

RE: BLM materials produced on 1/13/06

1/20/2006 2:18:00 PM

From: Lamore, Peter
To: Suh, Simona Personal Privacy

Ha. No problem. It's very confusing to me as well. I suggest that we ask Bernie to explain how the process works. Frank could possibly explain the trading, but I'm not sure about the back office/operations aspect.

I'm available today, Monday and Thursday.

From: Suh, Simona
Sent: Friday, January 20, 2006 12:29 PM
To: Lamore, Peter
Subject: RE: BLM materials produced on 1/13/06

Thank you - I am glad I am not the only one confused. :-) This could be a good issue to discuss with a live witness. Considering how clueless our first FGG witness was, I am inclined to talk to somebody from BLM. While Bernie seems like the logical choice (given his love of total control), I wonder if we should try to talk to somebody less senior first. Did you have any sense of Frank DiPascali, the systems analyst - could he be helpful?

I will find out when Meaghan can talk to us. When are you available today and next week? Thanks.

Simona K. Suh
U.S. Securities and Exchange Commission
Northeast Regional Office, Division of Enforcement
3 World Financial Center, Room 4300
New York, NY 10281

Personal Privacy

From: Lamore, Peter
Sent: Friday, January 20, 2006 11:24 AM
To: Suh, Simona
Subject: RE: BLM materials produced on 1/13/06

Unfortunately, after reviewing the accounts and speaking with my supervisor, I don't have clean answers to your questions. However, I do believe your questions go back to the custody of assets issue. Where are the assets held and how does BLM settle the trades (wiring instructions....) Perhaps we can either speak to an operations person at FGG or have BLM provide an explanation. I have a meeting at 11:30 but I'll touch base with you at some point today.

From: Suh, Simona
Sent: Thursday, January 19, 2006 3:53 PM
To: Lamore, Peter
Subject: RE: BLM materials produced on 1/13/06

Actually, yes... I have been having trouble figuring out how to tell from the produced account statements the balances of assets managed for each customer: each statement includes an ending new balance and also the total values of the securities positions, and the former is usually lower than the latter - or even zero. If you can take a look at the statements and try to figure out what these different numbers mean, that would be very helpful. Also, I was puzzled by the fact that the ending balances in the equities sub-accounts always equaled the ending balances in the corresponding options sub-accounts - do you know how that works? Thank you very much for helping with this!

From: Lamore, Peter
Sent: Thursday, January 19, 2006 3:45 PM

To: Suh, Simona
Subject: RE: BLM materials produced on 1/13/06

Ok, great. I'll stop by a little later. Besides comparing the most recently produced account statements vs. the account statements we received during the exam, is there anything that you would like me to do?

From: Suh, Simona
Sent: Thursday, January 19, 2006 3:04 PM
To: Lamore, Peter
Subject: BLM materials produced on 1/13/06

I am done with them; the produced redweld is at the edge of my desk, together with the file and the CD that I borrowed from you earlier this week - please feel free to take them, even if I am not at my desk. (I have copied the produced CD with the trading data, but I have not yet had time to copy the paper docs, so for now we only have these originals.)

Attached are my notes on the BLM production.

<< File: BLM Production - Notes.doc.zip >>

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