

# Special Purpose Inspection of Bernard L. Madoff Investment Securities

## I. Introduction

During the week of July 19-23, 1993, staff from the Division of Market Regulation's Office of Market Operation and Surveillance Inspections ("Staff") conducted an inspection of Bernard L. Madoff Investment Securities ("Madoff"). 1/ This is the first inspection conducted by the Staff of Madoff, a registered broker-dealer and market maker in exchange listed securities, which is commonly referred to as a "third market maker." The purpose of the inspection was to review Madoff's trading systems in light of certain equity market structure issues raised in the Division's Market 2000 Study ("Study"). Specifically, the Staff was asked to review the following issues: payment for order flow, order execution procedures, market order price improvement procedures, performance as market makers, surveillance of the automated execution systems, ITS trading procedures, and audit trail of these broker-dealer trading systems. 2/ The Staff orally apprised the Study team of the inspections findings.

## II. Background and Methodology

### A. Inspection Methodology

The Staff reviewed the Study, public comment letters, and Congressional testimony. The Staff also conducted an entrance interview with the principals of Madoff, Bernard and Peter Madoff, to discuss the firm's background and trading. Thereafter, the Staff requested Madoff records and various procedure manuals, including complete trading information on 22 securities for trade dates June 21-July 2, 1993. The Staff then spent one week conducting an on-site inspection to further understand the firm's automated systems, procedures, and trading practices. 3/ The Staff also performed analyses of the trading data in order to quantify the firm's systems, procedures, and activity.

### B. Firm Background

Madoff is a member of the Cincinnati Stock Exchange ("CSE") and the National Association of Securities Dealers ("NASD"). The firm is headquartered in New York and its designated examining authority is the NASD. Madoff is registered as a designated dealer on the CSE and as a third market maker with the NASD. Madoff makes markets in approximately 300 equities and convertible bonds listed on the NYSE or another exchange and 150 NASD Automated Quotation System ("NASDAQ") securities. Through its subsidiary in London, Madoff also trades on the London Stock Exchange and makes markets in U.S. securities on the Stock Exchange Automated Quotation System ("SEAQ"). The firm is comprised of 100 employees; 50 traders and assistants, and 50 operations or systems personnel. The firm has approximately 300 customers and most are broker-dealers. In

1/ Staff participating in the inspection included

Personal Privacy

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2/ See Memorandum dated March 29, 1993, from

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3/ This phase of the inspection involved extended discussions with Bernard and Peter Madoff as well as observing the functions and activities of three Madoff traders.

1992, the firm's required minimum net capital was \$100,000, with a total regulatory net capital of \$42,934,764. <sup>4/</sup>

### III. Trading Systems

During the period reviewed by the Staff, Madoff executed an average of 18,457 trades every day. <sup>5/</sup> In order to handle this volume efficiently, Madoff has developed a state-of-the-art automated trading system that allows it to competitively make markets in exchange listed securities. According to Madoff, approximately 90 percent of the firm's securities transactions are automatically executed via computer-to-computer interfaces ("CTCI"). A CTCI is an electronic communication linkage between the firm's in-house computer, its customer's computers, and the trade reporting systems of self-regulatory organizations ("SRO"). These linkages simultaneously report securities transactions for recordkeeping purposes, as well as for SRO trade reporting requirements.

The Madoff system is linked to the Intermarket Trading System ("ITS") through two SRO systems. ITS links all exchange specialists and third market makers for the purpose of assuring a fair and orderly national market system. As a CSE designated dealer, Madoff is able to participate in ITS through the CSE's linkage to ITS ("ITS/CSE"). As an NASD registered market maker, Madoff also may utilize the NASD's Computer Assisted Execution System ("CAES") as a linkage to ITS ("ITS/CAES"). <sup>6/</sup> Trades executed through CAES, the CSE, or Madoff's system are reported automatically to the Securities Industry Automation Corporation ("SIAC") or NASDAQ and the respective parties clearing corporations. These linkages allow Madoff to assure that its NYSE member customers comply with NYSE Rule 390 and Rules 19c-1 and 19c-3 under the Securities Exchange Act of 1934 ("Exchange Act").

Madoff has established "direct pricing feeds" between its computer and SIAC through which the firm receives complete Consolidated Tape Association ("CTA") trade information (the "last sale tape") and Consolidated Quotation Service ("CQS") quote information. This information is managed in a "ticker plant" that is integrated into Madoff's automated execution system. The automated execution system monitors customer orders for marketability based on the ITS best bid or offer as well as exchange or internal activity. By monitoring the ITS system, Madoff is able to guarantee executions of buy and sell market orders at the "national best bid or offer" and guarantee certain "trade-through or print protection" for limit orders.

#### A. Market Orders

When customer market orders enter the system they are automatically executed at the ITS best bid or offer if the spread, at the time the order is received, is at the minimum allowable variation (usually 1/8). When a customer places an order with Madoff for a particular security, Madoff's computer checks the ITS "best or inside quote," executes the order at the ITS inside bid or offer, electronically sends the customer a trade report and

<sup>4/</sup> Securities Industry Yearbook 1993-1994, at page 573 (1993).

<sup>5/</sup> See Table D.

<sup>6/</sup> Madoff also may use CAES to act as market maker and execute orders in NASDAQ securities that are not listed on an exchange.

reports the trade to SIAC, all within a matter of seconds. The Madoff system does not give partial executions of customer orders and does not afford priority to larger sized orders. As long as 100 shares can be executed, the Madoff system will execute an entire order of up to 5,000 shares. The Madoff system also executes odd lots at the ITS inside bid or offer and reports them to the customer, but does not report them to SIAC. 7/

Market orders in securities with spreads greater than the minimum allowable variation enter what is called the "Mission" subsystem. This subsystem is a price improvement system in which the Madoff computer tries to improve the best market for the stock and get the Madoff customer a "better price." The Mission subsystem attempts to "improve the market" by changing its quotes to attract orders from throughout the national market system.

For example, when a customer's order enters the Madoff system with a spread greater than the minimum variation it is routed to the Mission subsystem and is "stopped" by the computer at the current ITS best bid or offer. The computer then changes Madoff's ITS quote to "better the market." A market is bettered by raising the bid for sell orders or lowering the offer for buy orders. The "improved quote" is displayed for one minute. If another ITS participant sends a commitment to trade at the new quote, then Madoff will affirm the ITS trade and execute the customer order. If a trade occurs in the security's primary market, then Madoff will execute the trade with its customer at the trade price in the primary market. If the one minute expires and neither of these events have occurred, then the system changes Madoff's quote back to its original prices and fills the customer order at the stopped inside bid or offer.

## B. Limit Orders

The Madoff system also contains an electronic limit order book. Madoff's limit order subsystem is designed to process any type of contingent order presently accepted on exchanges (e.g., short sales, stop, stop limit, immediate or cancel, all or none). All orders not immediately executable when received by the system are routed into the electronic book on a price and time priority. The limit order subsystem is integrated with all other Madoff trading systems, facilitates execution with other Madoff system orders and offers several forms of print protection.

### 1. Primary Market Print Protection and Depletion

Madoff affords primary market print protection to its limit orders. If the primary market reports or "prints" a trade at the limit price or better then Madoff's trading system will automatically execute the limit orders on its book up to the size of the primary market print. For example, if the NYSE prints 1000 shares of GM at \$50, and Madoff has three limit orders on its book at \$50 for 400 shares each, then all three orders will be executed because Madoff does not give partial executions. However, if a 5,000 share limit order had first priority, then none of the three 400 share orders would be executed because the 5,000 share order would have "depleted" the entire quantity of the primary market print. The records of trades automatically executed through this subsystem are coded "PP."

Similar to primary market print protection is the "between market print" subsystem. This Madoff subsystem automatically executes limit orders when a primary market print is

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7/ Odd lot orders receive "clean-up" priority in the Madoff system.

"between the primary exchange quote" and is equal to or better the customer's limit price. These subsystem executions are coded "BM."

The third form of primary market print protection is called "depletion." An execution by the depletion subsystem occurs when the primary market prints a trade at a customer's limit price but the order is not executed due to insufficient priority and, immediately thereafter, the primary market changes its quote to an inferior price. Madoff reasons that it must afford such protection to be competitive, for it feels that, had the limit order been sent to the primary exchange, instead of Madoff, it would have been executed on the exchange when the limit price was reached on the primary market print. These subsystem executions are coded "DP." Madoff informed the Staff that these executions are most common in highly active or volatile stocks.

## 2. Missile Subsystem

Madoff's "Missile" subsystem executes orders on the limit order book against incoming Madoff customer market orders, executions from an exchange or the execution of a Madoff proprietary order at the limit price. The first part of this subsystem monitors the incoming market orders from Madoff customers. Whenever a market order is executed at the limit price of an order on the book, the Madoff system will automatically execute the limit order at the same price immediately afterward. The system assumes that if the two customer orders were sent to an exchange instead of Madoff they would have been crossed. The system records the execution of both orders by automatically posting two trades at the limit price in a non-intermediated riskless principal fashion (i.e., Madoff buying and selling as principal, without gain or loss).

The second part of the Missile system is triggered by an "incoming" ITS commitment to trade at the customer's limit price. These trades generally occur as the result of one exchange trading through another exchange's superior ITS quote or pursuant to normal interdealer activity. If an incoming ITS commitment is equal to or better the customer's limit price, the system will execute the limit order on the book.

The third part of Missile subsystem is triggered by trades for Madoff's proprietary or market maker accounts. Madoff frequently enters orders for its own account through floor brokers on the primary exchange or sends ITS "commitments to trade" to another market center. When one of these orders is executed at a customer's limit price the Missile subsystem executes the limit order at that price. All of the above Missile executions are automatically coded "MS."

## 3. High/Low Subsystem

Some institutional customers are adverse to executing trades that will make new highs or lows; accordingly, the Madoff system contains a high/low protection feature for certain customer orders. If a customer requests, its orders would be routed into this Madoff subsystem. This subsystem is designed to assure that the execution of the customer's orders would not make a new high or low for the day. In this subsystem, when execution of an order would occur at the high or low for the day the order is stopped and the system monitors the primary exchange activity for a print at a price other than the day's high or low. If the primary market prints a trade below a high or above a low, then the Madoff customer order is executed at the price of the primary market print. If the primary market does not print such a trade, then the system continues to monitor the primary market for the next print that does not set a new high or low. These trade executions are coded "HL."

#### IV. Proprietary Trading and Market Making Systems

Madoff's proprietary and market maker trading activity is controlled in large part by the automated execution system. As described above, the system automatically handles customer orders and executes trades according to preset guidelines. Madoff, however, employs approximately 50 people in its trading area. The traders usually work with one or two assistants and are assigned responsibility for making markets in approximately 30 securities.

The traders and assistants are supported by state-of-the-art workstations and each trader is free to display the information he or she wants. At a minimum all traders display the Madoff quote, the CSE quote and the ITS best bid and offer. The traders' workstations can be organized to display their position and their automated trading system executions. From the trader's point of view, automated executions force them to take "unwanted positions." <sup>8/</sup> Madoff traders can trade out of positions by sending an order to a floor broker on the primary exchange, by changing their quotes to attract ITS and other activity or by sending commitments to trade to an ITS market center.

The traders' workstations also can display the limit order book for the traders' securities, including individually priced orders, total number of orders and size at each price. The trader receives news items on screen through Quotron and can access full stories from any headline. In addition, support staff monitor news feeds from Dow Jones News Retrieval and Bridge and verbally communicate the information to traders. The traders' workstations also provide significant real-time information on option positions, deltas, the costs of acquiring positions and current or historical profit/loss. Madoff has developed an "effective stock position formula" that may be displayed in real-time. An effective stock position essentially is a dynamically hedged net stock and option position for each security.

Madoff does not "auto-quote" its markets. The traders make markets in their assigned securities by manually entering their quotes into their workstation, which then begins the electronic dissemination process through ITS, the CSE or NASDAQ. The Madoff traders update their quotes on ITS after a trade is executed on their system. The firm's stated policy is to always try to be either the best bid or offer in the market, depending on the trader's current strategy to be long or short in that security. The Madoff "spread guidelines" for its quotes are: 1/4 spread for \$20 stocks; 3/8 for \$20-\$50 stocks and 1/2 spread for stocks over \$50. The "size guidelines" for Madoff quotes establish a minimum that is equal to the applicable SRO rule. When Madoff receives an ITS commitment to trade at its quoted price and size, the system automatically "clears" the Madoff quote on ITS and forces traders to update or refresh their quotes.

Accordingly, when an automated execution or ITS trade occurs, traders must re-evaluate their quotes and either re-enter their existing quote or change it. During this evaluation process traders consider the firm's position, the pattern or flow of orders and their outlook on the stock. For example, if a trader feels that the stock is fundamentally overvalued and he or she is "too long or buying too much stock from customers," the trader may lower his or her bid to discourage more customer sales (Madoff purchases) and/or

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<sup>8/</sup> Positions would be unwanted when a trader wishes to maintain a long position and the flow of orders through the automated system is forcing him or her to be short.

lower their asking price in order to encourage or attract more customer or ITS buy orders (Madoff sales).

#### V. Inducements for Order Flow

The Staff reviewed Madoff's systems used to pay customers for order flow. Madoff does not have contractual agreements with its customers, consequently, the firm is not guaranteed of receiving order flow. The Staff confirmed that Madoff does pay one cent per share for eligible orders. The Staff also found that the Madoff system has other features that may indirectly induce order flow, including: (1) the use of a market order price improvement system; (2) execution of limit orders without charging a fee; and (3) limit order trade-through or print protections.

Madoff pays one cent per share for eligible orders, which are any market orders of 5,000 shares or less. Every customer receives the same payment schedule. In order for a broker-dealer to receive payment, it must trade a minimum of 100,000 shares payable per month. Madoff informed the Staff that this rule is not without exceptions and certain firms that do not meet this criteria have, on occasion, received payment. Limit orders, manual orders and market orders receiving price improvement are "non-payable" (i.e., not eligible for payment). Madoff's computer automatically determines which shares receive payment, calculates the amount of the payment and maintains records. The computer also generates a monthly statement for customers, showing the number of market orders, the number of market orders payable and non-payable and the number of shares payable. These statements also show a breakdown of the customer's order flow.

Checks are sent to customers, with a statement, at the end of each month. The Staff was advised that the Madoff system rounds all amounts payable to the nearest hundred dollars. For example, if Madoff executed 45,095 shares that were eligible for payment, the computer would round the amount due to the customer, to \$451. Madoff informed the staff that Bear Stearns has elected to not receive payment.

