

July 2, 2003

Secretary
Securities and Exchange Commission
450 Fifth Street NW
Washington, D.C. 20549-0609



Re: OBJECTION TO PACIFIC EXCHANGE'S PROPOSED RULE CHANGE

Dear SEC,

SR- PCX- 2003-34

Attached is a copy of my June 16, 2003 letter to Ms. Catherine McGuire, the Chief Counsel of the SEC Division of Market Regulation (with copies having been already sent around June 16, 2003 to the Chairman and all four Commissioners of the SEC).

With this letter, I am objecting to a proposed Rule Change by the Pacific Exchange ("PCX") that would allow the PCX to decline jurisdiction over PCX Arbitrations that were filed before 2003.

As explained in my June 16, 2003, the Pacific Exchange General Counsel Office ("PCX GCO") has behaved in an inexplicably bizarre manner that is against the interests of the American People and, therefore, the PCX GCO has lost the right to propose any Rule Changes that affect members of the American Public.

In short, in my Arbitration (PCX 02-S003), the PCX GCO had allowed the claimant to dismiss his claim against me WITHOUT Prejudice (after sixteen months of arbitration) while the PCX GCO had REFUSED TO FORWARD TO THE ARBITRATION PANEL my Motion to Oppose Dismissal of Claim against me WITHOUT Prejudice. Moreover, the PCX GCO had IGNORED all the filings that I had made BEFORE the claimant's dismissal filing (ie, the PCX GCO had favored its preferred parties by considering the filings OUT-OF-SEQUENCE in which they had been filed).

It is important to note that there is NO PROVISION in the PCX Arbitration Rules that allows claimants to dismiss claims (only the Arbitrators can do so). However, by allowing the claimant to dismiss his claim against me WITHOUT Prejudice after sixteen months of arbitration:

1. The PCX GCO had inexplicably IGNORED and VIOLATED PCX Arbitration Rules;

2. In an attempt to explain their unjustifiable actions, the PCX GCO had FABRICATED the story that there was a "Rule Change" that was purportedly in place during the time that the PCX Arbitration program was suspended that, in violation of PCX Arbitration Rules, allowed claimants to withdraw or dismiss their claims;

3. However, the purported PCX “Rule Change” had NO LEGAL AUTHORITY because the “Rule Change” was NOT SUBMITTED to **the SEC** and the “**Rule Change**” was NEVER PUBLISHED in the Federal Register (based on her May 2003 letter to me, the Chief Counsel of the SEC Division of Market Regulation did NOT appear to be aware of this fabricated “Rule Change” that had been put forward by the PCX GCO in an attempt to explain their bizarre actions);

While **the PCX GCO** may like to position their mistake as a negligent error that was made in the interests of allowing the parties to pursue other forms of redress while the PCX arbitration program was suspended, this is NOT the situation.

It is important to note that the PCX GCO had made their bizarre action on May 2,2003 AFTER the PCX GCO had ALREADY RESTARTED the PCX Arbitration Program on April 24,2003.

Moreover, during March 2003, the PCX Director of Arbitration had informed me that the PCX would be restarting its arbitration program in April 2003. Additionally, even though the claimant had **made his** dismissal filing on April 2,2003, the PCX GCO took no action and maintained Its jurisdiction over the arbitration at least until May 2,2003 when the PCX GCO, after much thought, had inexplicably attempted to bring this arbitration to a premature close by IGNORING all the motions that I had filed BEFORE the claimant’s April 2,2003 dismissal filing and by REFUSING TO FORWARD TO THE ARBITRATION PANEL my Motion to Oppose Dismissal of Claim against me WITHOUT Prejudice (after sixteen months of arbitration).

The PCX GCO’s **bizarre actions are more** inexplicable given the fact that the PCX GCO is the General Counsel Office of a Self-Regulatory Organization (LCSRO’).

You should be aware that in this arbitration is documentary proof **that**:

1. **The Smith Barney Legal Department had defended in Bad Faith** against a Customer Claim; and

2. The Smith Barney Legal **Department** had committed Perjury and Obstruction of Justice **in an** attempt to cover-up the fact that they had defended in Bad Faith against a Customer Claim.

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With the PCX GCO's bizarre actions, where is the incentive for ANY Pacific Exchange member firm to defend in good faith against a customer claim if the PCX member firms know that **after** defending in Bad Faith against a customer claim **and** after committing Perjury and **Obstruction of Justice, the PCX member firms** can ALWAYS payoff claimants and get them to **dismiss** claims in **order** to avoid a Finding-of-Fact and that the PCX GCO will **help the PCX member firms to cover-up** their willful **and** criminal activities !!!

Therefore, as a concerned citizen, I am objecting to the Rule Change that the PCX General Counsel had stated in Footnote 1 of her June 6, 2003 letter to me (with copies to the Chairman **and** the Commissioners of the SEC) whether or not this proposed Rule Change applies to me.

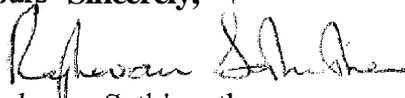
Apparently, with the Rule Change, the PCX GCO can close arbitrations that were filed as a direct result of the stock market crash of 2000/2001 by **declining jurisdiction** over already filed arbitrations in the event that claimants refuse to sign waivers of recently introduced California legislation,

However, with their willful conduct in this arbitration, the PCX GCO has lost their right to make **any** more rule changes that affect members of the **American Public**.

Additionally, the SEC should appoint **an** independent monitor **to oversee** the PCX GCO because, by their willful conduct in this arbitration, it appears that the current staff of the PCX GCO do not have the ethical standards **that** should be a necessary prerequisite to have decision making authority over matters involving the American Public (after the PCX GCO is the General Counsel Office of **a** Self-Regulatory Organization).

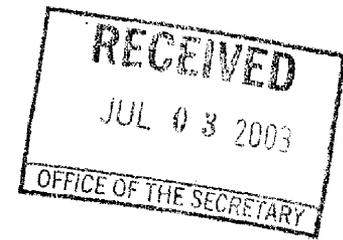
Thank **You** for Your Interest and for Your Time.

Yours' Sincerely,



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6 Meadow Lane
Bloomfield, NJ 07003
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June 16, 2003
Ms. Catherine McGuire, Esq.
Chief Counsel
Division of Market Regulation
Securities & Exchange Commission
450 Fifth Street NW
Washington, D.C. 20549



Re: REQUEST FOR SEC INTERVENTION

Dear Ms. McGuire,

12 PCX-2003-34
ATTACHMENT

This letter constitutes my reply to the inadequate response from the Pacific Exchange General Counsel Office ("PCX GCO") to the SEC's request for an explanation of the PCX GCO's manifestly erroneous decision (in PCX Arbitration 02-S003) in favor of Salomon Smith Barney's efforts to avoid a finding-of-fact by the Arbitration Panel about the Salomon Smith Barney Legal Department's unlawful acts of Perjury and Obstruction of Justice that were committed while defending in Bad Faith against a customer claim,

1. The PCX GCO's Bizarre Action:

The PCX GCO, by IGNORING AND VIOLATING PCX Arbitration Rules, attempted to bring PCX Arbitration 02-S003 to a premature close by allowing the claimant to dismiss his claim against me WITHOUT Prejudice (after sixteen months of arbitration) while the PCX GCO had REFUSED TO FORWARD TO THE ARBITRATION PANEL my Motion to Oppose Dismissal of Claim against me WITHOUT Prejudice.

2. The PCX GCO's Explanation Does NOT Pass the "Smell Test":

In the PCX GCO's June 6, 2003 response to the SEC's request for an explanation:

1. The PCX GCO appears to have FABRICATED A "RULECHANGE" which the PCX GCO claims was purportedly in effect during the time that the PCX arbitration program was suspended. Although this "rule change" was NEVER SUBMITTED to the SEC and NEVER PUBLISHED, the PCX GCO has stated that this "rule change" allowed claimants to withdraw or dismiss their claims, in violation of PCX Arbitration Rules;

2. When the easiest solution is to *admit* a mistake and reverse the error, the PCX GCO has proposed a disingenuous purported "solution" which, on reflection, is a rigged solution with a predetermined outcome in favor of Salomon Smith Barney's interests;

3. The PCX GCO has declared that it will be CHANGING THE RULES in order to bring this arbitration to a close.

¹ The Rule Change that was submitted by the PCX GCO to the SEC only addressed suspending the PCX arbitration program and contracting with a third party to provide arbitration services: The Rule Change did NOT address allowing claimants to withdraw or dismiss their claims, in violation to PCX Arbitration Rules.

