

RE: Madoff Request

4/28/2005 2:48:26 PM

From: Ostrow, William D.

To: Nee, John

Cc: Lamore, Peter

Thanks for the data feed idea. We just had the meeting with the Compliance Department (Bernie, Peter Madoff and [REDACTED]). We talked about various compliance issues that we came across in the written supervisory procedures and trading data we have examined. Most importantly, we discussed how [REDACTED] algorithm and black box system works. Bernie stated that the system incorporates live market data, but does not use order flow. Based upon [REDACTED] algorithm and capacity to manage money, this led us to ask if [REDACTED] (or anyone at the firm) has ever managed money for an outsider. Bernie said, "Never." [REDACTED] algorithm is on auto pilot. All trades in [REDACTED] account are entered through the MISS system directly from the algorithm. After the market closes, the firm will be showing us some current screen shots from today's trading and the firm alerts generated.

William Ostrow

Staff Accountant

U.S. Securities and Exchange Commission

Northeast Regional Office

[REDACTED]

From: Nee, John

Sent: Thursday, April 28, 2005 2:12 PM

To: Ostrow, William D.; Lamore, Peter

Subject: Madoff Request

William and Pete,

Have we asked the firm for a listing of all data/information feeds that emanates from its premises. And, if anyone outside that firm has access into any of the firm's systems (aside from customers placing orders.)

Perhaps talking to IT about business continuity might shed some light as well.

John