September 14, 2008?

6 A. Yes.

7 Q. With whom were you in contact from those
8 institutions?

9 A. The lead from the two institutions was Mr. Lee for
10 JPMorgan and Mr. Chris Cole from Goldman Sachs.

11 Q. Did Mr. Lee make any communication to you as to
12 whether JPMorgan would or would not be able to provide
13 liquidity to AIG?

14 A. He -- the answer to that is a little bit more
15 complicated. I can't answer it yes or no.

16 Q. Why can't you answer it yes or no?

17 MR. BOIES: Your Honor, I object to the question
18 if the response is going to be -- I mean, why can't you
19 say yes or no could call for a perfectly reasonable
20 answer like "I don't remember," but it also could call
21 for an explanation that contains hearsay, and it could
22 contain a waiver of the attorney-client privilege, so I
23 guess I -- I object to the question because it is vague
24 and doesn't really allow us to determine whether it's
25 going to call for hearsay or a waiver or not.

1 MR. TODOR: Well, allow me to rephrase,
2 Your Honor.

3 THE COURT: Can you be more specific?

4 BY MR. TODOR:

5 Q. What was the substance of your conversation with
6 Mr. Lee?

7 MR. BOIES: Objection, Your Honor.

8 MR. TODOR: Your Honor, we -- what Mr. Lee's
9 statements were, again, asking for the substance of the
10 conversation could be relevant either for the truth of
11 the matter or it could be relevant to the course of
12 dealings or the effect or what actions Mr. Reeder
13 understood to be occurring at the time. There's a number
14 of reasons that could be relevant apart from the truth of
15 the matter of the conversation.

16 THE COURT: I'll overrule the objection insofar as
17 it reflects Mr. Reeder's state of mind.

18 THE WITNESS: Mr. Lee gave a presentation to the
19 group that had been assembled and went through a draft
20 term sheet that would involve a \$75 billion secured
21 credit facility that JPMorgan and Goldman Sachs were
22 proposing as a possible liquidity alternative.

23 BY MR. TODOR:

24 Q. Did AIG end up receiving any liquidity under this
25 proposal?

1 A. No, they did not.

2 Q. Did Mr. Lee or Mr. Cole tell you if there was any
3 reason why they could or could not provide liquidity to
4 AIG under this proposal?

5 MR. BOIES: Your Honor, I'm going to object.
6 It's clearly hearsay with respect to the truth of the
7 matter asserted. This witness' state of mind is
8 irrelevant.

9 If it went to a decision maker at AIG, if it had
10 gone to Mr. Willumstad at the time or perhaps to
11 Mr. Herzog, who's going to testify later, we might have a
12 different question. But to say that we're going to take
13 this evidence that's clearly hearsay because it relates
14 to the state of mind of the outside lawyer I think
15 doesn't make sense.

16 THE COURT: Mr. Todor?

17 MR. TODOR: Your Honor, the question is in the
18 same relevance. It's relevant for the same reasons as
19 the prior question. And Mr. Reeder, as he's testified,
20 was representing AIG at the time; and therefore, insofar
21 as counsel for Starr's objection was that it was not
22 going to a decision maker at AIG, this was a lawyer for
23 AIG.

24 THE COURT: Well, I just reiterate that we're
25 getting into dangerous waters here, and I don't know

1 where all this is going to lead. I think -- I think
2 Mr. Boies is correct with his assessment of the hearsay
3 and relevance points that he made. I just -- I mean, I'm
4 willing to let you go forward with this to a point, but I
5 think that the negatives outweigh the positives greatly
6 here.

7 MR. TODOR: Understood, Your Honor.

8 Is the witness able to answer the previous
9 question?

10 THE COURT: No. I'm going to sustain the
11 objection.

12 MR. TODOR: Thank you, Your Honor.

13 BY MR. TODOR:

14 Q. You made reference to a term sheet being
15 discussed by JPMorgan and Goldman Sachs in your previous
16 answer.

17 Did you ever see that term sheet?

18 A. Yes, I did.

19 Q. Do you have a recollection of the terms being
20 contemplated in that term sheet?

21 A. Yes, I do.

22 Q. What is your recollection, sir?

23 A. It was a \$75 billion --

24 MR. BOIES: Your Honor, again, I don't object to
25 this question. I'd just note that what is happening is

1 he is now communicating what he learned and what he
2 believed as a lawyer at the time.

3 It may be that it's not enough to do a
4 subject-matter waiver or it may be that in combination
5 with other things it is.

6 I think using a lawyer to tell this story when
7 there are lots of businesspeople who were there, some of
8 whom have testified and some of whom are going to
9 testify, including Mr. Lee, is going to testify this
10 week, I think unnecessarily risks the privilege, but if
11 they want to do it, it's up to them, but I do -- I do
12 note that this is not inadvertent.

13 He's testifying about his mental impressions.
14 They're arguing that his state of mind, the lawyer's of
15 state of mind, is relevant. I do not know how you can
16 get deeper into the privilege than that.

17 MR. TODOR: Your Honor, this is not implicating
18 any attorney-client privilege at all. This is --
19 Mr. Reeder is an eyewitness saying what he saw of a
20 document that was being contemplated. This is not a
21 communication from his client. It is not calling upon
22 his legal reasoning.

23 THE COURT: Mr. Reeder, I apologize, but can we
24 ask you to step outside just for a few moments?

25 THE WITNESS: Sure.

1 THE COURT: Thank you very much. I appreciate
2 your patience.

3 (Whereupon, the witness was not present in
4 open court.)

5 THE COURT: Counsel, anyone is welcome to speak,
6 but let me just say that you know your case better than
7 I do at this point and you know what you want to
8 present, but I really do not see the point of presenting
9 the lawyer's testimony in this case when we have so many
10 other people who can tell the story without venturing
11 into attorney-client privilege issues or the hearsay
12 issues that obviously exist.

13 But I'm willing to discuss it with you.

14 Mr. Dintzer, I notice that you're standing.

15 MR. DINTZER: I am, Your Honor, only -- and not
16 to steal Mr. Todor's thunder at all but just because this
17 is an issue that is going to apparently come up again
18 with another witness, and so this sort of spans a number
19 of witnesses and so we want just to get a full airing of
20 it.

21 What we are doing here is asking -- and we
22 understand the Court's concern, we do, and we share the
23 Court's concern with respect to making sure that the
24 privilege is maintained and that nothing happens that
25 puts AIG's privilege at risk.

1 What we're doing here, though, or what we're
2 trying to do is to ask the witness simply what the
3 witness saw and heard. And the fact that the witness
4 saw a document and read the document, if the witness had
5 been on his way to lunch and saw a car accident, in the
6 same way, if he gathered information himself, that those
7 facts could not be privileged, the facts that he drew
8 from this document by looking at it should not be
9 privileged.

10 If he went back to AIG and said, Look, I've got
11 these legal concerns about this document or this is a
12 real legal problem, no question about it. But if all
13 we're asking for is basically what he saw and heard in
14 the room and, as Mr. Todor has explained, with respect
15 that there are -- whether it's offered for the truth or
16 not offered for the truth, there are a number of grounds
17 on which what he saw is relevant without touching
18 privilege, we would ask the Court to allow the
19 examination to continue with the understanding that we're
20 not asking anything that he related to his client or to
21 the extent that it's other than the facts, because we all
22 know that facts can't be privileged.

23 So if he sees -- as counsel suggested, if he sees
24 a document and it says \$75 billion and he turns to the
25 client and says, This says \$75 billion, that's a fact,

1 and it's not legal advice. And we'd ask the Court
2 under -- within those parameters to allow the witness to
3 testify without risking what we don't believe is close to
4 the line on the waiver of privilege.

5 THE COURT: All right. Tell me your name again
6 from Sullivan --

7 MR. EHRENBERG: Stephen Ehrenberg from
8 Sullivan & Cromwell.

9 THE COURT: Your last name again?

10 MR. EHRENBERG: Ehrenberg.

11 THE COURT: Ehrenberg. Okay. Mr. Ehrenberg.

12 MR. EHRENBERG: Thank you, Your Honor.

13 If I may suggest, no one in the room is more
14 concerned about preserving this privilege than I am.

15 THE COURT: That's exactly why you have the seat
16 of honor there.

17 MR. EHRENBERG: And don't think I don't appreciate
18 it, Your Honor.

19 I agree that Mr. Reeder's state of mind is
20 sacrosanct and not part of this case. His understanding,
21 his thoughts about the case, all of that is a hundred
22 percent off-limits.

23 I do agree that there is a careful distinction to
24 be made between whether he saw a blue car crossing the
25 street or a red car. And to the extent that someone asks

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1 him what did a document say and he is literally repeating
2 the words that were on the document and not giving his
3 legal gloss on what those words mean or his legal
4 assessment of those words, that is a different situation,
5 but I would very much appreciate the Court's guidance on
6 that as we are the ones who will have to live with the
7 results.

8 THE COURT: I'm just very leery of going down this
9 path, as I've indicated, and I really don't see a lot of
10 benefit from eliciting testimony of this type.

11 If he's reciting what a document says, well,
12 assuming the document is in evidence, we can all read it
13 and see what it says.

14 As soon as he gets into talking about the
15 significance of certain terms or, you know, whether one
16 term was more important versus another or whether one
17 term was in line with what you'd expect to see in the
18 marketplace, all of that is probably privileged because
19 it's all based upon what the lawyer learned from
20 communications with AIG.

21 So it seems like a really limited set of
22 information that you can realistically get from these
23 people, and I just don't know if it's worth all the
24 trouble, quite frankly.

25 MR. TODOR: Understood, Your Honor.

1 THE COURT: Mr. Carangelo?

2 MR. CARANGELO: I would just like to reiterate
3 again that AIG does not want to waive the privilege, does
4 not intend to waive the privilege, so if Your Honor
5 thinks this is close to the line, then we should move on
6 to a different question because we do not want any
7 implication of the privilege here.

8 And again, I think I agree with the assessment
9 that the facts of the document are not privileged, but if
10 we are getting into his mental impressions beyond that,
11 it would be. And you know, it's up to I guess the
12 government and you to decide whether or not those facts
13 are important before we get to the next line of
14 questioning. But again, AIG does not intend to waive the
15 privilege.

16 THE COURT: The problem also is that a question
17 from counsel may be totally proper or seemingly proper,
18 but yet the answer given by the witness -- sometimes he
19 can't help but include information that he probably got
20 from AIG that fashioned his thinking on it, so you can
21 very quickly get into privileged information even though
22 the question might be completely proper.

23 I mean, that's the way I see it.

24 MR. CARANGELO: Again, the witness is also very
25 clear that AIG does not intend to waive privilege, and

1 we've asked him to think about every answer he gives to
2 make sure that he's not giving any information that's
3 privileged. But again, I think it sounds like we should
4 move on from this topic. It sounds like it's close to
5 the line and we just move on to the next line of
6 questioning because we don't want anything that could
7 remotely implicate the privilege.

8 THE COURT: All right. You know, it's so easy
9 when we're just talking about the term sheet, for
10 example. If you were to ask him why or why not was this
11 term sheet acceptable to your client, you know, something
12 along those lines, well, that immediately gets into
13 privileged information. You're probably not going to ask
14 something like that, but it's just --

15 MR. TODOR: I certainly hope not.

16 THE COURT: It's just very easy to slip into a
17 privileged area without either counsel or the witness
18 completely realizing it.

19 I think it's helpful that Mr. Boies is very alert
20 to these problems, but --

21 MR. TODOR: We are as well, Your Honor.

22 THE COURT: Well, and you know, I'm sure from a
23 professional standpoint you don't want to implicate
24 AIG's waiver of privilege, but by the same token, it's
25 just very easy to slip into that area unintentionally.

