

Exhibit 1

I N T E R
O F F I C E

MEMO

To: FW & SBK
From: AF
Date: February 26, 2001
Subject: Madoff Insurance

American Securities has purchase a third-party fiduciary policy covering their account at Madoff. I was referred to their insurance agent, Robert Duran at Frank Crystal & Co. ([212] 504-5920). The policy covers fraud and has a \$500,000 deductible. The cost is 30 cents per \$100. The cost per \$1.0M = \$3,000. If we were to insure \$200.0M the cost would be \$600,000.

AF:cmm

fw022601

How to define fraud

get Robt Duran here

Get

Robt Duran

①

Frank Crystal & Co.

Robt Duran (212) 504-5920

3rd Party Fidelity Policy

Protects account v. fraud or fidelity

Deductible - \$500,000

Premium = 30¢ per \$100

for \$200M = \$600,000

Should have following accts

existing SBK

1 SBK Custodian

1 FW custodian

FW/SBK & cost

②

(a) Ac Sf. Air LLC

Collateral

2 SBK accts ?

hangar

Connect. United Fed

(b)

FW Securities

More MBNA ind

Sf. acct.

③

Financub. C/F ~~had~~ after neg. Capital or
Xtra. Cap ?

MLK

Catchup - 3m 1 Jan. SBK -

Contact 1 LI Inv -

↑ L