



BEAR, STEARNS & CO., INC.  
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RECEIVED

April 20, 2006

Teresa Santiago  
Chairperson & Executive Director  
New York State Consumer Protection Board  
5 Empire State Plaza, Suite 2101  
Albany, New York 12223

Sir:

In accordance with New York security breach statutes, we are hereby informing you that in the ordinary course Bear Stearns recycles customer account numbers that have been out of use, purged, or otherwise closed out by previous customers after the passage of a certain amount of time. Due to an isolated system error, the previous customer's on-line access to information contained in these accounts was not terminated. Therefore, the previous customer had access to the account information through our website. Such information included account holdings and activities, account statements and IRS Forms 1099-DIV and 1099-INT (which included name, address, account number and social security number). We are aware of only two New York State accountholders that this error impacted.

Errors such as this are extremely rare and we shut down the ability of the previous customer to access the information as soon as it was discovered. In addition, we continue to work closely with information security specialists to help ensure that the account information is protected. We have no reason to believe that the information has been misused. Further, please note that the previous customer was not able to conduct securities transactions through our website.

All effected customers have or are being notified of this error. We sincerely apologize for this error. Accuracy and security have always been and will continue to be primary concerns of Bear Stearns in our handling of customer accounts. As always, Bear Stearns remains committed to providing the highest quality financial services within a secure and reliable environment.

Should you wish to be provided with any further information regarding this matter, please do not hesitate to contact me at (212) 272-4275.

Very truly yours,

Patrick B. Maloney  
Managing Director  
Bear Stearns & Co, Inc.