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From: Ostrow, William D.
Sent: Thursday, March 24, 2005 1:12 PM
To: Nee, John

Attachments: Madoff - Initial Doc Req.doc



Madoff - Initial Doc
Req.doc (...)

Here is the latest revision with John's corrections. On Monday we will fax it over to Madoff. You should be able to get the fax #, phone # and name of a contact person off of the focus report. Talk to you later.

William Ostrow

Staff Accountant

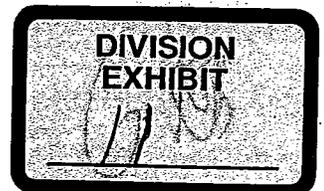
U.S. Securities and Exchange Commission

Northeast Regional Office

233 Broadway

New York, New York 10279

Personal Privacy





UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
NORTHEAST REGIONAL OFFICE
233 BROADWAY
NEW YORK, NEW YORK 10279

IN REPLYING PLEASE QUOTE
NERO-BD-WDO
646-428-1838

April 1, 2005

Bernard L. Madoff Investment Securities LLC
INITIAL DOCUMENTATION REQUEST LIST

GENERAL INFORMATION

1. Organizational chart showing management reporting lines within entity. Phone list and seating chart.
2. Organizational chart showing parent company, subsidiaries and affiliated companies.
3. Annual audited report for the past two years (Form X-17A-5) and required supplemental reports.
4. Reports filed for Currency & Foreign transactions (IRS Form 4789) since December 1, 2003.

NET CAPITAL AND FINANCIAL REPORTING

1. Chart of general ledger accounts and description of account number ranges (e.g., inventory, stock borrowed, fails, customer accounts, etc.).
2. Copy of general ledger (with any adjustments) as of December 31, 2004.
3. Copy of trial balance (with any adjustments) as of December 31, 2004.
4. A listing and description and/or purpose of all suspense and error accounts.
5. A listing and description and/or purpose of all firm trading accounts.
6. FOCUS Reports for the months of October 2004 through January 2005.
7. Net capital computation as of December 31, 2004, with all supporting workpapers, including topside journal entries and detailed schedule of haircuts.
8. List of trade date and settlement date inventory as of December 31, 2004, including workpapers of any trade date-settlement date adjustment made for FOCUS purposes.
9. A listing of all bank accounts with description of use for each account, as of December 31, 2005.

10. List of bank loans and letter of credit agreements with the following information: account number, daily balances for the period December 1, 2004 through December 31, 2004, whether the balance is secured or unsecured, type of collateral (i.e., customer or firm) and purpose of the loan.
11. Aged fail to deliver and aged fail to receive reports as of December 31, 2004.
12. Stock borrow and stock loan listings as of December 31, 2004.
13. Repurchase and reverse repurchase listings as of December 31, 2004.
14. Secured demand notes and/or subordinated loan agreements and SRO approval letters.
15. Listing of all open contractual agreements as of December 31, 2004.

SALES PRACTICE

1. Copy of all internal operational and/or Compliance manuals and written supervisory procedures (including Chinese wall procedures).
2. Database of all open arbitration and litigation issues and any closed or settled arbitrations and litigations within the last 12 months.
3. Complaint database for the last 12 months.
4. List and description of all Compliance department and business unit generated exception and surveillance reports.
5. List and description of all trading systems.
6. Provide sales and promotional literature for firm and any affiliated entity.
7. Provide listing of all RR's terminated within the past 12 months.
8. Rule 144 transactions conducted during the past 12 months.
9. List of all promissory notes, subordinated debt and bridge financing provided by the firm to any entity/party, which is currently outstanding.
10. Breakdown of the number of customer accounts by type (i.e., number of retail cash accounts, margin, institutional, prime broker, managed accounts, etc.).
11. List of all institutional and Broker-Dealer accounts in an electronic format (include account number, name and address). Access to monthly customer statements.
12. Profit and loss statements broken down by department (market making, proprietary trading, etc.) for the last 12 months.

INTERNAL AUDIT

1. A copy of all firm policies and procedures related to the internal audit department, including those pertaining to risk assessment and audit methodology, departmental self-assessments, corrective action plans and target completion dates.
2. Documentation and/or a written description of all systems used for audit issue tracking and resolution.
3. Organizational chart indicating the line of authority for the internal audit department and for the delegation of authority within the internal audit department.
4. Names and titles of all Audit Committee members.
5. Listing of employees in the internal audit department and their area of specialization.
6. A listing of internal audits conducted in 2003 and 2004 (and audit plans for those years), and a list of the planned and completed 2005 internal audits.

CONTINGENCY PLANNING

1. Copies of the firm's contingency plan (may also be called disaster recovery plan or business continuity plan).
2. An organizational chart of the personnel with assigned responsibilities under the Contingency Plan.
3. Any external review or analysis of the Contingency Plan.
4. Any contracts with vendors responsible for assistance with disaster recovery, alternate facilities, and replacement supplies and equipment.
5. Results of any simulations recently conducted.

ANTI-MONEY LAUNDERING PROGRAM

1. A copy of all firm Anti-Money Laundering Program policies and procedures.
2. A sample of all exception and management reports produced pertaining to this area indicating all recipients of these reports.
3. A description and organizational chart delineating the responsibilities for the Anti-Money Laundering Program.
4. Schedule of all trainings conducted and a listing of all attendees.
5. A copy of the annual independent review of the AML program.
6. Copies of all suspicious activity reports ("SARS") filed for 2004 and 2005.

Please have the above documents available by Monday, April 4, 2005. We plan to begin our examination on this date. Any questions regarding this matter should be directed to William Ostrow at [Redacted] or Peter Lamore [Redacted]. Thank you for your cooperation.