#### VI. Recordkeeping Systems

The Madoff system is completely automated and captures all order ticket information required by Rule 17a-3 under Exchange Act, including order entry and execution time. For manual orders, the system enables traders to open a trade ticket "window" on their workstations into which traders and registered representatives may directly enter all required trade ticket information. Madoff has represented that it has received the permission of the NASD to not prepare and retain paper order tickets. <sup>9/</sup> The system captures substantial amounts of other non-required information, such as: (1) automated execution subsystem codes; (2) the ITS inside quote; <sup>10/</sup> (3) order information; (4) contra-party codes; and (5) customer trailer information. Madoff can efficiently retrieve records directly from the system until T+5. After that time, the data is stored on tape, which is more inefficient to retrieve, and retained pursuant to Rule 17a-4 of the Exchange Act. The Staff notes that, due to the large number of trade records produced by the Madoff trading operations,

<sup>9/</sup> See NASD Examination Report, page 4. In addition, the most recent Madoff examinations noted that Madoff employs a settlement date posting system.

<sup>10/</sup> The Staff notes that if a trade is the result of an incoming ITS commitment to trade the executed trade record will reflect Madoff's ITS quote.

thorough and efficient oversight or investigation of Madoff activity may be dependent on the availability of machine-readable records.

## VII. Trading Analysis

The inspection staff performed automated and manual analyses of a wide range of records covering Madoff's trading and payment for order flow systems. With respect to Madoff trading systems the Staff gathered complete trade records in 22 stocks for the 10 trading days from June 21 to July 2, 1993. <sup>11/</sup> With respect to payments for order flow, the Staff obtained hardcopies of the Transaction Summary Statements sent to customers for the month of June 1993 (statement period: 5/22 through 6/23) that detail the basis for payments to customers. The following discussion describes analyses performed by the Staff, technical characteristics of the data, and notable findings.

### A. Automated Analysis

The trading records reviewed in an automated fashion included Madoff's executed trade records, limit order book, and positions as well as Consolidated Tape Association ("CTA") and Consolidated Quotation Service ("CQS") records. These trading records were obtained in machine-readable format on diskettes. The size of these records was large, with the three primary files containing a total of over 41 megabytes of information. <sup>12/</sup> The Staff used Commission's network database software and was able to effectively store and process the data on a single personal computer.

#### 1. Consolidated Trade and Quote Data

The total consolidated trade activity in the sample securities, as reported to the CTA, is presented in Table B. The single highest volume day, in terms of number of trades and share volume, was 6/24 when 31,098 trades totaling over 53.2 million shares traded. The lowest volume day occurred on the very next day when less than one-half as many trades (12,995) and share volume (21.4 million) was effected. The single largest trade, in terms of shares, was executed on the NYSE where a 600,000 share trade in Federated Department Stores (FD) was printed at \$21, on 6/22. The average trade size throughout the period was 1,662 shares. Finally, Madoff's total share volume in the sample securities (see Table D; 12,083,648 shares) represented approximately 4.3% of total composite volume in the sample securities for the period (see Table B - 278,353,000 shares).

The Market 2000 Team requested that the Staff review the quotation activities of Madoff. The Staff used the consolidated quotation data for the sample securities, as reported to the CQS, to compare the quotes disseminated by Madoff and the NYSE. The results of this comparison are set forth in Table C. These results show that Madoff disseminated 7,262 quotes (4% of total quotes) and the NYSE disseminated 46,465 quotes or 27% of all quotes disseminated for the sample securities. The total average quote spread disseminated by Madoff was .371, or approximately 3/8 of a point, and the NYSE's was .156, or slightly more than 1/8 of a point. Both market centers displayed greater depth in

<sup>11/</sup> See Table A, for the composition of the security sample.

<sup>12/</sup> The three primary files of information are: (1) total CTA and CQS (15.6 meg); (2) total executed trades (8.98 meg); and (3) total open orders (16.6 meg).

their bids, while the NYSE displayed, on average, 16,474 more shares at the bid, than Madoff.

## 2. Madoff's Executed Trade Data

The total sample of Madoff executed trade data is presented in Table D. Unlike consolidated activity, the largest single day was 6/23 when Madoff effected 4,007 trades (over 1.5 million shares) with a market value of over \$60 million and, like consolidated activity, Madoff's quietest day was 6/25. For the period, the total number of trades in the sample securities represented from 16% to 20% of Madoff's total firm-wide activity. Excluding 6/24, Madoff's activity in the sample securities represented a slightly larger 20% to 24% of total consolidated trades in the sample securities. While 6/24 was the most active day in terms of total consolidated volume (almost two times greater than average), Madoff effected only 10% of consolidated trades on this day (approximately half its average market share during the period). The following discussion describes the total executed trade data from several different points of view.

### a. Order Types

Madoff's total executed order flow is characterized by order type in Table E. Total market orders comprised 65% of all trades in the sample securities. The average size trade was 239 shares and the largest market order trade was 7,000 shares. Limit order trades represented 35% of total executed trades, had an average size of 623 shares and 20,000 shares was the largest trade. The difference between the percent of market and limit order trades executed at a price "better than the market" (11.88% market; 53.84% limit) may provide an interesting insight on the effectiveness of Madoff's market order price improvement and limit order trade-through protection subsystems. These percentages were computed by counting the number of trades where buy order execution prices were less than the ask or sell order execution prices were greater than the bid, and dividing each by their respective number of total trades for the day. <sup>13/</sup>

### b. Trading Systems

Total executed order flow is divided by system and non-system or manual order routing mechanisms in Tables F and G, respectively. As described above, customer orders routed through the Madoff system require no human intervention and are coded to indicate the automated system through which they are executed. Manual or non-system orders include ITS commitments to trade and other orders that require human intervention or data entry (e.g., trade negotiated over the telephone with another dealer or a firm order called down to a floor broker on an exchange). <sup>14/</sup> As explained below, the Staff found the accuracy of Mission execution codes ("MI") to be questionable. The Staff, therefore, is hesitant to attach significance to the specific system code data contained in Table F, except to the extent that the majority of Madoff's automated system executions appear to be

<sup>13/</sup> The Staff notes that the bid and ask prices used in this analysis were contained in each Madoff trade record.

<sup>14/</sup> It should be noted that system orders may receive human intervention if requested by the customer or Madoff's customer service personnel make corrected entries to system order executions. All such trade records are coded by the system as "ME" (manual execution) trades.



effected at-the-market. However, the Staff is reasonably confident that the totals in Table F (e.g., 88.25% of trades; 62.85% of shares) are reliable and reflect typical small order flow from individual investors. The Staff was advised that the subsystem codes are added to trade records automatically, at the time an order enters a particular subsystem.

On the other hand, non-system or manual order executions reflect Madoff's interdealer activity. Of these non-system or manual order executions a total of 156 (0.5%) were effected after normal trading hours. The six largest non-system codes accounted for 7.72% of total Madoff trades and 22.1% of total shares traded for the period. Three of the six largest non-system codes reflect proprietary orders effected through floor brokers on the floor of the NYSE. 15/

Two of the remaining three largest non-system codes show the flow of ITS commitments to trade between Madoff and the NYSE, which occur through the CSE's ITS linkage (Outbound = ITON PB; Inbound = ITIN PB). These non-system codes indicate that, during the period, Madoff sent more commitments to trade (474 outbound - 395 inbound = 79 net outbound) and share volume (655,100 - 288,100 = 367,000 net outbound) to the NYSE than it received from the NYSE, through the ITS/CSE linkage. 16/ Finally, the sixth largest non-system code designates ITS/CAES activity between Madoff and the NYSE and highlights a difference between the CSE linkage to ITS and the NASD's linkage to ITS. Specifically, Madoff's system codes "inbound and outbound" commitments routed through exchange ITS linkages but ITS/CAES traffic is not similarly coded. Madoff informed the Staff that the ITS/CAES system does not provide such inbound/outbound coding to its participants.

#### c. Customers

Finally, Madoff's total executed order flow is sorted by customer and ranked by total trades in Table H. A total of 161 customers or accounts traded during the period. The 10 largest customers in terms of trades, all of which may be characterized as "retail brokers," accounted for 54.35% of trades and 28.33% of shares executed during the period. 17/ The average size trade for these top 10 customers was less than 150 shares for market orders and less than 100 shares for limit orders.

15/ These three non-system codes were; JMS Execution Services (JMX AG), Charles Schwab (SCHD AG) and Cohmad Securities (COMD AG).

16/ At the suggestion of Madoff, the Staff checked the accuracy of the outbound-inbound coding by manually reviewing the execution price and respective exchange quotations. For example, if Madoff bought at 10 when Madoff's quote was 10 - 1/4 and the NYSE's quote was 9 3/4 - 10 1/8, then it is reasonable to conclude that "the NYSE hit Madoff's bid." The Staff found that out of a sample of 57 trades analyzed in this fashion all inbound-outbound ITS/CSE codes were accurate.

17/ The ten largest customers in terms of trades were: (1) A.G. Edwards; (2) Charles Schwab; (3) Waterhouse Securities; (4) Wheat First Securities; (5) Fidelity Brokerage Inc.; (6) Dain Bosworth Inc; (7) Pacific Brokerage; (8) Quick & Reilly; (9) Piper Jaffray; and (10) Robert Baird.

When ranked by share volume, the top 10 customers accounted for 42.48% of share volume and 45.49% of trades for the period. <sup>18/</sup> Of these top 10 broker-dealers only five were retail broker-dealer customers. The average size trade for the top 10 share volume customers was less than 150 shares for market orders but over 800 shares for limit orders.

A.G. Edwards was the largest customer in terms of trades (14.36%) and also ranked first in terms of share volume (6.36%). In terms of trades, the highest non-retail broker-dealer, JMS Execution Services, ranked 12th in terms of trades (1.81%) and fourth in terms of share volume (4.77%). In terms of share volume, the largest non-retail broker-dealer activity was Madoff's outbound ITS/CSE activity to the NYSE (ITON), which ranked second in total share volume (5.5%) and 19th in trades (1.47%).

### 3. Limit Order Book Data

The total sample of Madoff open orders is presented in Table I. <sup>19/</sup> During the period, Madoff's limit order book remained relatively static with Madoff's total buy orders (customer sell) averaging 3,539 in number, 1,096,092 in shares and \$40.53 in weighted average price. Madoff's total sell orders (customer buy) averaged 2,872 in number, 803,703 in shares and \$31.14 in weighted average price. The average age of the orders on each side of Madoff's book were consistent. The Staff notes, however, that 3,756 orders (5%) out of 70,517 total open orders on the book for the period were over 365 days old. The Staff acknowledges that many orders remained on the book for the entire period, thus, a certain amount of double counting may be present. On a daily basis, however, the Staff estimates that approximately 340 (5.0%) of the average total number of open orders for any given day (6,410 average total number of orders on the book per day) were over 365 days old.

### 4. Position Data

The average number of shares, closing price and market value of Madoff's closing positions in each of the sample securities is shown in Table J. Madoff's average total net share position was 1,100,541, with a total net weighted average price of \$68.07 per share and average total net market value of \$74,914,654. On average, Madoff maintained seven short positions and 15 long positions. The largest of Madoff's long positions were American Tel & Tel. (T) (800,682 shares; \$49,922,492) and Hewlett Packard (HWP) (300,165 shares; \$24,384,654). The largest of Madoff's short positions were Blockbuster Video (BV) (\$82,123), Telefonos de Mexico (TMX) (\$12,903) and Texaco (TX) (\$11,357). On a daily basis, however, there were significantly larger short positions (e.g., short \$220,093 Ford (F) on 6/21 and \$303,898 Philip Morris (MO) on 6/24).

<sup>18/</sup> The ten largest customers in terms of shares were: (1) A.G. Edwards; (2) ITS/CSE Outbound to NYSE; (3) Charles Schwab (acting as agent for Madoff); (4) JMS Execution Services; (5) Waterhouse Securities; (6) Olson Securities Corporation (OSC); (7) Wheat First Securities; (8) Cohmad Securities; (9) Charles Schwab (acting as agent for its customers); and (10) Bear Sterns.

<sup>19/</sup> It should be noted that the sample of open order data contains an additional day (7/6). Madoff produced these records on an "as of the open basis," therefore, the records dated 7/6 represent the open orders remaining on Madoff's limit order book at the close on 7/2.

Madoff's index option positions are laid out in Table K. The positions were generally static during the period. Madoff maintained a position in approximately 60-80 different individual equity options during the period. Almost all of these option positions were short. The positions in S&P 500 Index (SPX) and Amex Institutional Index (XII) taken in combination are "synthetic futures," which form upside and downside hedges or a "collar." The positions in S&P 100 Index (OEX) could be viewed as speculative or as providing downside insurance, while the positions in Amex Major Market Index (XMI) may be speculative or upside insurance. The importance of these positions is explained below in the discussion of Madoff's Risk Management.

#### 5. Payment for Order Flow Data

As noted above, the Staff obtained hardcopy "customer statement" records in this area and then manually loaded the data into spreadsheets. These payment for order flow records are summarized in Table L. Of the total number of market orders executed during the statement period of May 22 through June 23, 1993, 91.18% were eligible for payment of one cent per share. A total of 90,388,204 shares were eligible for payment and the total amount paid to Madoff's customers was \$903,882. From January 1 through June 30, 1993, Madoff paid firms a total of \$5,769,721.

The firm receiving the largest payment during the statement period and year-to-date was Charles Schwab with a payment of \$80,653 and year-to-date total of \$497,667. The second largest customer for the statement period was Waterhouse Securities (\$53,870), which ranked fifth on a year-to-date basis (\$310,707). The second largest on a year-to-date basis was Fidelity Brokerage (\$431,561), which ranked fourth on a statement period basis (\$45,019).

#### B. Manual Analysis

##### 1. Disseminated Trades and Quotations

During its review of the CTA and CQS data routinely received by the Commission's Office of Information Technology, the Staff was unable to electronically analyze the Madoff records in more areas and detail. The Staff's inability to analyze the data was due to three technical characteristics of this data. First, the CTA data identifies third market trades with the letter "T" but does not identify the specific third market maker that reported the trade (e.g., MADF). Likewise, the CSE's trade reports are marked with the letter "C" but do not identify the designated dealer to whom the execution was assigned. While the Staff has no reason to believe that Madoff does not report trades in compliance with all applicable reporting requirements, this characteristic prevented the Staff from empirically analyzing whether Madoff, in fact, reports all trade executions as required. <sup>20/</sup>

Second, Madoff's execution time records are rounded to the nearest minute (HH:MM) while the CTA records were rounded to the nearest second (HH:MM:SS). In spite of these characteristics, and as explained below, the Staff manually matched CTA records with the Madoff trade records. The Staff used both CQS and Madoff composite quote information to more reasonably assure the accuracy of this manual matching process.

