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VIA HAND DELIVERY

May 22, 2009

David Becker, Esq.
General Counsel and Senior Policy Director
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, D.C. 20549

Re: Madoff Securities SIPA Proceeding

Dear Mr. Becker:

We represent dozens of customers of Bernard L. Madoff Investment Securities LLC ("Madoff Securities" or "Madoff"). We have been selected as counsel by the steering committee of a Google Group of approximately 350 investors called Madoff Survivors and are writing to follow-up on letters we understand you have received from various law firms regarding the Madoff Trustee's unlawful and unsupported position concerning its definition of "net equity" in the Madoff liquidation proceeding. We want to add our voice to this vital issue and make sure that you understand the adverse impact the Trustee's position is having on the Madoff victims.

We do not need to repeat the analysis set forth in the other letters in support of the SIPA definition of "net equity" and against the Trustee's definition. We are in complete agreement with the analysis contained in those letters and believe that the Trustee's position is unprecedented and unlawful.

Instead, the purpose of this letter is to focus on the current situation most of our clients face as a result of the Trustee's position.[1] To illustrate what we believe are typical tales of Madoff customers in this proceeding, here are several examples of customers who are being deprived of the SIPA coverage they are legally entitled to because of the Trustee's position:

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[1] Interestingly, while the vast majority of our clients are materially disadvantaged by the Trustee's "cash in, cash out" approach, even the few who might potentially benefit from it are against its application in this case because it is completely contrary to their understanding of what SIPC coverage encompassed.

1. Rose L. filed a SIPC claim on February 12, 2009, and still has not received her determination letter. Rose's monthly Madoff Securities account statement for November 30, 2008 shows a balance of $797,352.89, and therefore, her SIPA "net-equity" is $797,352.89. Under the unlawful "money-in, money-out" calculation of net equity that SIPC and the Trustee have indicated that will be utilized in making determinations, it would appear she will receive no SIPC payment. Indeed, correspondence between the undersigned counsel and Irving Picard show that under his determination of net equity, Rose will almost certainly receive no SIPC payment. Rose is 88 years old and is married to Jack, who is 91 years old. Rose and Jack have been married for 69 years and live in a rent stabilized apartment in New York City. Rose suffers from fish polio syndrome and Jack suffers from heart failure. Rose and Jack do not have any assets, other than their used car. Their bank accounts are depleted, and their only current source of income is social security benefits. The funds in the Madoff Securities account were Rose's and Jack's only funds, which were being used to pay all necessary living and medical expenses. Now, due to the Madoff fraud, Rose and Jack are unable to pay for their necessary living and medical expenses, and have been forced to receive financial assistance from friends and family to pay for those expenses. They have a stack of household and medical bills which they are reluctant to pay because they need money for food. They were also forced to cancel their newspaper subscription, which they had for over forty years. Because of their ages, Jack and Rose are unable to resume work after retirement. Jack and Rose exemplify the severity, scope and hardship caused by the Madoff fraud.

2. Allan G. filed a SIPC claim on March 26, 2009, and still has not received his determination letter. Allan's IRA Madoff Securities account statement for November 30, 2008 shows a balance of $4,250,725.14, and therefore, his SIPA "net-equity" is $4,250,725.14. Allan does not have complete account records, but to the best of his ability to recreate his deposits and withdrawals, it would appear that under the unlawful "money-in, money-out" calculation of net equity that SIPC and the Trustee have indicated that will be utilized in making determinations, Allan would receive little to no SIPC payment. Allan is 76 years old, and is married to Ruth, who is 72 years old. Allan opened an IRA account with Madoff Securities, and to the best of Allan's recollection, he made deposits into the account in the amount of approximately $2.2 million. Allan took withdrawals from the account to pay for living and medical expenses and taxes. He also took statutorily required minimum distributions for IRA accounts, starting in 2005 when he turned 71 ½ years old. Allan and Ruth invested all of their funds with Madoff Securities and have lost it all. The funds in Allan's account were Allan's and Ruth's only retirement funds. They were forced to sell their home and move in with their daughter in California. Their bank accounts are depleted, and their only current source of income is social security benefits. Allan and Ruth are

unable to pay for their necessary living and medical expenses, and have been forced to receive financial assistance from their daughter to pay for those expenses. Because of their ages, Allan and Ruth are unable to resume work after retirement. Allan and Ruth exemplify the severity, scope and hardship caused by the Madoff fraud.