I. BACKGROUND

A. KEY FACT

After sixteen months of arbitration, there is still one open claim pending in PCX Arbitration PCX 02-S003: The claimant's claim against me was NEVER SETTLED. However, the PCX GCO **was** unduly influenced by Salomon **Smith** Barney into allowing **the claimant to dismiss his claim against me WITHOUT Prejudice (after sixteen months of arbitration) while the PCX GCO had REFUSED TO FORWARD TO THE ARBITRATION PANEL MY MOTION TO OPPOSE DISMISSAL of Claim against me WITHOUT Prejudice and my OTHER FILINGS that I had FILED BEFORE** the claimant's filing that was being promoted by Salomon Smith **Barney**.

B. QUESTIONS THAT THE PCX GCO FAILED TO ANSWER

What the PCX GCO **needed** to explain were three important issues:

1. **When there is NO PROVISION in the PCX Arbitration Rules that allows claimants to dismiss claims, why did the PCX GCO IGNORE AND VIOLATE PCX Arbitration Rules by allowing the claimant to unilaterally dismiss his claim against me WITHOUT Prejudice (after sixteen months of arbitration) when the ONLY PROVISION in the PCX Arbitration Rules that addresses dismissal of cases gives the authority to dismiss cases ONLY TO THE ARBITRATORS;** and

2. **Why did the PCX GCO REFUSE TO FORWARD TO THE ARBITRATORS my Motion to Oppose Dismissal of Claim against me WITHOUT Prejudice (and my other filings such as my Amended Answer and my Motion to Oppose the Salomon Smith Barney Settlement Agreement with the claimant on the grounds that it is an illegal contract) WHILE allowing the claimant to dismiss his claim against me WITHOUT Prejudice (after sixteen months of arbitration) even though I had made my filings SEVERAL WEEKS BEFORE the claimant's filing;**

3. **Why was the PCX GCQ so eager to bring this arbitration to a premature close when the PCX GCO is aware that this is an arbitration with potentially major PUBLIC POLICY implications. Discovery documents produced by Salomon Smith Barney (as well as facts admitted by Morgan Stanley in a recent NASD filing) show that the Salomon Smith Barney Legal Department had committed Perjury and Obstruction of Justice in this arbitration while defending in Bad Faith against a customer claim!**

II. THE PCX GCO'S RESPONSE TO THE SEC'S REQUEST FOR AN EXPLANATION IS INADEQUATE AND DISINGENUOUS

A. THE PCX GCO (the General Counsel Office of a Self-Regulatory Organization) APPEARS TO HAVE FABRICATED A "RULE CHANGE" IN AN ATTEMPT TO EXPLAIN THE UNJUSTIFIABLE: THE PCX GCO'S WHOLESAL VIOLATION OF THE PCX ARBITRATION RULES

In an attempt to explain the PCX GCO's bizarre decision, in favor of Salomon Smith Barney's effort to bring this arbitration to a premature close, the PCX GCO [the General Counsel Office of a Self-Regulatory Organization ("SRO")] appears to have **FABRICATED** the notion that there was a "rule change" which, during the time that the PCX had suspended its arbitration program, purportedly allowed claimants to Withdraw or dismiss their pending claims in violation of PCX Arbitration Rules.

The PCX GCO wrote in their June 6, 2003 response to the SEC's request for an explanation: "*During this time [that the PCX arbitration program was suspended], PCX submitted a rule change to the SEC, with the original intent of suspending its arbitration program and contracting with a third party to provide arbitration services. Also during this time, if any claimants desired to withdraw or dismiss their pending claims, PCX permitted them to do so, in the interest of allowing them the opportunity to pursue alternative remedies*" (see Exhibit 1).

On page 2 of the same letter, the PCX GCO wrote: "As *with all other pending arbitration matters for which dismissals were filed, PCX accepted this dismissal.*"

While the PCX GCO would like to explain that its manifestly erroneous decision (made in a wholesale violation of the PCX Arbitration Rules) was a negligent error that was mistakenly made with the purported good intention of allowing the parties to pursue "alternative remedies," it is important to note that the PCX GCO's bizarre, erroneous decision was made in May 2003 (after sixteen months of arbitration) when the PCX GCO was already restarting its arbitration program,

Moreover, the PCX GCO was fully aware, from the numerous emails that had been sent and the various filings that had been made, that the dismissal request in this particular arbitration was NOT the usual dismissal filing request that is made after ALL claims have been settled in an arbitration (which may explain, contrary to the PCX GCO's attempt to pass off their manifestly erroneous decision as negligence, why the PCX GCO's response was made MORE THAN A WEEK after the PCX GCO had resumed arbitrations).

1. The “Rule Change” DOES NOT HAVE ANY LEGAL AUTHORITY because the purported “Rule Change” was NOT SUBMITTED to the SEC and the purported “Rule Change” was NOT PUBLISHED in the Federal Register

The rule change that was submitted by the PCX GCO to the SEC apparently only allowed the PCX to suspend its arbitration program and contract with a third party: The rule change that was submitted to the SEC did NOT ADDRESS allowing claimants to withdraw or dismiss their claims, in violation of PCX Arbitration Rules. Since the purported “rule change” was NOT SUBMITTED to the SEC and the “rule change” was NOT PUBLISHED in the Federal Register, the PCX GCO’s purported “rule change” has NO LEGAL AUTHORITY to allow the violation of existing PCX Arbitration Rules.

”

2. The PCX GCO’s purported “Rule Change” is IRRELEVANT because: (a) The Claimant’s Attorney made a PROCEDURALLY INCORRECT FILING; and (b) The purported “Rule Change” was NO LONGER IN EFFECT

a. In any case, the purported “rule change” is IRRELEVANT because the claimant’s attorney had made a PROCEDURALLY INCORRECT FILING that announced that the claimant was dismissing his claim against me WITHOUT Prejudice [the claimant’s attorney should have made a filing requesting (rather than announcing) a withdrawal (or dismissal) of the claimant’s claim against me WITHOUT Prejudice]. As in a courtroom, arbitration claimants CANNOT announce dismissal of claims WITHOUT Prejudice; arbitration claimants can only request dismissal of claims WITHOUT Prejudice.

In the PCX GCO’s June 6, 2003 letter, the PCX GCO has raised some procedural explanations about a side-item (ie, the filing of my Amended Answer). By their explanation, it is clear that the PCX GCO relies on correct procedure. Therefore, the PCX GCO had NO justification for accepting a procedurally incorrect filing by the claimant’s counsel.

b. Additionally, the “rule change” is IRRELEVANT because, according to the PCX GCO’s June 6, 2003 letter, the purported “rule change” was in effect only during the time that the PCX arbitration program was suspended. This means that the purported “rule change” was NO LONGER IN EFFECT by the time that the PCX had attempted to prematurely close the arbitration on May 2, 2003 because the PCX had already re-started its arbitration program on April 24, 2003 (as the PCX GCO has admitted in its June 6, 2003 letter). It is clear from their actions that the PCX GCO had NOT yet acted on the claimant’s dismissal filing by the time that the PCX GCO had restarted the PCX Arbitration Program [e.g., see the PCX GCO’s April 23, 2003 email stating that they will respond to my query about this arbitration in a week (see Exhibit 2)].

3. The PCX GCO's "Rule Change" was TAILORED for this arbitration because this is the ONLY Arbitration with a mixture of settled and unsettled claims

If there were other arbitrations with a mixture of settled and unsettled claims, surely, the PCX GCO would have submitted the "rule change" to the SEC. From her May 15,2003 letter, it clearly appears that the Chief Counsel of the SEC Market Regulation Division was unaware of this PCX "rule change" which, during the time that the PCX arbitration program was suspended, purportedly allowed claimants to withdraw or dismiss their claims, in violation of PCX Arbitration Rules (see Exhibit 3).

It may be important to note that this arbitration is very likely to be the ONLY arbitration involving Salomon Smith Barney that had a mixture of settled and unsettled claims. [Note: (i) in other arbitrations, after ALL claims had been settled, the claimants requested dismissal and none of the respondents had objected; and (ii) in recently filed PCX arbitrations, the claimants had withdrawn their claims with the consent of ALL parties].