1 So I don't know what you want to do. Do you have
2 any subjects with this witness that are clearly not
3 privileged?

4 MR. TODOR: The subjects would involve the
5 receipt -- the back-and-forth between AIG and the Fed and
6 its lawyers, so that's dealing with the opposite party,
7 so it would be the substance of those communications,
8 which at least in our understanding does not implicate
9 privilege because it's communication with someone by
10 definition who is not your client.

11 The other major topic would be the statements
12 attributed to the witness in board meetings and
13 verifying, you know, whether he gave the advice that is
14 cited to him in the board meetings. Based upon the
15 Court's instructions, our questioning on that would be
16 highly limited so as not to implicate further mental
17 impressions beyond the fact of whether certain statements
18 were made.

19 THE COURT: Well, again, as to board meetings, we
20 can all read what the statements say.

21 MR. TODOR: There has been dispute by counsel for
22 Starr in particular as to whether certain statements in
23 board minutes were accurate, and insofar as the witness
24 could provide clarity on any of those statements, that --
25 it's not -- it's not quite the same as the situation

1 where there's a court reporter transcribing every word
2 that was said.

3 So insofar as the Court's concern is, well,
4 everyone can read the board minutes, at least our
5 understanding is plaintiffs have not agreed with
6 everything in the board minutes, so for the purposes of
7 those statements, that would be a value added from having
8 the witness verify statements that were made that were
9 disclosed in the document and -- but without getting into
10 reasons, whys and wherefores.

11 THE COURT: Yes, sir.

12 MR. EHRENBERG: Your Honor, I feel compelled to
13 add that Mr. Reeder is obviously a nonparty witness.
14 He's here because he was called as a witness, not because
15 he particularly wants to be.

16 That being the case, I hope we don't find
17 ourselves in a circumstance where Mr. Reeder is subject
18 to sort of strict liability if there's some kind of,
19 you know, transgression because of the way the question
20 was asked or because it's enormously difficult for him to
21 sort through his memory and identify a nonprivileged
22 source as a basis for his testimony. That's all I would
23 add.

24 Thank you.

25 THE COURT: Well, if I had the government's case,

1 I probably would not be doing this. I think the
2 testimony you're about to get is going to be chopped up
3 with lots of colloquy among counsel, but if you feel it's
4 important and you'd like to go ahead, that's fine. I'll
5 allow it.

6 MR. TODOR: Thank you, Your Honor.

7 Your Honor, may I have a moment to confer with my
8 colleagues?

9 THE COURT: Sure.

10 MR. DINTZER: Your Honor, if we could have a
11 five-minute break, we'd appreciate it.

12 THE COURT: All right. We'll go off the record.
13 I'm going to stay here. Just let me know when you're
14 ready.

15 (Discussion off the record.)

16 THE COURT: Okay. Back on the record.

17 Mr. Todor?

18 MR. TODOR: Thank you, Your Honor.

19 Before the witness is to come back into the
20 courtroom, we just wanted to clarify, in light of the
21 Court's prior statements, the purposes for which we would
22 be calling the witness, if that is acceptable to the
23 Court.

24 THE COURT: Sure.

25 MR. TODOR: Mr. Reeder will be called as a limited

1 purpose in direct rebuttal to certain factual suggestions
2 Starr has made throughout this case.

3 One is that AIG was never presented with the
4 private sector term sheet and was unaware of its terms.
5 Mr. Reeder can observe what he saw and what he saw in
6 full of a room with 200 finance people in terms of what
7 the term sheet that he was shown was.

8 Second, Starr has made a suggestion that the term
9 sheet that the New York Fed sent over to AIG on
10 September 16, 2008 had warrants as an equity term.
11 Mr. Reeder observed the term sheet, can say what he
12 observed from the term sheet without getting into his
13 communications with his client about it or anything he
14 learned from his client about the terms, simply the
15 communication received from the New York Fed and its
16 counsel.

17 Third, Starr has raised questions as to the
18 accuracy of statements made in board of directors and
19 audit committee minutes. If Starr is willing to
20 stipulate as to the accuracy of statements attributed to
21 Mr. Reeder in those minutes, then it will be unnecessary
22 to ask him about whether communications attributed to him
23 in those minutes are accurate. Otherwise, we would ask
24 the witness to verify whether statements attributed to
25 him are in fact accurate.

1 THE COURT: Very well. Let's bring the witness
2 back in.

3 MR. TODOR: Thank you, Your Honor.

4 (Whereupon, the witness was present in
5 open court.)

6 THE COURT: Thank you for your patience,
7 Mr. Reeder. I think we are ready to resume.

8 THE WITNESS: Okay. Thank you.

9 MR. CARANGELO: Your Honor, we have not talked to
10 Mr. Reeder during the break, and I just want to again
11 direct Mr. Reeder to understand that AIG has not waived
12 its privilege, does not intend to waive its privilege,
13 and ask you to think about that in every answer. If you
14 think there's any answer that you give that may implicate
15 the privilege, I'd ask you not to give the answer and
16 consult with counsel if necessary.

17 THE WITNESS: Okay. Thank you.

18 MR. CARANGELO: Thank you, Mr. Reeder.

19 BY MR. TODOR:

20 Q. Hello again, Mr. Reeder.

21 Before you were briefly excused from the
22 courtroom, I had asked you a question about a private --
23 a term sheet that you had observed in a meeting with
24 JPMorgan and Goldman Sachs. Do you recall that?

25 A. Yes.

1 Q. Do you recall what, if any, term there was in
2 that term sheet relating to the form of equity
3 contemplated?

4 MR. BOIES: Your Honor, may I take the witness on
5 voir dire?

6 THE COURT: Sure.

7 - - - - -

8 VOIR DIRE EXAMINATION

9 BY MR. BOIES:

10 Q. Mr. Reeder, when did this meeting take place?

11 A. The meeting was Sunday night.

12 Q. And were you given a copy of the term sheet?

13 A. Yes, I was.

14 Q. And you had it in your hands.

15 A. Yes, I did.

16 Q. And you read it.

17 A. Yes, I did.

18 MR. BOIES: Your Honor, I have no objection to his
19 testifying as to what he read. I will deal with the rest
20 of it on cross-examination.

21 THE COURT: All right.

22 MR. BOIES: But actually one other question.

23 BY MR. BOIES:

24 Q. What did you do with that term sheet?

25 A. I don't understand the question.

1 Q. Well, you had a term sheet in your hands. You'd
2 been given a term sheet. You were representing AIG.

3 Did you keep a copy of it?

4 A. I -- yes, I had a copy of it. Again, I don't
5 understand. Yes, I retained the term sheet, if that's
6 the question.

7 Q. Yes, that's the first question.

8 A. Uh-huh.

9 Q. Now, you were the 30(b)(6) witness for
10 Sullivan & Cromwell; right?

11 A. Yes, I was.

12 Q. And in that connection --

13 A. Well, not for Sullivan & Cromwell. For AIG.

14 Q. For AIG.

15 A. Yes.

16 MR. TODOR: Your Honor, this seems to be getting
17 into the realm of cross-examination.

18 THE COURT: I don't think so. I think one or two
19 more questions might be fine.

20 BY MR. BOIES:

21 Q. And when you were preparing to be the
22 30(b)(6) witness for AIG, did you see a copy of the term
23 sheet that you had in your hands?

24 A. I don't recall.

25 MR. BOIES: I think with that testimony, it's

1 probably I need to do it on cross, but, Your Honor, I
2 don't know where that term sheet is. And we're getting a
3 lot of testimony here.

4 THE COURT: Mr. Todor, do you have the document?

5 MR. TODOR: My -- not in these witness binders,
6 no, Your Honor. I wasn't intending on questioning him on
7 a particular document with respect to that. I was just
8 asking about his recollection.

9 THE COURT: Well, isn't the document the best
10 evidence of what its terms are?

11 I'm not sure about the validity of having this
12 witness' recollection of what is in the document without
13 having the document itself.

14 MR. TODOR: We were not -- again, we are not
15 seeking to admit a document into evidence. We are
16 seeking to prove that he received a document as a
17 representative of AIG. We're not seeking to enter the
18 truth of the document. We're seeking to get the effect
19 on AIG through its representative.

20 MR. BOIES: Your Honor, he said he kept a copy.
21 There is no statement from the witness that that
22 document does not exist.

23 That being so, if he gets into the substance,
24 it's objectionable on the best evidence rule.

25 THE COURT: That's my view, too, but you can go

1 ahead. We'll see where this leads.

2 - - - - -

3 DIRECT EXAMINATION (resumed)

4 BY MR. TODOR:

5 Q. I believe the question that was previously pending
6 is, do you have any recollection as to what, if any, term
7 there was with respect to the form of equity
8 participation contemplated, if any, in the term sheet
9 that you observed?

10 MR. BOIES: That's a yes-or-no question, and I
11 don't object to it as a yes or no, but I would ask that
12 the witness be cautioned to answer questions like that
13 yes or no so that when we get to the next step, there's
14 an opportunity for an objection.

15 THE COURT: Can you answer that yes or no?

16 THE WITNESS: Yes, sir.

17 THE COURT: Okay. Go ahead.

18 THE WITNESS: Yes.

19 BY MR. TODOR:

20 Q. What is your recollection of the form, if any, of
21 equity participation, if any, specified in the document
22 you observed?

23 MR. BOIES: Objection, Your Honor. The document
24 is the best evidence.

25 THE COURT: Without having the document in

1 evidence, I will sustain the objection.

2 MR. TODOR: Your Honor, we will provide a document
3 that may solve the -- or address the Court's concerns.

4 THE COURT: All right.

5 MR. TODOR: At this time, if we could move to a
6 separate topic, Your Honor.

7 THE COURT: Sure.

8 BY MR. TODOR:

9 Q. Mr. Reeder, did there come a time when you
10 received a communication from the New York Fed as to
11 whether the New York Fed may or may not be willing to
12 extend liquidity assistance to AIG?

13 A. Yes.

14 Q. When did that occur?

15 A. Tuesday afternoon.

16 Q. From whom did you receive that communication?

17 A. The communication came through my partner,
18 Mr. Wiseman.

19 Q. At some point during the day of September 16,
20 2008, did you observe a term sheet detailing terms that
21 upon which the New York Fed may or may not have been
22 willing to extend credit to AIG?

23 A. Yes, I did.

24 Q. When did you see that?

25 A. Again, Tuesday afternoon.

1 Q. Where were you when you saw it?

2 A. I was at AIG in the boardroom.

3 Q. How did you come to see it?

4 A. My partner, Mr. Wiseman, brought it back with him
5 from the New York Fed.

6 Q. Did you have a chance to look at the document when
7 Mr. Wiseman came back with it from the New York Fed?

8 A. Yes, I did.

9 Q. Did you have a chance to review the document as
10 to the terms, if any, that were specified in the
11 document?

12 A. Yes, I did.

13 Q. You have been handed a binder of documents.

14 Could you please turn to the document that is
15 marked as DX 955.

16 And Mr. Reeder, I direct your attention for now
17 to the first five pages of that document and ask you
18 whether you recognize the first five pages of this
19 document.

20 A. Yes, I do.

21 Q. What do you recognize them to be?

22 A. The term sheet that was brought over by
23 Mr. Wiseman from the New York Fed.

24 Q. Without disclosing the content of any
25 communication that you may or may not have had about the

1 term sheet, did you discuss this term sheet with any
2 other person on that afternoon?