3. On February 9, 2009, Mary A. filed two SIPC claims, one for her deceased husband's trust account and another for her IRA account, and still has not received her determination letters. Mary's IRA Madoff Securities account statement for November 30, 2008 shows a balance of $858,065.72, and therefore, her SIPA "net-equity" is $858,065.72. Mary's deceased husband's trust account statement for November 30, 2008 shows a balance of $480,177.65, and therefore, her SIPA "net-equity" is $480,177.65. Under the "money-in, money-out" calculation of net equity that SIPC and the Trustee have indicated that will be utilized in making determinations, it would appear that both accounts would receive no SIPC payment. In or about 1993, Mary opened an IRA account with Madoff Securities. Mary is 73 years old and became a widow when in 1995 her husband, Dominick passed away. Mary had relied entirely upon her husband, Dominick, to handle all their finances. As a 73 year old widow with limited income, she sought to downsize her expenses. To that end, she first sold their home and purchased a smaller townhouse. Subsequently, in an effort to downsize even further and due to her age, Mary sold her townhouse in early 2006 and purchased a small condominium in a retirement community. With each downsize in home, Mary deposited the net proceeds into her Madoff account. Concerned about her future, Mary purchased long-term care insurance. Other than social security benefits, Mary's accounts with Madoff Securities were her only sources of income. Mary withdrew funds from her accounts with Madoff Securities for mortgage and tax payments and for her living and medical expenses. She also took statutorily required minimum distributions for IRA accounts. Now, Mary is unable to pay for her necessary living and medical expenses and has had to resume work after retirement and obtain part-time employment with Macy's. Mary's bank accounts are just about depleted at which point in time her source of income will be social security benefits and limited income she will earn from part-time work. She will not be able to afford her mortgage payments, much less the paying of long-term care insurance. Thus, if the announced definition of net equity is not changed, Mary's long-term care insurance policy will lapse and she will need to sell her small condominium. This is not what Mary believed SIPC protection meant when she saw SIPC printed on her trade confirmation and monthly account statements. Mary exemplifies the severity, scope and hardship caused by the Madoff fraud.

4. On April 2, 2009, Laurence K. filed a SIPC Claim for his IRA account. Laurence and his wife, Suzanne, are about to file a SIPC claim for their trust

account. Laurence still has not received a determination letter for his IRA account. The balance in Laurence's IRA account statement for November 30, 2008 shows a balance of $531,692.94, and therefore, his SIPA "net-equity" is $531,692.94. The balance in Laurence and Suzanne's Living Trust account as of the filing date is $1,284,610.08, and therefore, his SIPA "net-equity" is $1,284,610.08. Under the unlawful "money-in, money-out" calculation of net equity that SIPC and the Trustee have indicated that will be utilized in making determinations, it would appear both accounts would receive no SIPC payment. Laurence and Suzanne are married and are both 66 years old. Laurence and Susan invested over 95% of their retirement funds with Madoff Securities and through the Madoff fraud have lost it all. Laurence and Susan withdrew funds from their accounts with Madoff Securities for mortgage and tax payments and for living and medical expenses. As a result of Madoff Securities' fraud, Laurence and Susan cannot afford to make their mortgage payments, and will soon be forced to sell their home if their SIPC claim is not approved. Their current source of income is social security benefits and a small pension. At this time, they have a small amount of money to pay their living expenses, but these funds will soon be depleted. Laurence and Suzanne always believed SIPC coverage would cover the securities listed as being in their accounts, should Madoff Securities ever fail.