4. This is the FIRST TIME the "Rule Change" has been mentioned

a. I was NEVER TOLD about the purported "Rule Change":

(1) On March 5, 2003, I had informed the PCX Director of Arbitration that, according to the NASD Arbitration Rules, once the Respondent files the Answer to the Statement of Claim, claimants CANNOT WITHDRAW their claims WITHOUT Prejudice unless either the Respondent or the Arbitration Panel gave their consent.

At that time, the PCX Director of Arbitration NEVER informed me that the PCX GCO had, during the time that the PCX Arbitration Program was suspended, made this purported "Rule Change" that allowed claimants to withdraw or dismiss their claims, in violation of PCX Arbitration Rules.

(2) On March 10,2003,I had sent an email to the PCX General Counsel/Chief Regulatory Officer Kathryn Beck and the PCX Director of Arbitration Betsy James in which I had explicitly stated that I would NOT give permission to the claimant to dismiss his claim against me WITHOUT Prejudice and I had explained that, once the Respondent files the Answer to the Statement of Claim, the NASD Arbitration Rules did NOT allow claimants to Withdraw their claims WITHOUT Prejudice unless either the Respondent or the Arbitration Panel gave their consent (see Exhibit 4).

Once again, I was NEVER informed by the PCX GCU of the purported "Rule Change" that, during the time that the PCX arbitration program was suspended, allowed claimants to withdraw or dismiss their claims, in violation of PCX Arbitration Rules.

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b. The purported "Rule Change" was NOT MENTIONED in the PCX GCO's email detailing alternative scenarios:

In their January 7,2003 email to me, the PCX GCO had laid out the basis with which they would handle filings during the time that the PCX arbitration program was suspended. In their January 7,2003 email to me, the PCX GCO had stated:

"You have filed certain documents with PCX since PCX sent its letter informing you that the arbitration was placed on hold and taken off calendar. PCX will hold these documents until such time as one or all of the following occur: there is an acceptable legislative or judicial solution to the California legislative challenges that PCX faces, the SEC approves an alternative process that will permit these matters to otherwise go forward, and/or there is otherwise a resolution of the matter between the parties themselves (e.g., a settlement is agreed to). This filing and any other filing that you or any other party make, however, will not be able to be addressed by PCX or forwarded to the arbitration panel, until such solution(s) occur(s)" (see Exhibit 5).

In this January 7,2003 PCX GCO's email:

(1) There is NO mention of the purported "rule change" that the PCX GCO now claims was in effect during the time that the PCX arbitration program was suspended which allowed claimants to withdraw or dismiss their claims, in violation of PCX Arbitration Rules [ie, the only solution that the PCX GCO detailed in their email that was within the control of the parties was an agreement among the parties (rather than an unilateral withdrawal or dismissal of the claims by the claimant)];

(2) More importantly, as per this email, since there was NO "resolution of the matter between the parties themselves" (ie, there was NO settlement that was agreed to among ALL parties), therefore, once the PCX had re-started its arbitration program, the PCX GCO should have addressed the pending filings in the order in which they had been filed. Instead, the PCX GCO had ignored a basic administrative technique and the PCX GCO had addressed the filings OUT-OF-SEQUENCE in which they were filed. By allowing QUEUE JUMPING by favored parties, the PCX GCO had IGNORED the filings that I had FILED BEFORE the claimant's April 2003 filing requesting the dismissal of his claim against me WITHOUT Prejudice.

B. THE PCX GCO'S PURPORTED "SOLUTION" OFFERS A MOST LIKELY PRE-DETERMINED OUTCOME IN FAVOR OF SALOMON SMITH BARNEY'S INTERESTS IN AVOIDING A FINDING-OF-FACT BY THE ARBITRATORS

Rather than admitting their error, the PCX GCO has proposed a DISINGENUOUS purported "solution" which UNNECESSARILY COMPLICATES AND COMPOUNDS the initial PCX GCO's manifestly erroneous decision, while ignoring and violating PCX Arbitration Rules on a wholesale basis, to allow the claimant to dismiss his claim against me WITHOUT Prejudice (after sixteen months of arbitration).

It is important to note that the easiest solution is to reverse the manifestly erroneous decision by the PCX GCO to allow the claimant to dismiss his claim against me WITHOUT Prejudice (after sixteen months of arbitration).

The PCX GCO's disingenuous purported "solution" is unfair to me because:

1. It freezes into place the PCX GCO's manifestly erroneous decision that should NEVER HAVE BEEN MADE IN THE FIRST PLACE;

2. The PCX GCO's purported solution DOES NOT ADDRESS the problem caused by the PCX GCO's bizarre decision in favor of Salomon Smith Barney's efforts to bring this arbitration to a premature close. Instead of admitting a mistake and correcting the PCX GCO's error, the PCX GCO has disingenuously offered a pre-hearing conference with the Arbitration Panel WITHOUT any already adopted claims pending (Note: The PCX GCO bizarrely violated PCX Arbitration Rules by allowing the claimant to dismiss his pending claim against me WITHOUT Prejudice). Therefore, according to the PCX Arbitration Rules, it is likely that the Arbitration Panel will have little choice other than to dismiss the proceedings if Salomon Smith Barney exercises its objection;

3. Additionally, the PCX GCO's purported "solution" requires a waiver from the claimant when the PCX GCO knows that it is likely that the claimant would refuse to provide a waiver since there is little reason for him to provide a waiver because he has already settled his claims against Salomon Smith Barney and Morgan Stanley;

4. The PCX GCO concluded its disingenuous response to the SEC's request by stating that the PCX GCO will be CHANGING THE RULES in order to close the arbitration. In the footnote to June 6, 2003 letter, the PCX GCO wrote: "A new filing that PCX anticipates will be published shortly would be applicable if the public customer Claimant does not execute and return the waiver agreement. This new rule filing will provide that if the claimant in a matter does not execute the appropriate waiver agreements, PCX will decline jurisdiction of that matter and dismiss it" (see Exhibit 1).

III. GROUNDS FOR INTERVENTION TO ORDER AN IMMEDIATE REVERSAL OF THE PCX GCO'S MANIFESTLY ERRONEOUS DECISION

There is a CHOICE OF GROUNDS for intervention in order to correct the manifestly erroneous decision by the PCX GCO to **attempt, in favor of Salomon Smith Barney's** efforts to avoid a finding-of-fact by the Arbitration Panel, to prematurely **close** this arbitration by allowing the claimant to unilaterally dismiss his claim against me WITHOUT Prejudice (**after** sixteen months of arbitration) while the PCX GCO had **REFUSED TO FORWARD TO THE ARBITRATION PANEL MY MOTION to OPPOSE DISMISSAL, OF CLAIM** against me WITHOUT Prejudice **and** other filings.

A. Ground 1 for Reversal: There is NO PROVISION in the PCX Arbitration Rules that allows a claimant to dismiss his claims (only the Arbitrators can dismiss claims)

In the February 12, 2003 email that the PCX Director of Arbitration Betsy James had emailed to me in response to my request for a fee waiver, the PCX Director of Arbitration had stated "There is **no provision in Rule 12 for the waiver of fees.**" (see Exhibit 6).

By her email, it is clear that the PCX Director of Arbitration Betsy James has been relying on PCX Rule 12 while making decisions regarding procedural issues relating to arbitrations before the PCX.²

Therefore, it is important to note that "there is no provision in Rule 12" for a claimant to dismiss his claim as the PCX Director of Arbitration had allowed.

Moreover, it is very important to note that the ONLY place in PCX Rule 12 that discusses dismissal of claims is PCX Rule 12.5 which states in full:

"Rule 12.5. Dismissal of Proceedings. At any time during the course of an arbitration, the arbitrators may either upon their own initiative or at the request of a party, dismiss the proceedings and refer the parties to the remedies provided by law. The arbitrators shall upon the joint request of the parties dismiss the proceedings" (see Exhibit 7).

PCX Rule 12.5 makes it absolutely clear that ONLY THE ARBITRATORS (and NOT any other party) have the authority to dismiss a case.

