

Re: Madoff

6/1/2005 11:09:31 AM

From: Lamore, Peter
To: Ostrow, William D.

Personal Privacy

I'm not sure that he was buying and selling for the funds on the same day. It may just be a journal entry because the shares bought have to be delivered to the clients account.....I don't know, but assuming he bought on or about 1/25 and sold on or about 3/15 he timed the market pretty well.

From: Ostrow, William D.
Sent: Wednesday, June 01, 2005 11:07 AM
To: Lamore, Peter
Subject: RE: Madoff

That's a funny way but I'm sure appropriate way to put it. I guess his stomach and gut were churning (if he was buying and selling on the same day).

William Ostrow

Staff Accountant

U.S. Securities and Exchange Commission

Northeast Regional Office

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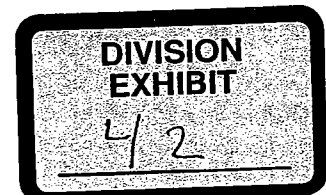
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From: Lamore, Peter
Sent: Wednesday, June 01, 2005 10:59 AM
To: Ostrow, William D.
Subject: RE: Madoff

Hey,

I'm not quite sure what's going on with these statements. I'll show you later but it seems clear as mud to me.



From: Ostrow, William D.
Sent: Wednesday, June 01, 2005 10:40 AM
To: Lamore, Peter
Subject: RE: Madoff

I've attached the S&P 100 trading data from 1994 to the present. I'll guess that on 1/25 he bought and on 3/15 he sold. Maybe we can look at what the majority of customer orders for those 50 stocks did during the week of data we had. That might give us a general sense of how the market was trending.

William Ostrow

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From: Lamore, Peter
Sent: Wednesday, June 01, 2005 10:25 AM
To: Ostrow, William D.
Subject: RE: Madoff

Basically 50 stocks were traded in basket fashion on 1/25 and 3/15 (no activity in April). The Feb 18 trades seem like some kind of an adjustment to the basket.

From: Ostrow, William D.
Sent: Wednesday, June 01, 2005 10:19 AM
To: Lamore, Peter
Subject: RE: Madoff

That's amazing. Are you at least seeing 50 different transactions on those days, which would represent all the stocks in the basket?

William Ostrow

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From: Lamore, Peter
Sent: Wednesday, June 01, 2005 10:17 AM
To: Ostrow, William D.
Subject: RE: Madoff

Hilarious. Nothing. Only transactions on Feb 18 and March 15.

From: Ostrow, William D.
Sent: Wednesday, June 01, 2005 10:14 AM
To: Lamore, Peter; Nee, John
Subject: RE: Madoff

Let me know if there were any transactions during the time period we requested (Feb. 28 - March 11, 2005) for Kingate and I will check to see if they are on the database of orders entered.

William Ostrow

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From: Lamore, Peter
Sent: Wednesday, June 01, 2005 10:11 AM
To: Nee, John; Ostrow, William D.
Subject: Madoff

Cliff notes version of my discussion with Bernie this morning:

- 1) Bernie reiterated that his model only identifies the basket of securities in the S&P 100 which would replicate the S&P 100 at the least cost (number of securities and shares). It does not tell him when to enter and exit the market.
- 2) Bernie's gut feel tells him when to enter the market and exit the market. His gut feel includes his observations of the trading room here in NY, what his European contacts are telling him, what he reads in industry papers and publications.....Interestingly, when we sidetracked and discussed the trading strategy of Personal Privacy Bernie stated "Don't quote me, but I think the most valuable information to Personal Privacy would be when a large buyer or seller is in the market." Not whether a company's fundamentals are improving.
- 3) I asked him about monthly performance data of his model and he stated he doesn't track it. I highly doubt this. He said it has been roughly +10 to 15% over the last five years. [The funds such as Sentry would have it.]
- 4) I did receive the list of brokers who execute for his model and 2005 monthly statements in paper format for Kingate Global and Kingate Euro.