3 A. Yes, I did.

4 Q. With what persons did you discuss that, without
5 discussing the content of anything you may or may not
6 have said to those persons?

7 MR. BOIES: Your Honor, if that is somebody -- I
8 don't know whether that's somebody at AIG or not. If it
9 is somebody at AIG, I believe it's going to waive the
10 privilege. It's certainly going to waive work product
11 protection.

12 I think all -- I mean, this is not a situation
13 where somebody is walking down the street and they see a
14 car accident. If somebody -- if a lawyer goes out to
15 investigate a car accident and is acting as a lawyer,
16 that's protected by work product.

17 Now, they can waive work product, and that's
18 Sullivan & Cromwell's privilege to waive.
19 Attorney-client is the client's, but they can waive work
20 product, so that part of it is up to them.

21 But this is certainly work product, and I think
22 it's going to be privileged if those people that he's
23 communicating with are AIG people.

24 MR. TODOR: Your Honor --

25 THE COURT: Mr. Ehrenberg?

1 MR. EHRENBERG: Your Honor, we certainly have no
2 intention to waive work product.

3 To the extent that the question calls for the
4 witness to testify that he communicated something to a
5 client, whether that was the terms of the term sheet or
6 something else, we would agree that that would invade the
7 privilege.

8 THE COURT: I'm sorry?

9 MR. EHRENBERG: We would agree that it would
10 invade the privilege.

11 MR. TODOR: And my question was attempted to be
12 framed as cautiously as possible so as not to ask him to
13 ask any discussion of any -- of anything he may have
14 said, simply the identity of any persons he may have met
15 with. And therefore, for that reason, it would not be
16 getting into any -- the substance of any attorney-client
17 communications nor his mental impressions or work
18 product, you know, what he was thinking about the thing.

19 THE COURT: All right.

20 MR. BOIES: Your Honor, if it turns out that that
21 answer is in part AIG people, there's been a waiver, and
22 I leave to the other counsel in this room what we do now,
23 but I just want to be absolutely certain that this is not
24 inadvertent.

25 MR. TODOR: Your Honor --

1 THE COURT: Mr. Ehrenberg?

2 MR. EHRENBERG: Your Honor, we would agree that
3 the question calls for him to convey the substance of
4 what he said to his client and we would instruct him not
5 to answer.

6 THE COURT: Very well.

7 MR. TODOR: I have a different interpretation of
8 what the substantive question is, but I will withdraw the
9 question in light of those objections.

10 THE COURT: All right. Next question.

11 BY MR. TODOR:

12 Q. Turning your attention to the first five pages of
13 DX 955, did you observe any other person holding this
14 document during the afternoon of September 16, 2008?

15 A. Yes.

16 Q. Again, without disclosing the content of any
17 communications you may have had with your -- with anyone,
18 which persons, if any, did you observe holding this
19 document?

20 MR. BOIES: Again, Your Honor, I have no objection
21 to this, but he's operating there as a lawyer, doing
22 nothing at that building other than as a lawyer. If we
23 had asked him what he had done, that's work product.
24 They're going to waive the work product, and that's okay
25 with me, but I just want it to be clear that it's not

1 inadvertent.

2 THE COURT: Mr. Carangelo?

3 MR. CARANGELO: Your Honor, again, AIG does not
4 want the work product or the privilege waived.

5 I don't believe answering the question who was
6 holding the document is a waiver, but if Your Honor takes
7 that view, then we would direct the witness not to
8 answer. I think it's a question of whether or not you
9 think that's a waiver. If it is going to be a waiver,
10 then he should not answer the question. That's your
11 call, Your Honor.

12 MR. DINTZER: Your Honor, if I could be heard on
13 this as well.

14 There's no suggestion that any of this was done in
15 anticipation of litigation, and so the question about
16 work product arising or being waived is a little
17 baffling.

18 The fact that he sat there and he saw other people
19 and physically gave it, those are operative facts that
20 can't be privileged. In fact, if they were the
21 centerpiece of the case, he could be called and required
22 to say he physically took this and handed it to this.
23 Those are facts, so we agree that those shouldn't be --
24 that those -- I mean, plaintiffs' counsel's assertion
25 that there might be some possible waiver is -- really

1 misses the mark on this, Your Honor, because all we're
2 doing is asking physically what he did or what he saw and
3 not what he thought about it and not whether he thought
4 that broke the law or anything like that but -- and those
5 facts can't be privileged.

6 THE COURT: You know, in one sense, I'm not the
7 final arbiter on the questions of waiver of the
8 privilege. I think that that's more in the hands of
9 AIG's counsel that are here, and so I'm going to leave it
10 to them.

11 If you think it's okay for him to answer this,
12 that's fine, but I would totally understand if you
13 instructed him not to answer.

14 MR. EHRENBERG: Your Honor, to the extent that the
15 Court is not going to rule in advance that it would not
16 be a waiver, then we would instruct the witness not to
17 answer the question.

18 THE COURT: Very well.

19 BY MR. TODOR:

20 Q. With physically -- at some point on September 16,
21 2008, were you aware whether AIG had a board of directors
22 meeting?

23 A. Yes, I am.

24 Q. Were you physically present during the board of
25 directors meeting?

1 A. No, I was not.

2 Q. Where were you physically during the AIG board of
3 directors meeting?

4 A. There's a -- there's an anteroom outside of the
5 board room, and that's where I was.

6 Q. At some point during the board meeting -- I'll
7 direct your attention to pages 6 and 7 of DX 955.

8 A. Yes.

9 Q. At some point did you cause the fax put here on
10 pages 6 and 7 of DX 955 to be sent?

11 MR. BOIES: Your Honor, again, I don't know who
12 he's sending it to or what function he is performing,
13 but he's not there doing anything other than being a
14 lawyer.

15 And if all he was -- if all he's asking is
16 whether this witness physically took the last two pages
17 of this exhibit and faxed it someplace, I don't think
18 that that waives anything, and I would be prepared to say
19 I'm not going to claim any waiver if that's the only
20 question they're asking.

21 MR. TODOR: That is the only question currently
22 pending, Your Honor.

23 THE COURT: All right. Go ahead.

24 THE WITNESS: Could you please restate the
25 question.

1 BY MR. TODOR:

2 Q. Did you cause the fax put on pages 6 and 7 of
3 DX 955 to be sent at some point?

4 MR. BOIES: Your Honor, he is saying "cause the
5 fax." I don't know what that means.

6 If what he's asking is, to the witness, did you
7 take this, these two pieces of paper, and fax it
8 someplace, I've said before I won't object to that. But
9 if he's now going to make the question vaguer, I don't
10 know what my position will be until I hear the answer.

11 MR. TODOR: May I rephrase, Your Honor?

12 THE COURT: Sure.

13 BY MR. TODOR:

14 Q. Did you personally fax this or instruct someone
15 else to fax it?

16 A. I instructed somebody else to fax it.

17 Q. Whom did you instruct to fax it?

18 A. There were several assistants there who were
19 making copies and sending out documents.

20 THE COURT: Why don't we take an afternoon break
21 at this point. We'll reconvene at 3:30.

22 (Court in recess.)

23 (Whereupon, the witness was not present in
24 open court.)

25 MR. BOIES: Your Honor, I asked to raise one

1 matter before the witness came back in.

2 And there's never been a dispute that -- I think
3 it's at 8:44 p.m. on the 16th -- these two pages were
4 faxed to the Federal Reserve. And I think going through
5 all of this time and trouble to get a lawyer to say that
6 when there isn't any dispute -- we've got a fax header on
7 it that says it was faxed -- I think is really
8 unnecessary.

9 I don't think there's anything nonprivileged that
10 this witness can say, other than to confirm that he said
11 the words that are attributed to him. And then it will
12 be up to the Court to decide what weight to give that
13 testimony.

14 But I think he can testify, Yes, I said these
15 words that are attributed to me in this document that's
16 in evidence. But I think the kind of testimony that
17 we're getting now about did you cause to have this faxed
18 when there's no dispute about that just unnecessarily
19 creates work product and privilege problems.

20 THE COURT: Mr. Dintzer?

21 MR. DINTZER: Yes, Your Honor.

22 First of all, I want to apologize for being late,
23 caught up with the weighty issues that we're trying to
24 sort through.

25 But if I may, Your Honor, it's obviously not my

1 witness, but if I may be heard on this because there are
2 other witnesses that this can affect.

3 Your Honor, we're at a point where we believe that
4 there is information that we feel we need to put on with
5 this witness, testimony about who he saw review a
6 document, testimony about the custodial movement of the
7 document, not impressions but the custodial movement of
8 the document and handling of the document. We believe
9 that those facts directly affect issues raised by the
10 plaintiffs.

11 We understand --

12 THE COURT: Are you talking about DX 955 or --

13 MR. DINTZER: I'm talking about the movement of
14 the term sheet, Your Honor, of the term sheet sent by the
15 Federal Reserve Bank of New York, the receipt of it by
16 the witness and -- my understanding is the witness is not
17 in court; right?

18 THE COURT: He's not.

19 MR. DINTZER: Okay -- the movement of it, the
20 receipt of it by the witness, his view of other people
21 who may have seen it or touched it or done things with it
22 with respect to -- and interacted with it and things that
23 this witness saw.

24 THE COURT: Is that document in the record
25 somewhere?

1 MR. DINTZER: It's the --

2 MR. TODOR: Your Honor, that document is not
3 currently in evidence; however, an identical document was
4 attached to DX 956, which was an internal AIG e-mail that
5 was admitted during Ms. Shannon's testimony.

6 THE COURT: And you say it's identical?

7 MR. TODOR: The attachment to DX 956 is the same
8 substance as DX 955. There might have been an extra copy
9 of the signature page in DX 956, but otherwise, that --
10 my understanding is that the -- the term sheet documents
11 are the same.

12 MR. DINTZER: And the only reason I rise -- and
13 I'll let Mr. Todor deal with the specifics, Your Honor --
14 the only reason I rise to address this is that we are at
15 a position where plaintiffs' counsel has raised
16 objections that -- regarding possible waivers where --
17 that we do not see how it could possibly be a waiver, but
18 they clearly have raised the issue and have created a
19 question in the mind for AIG's counsel, who obviously
20 have their own concerns that they have to protect their
21 privilege.

22 What we would ask the Court is, is for a ruling
23 on -- respectfully for a ruling on whether this witness'
24 view of the movement of documents, the handling of the
25 document and the like, whether that does or does not

1 waive the privilege, that -- and getting that ruling will
2 allow the witness to testify in this way and will give
3 AIG's counsel peace of mind so that they need not object
4 to try to stop that testimony.

5 Without the ability to provide the testimony, we
6 believe that it will prejudice the United States and our
7 presentation of the case.

8 We don't want to go into his mental impressions.
9 We don't believe that there's any work product because
10 nobody has mentioned that they were anticipating
11 litigation at this point. We do not want to get into his
12 communications with anybody else.

13 But the things that he saw are significant only
14 because they have been made significant by the arguments
15 raised by the plaintiff, and they are necessary we
16 believe to bring forward.

17 THE COURT: Well, I find it problematic to give
18 you an advance ruling when I don't know the question and
19 I don't know what he might say. All of those things
20 could get us into a problem area.

21 MR. DINTZER: It is our anticipation that if we
22 ask questions only about what he saw and who handled
23 what or how they moved, that those types of questions --
24 I assume that Mr. Reeder won't go rogue on us and provide
25 us testimony -- I would hope he wouldn't, and obviously

1 he's got instructions from counsel not to -- that if
2 we're only talking about what he saw and what physically
3 he did, if he stapled something, if he signed something,
4 whatever he did, whatever is going to come out in his
5 testimony, only about those physical actions, that those
6 are facts that are not privileged and cannot invoke any
7 kind of waiver of any kind of privilege that might be --
8 concern the Court.