² PCX Rule 12 is the portion of the PCX Rules that addresses Arbitrations that are filed with the PCX. A complete version of PCX Rule 12 can be found on the Pacific Exchange website: pacificex.com.

B. Ground 2 for Reversal: The PCX GCO had allowed QUEUE JUMPING by its favored parties and the PCX GCO had DELIBERATELY IGNORED my filings that had been FILED BEFORE the claimant's filing for the dismissal of his claim

I had made filings with the PCX GCO BEFORE the claimant had made his April 2,2003 filing request to the PCX GCO to dismiss his claim against me WITHOUT Prejudice (Note: the claimant dismissed his claim against Salomon Smith Barney WITH Prejudice). The actions of the PCX GCO in trying to bring this arbitration to a premature close, do NOT pass the "smell test" given the fact that the PCX had IGNORED MY MOTIONS that were FILED SEVERAL, WEEKS BEFORE the claimant's announcement of his dismissal of his claim against me WITHOUT Prejudice.

The filings that I had FILED BEFORE (the claimant's April 2,2003 filing of his dismissal request to the PCX GCO) include:

- (a) my December 2002 Motion for Sanctions for non-production of already Ordered discovery documents;
- (b) my January 2003 Amended Answer containing my cross-claim/counter-claim;
- (c) my February 2003 Motion to Oppose the Salomon Smith Barney Settlement Agreement on the grounds that it is an illegal contract.

Moreover, what is outrageous is the fact that the PCX General Counsel Office had REFUSED TO FORWARD TO THE ARBITRATORS my Motion to Oppose Withdrawal of Claim against me WITHOUT Prejudice which was filed on April 7,2003.

C. Ground 3 for Reversal: Although PCX Arbitration Rules REQUIRE a Hearing to resolve disputes, there was NO Hearing despite my reminders to the PCX GCO

PCX Arbitration Rule 12.3(a) MANDATES a Hearing to resolve disputes (unless ALL parties waive a right to a hearing) and my requests/reminders of the need for a Hearing were ignored by the PCX's General Counsel Office (see Exhibit 8).

D. Ground 4 for Reversal: The PCX Director of Arbitration VIOLATED PCX Arbitration Rules by IGNORING my written requests for a Pre-Hearing Conference with the Arbitration Panel

PCX Arbitration Rule 12.14(d)(1) REQUIRES the PCX Director of Arbitration to organize a pre-hearing conference with the Arbitrators upon the written request of a party to the arbitration [and I had made written requests for a pre-hearing conference with the Arbitrators and my written requests were ignored by the PCX GCO] (see Exhibit 9).

E. Ground 5 for Reversal: PCX GCO had followed the WRONG PROCEDURE. The PCX GCO used the procedure that is used when ALL claims have settled even though there was still ONE UNSETTLED CLAIM (the claimant's claim against me)

The Pacific Exchange's General Counsel Office had MISTAKENLY FOLLOWED the procedure that is used for the settlement of ALL claims **rather than following the procedure that they should have followed: The** procedure for the withdrawal of a claim [Note: The claimant's claim against me **was NOT settled** rather it **was** withdrawn WITHOUT Prejudice **after** sixteen months of arbitration] (see Exhibit 4).

F. Ground 6 for Reversal: Once a Respondent files an Answer to a Statement of Claim, a Claimant CANNOT withdraw his claim WITHOUT Prejudice without the permission of either the Respondent or the Arbitration Panel. Neither the Arbitrators nor I have given permission for the claimant to withdraw his claim WITHOUT Prejudice

According to the NASD Arbitration Rules, once an Answer is filed by a Respondent in response to a claimant's Statement of Claim, the claimant CANNOT **withdraw** his claim WITHOUT Prejudice **unless either the Respondent or the Arbitrators** allow the claimant to do so [and, in this situation, neither the Arbitrators nor I (the Respondent) **have agreed to the claimant's request for dismissal of his claim WITHOUT Prejudice after (sixteen months of arbitration)] (see Exhibit 4).**

G. Ground 7 for Reversal: The Salomon Smith Barney Settlement Agreement with the Claimant is an ILLEGAL CONTRACT

The Salomon Smith Barney settlement agreement with the claimant is **an illegal contract** because: (a) **an integral part of the Salomon Smith Barney contract with the claimant is that it required the claimant to dismiss his claim against me** WITHOUT Prejudice (after sixteen months of arbitration) over my objections and WITHOUT my agreement. **In other words, as part of Salomon Smith Barney's retaliatory tactics against witnesses, the Salomon Smith Barney settlement agreement with the claimant seeks to injure and interfere with my rights (the rights of someone who is NOT a party to the Salomon Smith Barney agreement); and (b) the second integral part of the Salomon Smith Barney contract is that, through its secrecy clause, the Salomon Smith Barney contract facilitates Salomon Smith Barney's attempt to cover-up the criminal activities of Perjury and Obstruction of Justice that were committed by the Salomon Smith Barney Legal Department in this arbitration.**

H. Ground 8 for Reversal: There was an Implied Contract with the PCX GCO that, in the event that ALL claims did NOT SETTLE, once the PCX restarted its arbitration program, the PCX GCO would forward my filings to the Arbitrators

The PCX Director of Arbitration had sent me an email on January 7,2003 which created an implied contract with me that, in the event that ALL pending claims in this arbitration were NOT SETTLED (as is the situation in this arbitration because the claimant's claim against me was NEVER SETTLED), once the PCX GCO resumed its arbitration program, the PCX GCO would forward my filings to the arbitration panel (see Exhibit 5).

I. Ground 9 for Reversal: The PCX GCO had accepted a Procedurally Incorrect Filing from the Claimant's Attorney

In a judicial proceeding, only Judges have the authority to dismiss cases. For example, while the plaintiff (or the prosecution) may request dismissal from the Judge, the plaintiff (or the prosecution) cannot unilaterally dismiss a case WITHOUT Prejudice.

In this situation, the claimant had unilaterally dismissed his claim against me WITHOUT Prejudice (after sixteen months of arbitration). While claimants may be able to withdraw their claims, claimants CANNOT dismiss their claims WITHOUT Prejudice.

Therefore, from a purely procedural perspective, the PCX GCO had accepted a PROCEDURALLY INCORRECT FLING from the claimant's attorney for the dismissal of the claimant's claim against me WITHOUT Prejudice.

What is outrageous about the PCX GCO's selective acceptance of a procedurally incorrect filing is that, from the PCX GCO's explanations in their June 6,2003 letter about procedural issues relating to a side-item (ie, the filing of my Amended Answer), it appears that the PCX GCO insists on correct procedure in selected situations.

In other words, the Pacific Exchange's General Counsel/Chief Regulatory Officer Kathryn Beck and the PCX's Assistant General Counsel/Director of Arbitration Betsy James have IGNORED AND VIOLATED the letter and, more importantly, the spirit of the Pacific Exchange Arbitration Rules in their over-eager attempt to bring this arbitration to a pre-mature close by allowing the claimant to dismiss his claim against me WITHOUT Prejudice (after sixteen months of arbitration) while the PCX GCO had REFUSED TO FORWARD TO THE ARBITRATION PANEL my Motion to Oppose Dismissal of Claim against me 'WITHOUT Prejudice.

IV. REQUEST FOR IMMEDIATE RELIEF

The easiest solution is to IMMEDIATELY REVERSE the manifestly erroneous PCX GCO's decision to attempt to prematurely close this arbitration by allowing the claimant to dismiss his claim against me WITHOUT Prejudice (after sixteen months of arbitration) while the PCX GCO had REFUSED TO FORWARD TO THE ARBITRATION PANEL MY MOTION TO OPPOSE DISMISSAL of claim against me 'WITHOUT Prejudice.

I request immediate intervention with the Pacific Exchange's General Counsel Office in order to:

(1) REVERSE the PCX GCO's MANIFESTLY ERRONEOUS DECISION to allow the claimant to dismiss his claim against me WITHOUT Prejudice; and

(2) ORGANIZE an immediate PRE-HEARING CONFERENCE with the ARBITRATION PANEL so that the ARBITRATORS CAN RULE on my motions that were FILED BEFORE the April 2,2003 filing of the claimant's request of his dismissal of claim against me WITEOUT Prejudice.

