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June 19, 2009

Confidential Treatment Requested


Via FedEx

H. David Kotz
Inspector General
U.S. Securities and Exchange Commission
Office of Inspector General
100 F Street, NE
Washington, DC 20549-2736

Re: Bernard L. Madoff Investment Securities, LLC

Dear David:

Personal Privacy



Boston
Hartford
Hong Kong
London
Los Angeles
New York
Orange County
San Francisco
Santa Monica
Silicon Valley
Tokyo
Walnut Creek
Washington

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Mr. Swanson recalls that at that time, the NASD's Manning Rule only prevented brokers from trading ahead of limit orders, and the scope of the NASD's best execution rule was limited to transactions directly with "customers." The scope of the best execution rule did not include transactions with other broker-dealers even if those transactions were for the account of a "customer." While Mr. Swanson does not recall all the specifics of the BMIS QQQ matter, he does believe that the decision not to issue a deficiency letter was made because the recommended deficiencies would have either required application of Manning to market orders, which was not possible, or they would

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have required application of the NASD's best execution rule to executions by BMIS on behalf of broker-dealer clients of BMIS, not on behalf of "customers"

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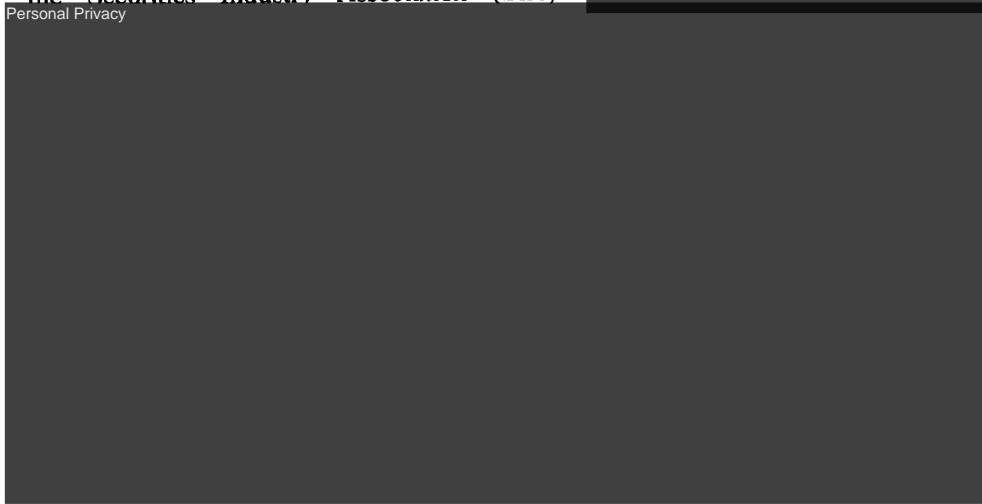


Mr. Swanson believes was sometime in the spring of 2004, Mr. Swanson was no longer in the chain of command on the inquiry and had very limited, if any, involvement in the conduct of the inquiry or its resolution.

- Mr. Swanson has a vague recollection that, prior to 2005, he and Mr. McCarthy discussed the appropriateness of working on matters involving Madoff Securities in light of their participation in the compliance breakfasts, and that neither he nor Mr. McCarthy determined that they should be recused. Mr. Swanson also took comfort in the fact that Lori Richards, Director, Office of Compliance Inspections and Examinations, was aware that the breakfasts were sponsored by the Securities Industry Association (SIA).