9 THE COURT: Mr. Ehrenberg?

10 MR. EHRENBERG: Your Honor, we're obviously in a
11 bit of a tough position. Not having a ruling in advance
12 as to how the law would apply to the facts leaves us
13 with really no choice except to instruct the witness not
14 to answer.

15 That being the case, it seems to me an efficient
16 way to proceed would be for the government to put in a
17 proffer of precisely what questions they intend to ask
18 and the testimony that they expect to elicit so that
19 Your Honor can consider that and give some guidance to us
20 as to how the law on privilege will apply here so that we
21 can properly instruct the witness without overly
22 obstructing the trial.

23 THE COURT: Well --

24 MR. CARANGELO: Your Honor, I'd just like to add
25 one thing to that. I think if the government -- I do

1 agree with Mr. Ehrenberg that's an efficient way to
2 proceed, but any kind of written proffer should be done
3 under seal or in camera so that the proffer itself does
4 not act as a waiver.

5 THE COURT: Well, it's not my practice nor my
6 desire to give advance rulings before I know what's
7 really being asked and what the answer might be. I can
8 give you an advance ruling of what seems to me to be a
9 reasonable approach, but who knows what the answer is
10 going to be in response to a given question.

11 I mean, that's the problem. I have to deal with
12 the here and now. I have to deal with a question that's
13 on the table and I have to deal with the answers as they
14 come, and so, I mean, I'm not going to do an advance
15 ruling of any kind.

16 And I apologize if that makes your life a little
17 more difficult, but you can act as you see fit.

18 MR. EHRENBURG: Your Honor, for better or worse,
19 it makes our lives easier in some sense because it leaves
20 me on my feet quite a bit during both direct and
21 presumably during cross as well.

22 THE COURT: All right.

23 MR. CARANGELO: Your Honor, again, what -- I'll
24 just raise this one more time. I mean, that's the point
25 of a proffer. They actually give you a written proffer.

1 You'll understand what he's going to testify about, and
2 then you can determine in advance whether such testimony
3 would be privileged.

4 THE COURT: Well, I'll get the questions for sure,
5 but -- and I'll get the answer that they may expect to
6 receive, but who knows for sure what he's going to say
7 under oath on the witness stand? I mean, I can't predict
8 that.

9 MR. DINTZER: But some of the testimony that we
10 seek to elicit, as I understand it, was actually in his
11 deposition, and there was no assertion made by
12 plaintiffs' counsel that that was a waiver of anything.

13 But -- but -- I mean, Your Honor, we're in a
14 position where we -- this is -- this is important
15 testimony that the Court needs to hear and that we will
16 be prejudiced if we can't put this on.

17 We are happy to proceed however the Court sees
18 fit. If you wanted to do it, Your Honor, by leading
19 questions where Mr. Todor asks very narrow, yes-or-no
20 questions, and it gives everybody a chance in the room to
21 voice whatever opinion they have, we can argue out each
22 question. It will take a lot of time. That would be one
23 way to proceed, and we'd be willing to do that if the
24 Court would indulge us in that approach.

25 The other way would be to do a written proffer of

1 the anticipated -- based on the deposition, based on the
2 documents and the like, the anticipated testimony, and
3 the Court can review that. And we could ask the Court
4 for a ruling in that way, but -- but it is important, we
5 really believe, that the Court hear the testimony one way
6 or another or at least or at a minimum give us a ruling
7 that it is privileged, and then we'll have that
8 preserved.

9 So we -- respectfully, Your Honor, we do need
10 to -- the -- we also need to protect -- I mean, just as
11 they need to protect their privilege, we have to protect
12 the government's litigating position.

13 THE COURT: Mr. Boies?

14 MR. BOIES: Your Honor, let me just inquire
15 through the Court, if I may, of counsel whether this is
16 something that has been previously the subject of a
17 request for admission that maybe in the course of our
18 discovery mode we didn't adequately respond to.

19 Some of this stuff, like whether something was
20 faxed at a particular point in time, we will stipulate
21 to. If we could just identify what it is that they're
22 trying to establish from this witness with some
23 precision, we might be able to stipulate to it and avoid
24 the problem entirely.

25 I mean, we have to begin I think with an

1 identification of what it is that is asserted Mr. Wiseman
2 gave to this witness and when.

3 THE COURT: You know, I'd be happy to accept an
4 oral proffer from defendant's counsel on the record, and
5 I can give you a thumbs-up or thumbs-down on that I
6 think. Maybe that would be the way to go.

7 MR. DINTZER: We'd appreciate that, Your Honor.

8 THE COURT: All right.

9 MR. DINTZER: If it suits Your Honor, can we do it
10 sort of one section at a time, we'll explain to the Court
11 what we're looking --

12 THE COURT: Sure.

13 MR. DINTZER: Thank you, Your Honor.

14 MR. TODOR: The Court would like to proffer where
15 we are going with this fax term sheet?

16 THE COURT: Yes. Just tell me what you expect to
17 prove through the testimony of this witness.

18 MR. TODOR: It would be the same facts that were
19 elicited during the AIG 30(b)(6) deposition where
20 Mr. Reeder was the designee. There were questions and
21 answers in that deposition as to the document that is now
22 DX 955 where the answers in the deposition were that
23 that's the document that came back over with Mr. Wiseman,
24 that during the AIG board meeting Mr. Willumstad signed
25 the signature page, and that Mr. Reeder had it faxed over

1 to the Fed and then Mr. Reeder attached the term sheet to
2 the signature page.

3 And on that basis, we would be admitting the
4 document on that basis. That's the evidence that we had
5 from the 30(b)(6) deposition that we would be seeking to
6 elicit here with Mr. Reeder.

7 THE COURT: Okay. And that's as to
8 Defendant's Exhibit 955?

9 MR. TODOR: Yes, Your Honor.

10 MR. BOIES: Your Honor, it cannot be that
11 Defendant's Exhibit 955 was brought back by Mr. Wiseman
12 in the afternoon and given to this witness because
13 Exhibit 955 contains a fax cover sheet that I am certain
14 was not attached to it at the time Mr. Wiseman brought it
15 back.

16 Now, it may be that what their claim is is that
17 Mr. Wiseman brought back the entirety of
18 Defendant's Exhibit 955 except for the fax cover sheet,
19 and the fax cover sheet was somehow added into it. But
20 this gets at the heart of what the concern is, which is
21 that we don't have a clear record of what is being
22 asserted.

23 955 is a stapled-together document. That's
24 absolutely clear before this witness' testimony and I
25 think it's even clearer now.

1 If they have a document, that's why I say I think
2 they need to begin with what it is they say Mr. Wiseman
3 brought back, when did he bring it back and who did he
4 give it to.

5 If they establish that and then this witness says,
6 and then I handed it to X and X handed it to Y, I think
7 that is something that we can get either through
8 stipulation or the witness' testimony without invading
9 the privilege.

10 But we've got to begin, I respectfully suggest,
11 with an actual document, a real document, not a
12 stapled-together, fabricated document, but a real
13 document that the witness can testify to.

14 MR. TODOR: Your Honor, may I respond?

15 THE COURT: Sure.

16 MR. TODOR: Specifically we are referring to
17 pages 362 through 365 of the AIG 30(b)(6) deposition from
18 January 23, 2014, where Mr. Reeder, as the
19 30(b)(6) designee for AIG, was being questioned about the
20 same document, which was then, you know, Reeder 2 from
21 the defendant's exhibits but now is DX 955.

22 And Mr. Reeder was asked in the deposition, "And
23 you said that the Willumstad signature page on the
24 acceptance was attached. Do you know who attached that
25 to the summary of terms?"

1 "ANSWER: Me."

2 That is the testimony we would be getting, first
3 that this was the term sheet that Mr. Wiseman had brought
4 back, who Mr. Reeder observed reviewing that term sheet,
5 and the fact that Mr. Willumstad signed the signature
6 page during the board meeting, that Mr. Reeder had it
7 sent and that Mr. Reeder attached it.

8 MR. BOIES: Your Honor -- is this from his
9 deposition? -- what he says on page 311 is: "There was a
10 term sheet that had been provided to us by the government
11 after the board meeting. As I said, I was not at the
12 physical board meeting. I was outside coordinating the
13 loan. We had a request from the government to sign a
14 one-pager. I asked Mr. Willumstad to sign it and append
15 it to the term sheet. Mr. Willumstad signed it, the
16 one-pager. Bob Willumstad -- we -- appended it to the
17 term sheet that we had taken in and discussed with the
18 board."

19 Now, the proffer now is that this was brought back
20 in the afternoon by Mr. Wiseman, not after the board
21 meeting, but it was brought back in the afternoon, and
22 that was what the one-pager was appended to.

23 And I raise this only because it shows that we do
24 not have anything like a clear record of what the witness
25 is testifying to. And to have a lawyer come in and do

1 this and a lawyer purport to say, This is what I saw
2 operating as a lawyer, advising the board, this is what
3 was -- this is what my client was doing in terms of not
4 driving a car down the road but reviewing and executing
5 documents, we're going to get the witness' opinion as a
6 lawyer as to what his client was doing with this term
7 sheet.

8 MR. TODOR: Your Honor, may I respond?

9 THE COURT: Yes. You may have the last word.

10 MR. TODOR: First I note that on page 363 of the
11 30(b)(6) deposition Mr. Reeder also states that "This was
12 the term sheet that was given to us by the
13 Federal Reserve Bank of New York that was discussed with
14 the board of directors on the meeting of September 16."

15 The questions that we will be asking involve, as
16 counsel for Starr is pointing out, when he saw it, who
17 got it, what was done with it, who had custody of it, was
18 it attached to other things. Those do not involve his
19 mental impressions, do not involve his communications
20 with his client. They involved his observations or his
21 performance of legal acts.

22 THE COURT: We're sort of shifting away from
23 privilege issues into what is really a fact dispute, and
24 I'm willing to hear what the witness has to say, and I
25 want counsel from the outside law firms to be alert on

1 every question.

2 We can go forward with this.

3 MR. TODOR: Thank you, Your Honor.

4 Your Honor, perhaps prior to the witness coming
5 back, before we had broken, we had said that there were
6 three topics which we might discuss with the witness.
7 One was the private sector interactions. The second is
8 the receipt of the term sheet. The third was whether
9 statements that he made that were attributed to him in
10 board minutes were accurate.

11 If plaintiffs are willing to stipulate that the
12 statements attributed to him were recorded accurately in
13 the minutes, it would be unnecessary for us to discuss
14 those specific statements with the witness.

15 THE COURT: All right. Well, let's take it one
16 step at a time here.

17 MR. TODOR: Thank you, Your Honor.

18 (Whereupon, the witness was present in
19 open court.)

20 THE COURT: Again, Mr. Reeder, thank you for your
21 patience. I think we're ready to proceed.

22 BY MR. TODOR:

23 Q. Welcome back, Mr. Reeder.

24 A. Thank you.

25 Q. Before you were excused, we were looking at

1 DX 955.

2 Do you have that document in front of you?

3 A. Yes, I do.

4 Q. You were asked, prior to being excused, whether
5 you had personally or directed someone to fax the last
6 two pages of that document to the New York Fed. Do you
7 recall that?