<sup>20/</sup> The Staff acknowledges that such identifying information is available from the NASD and CSE.

Third, the sophisticated programing resources that are required to transform "raw" CQS data into a change by change "quote montage" were beyond the scope of this inspection. The manual construction of quote montages for discrete instances in time is difficult and time consuming, especially in very active stocks where 10 to 15 quote records may be separated by only a few seconds. This characteristic prevented the Staff from definitively determining whether the quote information in Madoff trade records is accurate and whether every trade was executed at the ITS inside market or better. Again, as explained below, the Staff manually developed quote montages and matched a sample of them to the "best market information" contained in Madoff's executed trade records. The Staff's manual review of the CQS records confirmed that Madoff does not "auto-quote" its markets. Moreover, it was readily apparent to the Staff which market centers use auto-quote systems and which market centers' quote entries triggered auto-quote systems.

The Staff also manually compared the CQS bid/ask size data against Madoff's open order records for the seven stocks and five trade dates in the manual review sample described below. The Staff found, generally, that Madoff displayed a "size" that was equal to or greater than the number of shares on its limit order book at a given price. The Staff noted that a large number of Madoff's limit orders were at prices substantially outside of prevailing trading ranges. Accordingly, a large number of Madoff's quotations were not representing prices or sizes of limit orders on its book but instead reflect Madoff's quote guidelines and trader perceptions. In these situations, Madoff's quote size guidelines have the effect of representing tighter markets and more shares than are on the book. 21/

The Staff, however, found that out of 343 total Madoff quote entries in the manual review sample (5% of Madoff and .29% of total CQS quotes), 25 (7.3%) did not display the highest bid or lowest offer on Madoff's limit order book at the time the quote was disseminated. 22/ These 25 orders ranged in size from 100 to 5000 shares and some were not displayed more than once. The Staff acknowledges that this analysis may appear skewed by the fact that Madoff's limit order records are a snap-shot of its book after the previous close and before the next open. However, by using the executed trade records the Staff was able to check when "old" orders were removed from the book.

## 2. Customer Trade Executions

As explained above, the Staff manually reviewed only a sample of CQS, CTA, executed trade and open order records to evaluate compliance with applicable reporting obligations, quality of quotations, priority of orders and the accuracy of the Madoff system generally.

21/ For example, Madoff may disseminate 20 bid - 20 1/4 offered (5x5). At the time the quote is entered, the best bid (customer buy order) on the book may be 100 shares at \$15 and the best offer (customer sell order) may be 100 shares at \$30.

22/ For example, at 10:34:38 on 7/2 Madoff disseminated a quote in ABT of 24 3/4 bid and 25 1/8 offered (5x2). At that time, Madoff had a customer limit order to buy 5,000 shares of ABT at 24 7/8 on its book. This order was placed on the book on 5/19/93 at 9:29 am. This customer order was not represented in the market until 10:39:37 on 7/2 when Madoff changed its quote to 24 7/8 bid and 25 1/4 offered (5x2).

The Staff's manual review sample was selected based on price changes or trading volume. The total number of Madoff trades manually reviewed was 1,131. The Staff's manual review sample included every trade record for: Abbott Labs (ABT) and Bristol Myers-Squibb (BMY) on July 2 (153 and 542 trades, respectively); Texaco (TX) on 6/23 (95 trades); Motorola (MOT) on 6/28 (172 trades); Hewlett Packard (HWP) on 6/25 (51 trades); Eastman Kodak (EK) on 6/23 (106 trades) and Federated Department Stores (FD) on 6/22 (12 trades).

The Staff's manual review methodology entailed the evaluation of each Madoff trading subsystem and whether each functioned as described by Madoff. For example, if the trade was coded "MS" (Missile execution) the Staff located the trade that "triggered" the execution of the limit order(s) and verified whether all other equally priced open orders received the priority to which they were entitled by applicable rules or stated Madoff policy. In the process of this evaluation the Staff also checked the accuracy of Madoff's "best market information," compliance with applicable trade reporting requirements and whether Madoff traded for its own account ahead of customers.

The Staff was able to manually reconstruct the information necessary for the evaluation of 1,131 trades (3.5% of total trades), with reasonable confidence. Based on this sample, the Staff found, generally, that the Madoff system worked as represented and with relative accuracy. Market orders were quickly executed at the national best bid or offer. The print protection, depletion, Missile and the other limit order trade-through protection sub-systems appeared to operate as designed and represented. The Staff also believes that Madoff is fulfilling its trade reporting obligations and best execution commitments to customers.

The Staff found that the Madoff system does not allow Madoff to trade for its own account ahead of customer orders. <sup>23/</sup> In the lone exception found by the Staff, the records showed 500 shares of FD traded in the third market at \$20.875. Immediately thereafter, the NYSE printed 600 shares at \$21.00, which was between its quotes. The Madoff records showed that, triggered by the NYSE's between market print, the Madoff system executed one customer limit order at \$21.00. Moreover, at the same time, Madoff bought 500 shares of FD at \$20.875 from the NYSE through ITS/CAES.

The CQS and CTA records appeared as follows: <sup>24/</sup>

11:33:54	MADF Quote - \$21.125 bid and \$21.50 offered
11:35:31	NYSE Quote - \$21.00 bid and \$21.25 offered
11:35:45	NYSE Trade - 300 at \$21.25
11:35:47	NYSE Trade - 200 at \$21.25
11:35:48	NYSE Trade - 4500 at \$21.25
11:36:11	NYSE Quote - \$20.875 bid and \$21.25 offered
11:36:28	*Third Market Trade - 500 shares at \$20.875
11:36:32	MADF Quote - \$0.00 bid and \$0.00 offered
11:36:32	CAES Quote - \$0.00 bid and \$0.00 offered
11:36:41	NYSE Trade - 600 shares at \$21.00

<sup>23/</sup> As described above, Madoff records reflect customary riskless principal type activity where the customer trade and Madoff trade are executed at the same price.

<sup>24/</sup> The entries marked with an "\*" correspond with the Madoff executed trade records.

11:36:42 CSE Quote - \$20.875 bid and \$21.375 offered  
 11:36:42 MADF Quote - \$20.875 bid and \$21.25 offered  
 11:36:42 CAES Quote - \$20.875 bid and \$21.25 offered  
 11:36:46 \*Third Market Trade - 100 shares at \$21.00

The Madoff executed trade records appeared as follows:

11:36 MADF sell to PBSC 100 shares at \$21 (limit order to buy 100 at \$21 received on 6/17 and Madoff market information showing \$22.5 bid and \$22.625 offered)  
 11:36 MADF buy from NYSE 500 shares at \$20.875 (CAES order entered at 11:36 and Madoff market information showing \$21.125 bid and \$21.5 offered).

The Staff generally found this sequence of events to be unusual, rarely did the Staff identify Madoff buying for its own account at the primary market bid, such fortuitous trading was usually afforded to Madoff customers only. This series of trades also highlights the characteristics of the data described above.

Unlike the limit order protection subsystems, the Staff found that the Mission market order price improvement system appeared to be not performing as described. A total of 84 Mission coded (MI) trades were reviewed for the set of sample stocks (.3% of total executed trades). The Staff was able to detect actual market order price improvement only occasionally. When the Staff detected an improved market order it was usually the result of execution against a print protected limit order. In most instances, the Staff was unable to identify the Madoff quote change intended to attract orders at a better price, instead the one minute time period expired and the order was filled at the market price.<sup>25/</sup> For most trades it was not apparent why the trade had been marked "MI," since there was no quote change or price improvement with respect to the ITS inside market. The Staff acknowledges that its analysis in this respect may be affected by the security sample, which contains a large proportion of highly capitalized and liquid securities with an average spread very close to the applicable minimum variation.

Similarly, while reviewing the CTA records for the manual review sample, the Staff did not find that Madoff was frequently submitting either the ITS best bid or offer. In many instances, the primary exchange maintained the best bid and offer while Madoff quotes were outside the market. In other instances, Madoff "straddled" the ITS inside market, which sometimes led to a new ITS inside bid or offer and sometimes joined another market center's inside ITS bid or offer. The Staff acknowledges that its manual review sample may be inadequate to fairly characterize the competitiveness of Madoff's quotations. The summary of average CQS information (Table C) would indicate that the NYSE was quoting tighter and deeper markets in the sample securities during the period.

### VIII. Compliance

The Staff reviewed the firm's non-financial compliance procedures, manuals and policies. This review included Madoff's general compliance and supervisory procedures,

<sup>25/</sup> It is important to note that, unlike CTA records, CQS records do contain an identifying code for the market maker entering the quote.

procedures designed to prevent the misuse of material nonpublic market information and employee trading controls.

A. Compliance Manual

The firm's compliance manual details the firm's approved procedures for the trading, handling customer accounts and compliance with all applicable federal, state or SRO rules. The manual also sets forth specific performance responsibilities for employees, conditions of employment, complaint and correspondence procedures and reporting requirements. The manual contains photocopies of Schedules D, G, and H to the NASD By-laws, ITS/CAES Rules, Exchange Act Rule 15c2-11 (due diligence) and several informational memoranda from the NASD. The firm's compliance manual also contains the supervisory procedures described below.

B. Insider Trading

The Insider Trading and Securities Fraud Enforcement Act of 1988 ("ITSFEA") requires all broker-dealers to maintain written policies and procedures to prevent the misuse of material non-public information. <sup>26/</sup> Madoff has implemented procedures designed to comply with ITSFEA requirements and prevent insider trading.

Madoff traders are not permitted to discuss trading issues with outside research analysts. Instead, Madoff maintains an in-house research department to review company reports, news and financial statements. In addition, Peter Madoff meets with all traders on a monthly basis to discuss regulatory and trading issues and answer any questions regarding possible misuse of material non-public information. The firm also holds meetings with all employees every six months to discuss insider trading, procedures under ITSFEA and related issues. These periodic meetings are not documented in any respect.

To detect possible insider trading and other trading violations, Bernard and Peter Madoff routinely monitor all firm trading for unusual activity. Under the firm's procedures, Bernard or Peter Madoff review all trades on a daily basis, looking for those with a large profit or loss. If they find a trade meeting these qualifications, they interview the trader involved in the trade, review the firm's position in the security and look for recent news announcements regarding the security. Bernard and Peter Madoff informed the Staff that, "large profits or losses" are not defined but are determined on an individual trader and stock basis. Madoff also informed the Staff that the firm does not maintain records of these reviews and they have not detected any suspicious activity.

C. Employee Trading and Accounts

Madoff traders are not permitted to trade any securities in which the firm makes a market. Employees are required to maintain their accounts at the firm, but outside accounts existing before the commencement of employment are permitted. Employee trading in outside and firm accounts requires pre-trade approval by Bernard or Peter Madoff. Every month, Bernard and Peter Madoff receive and review duplicate trade confirmations and account statements for all employees. All employees are required to sign a statement attesting to their understanding of the firm's employee trading policies. The firm retains a copy of these attestations. The firm receives and maintains records of outside accounts in

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<sup>26/</sup> See Section 15(f) of the Securities Exchange Act of 1934.

the form of account statements. The firm, however, does not document pre-trade approvals.

#### IX. Risk Management

Madoff manages the risk of its business on a firm-wide and security specific basis. The firm-wide risk management is the direct responsibility of Bernard Madoff. The streams of information gathered by the system and proprietary analytic software enable the principals of the firm to efficiently manage all individual equity and equity option positions on a "effective stock equivalent basis." None of the firm's periodic risk management evaluations are documented.

##### A. Firm-wide

The firm's risk is closely monitored in real-time through management workstations. As noted above, the workstations can display real-time effective stock positions and open limit orders. The firm's limit order book is viewed as an option that hedges the firm's position in each stock. Madoff initially estimates how much the firm would buy or sell if the market were to move 4-5%. The firm then strives to hedge its positions and to protect itself from upward or downward market changes greater than 4-5%. Whatever is not hedged by the order flow on Madoff's limit order book or by individual equity options is hedged with index options.

Since the securities Madoff trades track the S&P 500 and other indices closely, Madoff uses index option combinations or long and short synthetic futures to form a "collar" that hedges the firm's overall position against upward and downward movements. Madoff advised the Staff that it does not use futures or non-standardized over-the-counter options to hedge its positions. Madoff employs a hybrid pricing model to determine the precise specifications of its hedges.

##### B. Security Specific

The firm's policies and procedures provide for the assignment of a broad base of securities to each trader. Traders are given flexible trading limits based upon their ability and the volatility of their assigned securities. They may use individual equity options to hedge their positions. Traders must have approval from a supervisor to trade any index options or exceed their limits.

As mentioned above, the firm's managers can monitor all facets of their traders' activities through the firm workstations. The traders' accounts are analyzed for profit or loss and effective stock positions are calculated. The firm's managers also can analyze the daily totals for customer orders while the system displays the daily long and short positions. The firm's managers can also view the twenty day and year-to-date profit or loss for each security or firm-wide. Preset parameters for traders are monitored and a message screen alerts the managers to any potential problems.

##### C. Data Analysis

The Staff reviewed the index options positions held by the firm from June 21, 1993 through June 30, 1993. The Staff found that, consistent with the information supplied by Bernard Madoff, the firm appeared to employ a hedging strategy that may be referred to as a collar because it hedges or covers against both upward or downward market changes to a certain extent. Madoff used combinations of S&P 500 Index ("SPX") and Amex



Institutional Index ("XII") options. <sup>27/</sup> Madoff established synthetic long futures positions (i.e., long call, short put) above the index value and synthetic short futures positions (i.e., short call, long put) below the index value. The strike prices of the options used on the long side (450) and short side (425) of these hedges were approximately 5% of their value apart. <sup>28/</sup>

The expiration of the options varied between one and two months out, although, the Staff notes that Madoff had a position in quarterly expiration Amex Institutional Index options ("XQI"). If the index value were to remain in between the strike prices at expiration, the positions would enhance Madoff's total return only incrementally. However, if the market were to break through either the upper or lower strike price, Madoff's losses would be limited only up to a 5% market move, thereafter, the firm-wide losses would not be offset by these option positions. Alternatively, these positions could be "rolled" prior to expiration, again with the opportunity for incremental gains. Madoff apparently used S&P 100 ("OEX") and Amex Major Market ("XMI") index options either to speculate or to increase one side of the firm's overall hedge. Other index option positions may be speculative but the Staff acknowledges that these positions could be characterized as hedges against Madoff's interest rate risk.

