

# Exhibit 38



BERNARD L. MADOFF  
Investment Securities  
New York □ London

---

STATEMENT OF FINANCIAL CONDITION  
AS OF OCTOBER 31, 1994

*Affiliated with:*  
Madoff Securities International Ltd.  
43 London Wall, London England EC2M 5TB.



**BERNARD L. MADOFF**  
Investment Securities  
New York & London

**STATEMENT OF FINANCIAL CONDITION**  
AS OF OCTOBER 31, 1994

ASSETS		LIABILITIES AND NET WORTH
<b>CURRENT ASSETS</b>		<b>CURRENT LIABILITIES</b>
Cash and Cash Items	\$ 2,210,000	Money Borrowed From Banks Secured by securities
Cash		
Cash segregated in compliance with Federal and other regulations	350,000	Payable To Brokers, Dealers and Others
		734,000
Receivables From Brokers, Dealers and Others	17,566,000	Securities In Trading and Investment Accounts
Securities In Trading and Investment Accounts		Securities sold, but not yet purchased, at market value
U.S. gov. state and municipal bonds owned, at market value	155,926,000	
Other securities owned, at market value	<u>275,779,000</u>	Other Liabilities
		Accounts payable, accrued expenses, taxes and other liabilities
<b>TOTAL CURRENT ASSETS</b>	<b>\$ 451,831,000</b>	
<b>OTHER ASSETS</b>		<b>TOTAL CURRENT LIABILITIES</b>
Furniture, fixtures, equipment and leasehold improvements	1,564,000	
(net of accumulated depreciation)		<b>NET WORTH</b>
Dividends and interest receivable	2,396,000	
Membership in exchange	<u>56,000</u>	
		<u>122,668,000</u>
<b>TOTAL ASSETS</b>	<b>\$ 453,847,000</b>	<b>TOTAL LIABILITIES AND NET WORTH</b>
		<u><u>\$ 453,847,000</u></u>

We have examined the Statement of Financial Condition of Bernard L. Madoff as of October 31, 1994. Our examination was made in accordance with generally accepted auditing standards, and accordingly included a review of the system of internal control and the procedures for safeguarding securities and such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion the aforementioned Statement of Financial Condition, presents fairly the financial position of Bernard L. Madoff at October 31, 1994, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Bernard L. Madoff  
885 Third Avenue  
New York City, New York 10022

Friling & Horowitz  
Certified Public Accountants

See Notes to Financial Statements

BERNARD L. MADOFF  
NOTES TO STATEMENT OF FINANCIAL CONDITION  
OCTOBER 31, 1994

Our audited Statement of Financial Condition filed pursuant to S.E.C. Rule 17a-5, dated October 31, 1994 is available for examination and copying at our office and at the Securities and Exchange Commission in New York, New York.

**Note 1 - Organization and significant accounting policies**

Bernard L. Madoff is a registered broker/dealer with the U.S. Securities and Exchange Commission and a member of the National Association of Securities Dealers, Inc. The Firm has been executing securities transactions since 1960.

The Firm records commission income and related expenses as well as principal securities transactions on a settlement date basis. Securities owned or sold but not yet purchased are stated at quoted market values, with resulting unrealized gains and losses included in results of operations.

Furniture and equipment are stated at cost, less accumulated depreciation. Depreciation is provided on the MACRS method over the estimated useful life of the asset, generally five or seven years.

**Note 2 - Net capital requirement**

The Firm is subject to the Securities and Exchange Commission Uniform Net Capital Rule 15c3-1. The Firm has elected to compute its Net Capital requirement under the Alternative Method. At October 31, 1994, under this method, the Firm's Net Capital was \$66,701,000. The required Net Capital was \$1,000,000 thereby leaving capital in excess of all requirements of \$65,701,000.

**Note 3 - Commitments and contingent liabilities**

The Firm leases certain office space under non-cancelable operating leases which expire in 2016. The aggregate lease and rental commitment payable for the entire term of the lease is \$10,368,000.

The Firm has no pending lawsuits against it.