8 A. Yes, I do.

9 Q. After you did that, did you do anything with the
10 signature page?

11 A. Yes, I did.

12 Q. What did you do with it, without disclosing the
13 content of any communications with your client?

14 A. I took the signature page and I stapled it to the
15 term sheet I had.

16 Q. Did you give it to anyone after you did that?

17 A. I gave it to an assistant to make copies.

18 Q. Prior to the AIG board meeting on September 16,
19 2008, and turning your attention back to the first five
20 pages of DX 955, did you observe anyone reviewing the
21 term sheet as put forth in the first five pages of
22 DX 955, without disclosing any communications you may or
23 may not have had with such a person?

24 MR. CARANGELO: Again, this came up before, and I
25 think Mr. Boies said his answer could implicate a waiver,

1 and I want to make sure, because we're not going to let
2 him answer the question if answering it is going to be a
3 waiver. And again, I think you have to decide that in
4 advance; otherwise, we're going to instruct him not to
5 answer.

6 THE COURT: Well, I think -- my view is the answer
7 to this question would not be a waiver.

8 MR. CARANGELO: I agree with that, but I want to
9 make sure that you do.

10 Thank you, Your Honor.

11 MR. BOIES: Your Honor, could I take him on
12 voir dire for just a few questions?

13 THE COURT: Sure.

14 - - - - -

15 VOIR DIRE EXAMINATION

16 BY MR. BOIES:

17 Q. Mr. Reeder, when you made the observation that
18 counsel has asked you about, where were you?

19 A. I was in the anteroom outside the boardroom.

20 Q. And who was there with you?

21 A. There were -- there were assistants and there
22 were people who were walking in and out of the board
23 meeting.

24 Q. Anybody else?

25 A. Not that I recall.

1 MR. BOIES: Your Honor, if that's accurate and
2 they're only assistants, I think there's probably not
3 going to be a waiver, but that's going to be really
4 irrelevant. But if it turns out that there's an
5 executive there that all of a sudden he remembers when he
6 starts to answer the question, that is going to --

7 THE COURT: Well, I'm going to take his answer.

8 MR. CARANGELO: Okay. But hold on a second.
9 Again, can I hear the question, please, because I think
10 the witness was confused by the voir dire. There's two
11 different issues, so listen to the question again. I'd
12 like to hear the question.

13 Can you read back the question, Mr. Todor?

14 MR. TODOR: Mr. Boies' previous question or my
15 question?

16 MR. CARANGELO: Your question.

17 MR. TODOR: My question was: "Prior to the AIG
18 board meeting on September 16, 2008, and turning your
19 attention back to the first five pages of DX 955, did you
20 observe anyone reviewing the term sheet as put forth in
21 the first five pages of DX 955, without disclosing any
22 communications you may or may not have had with such a
23 person?"

24 MR. CARANGELO: Okay. And that question is
25 different than you responded to Mr. Boies' voir dire

1 questions, so with that question in mind I think is
2 different than what you were answering.

3 Because this is not -- this is not a question of
4 just assistants. Again, I think there's two ships
5 passing in the night here. We can do this outside the
6 witness' presence.

7 MR. BOIES: Let's do it outside the witness'
8 presence.

9 MR. CARANGELO: Let's do that. Again, I hate to
10 do this to the witness, but I don't want to waive the
11 privilege here.

12 (Whereupon, the witness was not present in
13 open court.)

14 MR. CARANGELO: The simple point is, I think the
15 answer to Mr. Todor's question goes to what happened in
16 the afternoon when he came back. And I think when
17 Mr. Reeder was answering Mr. Boies' questions, he was
18 thinking about the stapling of the pages together, and
19 there were only assistants there. Because those are two
20 different issues and two different things.

21 Again, I don't want there to be any confusion
22 here. And I think the question Mr. Todor asked, he's
23 going to implicate -- he's going to give an answer other
24 than an assistant. And that's what Mr. Boies asked in
25 voir dire, and then when he voir-dired the witness on the

1 topic, I think the witness was confused, was answering
2 questions concerning the stapling of the signature page
3 to the fax page, not about the meeting before the board
4 meeting.

5 So again, I just want to make sure we're on the
6 same page and I can -- and his answer is going to be --
7 it's going to be more than an assistant who saw the
8 document. And again, I don't want him to answer that
9 question if Your Honor thinks that's going to be a
10 waiver.

11 THE COURT: Well, I --

12 MR. CARANGELO: Again, I don't think it is, but I
13 want you to know that and I want Mr. Boies to know that
14 there was a confusion on his voir dire.

15 MR. BOIES: Because what Mr. Todor's question was:
16 Did you observe somebody reviewing the term sheet? My
17 question was: Where were you when you made that
18 observation?

19 Now, it could be that the witness is confused.

20 MR. CARANGELO: Correct. Because then you said
21 who was there, and if he answers the question who was
22 there, he's going to be telling you who he was with.

23 MR. BOIES: And then I said, you know, when you
24 made this observation, who was there, and he says
25 assistants, people going in and out.

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1 Now, I think there was surprise at that answer
2 because I expected --

3 MR. CARANGELO: But even answering your question
4 is basically answering Mr. Todor's question and could be
5 a waiver if he answers your question, and I don't want
6 him to answer your question if that's a waiver. That's
7 what we're talking about.

8 MR. EHRENBERG: Your Honor, I think this is a good
9 example of why a written submission of the testimony that
10 the government would like to elicit is the way to go
11 here, because this is going to happen on every question
12 on direct and on cross because we really have no other
13 option as a way to proceed except to be this cautious, to
14 interrupt this much and to instruct the witness when we
15 don't have clarity.

16 THE COURT: Well, again, I think that's a nice
17 idea, but I still am reluctant because I don't know what
18 the answers are going to be that the witness provides. I
19 can receive a set of written questions, maybe even a
20 proffer of what defendant expects to prove, but it could
21 all be meaningless if the witness gives an answer that
22 we're not anticipating.

23 I mean, I can give you all a green light and say
24 yes, this looks fine, it's plain vanilla, we're not
25 getting into privilege, and then all it takes is one

1 answer.

2 MR. EHRENBERG: Under those circumstances, we're
3 going to be instructing him not to answer a lot of
4 questions.

5 MR. BOIES: And Your Honor, I think that that is
6 probably right.

7 I mean, when a lawyer is with a client and a
8 client is reviewing a document, that is part of the
9 confidential relationship.

10 We could not summon somebody in without a waiver
11 and say, When you were advising this client, what was the
12 client reading? What was the client reviewing?

13 That is as much an expression of a communication
14 with a client or lawyer as when the client says, I'm
15 reviewing this document.

16 So I think that given the -- given what they want,
17 I think asking it the way they are is inevitably going to
18 waive the privilege.

19 Now, I have suggested to them that if all they
20 want to do is do a chain of custody, if they'll tell me
21 what that chain of custody is, I may very well stipulate
22 to it. I certainly would have stipulated to the faxing
23 of the cover sheet.

24 So we may be able to do this by stipulation. But
25 this is not just a technical issue. This is a real

1 attorney-client privilege issue.

2 THE COURT: Mr. Dintzer?

3 MR. DINTZER: May I be heard, Your Honor?

4 THE COURT: Sure.

5 MR. DINTZER: Your Honor, we fundamentally
6 disagree with Mr. Boies' description of the
7 attorney-client privilege and that what an attorney sees
8 somebody doing -- I mean, quite honestly, because if a
9 nonattorney sees them doing the exact same thing, it's
10 not privileged because it's not legal advice. It's just
11 watching them.

12 And so if he watches someone, whoever that person
13 may be, do something like look at a document, that is
14 fundamentally not privileged because there's no advice
15 being sought.

16 Now, if he's looking at a document and he's
17 saying, What do you think about this clause? and the
18 attorney says, Well, I think this about this clause,
19 obviously that's -- but if he's just reporting that
20 somebody is watching or writing or doing anything like
21 that, that fundamentally can't be -- it's an act, which
22 is the same reason why Mr. Boies wants to ask people what
23 documents did you review, did you see this document
24 before -- before you testified. That's why that question
25 isn't privileged. It's because the review of a document,

1 even if your counsel happens to be standing there, is not
2 necessarily a privileged act. And in fact, Mr. Boies has
3 demonstrated that over and over in this courtroom.

4 And so what we would say, Your Honor, is that the
5 question that Mr. Todor asked, regardless of who was
6 present, can't, can't affect the attorney-client
7 privilege. We'd ask the Court to -- respectfully, if it
8 would rule on that so that the witness could provide the
9 testimony that Mr. Boies clearly doesn't want to hear,
10 and so, respectfully, that's why it's so important to
11 us.

12 THE COURT: You know, another thing that's
13 troubling me is that this mode of proceeding causes
14 really an unfair restriction on cross-examination.

15 Because once you establish what the chain of
16 custody may have been, the people that he gave or he saw
17 reviewing the document, a natural follow-up to that was:
18 Well, what was Mr. Willumstad's reaction? Which I think
19 is a fair question.

20 And if he expressed amazement or surprise or
21 chagrin or whatever it might have been, I think all of
22 that is potentially privileged, and yet you've kind of
23 opened the door a little bit, you know, to get in the
24 chain of custody that you want, and yet the plaintiff is
25 unable to cross-examine --

1 MR. DINTZER: I mean --

2 THE COURT: -- in a meaningful way.

3 MR. DINTZER: And we take your meaning,
4 Your Honor. Respectfully, we disagree. But we would --
5 we -- there are different ways we could do this.

6 We could give the Court a written proffer, a
7 formal written proffer, so that if we can't -- if -- if
8 we don't want to break the privilege that AIG has, and
9 I -- presumably they won't let us even if we wanted to.

10 We do need to get testimony from this witness
11 that we believe is not privileged. And to the extent
12 that we understand what the Court is saying and is
13 basically saying, look, even the unprivileged stuff could
14 open the door on privileged material, then we need to
15 preserve our position by providing a proffer to the
16 Court, a formal proffer. And then if the Court decides
17 that we can't present that testimony because of privilege
18 issues, at least we've preserved our position, which is
19 important to the United States.

20 THE COURT: Well, why don't you go ahead and do
21 that. We'll adjourn this witness for today, and you can
22 make your written proffer.

23 MR. DINTZER: We appreciate that, Your Honor.

24 THE COURT: And then we'll go from there.

25 MR. DINTZER: We appreciate that.

1 And then what we would probably do with the rest
2 of the time I think is play the -- a piece of the
3 Studzinski video and we'll do it that way.

4 THE COURT: All right.

5 By the way, there's a woman in the gallery back
6 there with the long hair, you (indicating). Could you
7 stand up, please.

8 MS. RIVKIN: Yes.

9 THE COURT: What is your name?

10 MS. RIVKIN: Catherine Rivkin.

11 THE COURT: And who are you with?

12 MS. RIVKIN: I'm here with Davis Polk.

13 THE COURT: I've noticed that you seem to laugh
14 and shake your head and be a little bit incredulous at
15 the rulings that are coming down, and it's very annoying,
16 so if you want to stay in these proceedings, let's shape
17 up.

18 MS. RIVKIN: I apologize, Your Honor.

19 THE COURT: All right.

20 MR. DINTZER: We apologize for that, Your Honor.

21 THE COURT: Okay.

22 MR. DINTZER: And we'll inform the witness and
23 we'll prepare the videotape.

24 THE COURT: All right.

25 MR. DINTZER: Thank you, Your Honor.

1 MR. TODOR: Thank you, Your Honor.

2 THE COURT: Yes.

3 MR. PHILLIPS: Your Honor, before we play the
4 video, does the court still have the binder we provided
5 was it last week or two weeks ago?

6 THE COURT: I do. I have it right
7 here (indicating).

8 MR. PHILLIPS: Okay. And do you happen to have --
9 there were to loose documents that we handed out.

10 THE COURT: We'll go off the record for just a
11 moment.

12 (Discussion off the record.)

