

Exhibit 48

Hedoff

Strategy is the same since 88,

→ trade basket of Blue Chips (33-40 names) top of S&P 100 (capitalization weighted)

→ try to replicate the index, the top 30-40 stocks control 80-85% of the index

excess capacity in computer capacity which state is not correlated to the index

→ Hedge OEX options buy put 2 week - 2 month

sell call options most of the time to finance the put

do not use the same strike

best is a slow up market or very choppy slightly up

→ adjacent to the underwriters, they are dealer of every security, have order flow

→ mini-stock exchange, everything off the NYSE stock exchange

in 1997

turnover 8x last year, was fully invested 2/3 of the time

→ buy & basket not wait for volatility not exit

→ rebalance the portfolio to keep high correlation with the index (correlation always deteriorates with time as stocks perform differently)

1Q : +5.2%

AcM: proprietary figure

Do Asset mgt because excess capacity in the main business.

600-700 dealers around the world goes to them

5-10% of NYSE volume

do like a on a floor specialist
all electronic

→ faster + more efficient
pay the clients to get the business
while the client pay a endange fees
(overse) in the exchange

↓
Big names
Allen Brown
M.S.
A.G. Edwards
Fidelity

Competition: NYSE not regional exchange

→ pay 10% of the
spread
(usually 1/16)

Traders do not do the deal (electronic return to)

~~manage~~ manage the inventory + hedge

The money mgt is profitable and help the business

↓
take his spread

↓
increase volume and
order flow when not have the want
↓ help the inventory
mgt

analyze the order books
(know where the buy and sell will be)

↓ natural free call / put
which allow the time the logging of a trade

All clients accounts are identical in the strategies

Team : 70 traders, 6-7 Senior

DiPascali Read the term and look at the global portfolio

5 guys monitor electronically

Madoff owns 100% of the co

250m capital

DiPascali is incensed not has his money managed by the firm.

ROC is 4X the strategy.

Capacity:

problem in capacity

want to keep a low profile

will discuss with Madoff Bernard the opportunity
to open an account

we would start a 100m.

back-up site in Queen: duplicate everything

15% broader relative there

worst case: polarized Bear Market

call after 10:30 NY time