

# EXHIBIT 7

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

**In re:**

**BERNARD L. MADOFF  
INVESTMENT SECURITIES  
LLC,**

**Debtor,**

**IRVING H. PICARD, Trustee for  
the Liquidation of Bernard L.  
Madoff Investment Securities LLC,**

**Plaintiff,**

**v.**

**SAUL B. KATZ, et al.,**

**Defendants.**

**Adv. Pro. No. 08-01789 (BRL)**

**SIPA LIQUIDATION**

**(Substantively Consolidated)  
Adv. Pro. No. 10-5287 (BRL)**

**11-CV-03605 (JSR) (HBP)**

**Bruce Dubinsky Deposition Binder**

**Tabs 26-80**

**Part II of III**

*ATTORNEY WORK PRODUCT*  
*PRIVILEGED & CONFIDENTIAL*

**DUFF & PHELPS**

**EXHIBIT**

*D-25B*  
*1-11-12*



**BERNARD L. MADOFF**  
Investment Securities

885 Third Avenue New York, NY 10022-4834

212 250-2424  
800 334-1343  
Telex 235330  
Fax 212 486-8178

March 16, 1999

Dear Client:

Over the last few years, the opportunity within the marketplace to trade convertible arbitrage has decreased. In an effort to continue to trade for your account within strict parameters of limited risk, we propose a strategy that involves the purchase of a broad-based portfolio of high capitalization equities, hedged with S&P Index Options. This strategy although, we imagine, new to you, has been utilized by our firm for more than fifteen years. We have had much success with this form of arbitrage, and therefore feel comfortable that it will meet your investment objectives of limited risk and capital appreciation.

I have enclosed an Option Agreement which we require to be on file before the execution of this strategy for your account. Please return signed agreement as soon as possible. If you have any questions regarding this agreement, please feel free to contact me. If you decide not to trade this strategy, please contact my staff so as to arrange for the distribution of proceeds of your current account.

Sincerely,

Bernard L. Madoff

Affiliated with:  
Madoff Securities International Ltd.  
43 London Wall, London England EC2M 5TB 071-374 0891

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