The motions that should be considered by the Arbitration Panel include:

(a) The Motion to Oppose Dismissal of Claim against me WITHOUT Prejudice which was timely filed within two days of my receipt of the claimant's request for the dismissal of his claim WITHOUT Prejudice;

(b) The February 2003 Motion to Oppose Settlement Agreement;

(c) The January 2003 Amended Answer (containing my cross-claim and counter-claim);

(d) The December 2002 Motion for Sanctions.

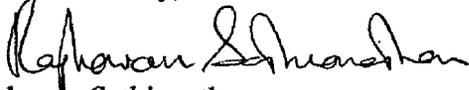
What is puzzling is that the actions of the PCX GCO (the General Counsel Office of a Self-Regulatory Organization) seems to indicate that the PCX GCO appears to be more interested in helping PCX member firm Salomon Smith Barney cover-up its unlawful activities rather than the PCX GCO working on behalf of investors and the American Public to further the efforts of reform on Wall Street.

Request for SEC Intervention
June 16,2003
Page 13 of 13

For your convenience, the **Timeline of events associated with this Arbitration AFTER the PCX GCO had suspended its arbitration program can be found in Exhibit 10.**

Thank You for Your Interest and for Your Time,

Yours' Sincerely,



Raghavan Sathianathan
(Roger Van)
6 Meadow Lane
Bloomfield, NJ 07003
(201) 303-1089

cc:

SEC Chairman William H. Donaldson
SEC Commissioner Roel C. Campos
SEC Commissioner Cynthia A. Glassman
Philip D. DeFeo (PCX Chairman & CEO)
William A. Hasler (PCX Board of Governors)
Hans R. Stoll (PCX Board of Governors)
Robert Ericson (Salomon Smith Barney's legal counsel/Keesal, Young & Logan)
Jotham Stein (Claimant's Counsel)
James Yellen (Morgan Stanley Law Division)
Kathryn Beck (PCX General Counsel/Chief Regulatory Officer)
Betsy James (PCX Assistant General Counsel/Director of Arbitration)

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KATHRYN L. BECK
SENIOR VICE PRESIDENT,
GENERAL COUNSEL,
CORPORATE SECRETARY AND
CHIEF REGULATORY OFFICER

VIA OVERNIGHT MAIL

June 6, 2003

Raghavan Sathianathan
6 Meadow Lane
Bloomfield, NJ 07003

RE: Request for Further Consideration In Re:
Venkatramani v. Salomon Smith Barney et al.
PCX Case No. 02-SO03

Dear Mr. Sathianathan:

At the request of the Division of Market Regulation of the Securities and Exchange Commission ("SEC") and Pacific Exchange's ("PCX's") Chairman of the Board of Governors, we have re-examined your request that PCX resume administration of the above-referenced matter (the "Venkatramani Arbitration").

Background

As you are aware, in mid-December, 2002, in response to certain changes in California law, PCX placed the administration of its arbitration program on hold. All arbitration matters involving public customers for which hearings were scheduled during the first five months of 2003 were ultimately taken off calendar, and no new pleadings, filings, or matters were handled, forwarded to arbitrators, or otherwise administered, other than to file stamp them as "Received" on the relevant date in order to preserve for the parties their original filing dates. During this time, PCX submitted a rule change to the SEC, with the original intent of suspending its arbitration program and contracting with a third party to provide arbitration services. Also during this time, if any claimants desired to withdraw or dismiss their pending claims, PCX permitted them to do so, in the interest of allowing them the opportunity to pursue alternative remedies.

In April, 2003, a federal district court in California found that federal law preempts the California arbitrator disclosure requirements. This development encouraged PCX to explore the possibility of resuming its arbitration program. PCX submitted a rule change

to the SEC that **would allow** PCX to continue the administration of arbitrations in which arbitrators **had already been appointed, provided** that the parties executed waivers of the **California** arbitrator **disclosure** requirements and **another California law purporting to limit the** arbitrations that **an** arbitration provider could administer. **This rule change** became effective April 24, 2003. Since the effective date **of** that rule change, parties **to** pending arbitration matters before **PCX** in which arbitrators have been **appointed have been sent a copy of the rule change, and the appropriate waiver agreements.** If and **when the claimant in each such** matter executes **and** returns the waiver agreement(s), **PCX has** recommenced the administration of that matter (**industry respondents, including associated persons, are required to execute such waivers if the claimant does so**).

Venkatramani Arbitration

As regards the Venkatramani Arbitration, during late December, 2002 and/or early 2003, Claimant apparently was working on a settlement arrangement with some **or all of the Respondents.** **In January, 2003, you submitted a counter claim/cross claim,¹ which** was not timely. **The** arbitration panel in this matter was appointed in **May, 2002, and all pleadings should have been received by then.** Pursuant to **PCX Rule 12.27(b), after an** arbitration panel has been appointed, no new **or** different pleading may be filed without the panel's consent. You did not obtain **the panel's consent prior to the submission of your new claim.** **All filings submitted in the Venkatramani Arbitration during that time** were file stamped, but not forwarded to the arbitrators, consistent with PCX's handling of **all pending arbitration matters during that time.** **On April 2, 2003, Claimant notified PCX of its dismissal of all claims against all Respondents.** As with **all other pending arbitration matters for which dismissals are filed, PCX accepted this dismissal.**

Despite Claimant's dismissal of its **claims against** you, you have requested that your counter **claim/cross claim that** was **submitted after the matter** was placed on hold be forwarded **to** the arbitration panel. In order to do so, PCX must receive an executed waiver agreement from the public customer Claimant. **In** light of your request, **and** despite the fact that the Claimant **dismissed its^{*} claims** prior to the effective date of PCX's recent rule **filing,** PCX will **send all parties in the Venkatramani Arbitration the appropriate waiver agreement and description of the relevant rule change.** If the public customer Claimant executes **and** returns the waiver agreement, the Respondents will also be required to **do so, and PCX will submit your counter claim/cross claim to the arbitration panel.** **The arbitration panel then has discretion to determine whether your counter claim/cross claim will be accepted and considered as part of this matter.**

¹ A new rule **filing** that PCX anticipates will be **published** shortly would be applicable if the public customer **Claimant does not execute and return the waiver agreement.** **This new rule filing will provide that if the claimant in a matter does not execute the appropriate waiver agreements, PCX will decline jurisdiction of that matter and dismiss it.**

Letter to Raghavan Sathianathan
June 6, 2003
Page 3 of 3

A letter describing the rule change that became effective April 24, 2003, and the waiver agreement will be sent to all parties in the Venkatramani Arbitration promptly. Please feel free to contact me if you have any additional questions.

Sincerely,



Kathryn L. Beck
Senior Vice President, General Counsel,
Corporate Secretary and Chief Regulatory Officer

cc: Commissioner Glassman
Commissioner Campos
Catherine McGuire
Philip D. DeFeo
William A. Hasler
Hans R. Stoll
Robert Ericson
Jotham Stein
James Yellen



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Subject: RE: re: PCX 02-S003 Motion to Oppose Dismissal of Claim Without Prejudice

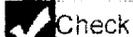
Date: Wed, 23 Apr 2003 09:44:17 -0700

From: "Betsy James" <BJames@pacificex.com> | This is spam | Add to Address Book

To: "Roger Van" <rogervannj@yahoo.com>

CC: robert.ericson@kyl.com, jstein@jotham.com, edward.turan@ssmb.com, james.yellen@morganstanley.com, "Kathryn L. Beck" <KBeck@pacificex.com>

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Instantly

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Ease

this Summer

We will get back to you regarding PCX Arbitration matter 02-5003 as soon as we can. This may not be until next week at the earliest hope

-----Original Message-----

From: Roger Van [mailto:rogervannj@yahoo.com]

Sent: Saturday, April 19, 2003 11:21 PM

To: Kathryn L. Beck; Betsy James

Cc: robert.ericson@kyl.com; jstein@jotham.com; edward.turan@ssmb.com; james.yellen@morganstanley.com

Subject: Fwd: re: PCX 02-S003 Motion to Oppose Dismissal of Claim Without Prejudice

Note: forwarded message attached.

Dear Ms. Beck and Ms. James,

Fedex has confirmed that my package containing four hard copies of my Motion to Oppose Dismissal of Claim Without Prejudice was delivered to the Pacific Exchange on April 15, 2003.