#### X. Examination Programs

Madoff's designated examining authority is the NASD. The NASD, therefore, serves as the firm's primary regulator and conducts periodic examinations of Madoff. The NASD has conducted two recent examinations of Madoff, the first in December of 1989 and the second in February of 1991. The Commission also has conducted an oversight inspection of the NASD's 1989 exam and a cause examination pertaining to Madoff activities and records with respect to a Commission enforcement proceeding.

The NASD's December 1989 examination was initiated pursuant to a NASD Market Surveillance Committee request, which emanated from the issuance of a de minimis letter for trade reporting violations in 1988. This review was limited to an examination of the firm's compliance with trade reporting requirements. This examination reviewed 54 third market trades for compliance with Schedule G, no significant reporting problems were found and the exam was filed without action.

The NASD's February 1991 examination was more comprehensive and reviewed financial condition, trade reporting, compliance with ITSFEA and NASD requirements for written supervisory procedures. This examination reviewed 60 third market trades and found all to be in compliance with Schedule G. This examination also found that Madoff did not trade ahead of its customer limit orders. Moreover, Madoff's ITSFEA, supervisory, and employee trading procedures were reviewed and found to be adequate. This examination, however, waived Modules covering Rules 10b-10, 17a-3 and 17a-4 under the Exchange Act and did not review books and records pertaining to payments for order flow. The NASD filed the exam without action.

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<sup>27/</sup> See Table K.

<sup>28/</sup> During the period the value of the SPX ranged from a low of 443.19 on 6/23 to a high of 451.85 on 6/28. The average through the period was 447.75.

The Commission's 1990 oversight examination found that the NASD's 1989 examination covered all necessary areas and was satisfactorily performed. The Commission examiners specifically found, among other things, no material deficiencies in Rule 15c3-1 and 15c3-3 computations or Rule 15c2-11 due diligence files. This examination also found that Madoff's ITSFEA policies and procedures were adequate. This Commission examination was filed without action.

#### XI. Surveillance and Investigatory Programs

The principal SRO to whom surveillance of third market trading is delegated is the NASD. If the NYSE, however, detects third market activity during the ordinary course of its surveillance activities, then the NYSE will obtain the information necessary to fulfill its oversight obligations from the NASD. Thereafter, if the NYSE detects violative conduct of a non-member, the NYSE will refer the matter to the NASD or the Commission's enforcement staff. This technique for surveillance and investigation of trading in multiply listed securities, or involving activity effected in more than one market, is generally set forth in the initiatives of the Intermarket Surveillance Group ("ISG"). The ISG is a group comprised of the eight principle stock and option exchanges as well as the NASD that meets regularly to discuss the full range of intermarket surveillance issues, including the sharing of information. <sup>29/</sup>

The principal task faced by the NASD and NYSE when performing surveillance of third market trading activity is gathering the relevant trading information or audit trails compiled by the respective SROs. This task has been standardized through the ISG's development by of the Consolidated Equity Audit Trail and the Electronic Bluesheet System. The Consolidated Equity Audit Trail compiles all reported trade, quote and broker to broker comparison information found in each SRO's audit trail into a single composite record. The electronic bluesheet system enables the SRO's to obtain customer account information electronically and in a standard machine-readable format.

The Staff reviewed the surveillance manuals of the NASD and the NYSE and has determined that both systems employ the ISG information sharing mechanisms as well as the use of the Consolidated Equity Audit Trail and electronic bluesheet system. Based upon this review and the routine oversight inspections conducted by the Division's Office of Market Operations and Surveillance Inspections, the Staff believes that the surveillance systems employed by the NASD and the NYSE are adequate to detect third market trading violations of all types, including: insider trading, frontrunning, and all forms of manipulation.

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<sup>29/</sup> Information is shared among ISG members through three common investigative procedures. First, if an SRO's investigation involves the trading in a security whose component is quoted on a market other than that SRO, the analyst investigating the violation should contact the appropriate exchange to inform them of the investigation. Second, if an SRO needs bluesheet information from a non-member firm, the analyst should contact the SRO that is the designated examining authority for that firm to obtain the information. Finally, if an SRO needs to obtain a chronology from an issuer whose security is primarily listed on another exchange, the analyst should contact the issuer directly, rather than the other SRO, to obtain the necessary information.

## XII. Findings and Recommendations

The Staff found, overall, that Madoff's records are excellent and more comprehensive than most broker-dealer trade records. The Staff also found Madoff's records were relatively accurate. However, the Staff believes that Madoff should enhance its ability to retrieve these records historically. Efficient historical retrieval would facilitate the enhanced oversight of Madoff's third market activities.

The Staff found that Madoff's automated execution systems, generally, were functioning as represented to the Commission and customers. The various limit order trade-through or print protection subsystems functioned very well. The market order price improvement systems, however, did not appear to be working as well. In this respect, the Staff would recommend that Madoff evaluate whether any system changes are necessary or whether additional disclosures to its customers may be warranted. Finally, the Staff believes that Madoff, and all automated market makers, should be required under SRO rules to develop and implement systems and procedures reasonably designed to assure their stated performance and detect instances where such systems do not perform as represented to customers or as required by an SRO.

With respect to compliance and supervision, the Staff found Madoff's systems and procedures to be adequate. The Staff believes, however, that Madoff's employee trading attestation procedures should be memorialized in its compliance manual. The Staff also believes that Madoff should document all facets of its supervisory reviews for employee and insider trading. The Staff believes that oversight of this area may not be adequately performed without such documentation.

The Staff found that SRO surveillance systems are adequate. The Staff also found that SRO oversight examinations were adequate to the extent that Madoff operates as a typical over-the-counter market maker. The Staff believes, however, that Madoff is not a typical market maker but instead is an integrated market center that pays for order flow, provides limit orders with protections beyond those of an ordinary over-the-counter market maker, and attempts to improve executions of market orders beyond the best bid or offer in the national market system. Accordingly, the Staff believes that the NASD should develop a special examination program for all third market makers that reviews, among other things, the following areas: automated trading or execution systems, ITS trading and quotation activities, and payments for order flow.

<u>Firm</u>	<u>Contact</u>	<u>Phone</u>	<u>Due</u>	<u>In?</u>	<u>#</u>
Bear Stearns	Personal Privacy		7/15	Y--7/18	10
BT Securities			7/15		
Chemical			7/15	Y--7/15	7
Chicago Corp			7/15		
Citicorp			7/15	Y--7/18	9
Dillon Read			7/20		
DLJ			7/20		
First Boston			7/19		
Goldman Sachs			7/15	Y--7/18	12
Greenwich			7/15	Y--7/15	3
J.P. Morgan			7/15	Y--7/15	8
Kidder			7/20		
Lehman Gov Sec			7/15	Y--7/15	6
Merrill			7/15	Y--7/15	5
Morgan Stanley			7/20		
Nationsbanc			7/22		
Nomura			7/15	Y--7/18	11
PaineWebber			7/21		
Prudential			7/20		
Salomon			7/15	Y--7/15	1



Sanwa

7/15

Y--7/15 2

Smith Barney

7/15

Y--7/15 4

SBCI  
-Gov Sec

7/20

7/20

UBS

7/20

Yamaichi

7/20

**Bernard L. Madoff Investment Securities**

**Table A - Security Sample**

Symbol	Name	19c	3 SPX	OEX	XII	XMI
<b>ABT</b>	Abbott Laboratories	*			*	
<b>AXP</b>	American Express Company	*		*	*	*
<b>BMY</b>	Bristol - Myers Squibb	*		*	*	
<b>BV</b>	Blockbuster Entertainment Corp.	*	*			
<b>DIS</b>	Disney (Walt) Co.	*		*	*	*
<b>EK</b>	Eastman Kodak	*		*	*	*
<b>F</b>	Ford Motor Company	*		*	*	
<b>FD</b>	Federated Department Stores	*	*			
<b>GM</b>	General Motors Corporation	*		*	*	*
<b>HWP</b>	Hewlett-Packard	*		*	*	
<b>KM</b>	K Mart Corporation	*		*	*	
<b>KO</b>	Coca - Cola Corporation	*		*	*	*
<b>MCD</b>	McDonald's Corporation	*		*	*	*
<b>MO</b>	Philip Morris	*		*	*	*
<b>MOT</b>	Motorola	*		*	*	
<b>RBK</b>	Reebok International Ltd.	*	*			
<b>S</b>	Sears Roebuck & Company	*		*	*	*
<b>T</b>	American Tel & Tel Company	*		*	*	*
<b>TMX</b>	Telefonos de Mexico	*	*		*	*
<b>TX</b>	Texaco Incorporated	*		*	*	*
<b>WANB</b>	Wang Laboratories - Class B #	*		*	*	*
<b>XON</b>	Exxon Corporation	*		*	*	*

# Amex listed security

**Bernard L. Madoff Investment Securities**  
**Table B – Total Consolidated Trades by Trade Date**

<b>Trade Date</b>	<b>Trades</b>	<b>Shares (000s)</b>	<b>Mkt Value (000s)</b>	<b>Largest Trade</b>	<b>Average Trade</b>
06/21	15,095	25,011	\$114,377	395,500	1,657
06/22	17,293	28,030	\$117,703	600,000	1,621
06/23	18,569	31,449	\$137,688	304,000	1,694
06/24	31,098	53,245	\$237,099	180,500	1,712
06/25	12,995	21,402	\$93,407	200,000	1,647
06/28	14,824	22,328	\$102,041	220,900	1,506
06/29	14,553	22,977	\$105,724	200,000	1,579
06/30	14,528	26,020	\$117,879	300,000	1,791
07/01	15,318	27,570	\$126,496	266,000	1,800
07/02	13,179	20,320	\$95,702	300,000	1,542
<b>Totals</b>	<b>167,452</b>	<b>278,353</b>	<b>\$1,248,116</b>	<b>600,000</b>	<b>1,662</b>

**Bernard L. Madoff Investment Securities**  
**Table C – Consolidated Quote Comparison by Security**

NYSE			
Symbol	Average Spread	Average Bid Size	Average Ask Size
ABT	0.156	19,570	200
AXP	0.155	33,307	289
BMY	0.165	13,966	500
BV	0.15	33,987	182
DIS	0.154	15,064	400
EK	0.161	19,160	500
F	0.17	13,213	497
FD	0.206	6,437	200
GM	0.174	22,001	400
KM	0.146	35,493	191
KO	0.148	20,013	400
MCD	0.157	12,612	402
MO	0.147	21,727	400
MOT	0.176	4,087	800
RBK	0.189	10,901	200
S	0.164	9,325	500
T	0.165	16,297	600
TMX	0.164	32,141	400
TX	0.171	7,204	600
WAN.B	NA	NA	NA
XON	0.156	15,860	600
<b>Total</b>	<b>0.156</b>	<b>17,255</b>	<b>393</b>
<b>Average</b>			

Madoff			
Symbol	Average Spread	Average Bid Size	Average Ask Size
ABT	0.366	546	200
AXP	0.372	948	294
BMY	0.465	999	504
BV	0.316	1,141	189
DIS	0.366	528	400
EK	0.46	998	500
F	0.467	958	497
FD	0.372	517	200
GM	0.353	966	400
KM	0.311	966	196
KO	0.361	991	400
MCD	0.359	514	409
MO	0.361	625	400
MOT	0.485	542	800
RBK	0.359	498	200
S	0.479	963	500
T	0.473	543	600
TMX	0.362	925	400
TX	0.473	516	600
WAN.B	0.119	2,000	0
XON	0.483	502	600
<b>Total</b>	<b>0.371</b>	<b>781</b>	<b>377</b>
<b>Average</b>			



## Bernard L. Madoff Investment Securities Table D – Total Executed Trades by Trade Date

Trade Date	Trades	Shares	Market Value	Firm		% Cons. Total
				Total	Total	
06/21	3,198	1,350,747	\$59,456,093	17,694	18%	21%
06/22	3,876	1,402,302	\$56,090,058	20,567	19%	22%
06/23	4,007	1,525,157	\$60,394,266	20,082	20%	22%
06/24	3,082	1,326,961	\$55,314,392	18,141	17%	10%
06/25	2,776	986,865	\$42,726,896	15,842	18%	21%
06/28	3,152	1,176,599	\$51,048,216	18,674	17%	21%
06/29	2,920	968,111	\$45,253,206	17,982	16%	20%
06/30	2,889	1,044,823	\$47,888,437	18,051	16%	20%
07/01	3,169	1,196,929	\$53,905,858	19,387	16%	21%
07/02	3,148	1,105,154	\$50,364,294	18,153	17%	24%
<b>Totals</b>	<b>32,217</b>	<b>12,083,648</b>	<b>\$522,441,716</b>	<b>184,573</b>	<b>17%</b>	<b>19%</b>

**Bernard L. Madoff Investment Securities  
Table E – Executed Trades by Order Type**

**Market Orders**

<b>Trade Date</b>	<b>Trades</b>	<b>% Total</b>	<b>Average Size</b>	<b>Largest Size</b>	<b>% Trades Better than Market</b>
06/21	1,976	62%	247	5,000	14.22%
06/22	2,464	64%	249	6,000	9.82%
06/23	2,580	64%	250	7,000	11.32%
06/24	2,038	66%	270	5,000	12.17%
06/25	1,811	65%	222	5,000	11.32%
06/28	2,071	66%	224	4,275	11.44%
06/29	1,955	67%	216	5,000	14.42%
06/30	1,870	65%	254	5,000	11.93%
07/01	2,029	64%	243	6,000	12.32%
07/02	2,039	65%	215	5,000	10.59%
<b>Totals</b>	<b>20,833</b>	<b>65%</b>	<b>239</b>	<b>7,000</b>	<b>11.88%</b>

**Limit Orders**

<b>Trade Date</b>	<b>Number</b>	<b>% Total</b>	<b>Average Size</b>	<b>Largest Size</b>	<b>% Trades Better than Market</b>
06/21	1,222	38%	705	20,000	60.64%
06/22	1,412	36%	559	17,600	55.10%
06/23	1,427	36%	617	18,000	49.89%
06/24	1,044	34%	744	20,000	49.81%
06/25	965	35%	606	15,000	46.84%
06/28	1,081	34%	659	10,000	53.65%
06/29	965	33%	566	10,000	56.99%
06/30	1,019	35%	560	6,000	54.47%
07/01	1,140	36%	618	15,000	56.40%
07/02	1,109	35%	601	10,000	53.92%
<b>Totals</b>	<b>11,384</b>	<b>35%</b>	<b>623</b>	<b>20,000</b>	<b>53.84%</b>

