

RE: Seattle Topical Breakfast

8/12/2004 4:21:43 PM

From: Swanson, Eric J.**To:** 'SMadoff@madoff.com' [SMadoff@madoff.com]

question for you -

i am in the process of preparing some comments for an upcoming session of the wharton/nasd compliance program. the theme of my presentation involves the role of the compliance professional in the current regulatory environment. i plan to discuss the recent industry-wide "scandals" and explore the question of what may have gone wrong from a compliance perspective. i don't necessarily offer any certain answers, but one theory i have is based on my belief that the compliance industry tends to gravitate toward industry standards. These so-called "best practices" may represent the collective judgment of some bright people, but the real comfort to the industry comes from knowing that they are all operating to the same standard. If that standard is actually too low or, more likely, not comprehensive enough, it is unlikely anyone will discover it. There may be little incentive to examine the standard, think creatively about potential compliance problems, or try and raise the bar. In fact, even if a compliance officer were to seek to enhance a practice at their firm, they might face resistance to going beyond the industry standard, especially if to do so would place the firm at a competitive disadvantage.

The question is, and acknowledging that Madoff is the exception to the above, do you think this theory is plausible? Am I even right to say that the industry tends to gravitate to "best practices"? I know we have put out best practice guidance in the past, as has the NASD, NYSE, and I assume SIA. I realize this may be controversial - i don't mean to condemn the practice of developing best practices - but do you think a room full of compliance people would be hostile to this theory?

Your thoughts on this would be appreciated.

Eric

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

From: SMadoff@madoff.com [mailto:SMadoff@madoff.com]**Sent:** Thursday, August 12, 2004 3:07 PM**To:** Swanson, Eric J.**Subject:** RE: Seattle Topical Breakfast

So glad you asked. Dallas is a possibility for October. I am in the process of securing a host Personal Privacy
[REDACTED] was also interested in doing Dallas. I think having you, John and Personal Privacy could be fabulous!

Let me know your thoughts on this.

Best,

Shana

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"Swanson, Eric J." <SwansonE@sec.gov>

To "'SMadoff@madoff.com'" <SMadoff@madoff.com>

cc

Subject RE: Seattle Topical Breakfast

08/12/2004 02:59 PM

Hi Shana - anywhere else we should go in the meantime?

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

From: SMadoff@madoff.com [mailto:SMadoff@madoff.com]

Sent: Thursday, August 12, 2004 2:58 PM

To: SwansonE@sec.gov; mccarthyja@sec.gov; Personal Privacy

Cc: Personal Privacy

Subject: Seattle Topical Breakfast

Hi all!

Hope everyone's summer is going well. The SIA C & L Executive Committee has decided to postpone the Seattle topical breakfast AGAIN until November.

I will work with the NASD District Office in Seattle to come up with some new dates. If you know of any dates that do not work for you please let me know.

Regards,

Shana

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