Please LET ME KNOW IMMEDIATELY if the Pacific Exchange does NOT intend to restart the arbitrations and/or if the Pacific Exchange is NOT making good faith efforts to restart the arbitrations as soon as possible.

It has already been four months since the Pacific Exchange put this arbitration on an indefinite hold while holding out the prospect of a restart in the

near future (for example, around December 24, 2002, Ms. Betsy James told me that the "solution" that the Pacific Exchange was working on had not worked out but she anticipated a solution soon. Additionally, in March 2003, Ms, Betsy James told me that she was anticipating a restart of the arbitrations this month in April 2003).

It must have been at least six months (a half year) since the Pacific Exchange must have been aware of the potential issue that apparently caused the Pacific Exchange to place its arbitrations on indefinite hold (after all, some time must have elapsed since the California legislation was approved and its effective date of January 1, 2003).

With all due respect, I find it difficult to perceive that this arbitration (as well as other already filed arbitrations) would not have been grandfathered in relative to the new legislation !!!

Ms. Beck, a couple of months ago I had asked for a copy of the relevant piece of the new California legislation which the Pacific Exchange has used as the excuse for putting the arbitrations on an indefinite hold.

I still have not yet received the copy of the California legislation. Please send it to me right away. This is not an administrative issue associated with this arbitration but rather this is a request for information from the Pacific Exchange.

As you know (or you should know), the time delay caused by the Pacific Exchange placing arbitrations on indefinite hold is causing me IRREPARABLE HARM.

I know that you will tell me to go away and see a lawyer. Unfortunately, I cannot afford a lawyer.

I am forced to represent myself not because it is my choice but rather because of my financial circumstances. I am broke and jobless as a result of injurious actions by Pacific Exchange member firms Salomon Smith Barney and Morgan Stanley.

I do not even have the financial resources to consult a lawyer on a short-term basis and Legal Aid only offers help for criminal defense and not for securities related advice, The Legal Referral service lawyers want to be paid after giving token advice for half hour and I have already used up that half hour.

Please LET ME KNOW IMMEDIATELY if the Pacific Exchange does NOT plan to restart the arbitrations and/or if the Pacific Exchange is NOT making good faith efforts to restart the arbitrations as soon as possible.

Additionally, please send me a copy of the relevant piece of the new California legislation that you have used as an opportunity to place the arbitrations against Pacific Exchange member firms on hold.

Thank You for Your Anticipated Cooperation,

Raghavan Sathianathan
201-303-1089

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DIVISION OF
MARKET REGULATION

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

May 15, 2003

Roger Van
6 Meadow Lane
Bloomfield, NJ 07003

Dear Mr. Van:

Thank you for your letters of April 11th and May 12th to Chairman Donaldson. His office has asked that the Division of Market Regulation respond to your letters. We understand that you sent substantially similar letters to Commissioners Glassman and Campos.

While we understand your concerns about delays expressed in your April 11th letter to Chairman Donaldson, the new California arbitration standards have placed all the self-regulatory organizations (SROs) with arbitration programs -- including the Pacific Exchange (PCX) -- in a difficult position. As you may know, these new standards conflict with SRO rules, approved by the Securities and Exchange Commission, which the SROs are legally obligated to follow.

In response to California's adoption of the new standards and other changes in California law regarding arbitration, the PCX initially decided to end its arbitration program and contract with NASD to provide arbitration services. The PCX submitted a proposed rule change to the Commission in December 2002 (File No. SR-PCX 2002-77) designed to accomplish this goal. At that time, we began working with the PCX to ensure an orderly wind down of its arbitration program.

In April 2003, a federal district court in California found that federal law preempts the new California arbitrator disclosure standards. This determination is consistent with the position of the Securities and Exchange Commission. A copy of this decision can be found on (<http://www.cand.uscourts.gov/cand/tentrule.nsf/Recent+Orders?OpenView>). In light of this decision, the PCX advised us that it now intends to continue its arbitration program. We understand that arbitration hearings are once again being scheduled at the PCX.

→ Your May 12th letter to Chairman Donaldson raises additional issues. Because the PCX is familiar with the procedural aspects of your particular case, we are asking the PCX to explore your concerns and respond to us, and to you, in writing. We hope this ←

information will be helpful to you, and we appreciate your taking the time to share your concerns with us.

Sincerely,



Catherine McGuire
Chief Counsel

cc: Commissioner Glassman
Commissioner Campos
Kathryn Beck, Pacific Exchange

A

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Date: Mon, 10 Mar 2003 10:15:26 -0800 (PST)
 From: "Roger Van" <rogervannj@yahoo.com> | This is spam | Add to Address Book
 Subject: re: PCX 02-S003 Rejection of Withdrawal Request
 To: kbeck@pacificex.com, bjames@pacificex.com

Dear Ms. Beck and Ms. James,

I believe that Mr. Venkatramani will try to withdraw his claim against me without prejudice.

If the Pacific Exchange General Counsel's Office allows the Claimant to withdraw his claim against me without prejudice, that is very unfair to me because:

1. It will waste more time in my life because the Claimant will have the opportunity to refile against me at a later date or at an inopportune time;
2. It is unfair to all stockbrokers in general because to allow a former client Claimant to file and then, after a year, withdraw the claim without prejudice would allow aggrieved former clients of stockbrokers to file and refile the same frivolous claim repeatedly over the course of the six year time limit allowed for arbitrations which, in effect, would waste six years of stockbrokers' lives.
3. MOST IMPORTANTLY, according to the NASD Arbitration Rules, once an Arbitration Panel is appointed, claims CANNOT be withdrawn without prejudice without the permission of the Arbitration Panel !!!

According to the December 19, 2002 Edition of the NASD Dispute Resolution Information and Forms for all Parties, on page 17: "If you wish to withdraw your claim after the claim has been served and filed but after the answer has been served and filed the respondent, you may not withdraw the claim without prejudice, unless the respondent agrees to a without

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without prejudice."

I DO NOT AGREE TO LET Mr. Venkatramani withdraw his claim against me without prejudice. Additionally, I have a \$3 million counter-claim against Mr. Venkatramani for his misdeeds. This cross-claim/counter-claim has been received by the Pacific Exchange to be accepted by the Arbitration Panel.

Additionally, on page 17 of the NASD Arbitration Rules it states: "After you receive the notice that identifies the selected arbitrator(s), you may withdraw your claim without prejudice either with the respondents' agreement or with the arbitration panel's consent."

Therefore, instead of the Pacific Exchange General Counsel's Office making an arbitrary ruling that fits its preferences, let the arbitration panel decide after briefs and oral arguments.

1

Additionally, as a result of a pattern of misrepresentations and selective unresponsiveness by the Pacific Exchange General Counsel's Office, I had previously objected to the Pacific Exchange General Counsel's Office making any further rulings in this arbitration.

Let the Arbitration Panel decide on whether or not to allow the Claimant to withdraw his claim against me without prejudice (which I contend to allow him to do so would be unfair to me in particular and to all stockbrokers in general) and also whether or not to accept the settlement agreement (which I contend is illegal because it seeks to coverup Smith Barney's criminal activity).

I don't anticipate sending you any more emails until the Pacific Exchange decides to restart the arbitration process.

I will be busy because I hope to get a job soon.

Thank You for Your Anticipated Cooperation,

Raghavan Sathianathan
201-303-1089

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NASD DISPUTE RESOLUTION
INFORMATION AND FORMS
FOR PARTIES

v2

December 19, 2002 Edition

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This booklet contains Important information about NASD Dispute Resolution services, policies, and procedures. For additional information, please go to www.nasdadr.com or call one of our regional offices.

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Settlement or Withdrawal of a Claim

Claimant(s) must write directly to assigned staff if any claim settles. NASD will not close the case without receiving notice from the claimant. Failure to advise NASD timely of a settlement of a claim may affect claimant's entitlement to a refund of the hearing session deposit.

The general guidelines for withdrawal of a claim are as follows:

- ➔ If you wish to withdraw your claim after the claim has been served and filed but before the respondent has served and filed the answer, you may withdraw the claim without prejudice* by informing the respondent in writing and copying the designated NASD Dispute Resolution office and all other parties.
- ➔ If you wish to withdraw your claim after the claim has been served and filed but after the answer has been served and filed by *the* respondent, you may not withdraw the claim without prejudice, unless the respondent agrees to a withdrawal without prejudice.
- ➔ After you receive the notice that identifies the selected arbitrator(s), you may withdraw your claim without prejudice either with the respondents' agreement or with the arbitration panel's consent.