**Bernard L. Madoff Investment Securities**

**Table F – Total Executed Trades by System Code**

System Code	% Total		% Total	
	Trades	Shares		Trades
At Market (AM)	18,635	4,551,051	57.84%	37.66%
Opening Print (OP)	2,620	597,986	8.13%	4.95%
Mission Execution (MI)	1,809	528,557	5.62%	4.37%
Missile Execution (MS)	1,740	613,318	5.40%	5.08%
Print Protection (PP)	1,617	590,955	5.02%	4.89%
Manual Execution (ME)	624	262,242	1.94%	2.17%
Between Market Print (BM)	544	219,693	1.69%	1.82%
Odd Lot (OL)	260	11,203	0.81%	0.09%
High – Low (HL)	216	74,327	0.67%	0.62%
Depletion (DP)	187	53,706	0.58%	0.44%
Stop Order Execution (ST)	127	57,628	0.39%	0.48%
Short Sale Execution (SH)	53	34,301	0.16%	0.28%
After Hours Trade (AH)	1	100	NM	NM
Trader Execution (TE)	0	0	0	0
Trade Through (TT)	0	0	0	0
<b>Totals</b>	<b>28,433</b>	<b>7,595,067</b>	<b>88.25%</b>	<b>62.85%</b>

**Bernard L. Madoff Investment Securities**

**Table G – Total Executed Trades by Non-System Code**

Non-System Code *	Trades	Total Trades	Shares	Total Shares
Money Montgomery (JMXD AG)	584	1.81	576,689	4.77
Charles Schwab (SCHD AG)	476	1.48	621,613	5.14
ITS/CSE Outbound to NYSE (ITON PB)	474	1.47	665,100	5.50
Cohmad Securities Inc. (COMD AG)	417	1.29	395,009	3.27
ITS/CSE Inbound fr NYSE (ITIN PB)	395	1.23	288,100	2.38
ITS/CAES with NYSE (NYSE)	143	0.44	125,900	1.04
Gilder Gagnon & Co. (GILG PB)	135	0.42	100,200	0.83
ITS/CSE Inbound fr CHX (ITIM PB)	125	0.39	79,300	0.66
Olson Securities Corp. (OSC AG)	117	0.36	425,416	3.52
Oscar Gruss & Son Inc. (OGRU AG)	76	0.24	175,305	1.45
ITS/CSE Inbound fr PSE (ITIP PB)	58	0.18	40,800	0.34
Pictet et Cie (PECG)	57	0.18	78,735	0.65
BT Brokerage (BTRT AG)	51	0.16	136,730	1.13
ITS/CSE Outbound to CHX (ITOM PB)	47	0.15	32,700	0.27
ITS/CSE Inbound fr BSE (ITIB PB)	46	0.14	31,100	0.26
ITS/CSE Outbound to PSE (ITOP PB)	43	0.13	29,400	0.24
Robb Peck McCooey Clearing (ROBB AG)	27	0.08	102,500	0.85
(SEKO PB)	26	0.08	3,700	0.03
Cohmad Securities Inc. (COMA AG)	25	0.08	61,300	0.51
ITS/CAES with PSE (PSEX)	24	0.07	13,700	0.11
(SHSL PB)	24	0.07	2,767	0.02
Banque Cantonale Vaudoise (CANL)	20	0.06	27,326	0.23
Rochdale Securities Corp. (ROCH)	19	0.06	24,100	0.20
ITS/CAES with CHX (MWSE)	18	0.06	12,900	0.11
ITS/CAES with BSE (BSEX)	17	0.05	17,300	0.14
(FOOC PB)	16	0.05	13,700	0.11
(PAIN PB)	16	0.05	9,800	0.08
Goete Batchkell & Co. (GOET AG)	14	0.04	34,475	0.29
Banque Bruxelles Lambert (BBLB)	13	0.04	13,300	0.11
Tradex Brokerage Services Inc. (TXBS)	13	0.04	9,150	0.08
ITS/CSE NYSE (ITZN PB)	12	0.04	14,600	0.12
Execution Services Inc. (ECUT PB)	12	0.04	743	0.01
Execution Services (JMXX AG)	11	0.03	40,100	0.33
Andrew Peck Associates (PECK)	11	0.03	16,020	0.13
Jones & Associates Inc. (JONE)	11	0.03	7,100	0.06
Credit Suisse – Geneva (CSWG)	10	0.03	16,925	0.14
Pacific Brokerage Services (PBSC)	10	0.03	13,901	0.12
Banque Cantonale Vaudoise (CANL PB)	10	0.03	7,296	0.06
Stephens Inc. (SPHN)	9	0.03	16,958	0.14
ITS/CSE Inbound fr PHLX (ITIX PB)	8	0.02	6,000	0.05
ITS/CSE Outbound to PHLX (ITOX PB)	7	0.02	6,600	0.05
Charles Schwab (SCH AG)	6	0.02	26,000	0.22
ITS/CSE Outbound to BSE (ITOB PB)	6	0.02	5,300	0.04
Bayerische Hypobank (HYPA PB)	5	0.02	1,600	0.01
Fleet Norstar Brokerage (FLT)	5	0.02	1,424	0.01
INC Trading – Instinet (INET)	4	0.01	6,500	0.05
Banque Nationale de Paris (BNPP PB)	4	0.01	5,000	0.04
Olde Discount (OLDE PB)	4	0.01	2,200	0.02
(THIL PB)	4	0.01	2,000	0.02
Olde Discount (OLDE)	4	0.01	1,670	0.01
Bartlett & Co. (BART PB)	4	0.01	1,650	0.01
Waterhouse Securities Inc. (WAT)	4	0.01	1,350	0.01
FFerrier Lullin (LCG)	4	0.01	900	0.01
BV Capital Markets (BVCM)	3	0.01	7,500	0.06
Amro Bank Amsterdam (AMRO)	3	0.01	6,500	0.05
Banque Nationale de Paris (BNPP AG)	3	0.01	6,100	0.05
(SAGE PB)	3	0.01	5,300	0.04

\* "PB" indicates that Madoff is effecting trades as principal with the given customer manually or otherwise outside of its automated order routing and execution

; "AG" indicates that Madoff is effecting trades through the given broker floor of an exchange; and "neither PB or AG" indicates that the Madoff firm did not attach a code to a trade routed over the telephone.

Bernard L. Madoff Investment Securities

Table G - Total Executed Trades by Non-System Code

Non-System Code *	Trades	Total Trades	Shares	Total Shares
Credit Suisse - Geneva (CSWG PB)	3	0.01	5,070	0.04
(ST PB)	3	0.01	2,500	0.02
(GNS PB)	3	0.01	1,700	0.01
Creditanstalt Bankverein (CDBS)	3	0.01	1,690	0.01
Cincinnati Stock Exchange (CINN)	3	0.01	1,500	0.01
ITS/CAES with PHLX (XSEX)	3	0.01	1,500	0.01
Hilliard Lyons Inc. (HL)	3	0.01	1,025	0.01
Pictet et Cie (PECG PB)	3	0.01	1,000	0.01
First of Michigan Corporation (FOMC)	3	0.01	700	0.01
Kidder Peabody & Co. (KPCO AG)	2	0.01	22,600	0.19
Assignment (ASS)	2	0.01	9,600	0.08
BHC Securities Inc. (BHCS)	2	0.01	7,492	0.06
Banque Cantonale Vaudoise (CANL AG)	2	0.01	5,000	0.04
Creditanstalt Bankverein (CDBV)	2	0.01	5,000	0.04
Banque Nationale de Paris (BNPP)	2	0.01	2,800	0.02
Gilder Gagnon & Co. (GILG)	2	0.01	1,500	0.01
Republic Securities (RPBL)	2	0.01	1,500	0.01
LIT America (GLDS PB)	2	0.01	1,300	0.01
D.E. Shaw & Co. (SHAW)	2	0.01	1,000	0.01
Cohmad Securities Inc (COMP)	2	0.01	700	0.01
Bayerische Hypobank (HYPA)	2	0.01	600	NM
A.G. Edwards (AGED)	2	0.01	300	NM
Southwest Securities Inc. (SWST)	2	0.01	267	NM
Third Market Corporation (THRD)	2	0.01	200	NM
Carr Securities Corp. (CARR)	2	0.01	185	0.08
(CUBS PB)	2	0.01	150	0.05
Amro Securities Corp. (ABN)	1	NM	10,000	0.04
Josephthal & Co. (JOSE)	1	NM	6,000	0.02
Wachovia Securities Inc. (WACH)	1	NM	5,200	0.02
Deutsche Bank Capital Markets (DBCM)	1	NM	2,900	0.01
Union Bank of Switzerland (UBSZ)	1	NM	2,455	0.01
Credit Suisse - Geneva (CSWG AG)	1	NM	1,150	0.01
(DW PB)	1	NM	1,000	0.01
Mark Securities Inc. (TRIM)	1	NM	1,000	0.01
Mericka & Co. (MRKA)	1	NM	1,000	NM
Norcross Securities (NORX)	1	NM	835	NM
ITS/CSE Outbound to AMEX (ITOA PB)	1	NM	500	NM
William Blair & Co. (WBL)	1	NM	500	NM
(BEAR PB)	1	NM	500	NM
(HULL PB)	1	NM	500	NM
Deeway Sebille & CO. (DWAY)	1	NM	500	NM
Burns Pauli & Co. (BRNS)	1	NM	420	NM
Bankhaus Gebr Martin (BGMG)	1	NM	400	NM
Charlotte S. Cohen & Co. (COEN)	1	NM	400	NM
Brewin Dolphin & Co. Ltd (BDCL)	1	NM	200	NM
Rothschild Lieberman Ltd (RSEC)	1	NM	170	NM
McDonald & Company Securities (MDD)	1	NM	160	NM
Dain Bosworth Inc. (DAIN)	1	NM	100	NM
(IKCN PB)	1	NM	100	NM
Wachtel & Co. (WACL)	1	NM	100	NM
Robert Baird (RB)	1	NM	96	NM
Cantor Fitzgerald & Co. (CANT PB)	1	NM	60	NM
J.W. Charles Securities Inc. (JWCI)	1	NM	50	NM
Wheat First Securities (JCW)	1	NM	50	NM
Charles Schwab & Co. (CHAS)	1	NM	3	37.15
Primevest Financial Svcs. (BANK)	1	NM	1	
Totals	3,784	11.75	4,488,581	

\* "PB" indicates that Madoff is effecting trades as principal with the given customer manually or otherwise outside of its automated order routing and execution system; "AG" indicates that Madoff is effecting trades through the given broker floor of an exchange; and "neither PB or AG" indicates that the Madoff firm did not attach a code to a trade routed over the telephone.