13 THE COURT: All right. Back on the record.
14 Let's proceed.

15 - - - - -

16 Whereupon --

17 JOHN STUDZINSKI

18 a witness, called for examination, having been previously
19 duly sworn, was examined and testified further, via
20 videotape, as follows:

21 (On videotape.)

22 Q. Sir, you have been handed Exhibit 4. It has a
23 Bates stamp of BX-Starr 641. It is a 9-15-2008 e-mail
24 that you sent to Mr. Schreiber at AIG, and the subject
25 line is "Flowers script."

1 Do you recognize this e-mail, sir?

2 A. Yes.

3 Q. And what did you know about Mr. Flowers'
4 involvement with possible funding solutions for AIG as of
5 9-15-2008?

6 A. Could you be more specific.

7 Q. Were you aware that Mr. Flowers was involved in
8 looking for funding for AIG somewhere on or about
9 September 15, 2008?

10 A. Yes.

11 Q. And did you understand that he was trying to put a
12 proposal together?

13 A. Yes.

14 Q. What did you understand that proposal to be?

15 A. I understood the proposal was nonspecific and
16 lacked any serious underpinning. And I think as I say in
17 this board note, "The board has advised the expression of
18 interest is only that and does not warrant either a
19 formal disclosure or reply."

20 Proposals to be considered by boards during
21 periods of financial -- possible financial distress or
22 uncertainty have to be fully clarified in terms of
23 conditions, timing, sources of funding and the ability to
24 close. His position was only an expression of interest
25 and basically an option to go shopping.

1 Q. Could you explain what you mean by "an option to
2 go shopping."

3 A. It means an option to go shopping. I think it's
4 very clear English. It's an option to look and to try to
5 explore the situation with a view to making a proposal.
6 But any proposal -- he -- there was no proposal he was
7 making. He had an interest in exploring information that
8 might give him more understanding about the financial
9 characteristics of the company in such a way that he
10 might be able to make a more tangible proposal. That
11 tangible proposal of course did never appear.

12 Q. And in contrast to what Mr. Maughan was working on
13 for KKR, Mr. Maughan's proposal was more tangible or
14 sincere?

15 You can answer the question, sir.

16 A. I think both proposals were -- were from the
17 judgment of a financial advisor. Both proposals still
18 were options to discuss and explore and investigate.
19 Neither proposal were without the sense of conditions
20 and/or uncertainty as to whether funding would ultimately
21 ever be available.

22 Q. Did you understand KKR's proposal or view to a
23 proposal to be more serious than Mr. Flowers' interests?

24 A. I cannot comment on the seriousness of one versus
25 the other. That's a question of intent and seriousness,

1 and that's -- it's in the eye of the investor. It's not
2 really in the eye of the observer.

3 KKR had many people present and projected a
4 seriousness and a professionalism. Mr. Flowers also, in
5 his own style, showed a certain amount of determination.
6 But neither one of them at the end of the day, if you
7 were making a decision at a board level, would be seen as
8 a sound source of committed financing.

9 Q. Did you have any dealings during the period of
10 September 12 through September 16, 2008 with the
11 Federal Reserve Bank of New York?

12 A. It could -- yes. Yes.

13 Q. Start with the people you talked to.

14 Who did you speak to, if anyone, at the
15 Federal Reserve Bank of New York during that period?

16 A. Well, I spoke to no one directly. I participated
17 in a conversation -- to the best of my recollection, I
18 have -- I believe this is true -- that Bob Willumstad and
19 I -- Bob Willumstad was then the chairman and chief
20 executive of AIG -- telephoned Tim Geithner on Sunday
21 evening and indicated to Mr. Geithner that we thought
22 that we would need some type of Federal Reserve facility
23 by Monday or Tuesday or Wednesday. This was a
24 preliminary conversation.

25 I would say Mr. Geithner did not know that much --

1 well, Mr. Geithner implied in his conversation that he
2 did not know that much about the balance sheet of AIG.
3 Whether he did or not I do not know. I was aware of the
4 fact that that weekend Mr. Geithner had a number of
5 other situations with which he was dealing, but we
6 needed to, from the highest-most possible level at AIG,
7 make it clear that some type of facility may be
8 necessary.

9 So we were doing two things. By notifying
10 Geithner, we were notifying him that we might need a
11 liquidity facility, we were putting him on notice and we
12 were satisfying our objectives -- our goals to our board,
13 to our shareholders and to our other stakeholders,
14 including our policyholders. And B, we were disclosing
15 to him that there was an issue and we needed the time and
16 the attention and the resources of the Federal Reserve
17 Bank of New York.

18 Q. During that conversation, did Mr. Willumstad or
19 anyone else who may have been on the call express to
20 Mr. Geithner or anyone at the Fed that AIG was
21 contemplating bankruptcy?

22 A. The word "bankruptcy" was not used. The -- what
23 was specifically -- I'll just restate it. It was said
24 that we may need a funding facility, we may need a
25 liquidity facility. There was a technical term then

1 used, and I can't recall that term right now. But that
2 was said, that we wanted to give him the notice that we
3 may need a facility to be in place at some point on
4 Monday, Tuesday or Wednesday. In that conversation, the
5 word "bankruptcy" was not used.

6 (Off videotape.)

7 MR. PHILLIPS: Your Honor, at this point
8 DX 328 will be discussed.

9 THE COURT: All right. Thank you.

10 MR. PHILLIPS: That is in the binder.

11 THE COURT: Yes.

12 (On videotape.)

13 Q. Sir, you have been handed what's been marked as
14 Exhibit 6. This is a 9-15-2008 e-mail at 1:30 a.m.
15 from -- with the Bates stamp BXSTARR 392, and you sent
16 this e-mail to a number of recipients.

17 Please tell me when you've had a chance to read
18 it.

19 A. Well, I didn't send the e-mail to a number of -- I
20 mean, I did the top of it.

21 Q. Yes.

22 A. But the lead-up starts with Tim Coleman
23 responds --

24 Q. Agreed. Thank you for clarifying that.

25 A. -- Tony James and then responds to Tony James'

1 copy to me and then I respond.

2 So this would have been on September 15, which
3 again is --

4 Q. This would have been Monday, right after midnight,
5 so Sunday night going into Monday morning.

6 A. Right. If this is correct -- I mean, again, with
7 this BlackBerry, it was -- since I have a London
8 Blackberry, I don't know what -- I don't know where --
9 whether -- I would have to look at that, when this
10 actually occurred, but -- okay. Point taken. Go ahead.

11 Q. Just one follow-up question.

12 Do you happen to know if your Blackberry would
13 have been tied to Greenwich Mean Time or...

14 A. Well, I normally change the time when I travel,
15 so -- but I don't know what the Blackstone server sees.
16 It's normally based on where your original software is.
17 It's an important point here obviously in terms of some
18 of these e-mails I have no doubt.

19 Q. Focusing on that top e-mail, you wrote, "We are
20 currently in negotiations with the Fed. The Board
21 discussed all options and is still discussing as the
22 meeting has not been adjourned formally. Going into
23 Administration has been discussed. But the issue is
24 liquidity. Not capital. PE and The Asia Sovereigns are
25 still real."

1 Then you say, "We should talk first thing Monday.
2 D Day is Wednesday."

3 Focusing on that first sentence, "We are currently
4 in negotiations with the Fed," is that a reference to the
5 call you mentioned previously that you and
6 Mr. Willumstad --

7 A. Yeah, that was in reference to -- this would have
8 been late Monday light. I'm just trying to put all this
9 in context here.

10 You see, the genesis of this e-mail is obviously
11 Tim Coleman runs our bankruptcy practice. We did not
12 involve our bankruptcy practice because there was no need
13 for him to be involved unless there was -- that was a
14 viable option or whether that was pending.

15 So that's the genesis of this.

16 Tony James then tells him, you know, we have --
17 "We have had a big Advisory team all weekend at AIG.
18 Don't call Beattie. Call Studs." That's me.

19 Obviously referring to what I said on Sunday
20 night, I was trying to brief my colleague, particularly
21 Tim, because I didn't want him to do anything
22 inappropriate in the marketplace, that we were currently
23 in negotiations with the Fed, the board discussed all
24 options as of Sunday night and is still in discussions,
25 the meeting is not yet adjourned formally. That was the

1 board meeting going on.

2 Obviously going into administration was discussed
3 as one of many options, but the issue was liquidity, not
4 capital. I thought that was one of my more articulate
5 comments in this whole series of e-mails, that the issue
6 was liquidity, not capital.

7 It's amazing that until 2008 people didn't
8 understand the difference between capital and liquidity,
9 because so much of liquidity is counterparty risk and the
10 appearance of liquidity in the marketplace, and it was
11 really only until 2008 with financial institutions did
12 people understand that was a real issue.

13 So go ahead.

14 Q. I would just like to piggyback off one comment you
15 just made.

16 Could you explain in a little more detail the
17 difference between liquidity and capital as you
18 understood it.

19 A. Yes. Capital of course is capital. It's how
20 much -- what your balance sheet is in terms of assets and
21 liabilities and equity and perceived equity and
22 mark-to-market equity and whatever else.

23 Liquidity is an element of how much bank
24 facilities you have access to, how much cash and funding
25 you can draw on a short-term basis, if you have trading

1 partners and counterparties, how much liquidity they are
2 prepared to provide you with.

3 And if you remember, in the 2008 financial crisis,
4 the appearance of one's financial position, whether you
5 were seen to be sound or unsound and how your -- maybe
6 your credit derivatives traded might affect the
7 perception of your counterparties.

8 And also it took into account the fact that there
9 were a number of counterparties that AIG had and that if
10 any of these counterparties were increasingly skeptical
11 or uncertain or insecure about AIG's position, that could
12 jeopardize this position of liquidity even further.

13 It's a question of perception, and that became
14 very real during the financial crisis of 2008, and it was
15 particularly real in this situation during that period
16 of -- leading up to the weekend and Monday, Tuesday,
17 Wednesday.

18 Q. And how was that perception changing and/or
19 affecting AIG?

20 A. Well, it has hundreds of counterparties, all of
21 whom provide financing in different ways. And if the
22 market feels as though AIG for some reason cannot meet
23 one of its short-term commitments, then the ability --
24 if I can't -- all of a sudden you can't pay me -- you owe
25 me \$10 and you can't pay me the \$10, she's sitting there

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1 in the room, she sees you can't pay me \$10, she all of a
2 sudden decides you may not be able to pay her \$10, so she
3 may decide she's going to change her trading relationship
4 with you simultaneously, because rather than her
5 afford -- you know, prefund you \$10 knowing you are going
6 to give it back to her the following day, she might
7 decide to pause. If she pauses, your -- that particular
8 entity may not have the funding or liquidity it needs.

9 And that's what happened -- I'm taking a very
10 simple sandbox analogy here, but it's sort of -- what
11 happened during that window and that weekend and that
12 Monday, Tuesday became a very much a liquidity issue.

13 And in my mind, it's still an issue as to whether
14 or not you would have even on Monday morning, had you
15 raised 20 billion on Sunday night and deposited it on
16 Monday morning, you would have made a public announcement
17 maybe, maybe the market would have settled down, but the
18 question is was that the real amount of liquidity needed.
19 You know, it's hard to know.

20 Q. So is it your understanding that the actual amount
21 of liquidity needed potentially was more than 20 billion?

22 A. Well, I think as the record would show, during the
23 course of Monday when Goldman Sachs and JPMorgan were
24 undertaking their own due diligence, I think the
25 impression I had as I sat in the room, the back of the

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1 room with Ruth Porat, the Fed's advisor, is that the --
2 you know, it was a bit like, you know, the temperature in
3 the room was rising and the amount of liquidity funding
4 shortfall was increasing.