* "Without prejudice" means without interfering with any existing right you may have to refile this claim at this or another forum,



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Subject: RE: Request for Information from the Pacific Exchange

Date: Tue, 7 Jan 2003 14:42:03 -0800

From: "Betsy James" <BJames@pacificex.com> | This is spam | Add to Address Book

To: "Roger Van" <roservannj@yahoo.com>

CC: robert.ericson@kyl.com, jstein@jotham.com

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As indicated in PCX's letter to all of the parties to this arbitration dated December 23, 2002, due to recent changes in California law, PCX has determined that it must place its **arbitration** program on hold. **matter in which you are involved has been taken off calendar.** PCX believes that certain California legislation could be interpreted to prohibit PCX from administering, or providing **any services** related to consumer arbitrations that involve a party that has an **interest in** which all of PCX's members do. Therefore, as of this time, PCX is not taking any actions that could be interpreted as "administering" or "providing any services related to" any consumer arbitration involving members.

You have filed certain documents with PCX since PCX sent its letter informing you that the arbitration was placed on hold and taken off calendar. PCX will hold these documents until such time as one or the following occur: there is an acceptable legislative or judicial solution to the California legislative challenges that PCX faces, the approves an alternative process that will permit these matters to otherwise go forward, and/or there is otherwise a resolution of the **between the parties themselves (e.g., a settlement is agreed to).** **filings and any other filings that you or any other party make, how will not be able to be addressed by PCX or forwarded to the arbitration panel, until such solution(s) occur(s).**

Again, we **apologize** for the inconvenience, but feel that we have no **alternative** given the current state of California legislation in the area.

Betsy James
Assistant General Counsel

Pacific Exchange
415-393-4151 (ph)
415-393-4018 {fax}
bjames@pacificex.com

-----Original Message-----

From: Roger Van [mailto:rogervannj@yahoo.co -]
Sent: Monday, January 06, 2003 8:55 AM
To: Betsy James
Cc: Joan Clark; robert.ericson@kyl.com; jstein@jotham.com
Subject: re: Request for Information from the Pacific Exchange

Note: forwarded message attached.

Dear Ms. James,

On Friday, you would have received four hard copies (including the original) of my Answer to the Amended Statement of Claim.

Please note that my Answer to the Amended Statement of Claim contains a cross-claim against Smith Barney and a counter-claim against the Claimant.

Could you please:

1. Confirm that my Answer has been already forwarded to the Arbitration Panel;
2. If my Answer has not yet been forwarded to the Arbitration Panel please let me know why it hasn't been forwarded yet and what I could do in order to have my Answer expeditedly forwarded to the Arbitration Panel because my statute of limitations is running (I was fired by Morgan Stanley on February 4, 2002 and there are some claims with an one year statute of limitations which I believe need to be filed in time somewhere); and
3. Please expeditiously find out from the Arbitration Panel if they will adopt my Answer to the Amended Statement of Claim.

Thanks,

Raghavan Sathianathan
201-303-1089

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Date: Tue, 27 May 2003 08:20:44 -0700 (PDT)
From: "Roger Van" <rogervannj@yahoo.com> | [This is spam](#) | [Add to Address Book](#)
Subject:  re: PCX 02-SO03 Lack of Familiarity with PCX Arbitration Rules
To: bjames@paciRcex.com
CC: kbeck@pacificex.com, robert.ericson@kyl.com, jstein@jotham.com, edward.turan@ssmb.com,

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 Instantly!

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Note: forwarded message attached.

Dear Ms. James,

With all due respect to the fact that you are the Pacific Exchange's Director of Arbitration (and Assistant General Counsel), I am shocked at your appalling lack of familiarity with the Pacific Exchange's Arbitration Rules.

In the last line of your email (which is attached to this email), you had written: "There is no provision in Rule 12 for the waiver of fees."

HOWEVER, for your information, the section of Rule 12 of your own Pacific Exchange Arbitration Rules that addresses the Schedule of Fees, explicitly and unequivocally states in the FIRST paragraph of Pacific Exchange Rule 12.31(a): "At the time of filing a Claim, Counterclaim, Third Party Claim or Cross-Claim, a party shall pay a non-refundable filing fee and shall remit a hearing session deposit with the Exchange in the amounts indicated in the Schedules below UNLESS SUCH FEE OR DEPOSIT IS SPECIFICALLY WAIVED BY THE DIRECTOR OF ARBITRATION" (emphasis added).

Ms. James, with all due respect, it is time that you started looking at your own Arbitration Rules when you

make decisions that affect people's lives.

As the Pacific Exchange's Director of Arbitration, it is not only your job function to know your own rules, it is your responsibility.

Thank You for Your Anticipated Cooperation,

Raghavan Sathianathan
201-303-1089

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Subject: RE: Request to the PCX

Date: Wed, 12 Feb 2003 08:46:46 -0800

From: "Betsy James" <BJames@pacificex.com>

To: "Roger Van" <rogervannj@yahoo.com>

CC: robert.ericson@kyl.com, jstein@jotham.com, "Kathryn L. Beck" <KBeck@pacificex.com>

Plain Text Attachment [Save to my Yahoo! Briefcase | Download File]

In response to your inquiry, and as I mentioned in my telephone message yesterday, PCX Rule 12.31 discusses all fee requirements for filing claims, counter-claims, cross claims, and third party claims. Any claim must be accompanied by the appropriate fee in order to be considered to be filed: A link to PCX Rule 12 for Arbitration is below. There is no provision in Rule 12 for the waiver of fees.

<http://wallstreet.cch.com/PacificStockExchangePSEPCX/RulesoftheBoard>

-----Original Message-----

From: Roger Van [mailto:rogervannj@yahoo.com]

Sent: Tuesday, February 11, 2003 11:14 AM

To: Betsy James; Kathryn L. Beck

Cc: robert.ericson@kyl.com; jstein@jotham.com

Subject: re: Request to the PCX

Note: forwarded message attached.

Dear Ms. James and Ms. Beck,

I have NOT heard from the Pacific Exchange since the January 17, 2003 letter from the PCX telling me to go

away.

However, the Pacific Exchange has NOT answered my question in the attached January 8, 2003 email: Are ALL other Pacific Exchange arbitrations off the calendar?

I realize that both of you are very busy and very important people, however, please accord me the courtesy of a full and good faith answer to my question: Are ALL other Pacific Exchange arbitrations off the calendar? If not, why not?

After all, all it takes is a simple "Yes" or "No" answer with a brief explanation.

It seems to me that the January 17, 2003 letter from the Pacific Exchange was composed with the primary purpose of avoiding any Pacific Exchange liability rather than being composed in a good faith attempt to answer the questions that I had posed in my January 8, 2003 letter.

After all the January 17, 2003 letter from the Pacific Exchange tells me to:

- (1) go and file somewhere else (although I am not a Lawyer, I believe that my claims belong in this arbitration because they cover the same subject matter) ;
- (2) go and settle with Smith Barney (I cannot because it is important for public policy reasons that what appears to be the usual and customary practices of the Smith Barney Legal Department be fully exposed to the American Public) ; and
- (3) go and have a "consultation with an attorney or other advocate of your choosing [which] could provide you with even more alternatives and advice tailored to your specific situation.;" (Although I would like to, I cannot seek qualified legal advice from a securities lawyer because I have been left broke and jobless by Smith Barney's orchestrated actions).

Moreover, the January 17, 2003 letter from the Pacific Exchange concludes by stating: "Clearly, these are not your only options, and PCX is not advocating any action over another."

Ms. James, would you please let me know what other paperwork I need in order to have my Answer to the Statement of Claim be fully processed by the Pacific Exchange.

For example, do I need to pay any fees? The Pacific Exchange's Ms. Joan Clark had informed me in May 2002 that there was NO need for me to pay any fees to the Pacific Exchange because I was a Wall Street employee.

Your PCX website doesn't appear to fully address the issue of Answers to Amended Statements of Claim.

If I need to pay any filing fees, please let me know right away what the amount would be and would you please waive these fees since I am broke and jobless.