**Bernard L. Madoff Investment Securities**  
**Table H - Total Executed Trades by Customer and Order Type**

Market Orders Executed

Limit Orders Executed

Total Orders Executed

Customer Name	Market Orders Executed			Limit Orders Executed			Total Orders Executed		
	Trades	Shares	%Mad Trades	Trades	Shares	%Mad Total	Trades	Shares	%Total Shares
A.G. Edwards (AGED)	3,173	477,380	67.5	1,502	291,503	32.5	4,675	768,883	14.36%
Charles Schwab & Co. (CHAS)	2,998	393,448	100.0	1	3	NM	2,999	393,451	9.03%
Waterhouse Securities (WAT)	1,116	192,767	42.0	1,542	374,731	58.0	2,658	567,498	8.25%
Wheat First Securities (JCW)	1,469	288,978	75.8	469	126,832	24.2	1,938	415,760	6.02%
Fidelity Brokerage Inc. (FIDL)	1,395	195,297	85.4	239	955,49	14.6	1,634	290,846	5.07%
Dain Bosworth Inc. (DAIN)	655	142,431	81.2	152	49,638	18.8	807	192,069	2.50%
Pacific Brokerage (PASC)	332	72,525	41.2	474	173,052	58.8	806	245,577	2.50%
Quick & Reilly (QRAD)	411	95,046	53.8	353	118,258	46.2	764	213,304	1.77%
Piper Jaffray & Hopwood (PIPR)	666	151,154	87.6	94	282,113	12.4	760	179,367	2.36%
Robert Baird (RB)	463	118,733	83.1	103	36,718	16.9	566	155,451	1.85%
Hilliard Lyons Inc. (HL)	28	36,900	71.9	163	65,722	19.6	191	102,618	1.82%
JMS Execution Services (JMXD)	417	125,578	80.4	100	31,112	12.1	517	156,690	1.81%
Interstate/Johnson Lane (INT)	451	164,615	80.4	107	49,708	19.6	558	214,323	1.74%
Tucker Anthony (TUCK)	438	132,112	52.3	244	51,475	20.2	682	183,587	1.57%
Fleet Norstar Brokerage (FLT)	268	54,443	79.8	102	39,153	97.7	370	93,596	1.48%
J.C. Bradford (BD)	403	27,460	2.3	465	665,100	100.0	868	732,560	1.47%
Charles Schwab (SCHD)	11	0	0.0	474	665,100	100.0	485	665,100	1.42%
ITS/CSE Outbound to NYSE (ITON)	368	217,021	80.5	89	8,790	19.5	457	305,811	1.22%
Bear Stearns Co. (BS)	386	108,338	86.0	63	38,948	14.0	449	147,286	1.39%
McDonald & Co. Securities (MDD)	25	40,550	6.0	392	354,459	94.0	417	395,009	1.29%
Cohmad Securities Inc. (COOMD)	0	0	0.0	395	288,100	100.0	395	288,100	1.23%
ITS/CSE Inbound from NYSE (ITIN)	309	66,437	83.1	63	2,455	16.9	372	68,892	1.15%
Rauscher Pierce Renner Inc. (RPPC)	242	47,329	68.9	109	5,871	31.1	351	53,200	1.07%
Stephens Inc (SPRN)	254	60,086	75.8	90	32,776	26.2	344	92,862	1.03%
Sifei, Nicolaus & Co. (STN)	184	49,589	55.6	147	79,904	44.4	331	129,493	0.97%
BHC Securities Inc. (BHCS)	196	33,999	48.4	115	84,808	36.7	313	118,806	0.96%
RBC Dominion Securities (DOS)	149	26,945	53.9	159	127,880	51.6	267	161,879	0.83%
U.S. Clearing Corp. (QRG)	144	42,674	78.9	123	59,103	46.1	246	86,048	0.71%
Kennedy Cabot (KCT)	194	64,267	87.2	52	17,199	21.1	242	70,757	0.75%
First Albany Corp. (FAC)	211	30,385	43.4	31	6,490	12.8	229	36,875	0.69%
Davenport & Co. of Va. (DAVA)	102	57,017	82.5	40	21,582	17.5	142	78,599	0.71%
Josephthal & Co. (JOSE)	189	38,269	62.9	72	17,498	37.1	229	55,917	0.60%
Suaro & Co. (SUTR)	122	40,579	71.5	55	15,491	28.5	194	56,070	0.46%
J.W. Charles Securities (JWCJ)	138	33,462	85.1	26	9,923	14.9	168	43,385	0.54%
Morgan Keegan & Co. (MORE)	148	35,033	85.7	24	6,847	14.3	174	41,880	0.52%
Wayne Hummer & Co. (HM)	144	19,174	71.5	47	17,498	0.0	165	36,672	0.51%
Scott & Stringfellow (SCO)	118	48,906	100.0	0	0	0.0	118	48,906	0.40%
Primevest Financial Svcs. (BANK)	163	60,296	78.1	33	12,590	100.0	151	71,766	0.47%
The Principal/Eppeler (EGT)	118	0	0.0	137	101,700	100.0	137	101,700	0.43%
Alex Brown (AB)	0	0	0.0	61	16,669	44.9	136	31,868	0.42%
ITS/CAES with NYSE (NYSE)	75	15,299	55.1	0	0	0.0	134	56,690	0.42%
Gilder Gagnon & Co. (GILG)	134	56,690	100.0	3	1,267	2.3	131	36,022	0.41%
Freeman Welwood & Co. (FRWE)	128	34,755	97.7	14	1,925	10.9	128	32,839	0.40%
Brown & Co. Securities (BRON)	114	30,994	89.1	125	79,500	100.0	125	79,500	0.39%
Southwest Securities Inc. (SWST)	86	5,214	69.4	38	13,895	30.6	124	19,109	0.38%
Ragen McKenzie Inc. (RAGN)	110	30,500	90.2	12	13,098	9.8	122	42,516	0.36%
ITS/CSE Inbound from CHX (ITIM)	66	60,198	58.9	4	39,491	41.1	117	135,631	0.35%
Portfolio Management Consults. (PORT)	99	121,811	100.0	0	0	0.0	99	121,811	0.32%
William Blair & Co. (WBL)	66	60,198	96.1	4	5,853	3.9	103	66,051	0.18%
Oleon Securities Corp. (OSC)	82	61,198	88.2	11	13,750	11.8	93	74,948	0.29%
Raymond James & Assoc. (RAJA)	94	15,094	71.1	26	6,346	28.9	90	21,440	0.28%
Able/Neer Corp (ANOS)	64	35,874	96.4	3	1,200	3.6	84	37,074	0.26%
Herzog Heine Geduld (HRZG)	81	10,296	75.0	20	12,881	25.0	80	23,177	0.25%
Hoening & Co. (HOE)	0	0	0.0	0	0	0.0	0	0	0.00%
Mesrow & Company (MSRO)	0	0	0.0	0	0	0.0	0	0	0.00%
Howe Barnes Investment Inc. (HOWE)	0	0	0.0	0	0	0.0	0	0	0.00%
Wachovia Securities (WACH)	0	0	0.0	0	0	0.0	0	0	0.00%

**Bernard L. Madoff Investment Securities**  
**Table H - Total Executed Trades by Customer and Order Type**

Customer Name	Market Orders Executed				Limit Orders Executed				Total Orders Executed			
	Trades	Shares	%Out Trades	%Mad Trades	Trades	Shares	%Out Total	%Mad Total	Trades	Shares	% Total Trades	% Total Shares
FirstSouthwest Company (FSWC)	26	10,958	33.3	0.08	52	38709	66.7	0.16	78	49,667	0.24%	0.41%
BT Brokerage (BUS)	77	31,796	98.7	0.24	1	1000	1.3	NM	78	32,796	0.24%	0.27%
Oscar Gruss & Son (OGRU)	3	4,000	3.9	0.01	73	171305	96.1	0.23	76	175,305	0.24%	1.45%
Stemle Agee & Leach Inc (SAL)	62	17,505	87.3	0.19	9	2060	12.7	0.03	71	19,565	0.22%	0.16%
Pletet et Cie (PEOG)	0	0	0.0	0.00	60	79735	100.0	0.19	60	79,735	0.19%	0.66%
ITS/CSE Inbound fr-PSE (ITIP)	0	0	0.0	0.00	58	40800	100.0	0.18	58	40,800	0.18%	0.34%
Amro Securities Corp. (ABN)	42	52,192	73.7	0.13	15	19623	26.3	0.05	57	71,815	0.18%	0.59%
Chicago Corp. (CHGO)	44	9,433	78.6	0.14	12	2240	21.4	0.04	56	11,673	0.17%	0.10%
Newbridge Securities (NSI)	38	13,229	69.1	0.12	17	10336	30.9	0.05	55	23,565	0.17%	0.20%
Cantiella & Co. (CTLA)	36	5,979	66.7	0.11	18	8545	33.3	0.06	54	14,524	0.17%	0.12%
BT Brokerage (BTRT)	4	11,000	7.8	0.01	47	123730	92.2	0.15	51	136,730	0.16%	1.13%
Gordon Hallett Capital Corp. (GHCC)	48	55,505	96.0	0.15	2	10000	4.0	0.01	50	65,505	0.16%	0.54%
ITS/CSE Outbound to CHX (ITOM)	0	0	0.0	0.00	47	32700	100.0	0.15	47	32,700	0.15%	0.27%
ITS/CSE Inbound fr BSE (ITIB)	0	0	0.0	0.00	46	31100	100.0	0.14	46	31,100	0.14%	0.26%
Alex Brown - Kinnard (AXB)	43	8,052	93.5	0.13	3	1150	6.5	0.01	46	9,202	0.14%	0.08%
ITS/CSE Outbound to PSE (ITOP)	0	0	0.0	0.00	43	29400	100.0	0.13	43	29,400	0.14%	0.24%
RPR Clearing (RPR)	26	9,485	74.3	0.08	9	4650	25.7	0.03	35	14,135	0.11%	0.12%
Banque Cantonale Vaudoise (CANL)	2	5,000	6.3	0.01	30	34622	93.8	0.08	32	39,622	0.10%	0.33%
Dickinson & Co. (DICK)	20	4,654	64.5	0.06	11	3660	35.5	0.03	31	8,314	0.10%	0.07%
RobbPeck McCooey Clearing (ROBB)	1	2,000	3.7	0.01	26	100500	96.3	0.08	27	102,500	0.08%	0.85%
(SEKO)	0	0	0.0	0.00	26	3700	100.0	0.08	26	3,700	0.08%	0.09%
Cohmad Securities Inc. (COOMA)	2	2,000	8.0	0.01	23	59500	92.0	0.07	25	61,500	0.08%	0.51%
ITS/CAES with PSE (PSEX)	0	0	0.0	0.00	24	13700	100.0	0.07	24	13,700	0.07%	0.11%
Hanifen Imhoff Inc (HANF)	18	5,947	75.0	0.06	6	669	25.0	0.02	24	6,616	0.07%	0.05%
(SHSL)	0	0	0.0	0.00	24	2767	100.0	0.07	24	2,767	0.07%	0.02%
Scottsdale Securities (SSIC)	0	0	0.0	0.00	23	5875	100.0	0.07	23	5,875	0.07%	0.05%
Henry Krieger & Co. (HKR)	18	23,100	81.8	0.06	4	1640	18.2	0.01	22	24,740	0.07%	0.20%
Olde Discount (OLDE)	3	2,500	14.3	0.01	18	31970	85.7	0.06	21	34,470	0.07%	0.29%
First of Michigan Corp. (FOMC)	14	3,669	66.7	0.04	7	2677	33.3	0.02	21	6,346	0.07%	0.05%
Lew Lieberbaum (LLOC)	9	10,200	45.0	0.03	11	4840	55.0	0.03	20	15,040	0.06%	0.12%
State Discount Brokers (STDB)	20	2,820	100.0	0.06	0	0	0.0	0.00	20	2,820	0.06%	0.02%
Reichle Securities Corp. (ROCH)	0	0	0.0	0.00	19	24100	100.0	0.06	19	24,100	0.06%	0.20%
ITS/CAES with CHX (MWSE)	0	0	0.0	0.00	18	12900	100.0	0.06	18	12,900	0.06%	0.11%
Trade Brokerage Services (TXBS)	5	700	27.8	0.02	13	9150	72.2	0.04	18	9,850	0.06%	0.08%
Prime Charter Ltd (PCHR)	17	6,481	94.4	0.05	1	1000	5.6	NM	18	7,481	0.06%	0.06%
Ladenburg Thalmann & Co. (LTCO)	15	3,852	83.3	0.05	3	500	16.7	0.01	18	4,352	0.06%	0.04%
AndrewPeck & Associates (PECK)	0	0	0.0	0.00	17	25020	100.0	0.05	17	25,020	0.05%	0.21%
Boston Stock Exchange (BSEX)	0	0	0.0	0.00	17	17300	100.0	0.05	17	17,300	0.05%	0.14%
(FOOC)	0	0	0.0	0.00	16	13700	100.0	0.05	16	13,700	0.05%	0.11%
Paine Webber (PAIN)	0	0	0.0	0.00	16	9800	100.0	0.05	16	9,800	0.05%	0.08%
Reich & Co. Inc. (RICH)	6	1,950	40.0	0.02	9	5500	60.0	0.03	15	7,450	0.05%	0.06%
Goetz Bitchkell & Co. (GOET)	0	0	0.0	0.00	14	34475	100.0	0.04	14	34,475	0.04%	0.29%
Credit Suisse - Geneva (CSWG)	1	1,020	7.1	0.01	13	22125	92.9	0.04	14	23,145	0.04%	0.19%
Societe Generale (SGS)	14	20,513	100.0	0.04	0	0	0.0	0.00	14	20,513	0.04%	0.17%
BV Capital Markets (BVCBM)	5	3,724	38.5	0.02	8	11195	61.5	0.02	13	14,919	0.04%	0.12%
Banque Bruxelles Lambert (BBLB)	0	0	0.0	0.00	13	13300	100.0	0.04	13	13,300	0.04%	0.11%
Amro Bank Amsterdam (AMRO)	5	8,900	41.7	0.02	7	20500	58.3	0.02	12	29,400	0.04%	0.24%
ITS/CSE NYSE (ITZN)	0	0	0.0	0.00	12	14600	100.0	0.04	12	14,600	0.04%	0.12%
Execution Services Inc. (EQUJ)	0	0	0.0	0.00	12	743	100.0	0.04	12	743	0.04%	0.01%
JMS Execution Services (JMS)	0	0	0.0	0.00	11	40100	100.0	0.03	11	40,100	0.03%	0.33%
Vanguard Group Fund 40 (V40)	11	24,100	100.0	0.03	0	0	0.0	0.00	11	24,100	0.03%	0.20%
Jonet & Associates (JONE)	0	0	0.0	0.00	11	7100	100.0	0.03	11	7,100	0.03%	0.06%
Broker Dealer Financial Svcs. (BRFC)	7	1,750	70.0	0.02	3	1450	30.0	0.01	10	3,200	0.03%	0.05%
Banque Nationale De Paris (BNPF)	0	0	0.0	0.00	9	13900	100.0	0.03	9	13,900	0.03%	0.12%
Canfor Weis (CWEI)	4	520	44.4	0.01	5	5000	55.6	0.02	9	5,520	0.03%	0.05%
Hammerslag Kemper & Co. (HASK)	1	200	12.5	NM	7	6200	87.5	0.02	8	6,400	0.02%	0.05%
ITS/CSE Inbound fr PHLX (ITIX)	0	0	0.0	0.00	8	6000	100.0	0.02	8	6,000	0.02%	0.05%
ITS/CSE Outbound to PHLX (ITOX)	0	0	0.0	0.00	7	6600	100.0	0.02	7	6,600	0.02%	0.05%
Balls & Zorn Inc. (ZORN)	6	4,300	85.7	0.02	1	2000	14.3	NM	7	6,300	0.02%	0.05%

