

December \_\_, 2003

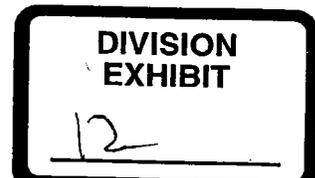
*Via Facsimile to (212) 468-8178  
and U.S. First-Class Mail*

Peter B. Madoff  
Chief Compliance Officer  
Bernard L. Madoff Investment Securities, LLC  
885 Third Avenue  
New York, New York 10022

Dear Mr. Madoff:

Pursuant to Section 17(a)(1) of the Securities Exchange Act of 1934 and Rule 17a-4 thereunder, the Office of Compliance Inspections and Examinations (“OCIE” or “Staff”) is conducting an examination of Bernard L. Madoff Investment Securities, LLC and its affiliates (referred to herein as “Madoff Securities”). The Staff requests that Madoff Securities provide the following information on or before

1. For the time period of January 1, 2001 through the present, provide the following:
  - a. daily profit and loss statements by security (to be provided in an Excel spreadsheet);
  - b. daily commission revenues segregated by customer and by security (to be provided in an Excel spreadsheet);
  - c. identify all institutional customers of Madoff Securities, including each customer’s name, address, primary contacts, any numbers or labels used by Madoff Securities to identify the customer, and all accounts held with Madoff Securities;
  - d. all commission rates charged to institutional customers, including any changes to, and deviations from, those commission rates and the customers who are charged those rates;
  - e. a detailed organizational chart of Madoff Securities and any changes thereto;
  - f. identify all employees of Madoff Securities, including each person’s name, title, job description, any numbers or labels used by Madoff Securities to identify the employee, and any changes thereto; and



- g. identify each private equity investment of each employee, including, but not limited to, a description of the investment, the amount invested, the date of the investment, the date the investment was either sold or transferred, and any relationship between the investment vehicle and its affiliates and Madoff Securities.
2. Describe in detail the hedging model or investment strategy identified as "split-strike forward conversion" in the telephone conversion between Lori Richards, John McCarthy, and Bernie Madoff on *December 19, 2003??*.
3. Identify the four hedge funds discussed in the telephone conversion between Lori Richards, John McCarthy, and Bernard Madoff on *December 19, 2003??*; include the identification of all advisers and managers of the funds, all affiliated entities of the funds, and all investors or owners of the funds since January 1, 2001.
4. Provide copies of all communications and disclosures from the funds identified in question 3 to the investors or owners, including any prospective investors or owners, of the funds since January 1, 2001.
5. Identify all entities using the strategy discussed in question 2.
6. Identify all securities used as part of the strategy discussed in question 2.
7. Describe in detail how Madoff Securities executes the strategy discussed in question 2.
8. Explain how Madoff Securities is compensated for executing trades for the strategy discussed in question 2.
9. Describe in detail any other market-neutral trading strategies utilized by Madoff Securities.
10. Identify all hedge funds managed or advised by Madoff Securities or any of its employees or related entities, and include the name of each fund, the identification of all advisers and managers of each fund, all affiliated entities of each fund, the investment objective and strategy of each fund, and all investors or owners of each fund since January 1, 2001.
11. Identify all hedge funds in which Bernard Madoff has an ownership interest.

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Additional documents and information may be requested if necessary. If you  
have any questions, please contact me at [Personal Privacy] or Mark Donohue at [Personal Privacy]  
Thank you for your cooperation. [Personal Privacy]

Sincerely,

Eric J. Swanson  
Assistant Director

Cc: SEC Form 1661