



1/27/2006 1:01:22 PM

RE: Madoff

From: [Redacted]
To: Suh, Simona [Personal Privacy]

Gotcha. Let me know if I'm being annoying with my thoughts and ideas. When things pop into my head I usually just share them.....

Ticker plant data – not sure if [Redacted] could shed any more light. I would think that [Redacted] might be a better person to explain the systems and how they tie together – if they incorporate order flow data.

Question that I just thought of - If [Redacted] just "plug in the tapes" why would he need 4 – 5 people to do this. They must be writing software/code or analyzing data?

Options issue – I don't know what I'm thinking, but it seems to be weird to me that the counterparties aren't the buldge bracket firms (Goldman, Merrill, Lehman...) Instead, they are smaller/more obscure investment banks.

Momentum tools - [Redacted] I could be crazy, but I suspect that Bernie's ticker plant data (or other systems) tell him when there is the market is oversold or overbought from his order flow data. He probably takes the opposite side of the order flow knowing that from historical data there is irrational buying or selling in the broad market (rather than an individual security).

From: Suh, Simona
Sent: Friday, January 27, 2006 11:46 AM
To: Lamore, Peter
Subject: RE: Madoff

Excellent points. We can pursue them with Bernie, when we take his testimony. (I think the current plan is to talk to him after exhausting other sources, so we might not be scheduling that for some time.)

With respect to the "ticker plant" data, I wonder whether it's worth trying to request documentation or witness interview on this issue. What if we asked [Redacted] to come in? Or do you think we should talk to somebody outside the institutional trading area, whoever supports the "ticker plant" for the firm as a whole?

On the options trading issue, we probably will not be able to get any help from the dealers, since they are all overseas. I will talk to Meaghan about making a request for documents identifying the options dealers with whom Madoff has dealt in the last couple of years. Are you concerned that having the same financial institution as a dealer and as custodian creates potential for wrongdoing? If so, for what kind of wrongdoing?

On the momentum tools issue, if we had any real reason to suspect some kind of wrongdoing in Bernie's market timing decisions, I would send a document request on the issue, but I am not sure how much stress we want to put on him if all we suspect is disclosure problems. I will talk to Meaghan about it. We can definitely question him about it.

From: Lamore, Peter
Sent: Friday, January 27, 2006 10:38 AM
To: Suh, Simona
Subject: Madoff

Hi Simona,

Some rambling thoughts regarding Madoff:

- 1) I meant to ask Frank why the strategy is implemented only in Europe and during European trading hours and not New York time. What if there is breaking news having a huge impact on the market such as 9/11?

Law Enforcement

- 2) Frank mentioned that Banco Santander and Bank of Bermuda (HSBC) were counterparties to the options trades. Both of these firms are listed as custodian banks for hedge funds invested in the strategy (which is what I was trying to get at during the testimony.) I am still puzzled that Bernie is able to always be able to find counterparties willing to trade options in the size that he needs to for the strategy without freaking out the market. Talk about having difficulty finding liquidity – try calling a large broker-dealer in the U.S. with such a huge options order. I am confident that you would move (scare) the market. Maybe the counterparties are able to hedge themselves somehow, but I don't see how.

Law Enforcement

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I wonder if one of the factors for determining the stocks for the basket is the dividend rate of the stocks?

- 4) Is there a reason why the strategy never seems to be implemented at the year end (calendar). Could it have something to do with dividends, cleaning up the books.....

I have a meeting at 1:00 today, but I'll be around other than that. Talk to you later.

Peter

RE: Madoff

1/27/2006 3:43:13 PM

From: Lamore, Peter
To: Suh, Simona

Personal Privacy

I actually have not had a chance to read through the remont request, but I'll read through it by Monday morning. I'll also try to provide you on Monday morning with any questions for Tucker that I think might be helpful.

You certainly earned the right to have a nice weekend after listening to Frank go on and on and on and on and on yesterday. I almost fell asleep towards the end. Seriously, have a great weekend!

From: Suh, Simona
Sent: Friday, January 27, 2006 3:35 PM
To: Lamore, Peter
Subject: RE: Madoff

Ugh... what a pain he is...

Law Enforcement

I will think through possible additional requests, including Weintraub, and will talk to Meaghan about them.

Have you had a chance to look at the draft of the request to Tremont? Let me know if you have any comments, but this is no rush, since I have not yet heard from Meaghan, and I suspect that I will not hear from her until end of Monday or Tuesday.

Have a good weekend!

From: Lamore, Peter
Sent: Friday, January 27, 2006 3:31 PM
To: Suh, Simona
Subject: RE: Madoff

Alright. I'll keep continue to communicate ideas until you say to stop.

When we were conducting the exam, there was a day when Weintraub was in our office without Bernie (I think that she was dropping off some data or something). We seized the opportunity to ask her about the systems. After a couple of minutes, an employee came into the office and said "Liz, you are urgently needed." Thus, she left before we could get into too much detail about anything. When I asked Bernie later why she was urgently needed, he said something like "her lunch arrived." That was strange to William and I because it was around 3:00 pm. William and I suspected that Bernie sent the employee into our office because he didn't want her speaking to us alone....

From: Suh, Simona
Sent: Friday, January 27, 2006 1:35 PM
To: Lamore, Peter
Subject: RE: Madoff

Ideas are a very good thing – do not hesitate to email or call me if something comes to you. We may not act on some on them immediately, just because of time constraints, but they are certainly helpful – and I am keeping a running list of things we may want to consider. Good thought about Weintraub – we do need somebody with a global understanding of the firms' databases.

From: Lamore, Peter
Sent: Friday, January 27, 2006 12:10 PM
To: Suh, Simona

Subject: RE: Madoff

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