5. Like many Madoff victims, the members of the B Family Partnership joined together to reach the Madoff Securities minimum account size. The partners opened a partnership account with Madoff Securities in 1992, and are about to file a SIPC claim for their partnership account. The partnership Madoff Securities account statement for November 30, 2008 shows a balance $830,753.18, and therefore, their SIPA "net-equity" is $830,753.18. Together, the partners initially deposited $545,000 in their account. Under the unlawful "money-in, money-out" calculation of net equity that SIPC and Trustee have indicated that will be utilized in making determinations, it would appear this account will receive no SIPC payment. The partners withdrew funds from their accounts with Madoff Securities for mortgage and tax payments and for living, medical and college expenses. As a result of Madoff Securities' fraud, the partners are suffering extreme hardship. Mildred W., a partner of the B Family Partnership, is an 87 year old widow, and lives alone in a modest condominium in rural New Jersey. She suffers from dangerously high blood pressure condition which developed from the stress cause by the Madoff fraud. Currently, her expenses are significantly more than the income she receives. Her only current source of income is social security benefits and a small savings account. These funds will allow her to pay for her expenses for a very short period of time, and then, she will have absolutely nothing left. Audrey and Bob O., partners of the B Family Partnership, are 84 and 86 years old, and have been married for over 50 years. They are in very poor health, and their only current source of income is social security benefits. Their bank

accounts are depleted, and they are unable to pay for their necessary living and medical expenses. Indeed, they have been forced to receive financial assistance from their friends and family to pay for those expenses. Because of their poor health and ages, Audrey and Bob are unable to resume work after retirement. They have also been forced to take out a reverse mortgage on their home just to live. Audrey and Bob exemplify the severity, scope and hardship caused by the Madoff fraud. Shelly and Ira R., partners of the B Family Partnership, are in their late 50s, and have three children in college. Shelly is a special education teacher and Ira is a retired NYC school teacher. They took out a $100,000 home equity loan to invest in their Madoff Securities account with the idea that the difference in the respective interest rates would help them pay for their sons' college tuitions. As a result of Madoff's fraud, they cannot afford to pay their sons' tuitions and are in debt for the $100,000. Roth and Shelly live on Shelly's salary and Ira's pension.

In order to have a better sense of some of the typical profiles of Madoff customers, including a couple of our clients, and how critical it is for them to receive the SIPC coverage they're entitled to, we urge that you go to the following video link on Vanity Fair's website: http://www.vanityfair.com/politics/features/2009/04/madoff-victims-speak-video200904.

What makes these and countless other similar situations so heart-wrenching is that each of these individuals, who have obviously already been victimized by Mr. Madoff and lost most of what they had spent a lifetime building, are now being victimized again by SIPC and the Trustee who has been entrusted with the responsibility of advocating for and compensating these very victims. They have told these people that most of them have no right whatsoever to any funds from SIPC or from whatever money the Trustee recovers. This position is so completely contrary to what these customers had always thought SIPC coverage provided that they find it especially difficult to comprehend. Unless the approach being taken by SIPC and the Trustee is changed swiftly, either because a court so dictates or because they are otherwise persuaded, these customers will be severely disadvantaged by the system that was created for their protection. Absent the SEC stepping in to correct this error now, there is a high likelihood that it will take months or years before this error will be corrected and these customers will be properly compensated. Unfortunately for many of them, given their age and health, that type of delay is, in effect, the same as a complete denial.

In addition, you should know that unless action is taken now there are numerous customers who will never be compensated at all because they chose not to file any claim based on the Trustee's statements as to what their rights were. We know this from having spoken with many customers who have indicated a reluctance to engage in what they think would be a wasted exercise of filing a claim that will clearly be denied by the Trustee, despite our advice to the contrary.

We respectfully request the opportunity to meet with you to discuss further the circumstances of our many clients and what you can do to address this critical issue. Thank you very much for your consideration of this letter in conjunction with the letters you have already received.

Very truly yours,

By: Brian Neville

Brian J. Neville

Barry R. Lax

cc: Hon. Mary L. Schapiro, Chairman
James Brigagliano, Co-Acting Director,
Div of Trading and Markets
Daniel M. Gallagher, Co-Acting Director,
Div. of Trading and Markets
Michael Macchiaroli, Associate Director,
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