

**From:** Suh, Simona  
**Sent:** Thursday, June 08, 2006 3:45 PM  
**To:** Cheung, Meaghan S.  
**Cc:** Lamore, Peter; Johnson, Stephen  
**Subject:** Another Exciting Conversation with Bernie Madoff

I called Bernie to tell him that, in our view, the accounts he produced on Monday were covered by our previous document requests because, from what he told us in testimony, we understand them to be traded pursuant to the same strategy as the institutional accounts. His response was:

1. Only 5 of those 86 accounts are in fact traded pursuant to the same strategy. (This seems to be correct: The options trading data shows allocations of options positions to only 5 of the newly disclosed accounts.)
2. He did not provide us with information about these 5 accounts earlier because Madoff does not view these accounts as discretionary. (I suspect that the implied classification of the institutional accounts as discretionary was not intentional.) Apparently, for these 5 accounts, the customer gives approval for each trade - after each trade. (At this point Bernie asked: "There is nothing wrong with that, I assume?" - I declined to comment.)
3. The other 81 accounts are fairly inactive accounts that hold baskets of Nasdaq stocks; this trading has nothing to do with options or with the strategy and the computer model used for the institutional business.

I told Bernie that:

1. For the 5 accounts that do employ the split strike conversion strategy, rather than quibble over the terms of the document requests, he can voluntarily provide us with the same information he gave us on the institutional accounts (operative account documents, including trading authorizations, and trading data) - and hopefully that will clarify the situation for us.
2. For the other 81 accounts, the testimony did create the impression that they were traded pursuant to the same strategy. He can provide us with a letter explaining why that is not the case and outlining how those accounts are traded. (Let me know if you think we should handle this issue more formally.)

Bernie agreed to provide us with this information in 2 weeks. (His other comments during this conversation included a reference to his long history of cooperating with the Commission and his having been very forthright with us so far - but, in fairness, he was also quite friendly and polite.)