

Unknown

From: OCIE Staff Attorney
Sent: Wednesday, August 27, 2003 5:27 PM
To: Daugherty, Matthew; Eidt, Thomas
Subject: Further Explanation from MADF

Matt:

We had a second call with Madoff and we think we understand these trades a lot better.

1. AG Trades: These trades can be proprietary OR part of a riskless principal trade. Their trader was cagey, but it seems that if there is no matching customer PB order to that trade, then it is proprietary. Also, the "customer" listed is not the Madoff customer, but rather the counterparty.

2. "Blank" Trades: These are the same as the AG trades, but MADF said that they're going out on CAES ITS rather than DOT or PERS.

Their trader also said that when it comes down to it, these trades are probably proprietary.

We'll keep looking at the info and let you know what we find.

OCIE Staff Attorney