**Bernard L. Madoff Investment Securities**  
**Table H - Total Executed Trades by Customer and Order Type**

Customer Name	Market Orders Executed				Limit Orders Executed				Total Orders Executed			
	Trades	Shares	%Cur Trades	%Mad Trades	Trades	Shares	%Cur Total	%Mad Total	Trades	Shares	% Total Trades	% Total Shares
Baystate Hypotank (HYPA)	3	500	42.9	0.01	4	1700	57.1	0.01	7	2,200	0.02%	0.02%
Charles Schwab (SCH)	0	0	0.0	0.00	6	26000	100.0	0.02	6	26,000	0.02%	0.22%
ITS/CSE Outbound to BSE (ITOB)	0	0	0.0	0.00	6	5300	100.0	0.02	6	5,300	0.02%	0.04%
IN C Trading Corp - Instinet (INET)	0	0	0.0	0.00	4	6500	100.0	0.01	4	6,500	0.01%	0.05%
(THIL)	0	0	0.0	0.00	4	2000	100.0	0.01	4	2,000	0.01%	0.02%
Bartlett & Co. (BART)	0	0	0.0	0.00	4	1650	100.0	0.01	4	1,650	0.01%	0.01%
Ferris Lullin (FLOG)	0	0	0.0	0.00	4	900	100.0	0.01	4	900	0.01%	0.01%
Sage Ruitly & Co. (SAGE)	0	0	0.0	0.00	3	5300	100.0	0.01	3	5,300	0.01%	0.04%
(BLST)	0	0	0.0	0.00	3	2500	100.0	0.01	3	2,500	0.01%	0.02%
(WGN)	0	0	0.0	0.00	3	1700	100.0	0.01	3	1,700	0.01%	0.01%
Creditanstalt Bankerein (CDBS)	0	0	0.0	0.00	3	1690	100.0	0.01	3	1,690	0.01%	0.01%
Cincinnati Stock Exchange (CINN)	0	0	0.0	0.00	3	1500	100.0	0.01	3	1,500	0.01%	0.01%
ITS/CAES with PHLX (XSEX)	0	0	0.0	0.00	3	1500	100.0	0.01	3	1,500	0.01%	0.01%
Vanguard Group Fund J7 (VU7)	3	600	100.0	0.01	0	0	0.0	0.00	3	1,500	0.01%	0.01%
Kladder Peabody & Co. (K&PO)	0	0	0.0	0.00	0	0	0.0	0.00	3	600	0.01%	0.00%
Assignment (ASS)	0	0	0.0	0.00	2	22600	100.0	0.01	2	22,600	0.01%	0.00%
Creditanstalt Bankerein (CDBV)	0	0	0.0	0.00	2	9600	100.0	0.01	2	9,600	0.01%	0.08%
Republic Securities (RPBL)	0	0	0.0	0.00	2	5000	100.0	0.01	2	5,000	0.01%	0.04%
LIT America Inc. (GLDS)	0	0	0.0	0.00	2	1500	100.0	0.01	2	1,500	0.01%	0.01%
D.E. Shaw & Co. (SHAW)	0	0	0.0	0.00	2	1300	100.0	0.01	2	1,300	0.01%	0.01%
Cohmad Securities Inc. (COMP)	0	0	0.0	0.00	2	1000	100.0	0.01	2	1,000	0.01%	0.01%
Dabney Resnick & Wagner (DBNY)	0	0	0.0	0.00	2	700	100.0	0.01	2	700	0.01%	0.01%
Third Market Corp. (THRD)	1	120	50.0	NM	1	100	50.0	NM	2	220	0.01%	0.00%
Carr Securities Corp. (CARR)	0	0	0.0	0.00	2	200	100.0	0.01	2	200	0.01%	0.00%
Southcoast Capital Corp. (SCCC)	2	150	100.0	0.01	0	0	0.0	0.00	2	185	0.01%	0.00%
(CUBS)	0	0	0.0	0.00	0	0	0.0	0.00	2	150	0.01%	0.00%
Deutsche Bank Capital Markets (DBCM)	0	0	0.0	0.00	2	150	100.0	0.01	2	150	0.01%	0.00%
Union Bank of Switzerland (UBSZ)	0	0	0.0	0.00	1	2900	100.0	NM	1	2,900	0.00%	0.02%
Trimark Securities (TRIM)	0	0	0.0	0.00	1	2455	100.0	NM	1	2,455	0.00%	0.02%
(REDW)	0	0	0.0	0.00	1	1000	100.0	NM	1	1,000	0.00%	0.02%
Merloba & Co. (MRKA)	0	0	0.0	0.00	1	1000	100.0	NM	1	1,000	0.00%	0.01%
Norcross Securities (NORX)	0	0	0.0	0.00	1	1000	100.0	NM	1	1,000	0.00%	0.01%
Hull Trading Co. (HULL)	0	0	0.0	0.00	1	835	100.0	NM	1	835	0.00%	0.01%
ITS/CSE Outbound to AMEX (ITOA)	0	0	0.0	0.00	1	500	100.0	NM	1	500	0.00%	0.00%
Bear Stearns Co. (BEAR)	0	0	0.0	0.00	1	500	100.0	NM	1	500	0.00%	0.00%
Deeway Seville & Co. (DWAY)	0	0	0.0	0.00	1	500	100.0	NM	1	500	0.00%	0.00%
Burns Pauli & Co. (BRNS)	0	0	0.0	0.00	1	500	100.0	NM	1	500	0.00%	0.00%
Charlotte S. Cohen & Co. (COEN)	0	0	0.0	0.00	1	420	100.0	NM	1	420	0.00%	0.00%
Banhaus Getr Martin (BGMG)	0	0	0.0	0.00	1	400	100.0	NM	1	400	0.00%	0.00%
Brewin Dolphin & Co. LTD (BDGL)	0	0	0.0	0.00	1	400	100.0	NM	1	400	0.00%	0.00%
Rothschild Lieberman Ltd (RSEL)	0	0	0.0	0.00	1	200	100.0	NM	1	200	0.00%	0.00%
Wachet & Co. (WACL)	0	0	0.0	0.00	1	170	100.0	NM	1	170	0.00%	0.00%
Kessler Adler Clearing (KACN)	0	0	0.0	0.00	1	100	100.0	NM	1	100	0.00%	0.00%
Canler Fitzgerald & Co. (CANT)	0	0	0.0	0.00	1	100	100.0	NM	1	100	0.00%	0.00%
Dain Bosworth Inc. (DBI)	1	1	100.0	NM	0	0	0.0	0.00	1	60	0.00%	0.00%
<b>Totals</b>	<b>20,833</b>	<b>4,989,355</b>	<b>NM</b>	<b>64.67</b>	<b>11,384</b>	<b>7,094,293</b>	<b>NM</b>	<b>35.3</b>	<b>32,217</b>	<b>12,083,648</b>	<b>0.00%</b>	<b>0.00%</b>



**Bernard L. Madoff Investment Securities**  
**Table I – Total Limit Order Book by Trade Date**

**Madoff Buy/Customer Sell Orders**

<b>Trade Date</b>	<b>Number</b>	<b>Shares</b>	<b>Wgt Ave Price</b>	<b>Ave Age</b>
06/21	3,646	1,160,837	\$39.98	92
06/22	3,652	1,145,829	\$40.23	91
06/23	3,611	1,135,513	\$40.36	91
06/24	3,613	1,128,132	\$40.51	91
06/25	3,415	1,053,458	\$40.49	91
06/28	3,549	1,096,430	\$40.59	91
06/29	3,443	1,062,575	\$40.66	91
06/30	3,469	1,070,388	\$40.71	91
07/01	3,486	1,070,506	\$40.73	92
07/02	3,512	1,068,323	\$40.77	92
07/06	3,532	1,065,018	\$40.81	92
<b>Totals</b>	<b>38,928</b>	<b>12,057,009</b>	<b>\$40.53</b>	<b>91</b>

**Madoff Sell/Customer Buy Orders**

<b>Trade Date</b>	<b>Number</b>	<b>Shares</b>	<b>Wgt Ave Price</b>	<b>Ave. Age</b>
06/21	2,971	845,557	\$30.90	98
06/22	2,824	776,907	\$31.04	100
06/23	2,769	770,026	\$31.18	100
06/24	2,831	799,351	\$31.21	99
06/25	2,817	788,372	\$31.31	98
06/28	2,898	801,360	\$31.29	97
06/29	2,964	818,168	\$31.27	96
06/30	2,945	811,620	\$31.21	96
07/01	2,917	812,690	\$31.15	96
07/02	2,841	807,223	\$31.06	95
07/06	2,812	809,459	\$30.94	96
<b>Totals</b>	<b>31,589</b>	<b>8,840,733</b>	<b>\$31.14</b>	<b>97</b>

**Bernard L. Madoff Investment Securities**  
**Table J - Closing Positions and Prices by Security**

SECURITY	SHARES	PRICE	MKT VALUE	SHARES	PRICE	MKT VALUE	SHARES	PRICE	MKT VALUE
ABT	6,404	\$26.125	\$167,305	6,644	\$26.000	\$172,744	6,705	\$25.625	\$171,816
AXP	444	\$29.625	\$13,154	81	\$30.125	\$2,440	-267	\$30.750	-\$8,210
BMY	11,430	\$59.250	\$677,228	4,676	\$59,000	\$275,884	-1,905	\$58.875	-\$112,157
BV	-1,914	\$19.625	-\$37,562	-5,945	\$19.750	-\$117,414	-5,370	\$20.375	-\$109,414
DIS	281	\$42.625	\$11,978	-208	\$42.625	-\$8,866	-167	\$40.120	-\$6,700
EK	2,594	\$53.500	\$138,779	5,258	\$52.875	\$278,017	8,468	\$50.875	\$430,810
F	-4,305	\$51.125	-\$220,093	-659	\$51.125	-\$33,691	-1,195	\$50.500	-\$60,348
FD	-1,429	\$22.250	-\$31,795	331	\$21.250	\$7,034	-69	\$21.750	-\$1,501
GM	1,227	\$42.875	\$52,608	1,122	\$43.625	\$48,947	2,069	\$43.000	\$88,967
HWP	300,090	\$81.375	\$24,419,824	300,061	\$81.500	\$24,454,972	300,100	\$79.500	\$23,857,950
KM	-358	\$21.625	-\$7,742	-262	\$20.125	-\$5,273	-171	\$19.875	-\$3,399
KO	803	\$41.250	\$33,124	5,817	\$41.125	\$239,224	1,751	\$41.750	\$73,104
MCD	-128	\$49.250	-\$6,304	934	\$48.500	\$45,299	106	\$48.625	\$5,154
MO	7,321	\$47.875	\$350,493	5,238	\$47.875	\$250,769	-1,869	\$48.500	-\$90,647
MOT	98	\$82.000	\$8,036	442	\$83.500	\$36,907	-56	\$82.500	-\$4,620
RBK	115	\$29.375	\$3,378	-188	\$28.750	-\$5,405	-39	\$27.500	-\$1,073
S	604	\$54.250	\$32,767	279	\$53.250	\$14,857	1,157	\$51.875	\$60,019
T	800,937	\$61.500	\$49,257,626	800,979	\$61.875	\$49,560,576	799,007	\$62.250	\$49,738,186
TMX	-651	\$47.125	-\$30,678	226	\$47.250	\$10,679	-767	\$47.125	-\$36,145
TX	-329	\$64.250	-\$21,138	-554	\$64.125	-\$35,525	-89	\$62.500	-\$5,563
WAN.B	-29,310	\$0.438	-\$12,838	-24,560	\$0.500	-\$12,280	-20,195	\$0.438	-\$8,845
XON	412	\$65.500	\$26,986	311	\$66.125	\$20,565	674	\$65.250	\$43,979
<b>TOTAL*</b>	<b>1,094,336</b>	<b>\$68.375</b>	<b>\$74,825,132</b>	<b>1,100,023</b>	<b>\$68.363</b>	<b>\$75,200,458</b>	<b>1,087,878</b>	<b>\$68.042</b>	<b>\$74,021,365</b>

\* Share and Market Value totals are net, while Price totals are net weighted averages

**Bernard L. Madoff Investment Securities**  
**Table J - Closing Positions and Prices by Security**

SECURITY	6/24		6/25		6/28	
	SHARES	PRICE	SHARES	PRICE	SHARES	PRICE
ABT	7,064	\$26.000	6,565	\$26.500	6,725	\$26.125
AXP	-825	\$30.750	291	\$30.875	289	\$31.250
BMY	2,774	\$58.875	89	\$58.875	5,864	\$58.375
BV	-5,813	\$21.000	-5,419	\$21.625	-3,363	\$21.875
DIS	391	\$41.875	10	\$41.625	303	\$42.000
EK	-4,516	\$50.500	-2,631	\$51.000	702	\$51.000
F	-2,961	\$50.750	1,827	\$50.875	1,210	\$51.625
FD	13	\$22.125	13	\$23.000	0	\$23.250
GM	-260	\$43.125	7,691	\$43.125	-1,765	\$44.375
HWP	299,927	\$80.750	300,021	\$82.750	299,824	\$83.375
KM	3,960	\$20.000	-370	\$20.000	2,700	\$20.500
KO	-7,215	\$42.625	-1,099	\$42.625	-2,034	\$43.250
MCD	185	\$48.875	134	\$49.380	261	\$49.875
MO	-6,202	\$49.000	-5,552	\$49.000	-353	\$49.125
MOT	-227	\$83.625	-299	\$86.125	-577	\$88.125
RBK	-89	\$27.375	-222	\$27.750	350	\$28.625
S	-2,078	\$53.000	-909	\$53.625	-1,663	\$55.000
T	807,351	\$62.250	798,131	\$62.250	798,506	\$62.625
TMX	-1,304	\$46.625	-436	\$47.500	164	\$48.250
TX	70	\$63.250	-317	\$63.875	-39	\$64.375
WAN.B	-15,708	\$0.438	-14,708	\$0.500	-15,708	\$0.438
XON	749	\$65.500	1,135	\$65.375	50	\$66.125
TOTAL*	1,075,286	\$68,479	1,083,945	\$68,729	1,091,446	\$69,012
		\$73,634,425		\$74,498,116		\$75,322,994

\* Share and Market Value totals are net, while Price totals are net weighted averages.

**Bernard L. Madoff Investment Securities**  
**Table J - Closing Positions and Prices by Security**

SECURITY	SHARES	PRICE	MKT VALUE	SHARES	PRICE	MKT VALUE	SHARES	PRICE	MKT VALUE
ABT	6,801	\$26,000	\$176,826	6,668	\$25,625	\$170,868	4,226	\$25,500	\$107,763
AXP	327	\$31,500	\$10,301	-622	\$32,250	-\$20,060	-218	\$31,250	-\$6,813
BMY	-354	\$58,250	-\$20,621	-2,432	\$57,750	-\$140,448	3,251	\$57,000	\$185,307
BV	-2,831	\$21,625	-\$61,220	-6,912	\$21,750	-\$150,336	-2,011	\$21,750	-\$43,739
DIS	207	\$41,125	\$8,513	-474	\$40,750	-\$19,316	121	\$40,750	\$4,931
EK	-32	\$50,125	-\$1,604	852	\$50,000	\$42,600	762	\$50,375	\$38,386
F	2,552	\$51,500	\$131,428	-319	\$52,250	-\$16,668	7,651	\$51,000	\$390,201
FD	100	\$23,500	\$2,350	356	\$23,875	\$8,500	1,806	\$23,875	\$43,118
GM	4,352	\$44,000	\$191,488	1,063	\$44,500	\$47,304	-391	\$44,000	-\$17,204
HWP	300,399	\$81,875	\$24,595,168	300,620	\$81,000	\$24,350,220	300,164	\$79,750	\$23,938,079
KM	5,832	\$20,375	\$118,827	-8,961	\$21,000	-\$188,181	2,137	\$20,500	\$43,809
KO	-425	\$43,375	-\$18,434	3,840	\$43,000	\$165,120	1,663	\$43,000	\$71,509
MCD	12	\$49,500	\$594	-295	\$49,125	-\$14,492	121	\$49,000	\$5,929
MO	-705	\$49,250	-\$34,721	37	\$48,250	\$1,785	3,551	\$48,375	\$171,780
MOT	2,831	\$87,000	\$246,297	1,558	\$87,375	\$136,130	3,438	\$86,000	\$295,668
RBK	-225	\$27,500	-\$6,188	5	\$27,875	\$139	-220	\$27,625	-\$6,078
S	-704	\$55,000	-\$38,720	1,685	\$55,000	\$92,675	751	\$55,250	\$41,493
T	799,451	\$62,750	\$50,165,550	799,883	\$63,000	\$50,392,629	801,933	\$62,750	\$50,321,296
TMX	570	\$48,375	\$27,574	-196	\$46,750	-\$9,163	-212	\$47,000	-\$9,964
TX	-46	\$63,750	-\$2,933	607	\$63,250	\$38,393	-961	\$63,750	-\$61,264
WAN.B	-14,079	\$0,500	-\$7,040	1,412	\$0,438	\$618	2,220	\$0,500	\$1,110
XON	1,249	\$65,250	\$81,497	492	\$66,125	\$32,534	360	\$65,125	\$23,445
<b>TOTAL*</b>	<b>1,105,282</b>	<b>\$68,367</b>	<b>\$75,564,933</b>	<b>1,098,867</b>	<b>\$68,180</b>	<b>\$74,920,851</b>	<b>1,130,142</b>	<b>\$66,840</b>	<b>\$75,538,761</b>

\* Share and Market Value totals are net, while Price totals are net weighted averages.