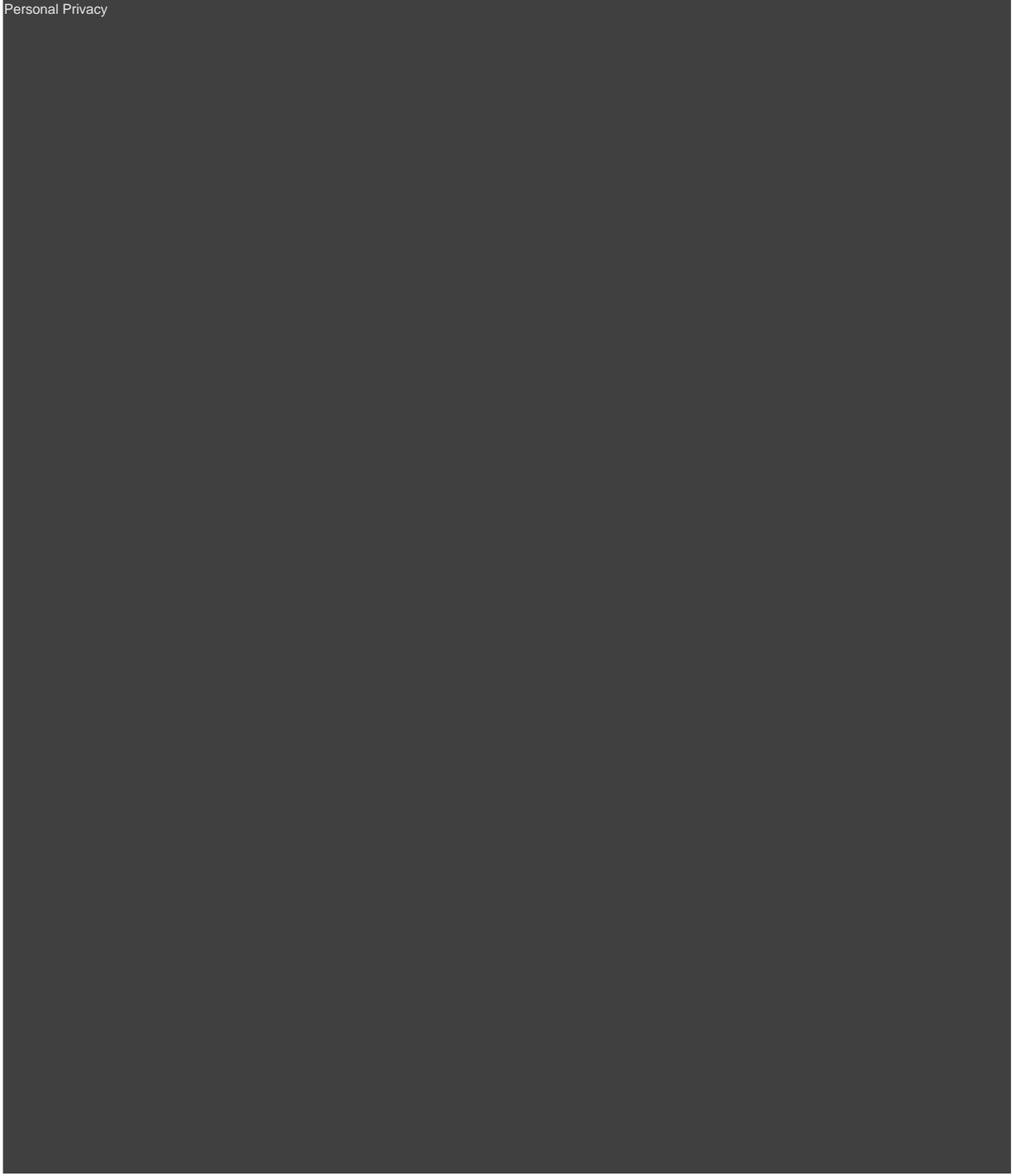
Enforcement Assistant Regional Director

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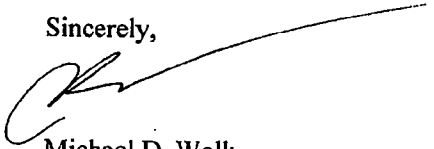
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Please do not hesitate to contact me if you have any questions or require any additional information.

Sincerely,



Michael D. Wolk



Enclosure

cc: SEC FOIA Officer