5 Q. Turning back to the e-mail, sir, I just have a few
6 more questions for you.

7 The first is, I know you state here, "But the
8 issue is liquidity. Not capital."

9 At what point does a liquidity issue become a
10 capital issue?

11 Or is that too broad of a question?

12 A. Yeah, that's like saying hello, when is a
13 Christian not spiritual or when is being spiritual --
14 you know, is God about spirituality or God about
15 religion. I mean --

16 Q. Let me try it this way.

17 Can a liquidity issue turn into a capital issue?

18 A. I think the two are interrelated both in terms of
19 reality and perception and it's hard to generalize.

20 Q. Focusing back on the bankruptcy aspects, you said
21 that Mr. Coleman runs your bankruptcy practice and he was
22 being brought into the loop because bankruptcy was an
23 option for AIG at this point.

24 A. No. He was being brought into the loop because we
25 had not brought -- we were providing general financial

1 advice that weekend on capital funding alternatives, full
2 stop. Bankruptcy was never considered by the board that
3 weekend.

4 Tim Coleman had picked up rumors in the market,
5 because of what was happening in the broader macro
6 landscape, and he, being a good business developer
7 wanting to raise -- to get hired, was proposing to my
8 president, Tony James, that he contact the general
9 counsel of AIG, Dick Beattie, who also sits on the board,
10 the board counsel also, Simpson Thacher, to see whether
11 or not AIG was in need of bankruptcy advice.

12 Q. And was AIG in need of bankruptcy advice at any
13 point on either the 15th or the 16th of September 2008?

14 A. 15th is what day?

15 Q. That is Monday.

16 A. As a matter of thoroughness, as of Sunday night,
17 if you're properly advising a board and not being
18 negligent, you have an obligation professionally to
19 consider all options. Even if there's
20 a .0000001 percent, you have to consider and discuss.
21 All options have to be put on the table. And that was
22 very clear to us, that we had to at least consider that.

23 You have to remember also one other thing. I was
24 raised and I behaved over 30 years with the view that you
25 have to very discreet during periods of financial crises.

1 And we very much compartmentalized the team within
2 Blackstone who knew what was going on at AIG because we
3 wanted no risk of any type of market misunderstanding or
4 panic that could have caused, you know, more havoc in the
5 financial markets that were already taking place.

6 So we were very conscious -- and that's why, for
7 example, my colleague, Tim Coleman, knew nothing about
8 this. We made a very conscious decision as of Sunday
9 night that we had to consider administration because we
10 would be negligent if we didn't.

11 Having said that, we didn't have enough
12 information to know until we got into Monday that it was
13 really -- the situation was much worse than I think
14 anyone had foreseen --

15 (Off videotape.)

16 MR. PHILLIPS: Your Honor, DX 388 will be
17 discussed at this point.

18 THE COURT: All right. Thank you.

19 (On videotape.)

20 A. -- even the company itself.

21 Q. And turning to Monday -- turning to Tuesday,
22 actually, I would like to mark this.

23 A. I know it's a bit like a Dan Brown movie, isn't
24 it?

25 Q. At times it can.

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1 Let me first start, you have been handed
2 Exhibit 7. This is a 9-16-2008 e-mail with a Bates stamp
3 BXSTARR 258. It's an e-mail sent from you to primarily
4 Mr. Nath but also to Mr. Alderson Smith and Mr. Stoddard,
5 and the subject line is "Spoke to Fed."

6 Sir, do you recall this document?

7 A. I don't recall -- I never printed out this e-mail.
8 I don't recall this e-mail. I recall this particular
9 strand of thought.

10 Q. And what do you recall about this particular
11 strand of thought?

12 A. I recall that we made it very clear to -- what's a
13 good term -- the regulators that we would need some type
14 of advice on whether they were prepared to provide
15 funding support or not. There was no indication that we
16 would get any type of formal funding support other than
17 the Fed was considering its options and speaking to the
18 Treasury.

19 And I think this e-mail is very clear, that we
20 will hear within an hour and they will call us. But we
21 also had an obligation, because under other laws in the
22 United States you know that if it is your judgment as a
23 firm, whether you are a financial firm or an operating
24 corporate firm or whatever, a manufacturing firm, if you
25 are operating and you have liquidity problems, you're

1 operating fraudulently, that's illegal and you have a
2 legal obligation to declare bankruptcy. That is not
3 something that you can, you know, obfuscate. And we were
4 very conscious of that. I mean, I was in my high Mountie
5 Boy Scout mode here, and we were under no illusion that
6 we had to. We had no choice.

7 Q. Fair enough.

8 A. And that was it.

9 So black and white. We had -- and we were
10 prepared to make it very clear that, you know, if we
11 didn't hear from them, we were just going to have to file
12 for bankruptcy.

13 Q. And did Mr. -- I think you had testified earlier
14 Mr. Geithner hadn't -- at this point hadn't given you any
15 concrete indication whether there would be a loan
16 proposal from the Federal Reserve Bank of New York?

17 A. There was no certainty at all until -- there was
18 no certainty at all that day that we were going to get a
19 proposal from them. And I have to say we went into the
20 board meeting -- we scheduled the board meeting. We went
21 into the board meeting with the notion that we were
22 expecting a proposal or at least the framework of a
23 proposal, because we had to compare that to the
24 obligation of filing for bankruptcy.

25 And the board was really prepared to consider

1 bankruptcy at that point. Because, first of all, I mean,
2 just to be clear about this AIG board, this AIG board is
3 a very Boy Scout type, black and white, all-American,
4 do-the-right-thing board. There was no denial or ego or
5 anything else once we were in this discussion. And
6 you know, it was a bit like sort of -- I'm not going to
7 use any sort of historical references to fiction here,
8 but, you know, there was a question of, you know, whether
9 the regulators really thinking are they really going to
10 file bankruptcy and do we have to give them the money.

11 And we would have filed bankruptcy because,
12 you know, the truth is we were not in a financial
13 position to do anything but that. But, but, but, we also
14 had no choice because we had all -- that day we had --
15 Tuesday we had all the insurance regulators from across a
16 number of countries -- states -- not countries -- Texas,
17 California, New York, to name three, all of whom were
18 threatening to seize the relevant insurance assets. And
19 therefore, we knew what would happen if we filed
20 bankruptcy. We knew the role of the insurance regulators
21 on the state level. We knew what the holding company
22 looked like. We knew what the debt looked like.

23 So we had a pretty, you know, clear view and we
24 needed to decide what to do. And of course we waited and
25 waited, and ultimately we got a proposal for

1 85 million -- \$85 billion U.S.

2 Q. Do you recall when that proposal came into AIG or
3 when you became aware of that proposal?

4 A. Orally or in written form?

5 Q. Whichever came first.

6 A. It was -- well, obviously it was within -- it was
7 in a very short time frame of the board meeting itself
8 which was supposed to commence at 5:00 on that Monday
9 afternoon. The proposal came in within a very short time
10 frame of that, I mean, within a half an hour.

11 Q. And that was either orally presented or a written
12 proposal?

13 A. It was a -- it was initially orally, but it was
14 cursory, and it was a proposal, but it had two or -- it
15 had -- it had two or three provisions, such as a change
16 in management and things like that, but nothing of any
17 other what I call -- there weren't -- it wasn't an
18 all-singing, all-dancing funding proposal with -- that we
19 would normally see for that type of situation.

20 Q. Please take your time --

21 (Off videotape.)

22 MR. PHILLIPS: Your Honor, at this point the board
23 minutes of September 16 will be discussed, and that's
24 JX 47 -- I'm sorry -- JX 74.

25 (On videotape.)

1 Q. I will be focusing my questions on pages 7 and 8.

2 And I'll note for the record Exhibit 8 are the
3 minutes of the meeting of the board of directors of
4 American International Group held September 16, 2008.

5 I'll also note for the record that these minutes
6 were produced as part of a 502 agreement in this case.
7 And consequently, the minutes and the discussion at this
8 point in the deposition will be confidential.

9 A. So this is the board meeting that took place on?

10 Q. Tuesday, the 16th.

11 A. Right.

12 No. I'm just saying, because there were a number
13 of board meetings, so I'm just making sure.

14 MR. BROWN: Well, just so the record is clear,
15 these minutes reflect meetings from the 14th, 15th and
16 the 16th, and I think pages 7 and 8, where you were
17 directed, Mr. Studzinski, refer to minutes from a meeting
18 on the 16th.

19 THE WITNESS: Yes. No. I just wanted to -- I
20 said it because the way this is presented, ultimately it
21 is misleading or -- I mean, I think for everyone's
22 benefit, it is misleading.

23 BY MR. PHILLIPS:

24 Q. Okay. Just to sort of lay the groundwork here,
25 sir, these minutes refer to a board meeting of AIG's

1 board first convened on September 14 and then continued
2 on September 15 before being continued and finalized on
3 the 16th.

4 Were you present at all three portions of the
5 board meeting?

6 A. Yes.

7 Q. And were you present in person or on the phone for
8 each of those three portions?

9 A. What sort of advisor do you think I am? I was
10 present in person. Oh, my God, shocking questions.

11 Q. Sir, do you recall Mr. Alderson Smith presenting
12 anything for Blackstone at the board meeting on
13 September 16, 2008?

14 A. I recall that Mr. Alderson Smith spoke at the
15 board meeting as among the advisors. I don't recall
16 specifically all the details that he imparted to the
17 board. I don't know what he said -- I mean, I can't
18 remember what he said word for word.

19 Q. Understood, sir. And I'm not asking -- I'm just
20 asking generally if you recall Mr. Alderson Smith giving
21 a presentation.

22 A. He was present.

23 Q. Okay. And do you recall him giving a
24 presentation?

25 And if it helps, if you look --

1 A. Well, no. I'm sure it's attached. Well,
2 something is attached.

3 Q. I don't have any specific questions for you on
4 that. I'm just asking generally if you --

5 A. No, no, no. This is the chronology of I think
6 trying to really update the board on what was happening
7 in the markets, what was happening over the weekend, and
8 trying to make sure the board was now in a position,
9 given the company's liquidity position, an understanding
10 of their options.

11 Q. Just so the record is clear, the witness is
12 referring to the pages marked WP-AC, document 59-A
13 through 65-A of Exhibit 8.

14 I would like to focus more on page 7 and
15 statements that Mr. Newman made regarding bankruptcy.

16 Do you recall Mr. Newman being present at this
17 board meeting?

18 A. Oh, yes. Mr. Newman had a very strong presence.

19 Q. And when you say "strong presence" --

20 A. Mr. Newman was the most -- Mr. Newman is deceased
21 now, but Mr. Newman in his day was the most senior,
22 respected bankruptcy insolvency advisor on Wall Street
23 and had been doing it for thirty-plus years.

24 So he had a very strong presence.

25 Q. Fair enough.

1 If you look at the fourth paragraph down, it
2 states, "Mr. Newman then spoke regarding the likely
3 effects of a bankruptcy filing on the business and the
4 ability of AIG to operate in bankruptcy. He first stated
5 that all of the values listed for AIG assets would go
6 down in a bankruptcy situation."

7 We'll start over with that one, so I'm looking at
8 the fourth paragraph down. It states, "Mr. Newman then
9 spoke regarding the likely effects of a bankruptcy filing
10 on the business and the ability of AIG to operate in
11 bankruptcy. He first stated that all of the values
12 listed for AIG's assets would go down in a bankruptcy
13 situation."