**Bernard L. Madoff Investment Securities**  
**Table J – Closing Positions and Prices by Security**

SECURITY	7/2				AVERAGE BY SECURITY			
	SHARES	PRICE	MKT VALUE	SHARES	PRICE	MKT VALUE		
ABT	6,814	\$25.250	\$172,054	6,462	\$25.875	\$167,194		
AXP	491	\$31.000	\$15,221	-1	\$30.938	-\$28		
BMY	2,724	\$56.625	\$154,247	2,612	\$58.288	\$152,229		
BV	634	\$21.500	\$13,631	-3,894	\$21.088	-\$82,123		
DIS	-277	\$40.750	-\$11,288	19	\$41.425	\$775		
EK	-1,315	\$50.500	-\$66,408	1,014	\$51.075	\$51,800		
F	17,713	\$49.750	\$881,222	2,151	\$51.050	\$109,829		
FD	6	\$24.125	\$145	113	\$22.900	\$2,581		
GM	171	\$43.625	\$7,460	1,528	\$43.625	\$66,655		
HWP	300,444	\$80.500	\$24,185,742	300,165	\$81.238	\$24,384,654		
KM	-3,212	\$20.250	-\$65,043	130	\$20.425	\$2,645		
KO	163	\$42.750	\$6,968	326	\$42.475	\$13,864		
MCD	2,550	\$49.125	\$125,269	388	\$49.126	\$19,061		
MO	1,699	\$48.125	\$81,764	317	\$48.538	\$15,362		
MOT	2,655	\$86.250	\$228,994	986	\$85.250	\$84,082		
RBK	-44	\$28.125	-\$1,238	-56	\$28.050	-\$1,562		
S	272	\$54.375	\$14,790	-61	\$54.063	-\$3,276		
T	800,637	\$62.250	\$49,839,653	800,682	\$62.350	\$49,922,492		
TMX	-122	\$47.000	-\$5,734	-273	\$47.300	-\$12,903		
TX	-126	\$63.500	-\$8,001	-178	\$63.663	-\$11,357		
WAN.B	5,880	\$0.500	\$2,940	-12,476	\$0.469	-\$5,851		
XON	451	\$64.625	\$29,146	588	\$65.500	\$38,534		
<b>TOTAL*</b>	<b>1,138,208</b>	<b>\$66.422</b>	<b>\$75,603,534</b>	<b>1,100,541</b>	<b>\$68.070</b>	<b>\$74,914,654</b>		

\* Share and Market Value totals are net, while Price totals are net weighted averages.

Bernard L. Madoff Investment Securities Data Analysis  
 Table K - Daily Closing Positions in Index Options

SYMBOL	SERIES	P/C	EXP.	6/21		6/22		6/23		6/24		6/25		6/28		6/29		6/30	
				Long	Short	Long	Short	Long	Short	Long	Short	Long	Short	Long	Short	Long	Short	Long	Short
XQI	460	P	9/93	0	6050	0	6050	0	6050	0	6050	0	6050	0	6050	0	6050	0	6050
XQI	460	C	9/93	6050	0	6050	0	6050	0	6050	0	6050	0	6050	0	6050	0	6050	0
XQI	420	P	9/93	6050	0	6050	0	6050	0	6050	0	6050	0	6050	0	6050	0	6050	0
XQI	420	C	9/93	0	6050	0	6050	0	6050	0	6050	0	6050	0	6050	0	6050	0	6050
XMI	315	P	7/93	0	40	0	40	0	40	0	40	0	40	0	40	0	40	0	40
XMI	325	P	7/93	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
XMI	380	C	7/93	0	8	0	8	0	8	0	8	0	8	0	8	0	8	0	8
XMI	315	P	7/93	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
XMI	310	P	7/93	0	40	0	40	0	40	0	40	0	40	0	40	0	40	0	40
XAU	130	C	7/93	0	10	0	10	0	10	0	10	0	10	0	10	0	10	0	10
XAU	105	P	7/93	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
SPX	450	C	9/93	6400	0	6400	0	6400	0	6400	0	6400	0	6400	0	6400	0	6400	0
SPX	425	C	9/93	0	6400	0	6400	0	6400	0	6400	0	6400	0	6400	0	6400	0	6400
SPX	425	P	9/93	6400	0	6400	0	6400	0	6400	0	6400	0	6400	0	6400	0	6400	0
SPX	450	P	9/93	0	6400	0	6400	0	6400	0	6400	0	6400	0	6400	0	6400	0	6400
SPX	425	P	12/93	4200	0	4200	0	4200	0	4200	0	4200	0	4200	0	4200	0	4200	0
SPX	425	C	12/93	0	4200	0	4200	0	4200	0	4200	0	4200	0	4200	0	4200	0	4200
SPX	450	C	12/93	4200	0	4200	0	4200	0	4200	0	4200	0	4200	0	4200	0	4200	0
SPX	450	P	12/93	0	4200	0	4200	0	4200	0	4200	0	4200	0	4200	0	4200	0	4200
XII	425	C	12/93	0	5450	0	5450	0	5450	0	5450	0	5450	0	5450	0	5450	0	5450
XII	425	P	12/93	5450	0	5450	0	5450	0	5450	0	5450	0	5450	0	5450	0	5450	0
XII	450	C	12/93	5450	0	5450	0	5450	0	5450	0	5450	0	5450	0	5450	0	5450	0
XII	450	P	12/93	0	5450	0	5450	0	5450	0	5450	0	5450	0	5450	0	5450	0	5450
OEX	415	P	7/93	20	0	20	0	20	0	20	0	20	0	20	0	20	0	20	0
OEX	410	P	7/93	100	0	100	0	100	0	100	0	100	0	100	0	100	0	100	0
OEX	420	C	7/93	25	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
LTX	600	P	7/93	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
JPN	205	C	12/93	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

# Bernard L. Madoff Investment Securities

## Table L – Payments for Order Flow

Firm Name	Mkt Orders Payable %	Total % Mkt Orders Payable	YTD \$ Payable	\$ Payable
Charles Schwab	94.63%	94.63%	\$497,667.11	\$80,653.44
Waterhouse	92.40%	53.21%	\$310,707.33	\$53,870.55
Wheat First	91.84%	76.36%	\$318,577.23	\$49,021.82
Fidelity	95.68%	88.16%	\$431,260.97	\$45,019.16
A G Edwards	91.96%	74.87%	\$311,716.77	\$41,681.29
Dain Bosworth	91.45%	79.91%	\$191,684.12	\$31,809.10
BHC Securities	94.95%	81.36%	\$134,743.43	\$30,648.57
Pacific Brokerage	93.18%	51.95%	\$172,337.16	\$28,553.71
Interstate/Johnson Lane	88.38%	76.69%	\$176,058.54	\$28,063.45
Piper Jaffray	89.44%	83.35%	\$166,305.19	\$26,454.39
Tucker Anthony	92.80%	80.57%	\$150,285.53	\$22,144.22
Raymond James	92.52%	73.18%	\$117,073.99	\$21,422.98
Janny Montgomery	91.52%	77.45%	\$118,149.74	\$20,479.42
McDonald & Co.	91.25%	82.62%	\$128,571.10	\$19,847.79
Alex Brown	90.16%	79.48%	\$121,484.69	\$18,071.54
J C Bradford	92.98%	80.16%	\$122,414.94	\$17,466.99
Fleet Norstar	93.22%	64.76%	\$109,585.90	\$17,208.87
Quick & Reilly	93.38%	61.42%	\$62,790.08	\$17,122.53
Robert Baird	92.79%	81.22%	\$104,231.80	\$16,127.44
Hilliard Lyons	92.14%	80.21%	\$101,335.27	\$14,627.27
Stephens	93.07%	77.17%	\$110,745.14	\$14,488.11
Kennedy Cabot	93.17%	64.21%	\$63,590.20	\$13,384.18
RBC Dominion	92.68%	69.10%	\$94,590.74	\$13,263.81
De Noser	90.47%	87.38%	\$58,012.51	\$12,371.51
Sephthal & Co.	93.09%	63.13%	\$74,729.41	\$11,891.48
William Blair	93.27%	82.05%	\$53,174.95	\$11,321.67
Ragen McKenzie	92.46%	86.52%	\$58,406.60	\$11,154.49
Olde Discount	86.05%	68.11%	\$41,408.22	\$11,143.05
Scottsdale Securities	95.41%	53.86%	\$68,324.60	\$10,770.51
U S Clearing Corp	93.49%	54.70%	\$140,418.92	\$10,321.75
Stifel Nicolaus	92.18%	73.70%	\$70,077.35	\$10,210.24
Brown & Co.	90.53%	84.75%	\$76,993.00	\$10,077.62
Shearson Lehman	90.09%	76.35%	\$72,113.47	\$9,685.18
Hoening	88.79%	81.46%	\$72,654.03	\$9,561.75
First Albany	92.26%	76.96%	\$59,788.02	\$8,821.41
Rauscher Pierce	90.71%	76.96%	\$55,236.60	\$8,787.01
Morgan Keegan	91.60%	76.78%	\$48,953.14	\$8,463.01
Principle/Eppler	90.24%	90.24%	\$45,812.59	\$7,793.60
Sutro & Co.	92.47%	80.37%	\$43,232.27	\$7,646.80
J W Charles	92.87%	73.60%	\$40,330.45	\$7,107.53
Scott & Stringfellow	91.60%	82.06%	\$40,472.85	\$5,974.65
Wayne Hummer	92.06%	85.21%	\$37,347.57	\$5,774.88
Davenport	90.43%	80.44%	\$35,839.99	\$5,428.97
Southwest Securities	89.25%	88.30%	\$41,121.15	\$5,382.97
Primevest Financial	94.06%	76.46%	\$36,125.55	\$5,148.18
Gordon Haskett	91.09%	90.64%	\$13,623.54	\$4,912.96
First of Michigan	90.68%	83.06%	\$32,149.18	\$4,530.21
BT Brokerage	94.02%	87.04%	\$6,985.88	\$4,526.59
Newbridge	91.94%	73.83%	\$22,714.64	\$4,264.00
Freeman Welwood	93.50%	69.84%	\$25,995.86	\$3,907.76
Row	93.29%	77.52%	\$30,729.18	\$3,773.76
icago Corp.	90.11%	80.11%	\$19,515.56	\$3,704.37
imro Securities	57.68%	45.72%	\$15,752.78	\$3,141.53
Sterné Agée & Leach	92.54%	83.32%	\$22,540.71	\$3,082.23
Herzog Heine	92.03%	92.03%	\$21,096.79	\$3,041.73
Cantella & Co.	90.04%	74.21%	\$20,121.12	\$3,017.50

**Bernard L. Madoff Investment Securities**  
**Table L – Payments for Order Flow**

<b>Firm Name</b>	<b>Mkt Orders Payable %</b>	<b>Total % Mkt Orders Payable</b>	<b>YTD \$ Payable</b>	<b>\$ Payable</b>
<i>First Southwest</i>	94.53%	59.10%	\$12,545.89	\$2,724.22
<i>Howe Barnes</i>	87.02%	78.51%	\$11,764.01	\$2,540.74
<i>Prime Charter</i>	85.26%	84.44%	\$13,119.48	\$2,505.76
<i>Edward Jones</i>	94.95%	94.95%	\$27,916.45	\$2,434.87
<i>RPR Clearing</i>	92.69%	73.86%	\$9,939.24	\$2,109.36
<i>Wachovia</i>	93.29%	74.52%	\$13,760.35	\$2,022.15
<i>Balls &amp; Zorn</i>	89.40%	76.70%	\$8,977.12	\$1,538.88
<i>Hanifen Imhoff</i>	94.18%	85.20%	\$1,937.81	\$1,534.48
<i>Alex Brown/Kinnard</i>	91.03%	76.58%	\$8,814.24	\$1,506.98
<i>Reich &amp; Co.</i>	86.89%	31.93%	\$2,927.31	\$959.35
<i>Henry Krieger</i>	77.48%	49.43%	\$6,244.03	\$871.78
<i>Portfolio Management</i>	98.07%	69.59%	\$6,680.57	\$743.67
<i>R G Dickinson</i>	93.70%	73.60%	\$2,085.15	\$655.44
<i>Vanguard Group C7</i>	88.89%	88.89%	\$625.00	\$607.00
<i>Societe Generale</i>	34.30%	34.30%	\$8,695.11	\$591.12
<i>Hamerslag Kempner</i>	94.38%	74.34%	\$3,212.94	\$514.66
<i>Lew Lieberbaum</i>	92.59%	71.84%	\$3,055.34	\$429.88
<i>State Discount Brokers</i>	92.00%	92.00%	\$3,183.36	\$383.19
<i>Ladenburg Thalmann</i>	85.71%	78.26%	\$2,830.78	\$325.56
<i>Broker Dealer Financial</i>	91.80%	70.00%	\$513.86	\$265.68
<i>Southcoast Capital</i>	83.33%	83.33%	\$636.28	\$166.00
<i>Dabacy Resnick</i>	80.95%	65.38%	\$123.13	\$108.74
<i>Vanguard Group J6</i>	89.13%	89.13%	\$2,081.00	\$103.00
<i>Vanguard Group J7</i>	80.56%	80.56%	\$346.99	\$68.00
<i>Bar Stearns</i>	0.00%	0.00%	\$0.00	\$0.00
<b>TOTALS</b>	<b>91.18%</b>	<b>74.76%</b>	<b>\$5,769,720.89</b>	<b>\$903,882.04</b>