

To: Daugherty, Matthew Personal Privacy  
Subject: RE: Madoff  
Sent: Fri 2/27/2004 6:56:29 PM  
From: Donohue, Mark J.

Madoff Doc Req 1.6.04.doc  
Final Supplemental Document Request Letter.doc

-----Original Message-----

**From:** Daugherty, Matthew  
**Sent:** Friday, February 27, 2004 1:54 PM  
**To:** Donohue, Mark J.  
**Subject:** RE: Madoff

Can you send me the stuff we have sent them so far?

-----Original Message-----

**From:** Donohue, Mark J.  
**Sent:** Friday, February 27, 2004 12:22 PM  
**To:** Daugherty, Matthew  
**Cc:** Wood, Jacqueline; Walker, Genevieve  
**Subject:** Madoff

Matt,

Can you please begin working on a Memo that will be sent to Dan Grey in MR regarding the issues with Madoff. It needs to discuss Chinese walls, taking advantage of orders at the opening (and other times), whether the MM can discriminate against some customers and favor others, and anything else you can think of (insider trading based on non-public order flow???)

John/Eric also believe that there was an article in 2000 about Knight's similar practices, so please try to find that as well.

Obviously, we should talk about this, but I wanted to get my thoughts of the conversation down on paper/email.

**Mark J. Donohue**  
*Office of Compliance Inspections and Examinations*  
*Securities and Exchange Commission*

Personal Privacy



January 6, 2004

*Via Facsimile to (212) 486-8178  
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 January 21, 2004.

1. For the time period of January 1, 2001 through the present, provide the following:
  - a. monthly profit and loss statements by security (to be provided electronically in an Excel spreadsheet);
  - b. monthly commission revenues segregated by customer and by security (to be provided electronically in an Excel spreadsheet);
  - c. the identity of all institutional customers of Madoff Securities;
  - d. all commission rates charged to institutional customers, including any changes to those commission rates, the customers charged those rates, and the monthly totals of commissions paid by customer;
  - e. a detailed organizational chart of Madoff Securities; and
  - f. the identity of each private equity investment held by Madoff Securities or any person affiliated with Madoff Securities, including, but not limited to, a description of the investment vehicle (including whether or not the entity is a hedge fund), the amount invested, the

February 18, 2004

***Via Facsimile to (212) 486-8178  
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

Re: Request for Information dated January 6, 2004

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”). In addition to the information provided in response to our letter dated January 6, 2004, provide the following information on or before March 3, 2004.

1. For the time period January 2001 through the present, provide all written communications between Madoff Securities and those clients utilizing the split-strike forward conversion strategy, their affiliates, subsidiaries, agents, investors, or owners, including, but not limited to, correspondence, reports, memoranda, account statements, account summaries, and emails.
2. For the time period January 2001 through the present, provide the following documents and information relating to the accounts of those clients of Madoff Securities utilizing the split-strike forward conversion strategy:
  - a. Records of all transactions (to the extent not already provided in the account statements and summaries);
  - b. Reports (internal or otherwise) identifying profits, losses, expenses, fees, or commissions or any monies equivalent to commissions (*e.g.*, “commission equivalent”); and
  - c. Memoranda and reports relating to trading strategies, investment strategies, or research.

Peter B. Madoff  
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February 18, 2004

3. Provide the following documents relating to any client of Madoff Securities utilizing the split-strike forward conversion strategy:
  - a. Agreements (including prime brokerage agreements and options trading agreements), and any amendments thereto;
  - b. New account opening documents, including any documents attached thereto, and any subsequently received documents relating to the new account opening;
  - c. Corporate and partnership documents; and
  - d. Trading authorizations.

Additional documents and information may be requested if necessary. If you have any questions, please contact me at (202) 942-7493 or Mark Donohue at [REDACTED]. Thank you for your cooperation.

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Privacy

Personal Privacy

Sincerely,

Eric J. Swanson  
Assistant Director