14 Do those two sentences in sum and substance state
15 what Mr. Newman expressed to the board on September 16,
16 2008?

17 A. Well, those two sentences and the rest of the
18 whole paragraph do. I mean, the whole paragraph really
19 stands as one complete thought.

20 Q. Okay. So those first two sentences express in sum
21 and substance what Mr. Newman expressed to the board.

22 On the next sentence, sir, "He also said there is
23 no way to know what the adjustment factor would be even
24 in good times, and in the current market the asset
25 devaluation is even more unpredictable. Mr. Newman then

1 stated that a key consideration is how regulators of the
2 insurance companies would react to a filing by AIG
3 parent. Mr. Newman expressed his view that if the
4 regulators were to seize the insurance companies, the
5 value of those entities to AIG parent would be
6 drastically reduced, potentially to zero, almost
7 immediately."

8 Do those sentences express in sum and substance
9 what Mr. Newman stated to the board?

10 A. I think it is one of the most succinct,
11 appropriate and accurate summaries of the entire issue
12 that the board had to confront. Because what
13 Mr. Newman wasn't as much aware of, which I was and my
14 colleague Martin Alderson Smith were and Larry was, is
15 that we had been contacted, as had Mr. Willumstad, by the
16 insurance state regulators who were -- who were prepared
17 to almost instantaneously seize assets.

18 So his characterization was already starting to
19 play out even before any type of filing was put into
20 place.

21 Q. But someone from Blackstone was working with
22 Citibank?

23 A. Someone from Blackstone -- I believe it was
24 Larry -- no -- Larry and Tom and Martin and some subset
25 of the AIG finance team were talking to Citibank about --

1 first of all, Citibank knew the credit well, so this was
2 not like -- this was not like they had to start on
3 101 here. Citibank was very knowledgeable, because as
4 you recall, Citibank was also looking at other funding
5 alternatives on the Saturday with respect to AIG as well,
6 so Citi would have been a logical DIP financing source
7 given their background and track record.

8 Q. Moving on to the next sentences, sir, concerning
9 sovereign wealth funds -- and I'll just read the
10 paragraph.

11 "Mr. Langhammer asked if sovereign wealth funds
12 ever provided DIP financing. Mr. Newman responded that
13 he was not aware of that ever occurring."

14 Then it goes on to say, "Mr. Studzinski stated
15 that two large sovereign wealth funds, CIC and GIC, were
16 consulted over the weekend regarding potential equity
17 investments and that both stated that they could not act
18 for at least five to ten business days."

19 In sum and substance, do these sentences state
20 what both Mr. Newman and you expressed to the board
21 during September 16, 2008?

22 A. Yes. To the best of my understanding, yes, that
23 was the essence of what we discussed previously in this
24 deposition and what we discussed that weekend.

25 Q. And just starting with the groundwork for this,

1 sir, these minutes reference a board meeting held by
2 telephone conference on September 21, 2008. And I'm not
3 disparaging you, but do you recall participating --

4 (Off videotape.)

5 MR. PHILLIPS: Your Honor, this document
6 referenced here is JX 103, which is the September 21,
7 2008 AIG board minutes.

8 THE COURT: All right.

9 (On videotape.)

10 Q. -- in a telephone conference on
11 September 21, 2008 with AIG's board of directors?

12 A. No. We were present.

13 Q. So if we look at page 4, the minutes state that
14 "Mr. Studzinski noted the particularly negative effect of
15 bankruptcy on AIG's Asian operations because of the
16 element of trust and security being jeopardized. He said
17 that even though the terms of the Credit Agreement
18 provided the Government with ownership of the 80 percent
19 of AIG, the value that could be preserved through the
20 Government loan was likely more valuable to current
21 shareholders than retaining 100 percent interest in the
22 bankrupt entity, which might be worth nothing."

23 Do the minutes capture in sum and substance your
24 advice to AIG's board on September 21, 2008?

25 A. Well, my advice was actually a little pithier. My

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1 advice was a little pithier. This is slightly verbose.
2 What I said was 20 percent of something was better than a
3 hundred percent of nothing.

4 Q. And what was that advice based on?

5 A. It was based on the fact that -- well, it's
6 actually quite interesting.

7 Number one, it was based on the fact that
8 insurance regulators -- remember, by the time this board
9 meeting took place, we knew exactly which insurance
10 regulators were still holding their options with respect
11 to seizing assets, so we had a pretty clear view that all
12 the crown jewel assets would be seized by regulators.

13 Number two, we knew that the Asian operations,
14 which again are either bank and insurance regulated
15 operations in countries like Singapore and Thailand,
16 Malaysia and Hong Kong, whatever, were all sufficiently
17 concerned that they could also seize those assets as
18 well.

19 So number one, we knew that the likelihood of
20 asset seizure that Mr. Newman had talked about was
21 genuine.

22 Number two, we knew that the liabilities of the
23 company, which we now understood better, were at the hold
24 company level and they were substantial and are
25 substantial -- were substantial.

1 Number three, we also realized that in triggering
2 the bankruptcy you would cross -- the cross-default of
3 the debt at the parent level was not insignificant. I
4 mean, it was probably one of the most sophisticated
5 cross-default issues that anyone has ever seen in the
6 history of finance, given the capital structure of AIG.
7 I don't think anyone had seen anything like this before.

8 I mean, Larry Nath, my colleague, was a very
9 knowledgeable person about this, but the cross-default --
10 which by that point the Fed and the Treasury had started
11 to understand in much greater detail.

12 And then lastly, importantly, by the time this
13 board meeting took place, the 85 billion bailout was
14 already in the public domain, so actually the market a
15 chance to absorb -- and I reference it somewhere in these
16 minutes -- the market had a chance to absorb the fact
17 that if there was going to be a higher offer put on the
18 table from a competing bidder or another source of
19 private financing or another source of smarter private
20 equity leverage financing, that could have emerged that
21 week.

22 Ed Liddy and I also had been approached and had
23 meetings with people like Roger Altman and Eli Broad, who
24 came to breakfast at AIG prior to this board meeting and
25 offered to put forward a funding proposal. And it was

1 very clear that no one understood the complexity of this
2 company and no one -- Blackstone certainly was not
3 comfortable with the notion that the 85 was going to be
4 the upper end limit.

5 I think what's interesting about these minutes is
6 that Mr. Liddy indicated his opinion that the 85 billion
7 would be the maximum amount that the bank would fund. We
8 were quite concerned that the company would need more
9 liquidity than that, and of course we were right by
10 orders of magnitude.

11 Q. Do you recall the Federal Reserve Bank of New York
12 offering an additional loan in October of 2008 of
13 approximately \$37 billion related to AIG's securities and
14 lending portfolio?

15 A. I recall the fact that there was a lot of work
16 done on the securities lending portfolio. I do not
17 recall the actual funding or the actual dollar amount of
18 the loan.

19 Q. When you say there was a lot of work done on the
20 securities lending portfolio, what are you referring to?

21 A. Well, there was work done on everything. I mean,
22 the thing that was most impressive about the New York Fed
23 here is from that Monday night, when they first provided
24 the 85 billion, they were focused on where the money had
25 to go into the liquidity shortfall bucket to ensure that

1 on, you know, Wednesday when the business was continuing
2 to trade, that it would -- the liquidity would all be
3 dealt with.

4 So there was a great degree of precision here.
5 And Tim Geithner assigned Sarah Dahlgren, who is a real
6 serious class act, to take responsibility for the Fed's
7 role in overseeing this credit facility and the credit
8 facilities that ultimately appeared.

9 Q. Did somebody at GIC tell you that it was willing
10 to match Mr. Buffett's investment dollar for dollar with
11 little due diligence?

12 A. Well, yes. I only talked to one person at GIC,
13 and that was Peter Ng. And Peter was very clear that in
14 his judgment, they would certainly be at the same level
15 as Warren Buffet if Warren Buffet was making an
16 investment in ILFC.

17 Q. PX --

18 (Off videotape.)

19 MR. PHILLIPS: Your Honor, this is a local
20 stopping point in the transcript, if that's fine with the
21 Court.

22 THE COURT: Who is the interrogator here?

23 MR. PHILLIPS: This was I believe Ms. Chan.

24 MR. BOIES: The one that just started is
25 Rosaline Chan of our firm.

1 THE COURT: Okay. Thank you.

2 MR. BOIES: And the previous one, the gentleman
3 was from the government.

4 THE COURT: Right. I understand.

5 All right. Well, let's adjourn then.

6 MR. PHILLIPS: One housekeeping issue, Your Honor,
7 before we do.

8 THE COURT: Sure.

9 MR. PHILLIPS: There were two documents used that
10 we would move for admission right now, and those are
11 DX 328 and DX 388.

12 MR. BOIES: No objection, Your Honor.

13 THE COURT: All right. Defendant's Exhibits 328
14 and 388 are admitted.

15 (Defendant's Exhibit Number 328 was admitted into
16 evidence.)

17 (Defendant's Exhibit Number 388 was admitted into
18 evidence.)

19 THE COURT: And with that, we will adjourn until
20 9:30 tomorrow morning.

21 (Whereupon, at 4:55 p.m., the proceedings were
22 adjourned.)

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CERTIFICATE OF TRANSCRIBER

I, Josett F. Whalen, court-approved transcriber,
certify that the foregoing is a correct transcription
from the official digital sound recording of the
proceedings in the above-titled matter.

DATED: NOVEMBER 13, 2014

JOSETT F. WHALEN, COURT REPORTER

1			ADMITTED EXHIBITS
2	PX	PAGE	DESCRIPTION
3	141	6818	Email (9/18/2008) From: Tom Athan To: Tom
4			Fewings, Jon Liebergall, Andrew Forster re:
5			RE: Collateral calls
6	186	6813	Email (9/21/2008 12:20 pm) From: Steven
7			Bensinger To: Brian Schreiber re: RE:
8	211	6819	Email (9/22/2008 8:59 am) From: Anastasia
9			Kelly To: Steven Bensinger, Brian Schreiber,
10			Robert Lewis, Nick Ashooh, Andrew Kaslow,
11			David Herzog, Michael Leahy, Suzanne Folsom,
12			Christopher Swift, Elias Habayeb, Oakley
13			Johnson, Cecilia Noarat, Marc Bernstein, David
14			Saks, Andrew Borodach, Kathleen Shannon, Teri
15			Watson, Charlie Shamieh, Chris Nixon, Robert
16			Gender, Charlene Hamrah, Ed Holmes, David
17			Parkes, Anthony Valoroso, Patricia Carroll
18			David Junius, Kevin McGinn, Joseph Allerhand,
19			Christina Mallus, Phillip Jacobs, cc: Edmund
20			Tse, Kris Moor, Rod Martin, Win Neuger,
21			Nicholas Walsh, William Dooley, Jay Wintrob
22			re: Equity Termsheet Attaching Draft Term
23			Sheet
24			
25			

1	DX	PAGE	DESCRIPTION
2	328	6941	EMAIL FROM JOHN STUDZINSKI TO TONY JAMES,
3			TIMOTHY COLEMAN AND STEPHEN SCHWARZMAN RE: AIG
4			NEGOTIATIONS WITH THE FED, SEPTEMBER 15, 2008
5	388	6941	EMAIL FROM JOHN STUDZINSKI TO LARRY NATH RE:
6			SPOKE TO FED
7	1429	6793	EMAIL FROM MATTHEW LUERMER TO STEVEN
8			BENSINGER, ROBERT GENDER, TERI WATSON, ELIAS
9			HABAYEB, WILLIAM DOOLEY, KEVIN MCGINN, ROBERT
10			LEWIS RE: PRESENTATION TO S&P - FINAL VERSION
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