Thank You for Your Anticipated Prompt Response,

Raghavan Sathianathan
201-303-1089

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Menu Path

Pacific Stock Exchange (PSE/PCX) - Rules of the Board of Governors - RULE 12 ARBITRATION

Rule 12.5, Dismissal of Proceedings

RULE 12.5. At any time during the course of an arbitration, the arbitrators may either upon their own initiative or at the request of a party, dismiss the proceedings and refer the parties to the remedies provided by law. The arbitrators shall upon the joint request of the parties dismiss the proceedings.

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Pacific Stock Exchange (PSE/PCX) - Rules of the Board of Governors - RULE 12 ARBITRATION

Rule 12.3(a), Hearing Requirements--Waiver of Hearing

RULE 12.3(a). Any dispute, claim or controversy, **except as provided in Rule 12.2 (Simplified Arbitration for Public Customers), shall** require a hearing unless **all** parties waive such hearing in writing and request *that* the matter be resolved solely upon the pleadings and documentary evidence.

(b) Notwithstanding a written waiver of a hearing by the parties, a majority of the arbitrators may call for and conduct a hearing. In addition, any arbitrator may request the submission of further evidence.

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Pacific Stock Exchange (PSE/PCX) - Rules of the Board of Governors - RULE 12 ARBITRATION

Rule 12.14(a), General Provisions Governing Pre-Hearing Proceedings

RULE 12.14(a) Requests for Documents and Information. The parties shall cooperate to the fullest extent practicable in the voluntary exchange of documents and information to expedite the arbitration. Any request for documents or other information shall be specific, relate to the matter in controversy, and afford the party to whom the request is made a reasonable period of time to respond without interfering with *the* time set for *the* hearing.

(b) Document Production and information Exchange.

(1) Any party may serve a written request for information or documents ("information request") upon another party twenty (20) business days or more after service of the Statement of Claim by the Director of Arbitration or upon filing of the Answer, whichever is earlier. The requesting party shall serve the information request on all parties and file a copy with the Director of Arbitration. The parties shall endeavor to resolve disputes regarding an information request prior to serving any objection to the request. Such efforts shall be set forth in the objection.

(2) Unless a greater time is allowed by the requesting party, information requests shall be satisfied or objected to within thirty (30) calendar days from the date of service. Any objection to an information request shall be served by the objecting party on all parties and filed with the Director of Arbitration.

(3) Any response to objections to information requests shall be served on all parties and filed with the Director of Arbitration within ten (10) calendar days of receipt of the objection.

(4) Upon the written request of a party whose information request is unsatisfied, the matter will be referred by the Director of Arbitration to either a pre-hearing conference under subsection (d) of this section or to a selected arbitrator under subsection (e) of this section.

(c) Pre-Hearing Exchange.

At least twenty (20) calendar days prior to the first scheduled hearing date, all parties shall serve on each other copies of documents in their possession that they intend to present at the hearing and identify witnesses they intend to present at the hearing. The arbitrator(s) may exclude from the arbitration any documents not exchanged or witnesses not identified at that time. This paragraph does not require service of copies of documents or identification of witnesses which parties may use for cross-examination or rebuttal.

(d) Pre-Hearing Conference

(1) Upon the written request of a party, an arbitrator, or at the discretion of the Director of Arbitration, a pre-hearing conference shall be scheduled. The Director of Arbitration shall set the time and place of a pre-hearing conference and appoint a person to preside. The pre-hearing conference may be held by telephone conference call. The presiding person shall seek to achieve agreement among the parties on any issue that relates to the pre-hearing process or to the hearing, including but not limited to the exchange of information, exchange or production of documents, identification of witnesses, identification and exchange of hearing documents, stipulation of facts, identification and

briefing of contested issues, and any other matters which will expedite the arbitration proceedings.

(2) Any issues raised at the pre-hearing conference that are not resolved may be referred by the Director of Arbitration to a single member of the arbitration panel for decision.

(e) Decisions by Selected Arbitrator.

The Director of Arbitration may appoint a single member of the arbitration panel to decide all unresolved issues referred to under this section. In matters involving public customers, such single arbitrator shall be a public arbitrator, except that the arbitrator may be either public or industry when the public customer has requested a panel consisting of a majority of arbitrators from the securities industry. Such arbitrator shall be authorized to act on behalf of the panel to issue subpoenas, direct appearances of witnesses and production of documents, set deadlines, and issue any other ruling which will expedite the arbitration proceedings, or, is necessary to permit any party to develop fully its case. Decisions under this section shall be made upon the papers submitted by the parties, unless the arbitrator calls a hearing. The arbitrator may elect to refer any issue under this section to the full panel.

Amended: February 5, 1996.

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TIMELINE

The following timeline may be relevant to compare the timing of any rule changes which may have been submitted by the PCX GCO to the SEC.

1. On December 23, 2003 the PCX GCO suspended the PCX arbitration program.
2. On December 26, 2003 the claimant and Salomon Smith Barney announced a tentative settlement-in-principle.
3. Around February 14, 2003, I filed my Motion to Oppose the Settlement Agreement between Salomon Smith Barney and the claimant on the grounds that it was an illegal contract because, through its secrecy clause, the settlement agreement facilitated Salomon Smith Barney's attempt to cover-up the criminal activities of Perjury and Obstruction of Justice that had been committed by the Salomon Smith Barney Legal Department while they had defended in Bad Faith against a customer claim.
4. On February 27, 2003 the settlement agreement between Salomon Smith Barney and the claimant was finalized and signed. The two key clauses of the Salomon Smith Barney settlement agreement were: (1) It required secrecy of all facts including the mandated secrecy of the unlawful activities of Perjury and Obstruction of Justice committed by the Salomon Smith Barney Legal Department; and (2) In Salomon Smith Barney's retaliation against a stockbroker witness, the Salomon Smith Barney settlement agreement with the claimant injured and interfered with my rights by requiring that the claimant dismiss his claim against me WITHOUT Prejudice (after sixteen months of arbitration) over my objections and without my agreement (while the claimant was required to dismiss his claims against Salomon Smith Barney WITH Prejudice).
5. On March 5, 2003, I had informed the PCX Director of Arbitration that, according to the NASD Arbitration Rules, once a Respondent files the Answer to the Statement of Claim, a Claimant CANNOT withdraw their claim WITHOUT Prejudice without either the permission of the Arbitration Panel or the permission of the Respondent.
6. On March 10, 2003, I sent an email to the PCX Director of Arbitration and to the PCX General Counsel making it clear that I WOULD NOT give permission to the claimant to dismiss his claim against me WITHOUT Prejudice* Additionally, I had cited the relevant NASD Arbitration Rules so that the PCX GCO was aware that the claimant could NOT unilaterally withdraw his claim against me WITHOUT Prejudice unless either the Arbitration Panel or I gave him permission to do so (see Exhibit 4).

7. On March 20, 2003 the Salomon Smith Barney Deputy General Counsel had filed an amendment to my NASD U-5 stating that the claimant had dismissed his claim against me WITHOUT Prejudice (when this ~~was~~ NOT yet the situation).

8. During late March 2003, Salomon Smith Barney requested the claimant to fulfill the terms of the settlement agreement by filing his dismissal request with the PCX.

9. On April 2, 2003, the claimant's counsel made a filing with the PCX GCO for the claimant to dismiss his claims in this arbitration (including dismissing the claimant's claim against me WITHOUT Prejudice while dismissing the claimant's claim against Salomon Smith Barney WITH Prejudice).

10. On April 7, 2003, I filed my Motion to Oppose Dismissal of Claim against me WITHOUT Prejudice (immediately after I had received, by mail, the claimant's filing on Saturday, April 5, 2003).

11. On April 23, 2003, the PCX GCO sent me an email in which the PCX GCO had stated: "*We will get back to you regarding PCX Arbitration matter 02-S003 as soon as we can. This may not be until next week at the earliest however*" (see Exhibit 2)

12. On April 24, 2003, the PCX GCO restarted the PCX arbitration program.

13. On April 25, 2003, in their first filing with the PCX since December 2002, Salomon Smith Barney's outside legal counsel (Keesal, Young & Logan) sent a letter to the PCX Director of Arbitration announcing that the claimant had dismissed his claim against me WITHOUT Prejudice (while the claimant had dismissed his claim against Salomon Smith Barney WITH Prejudice) and, as a result of the claimant's dismissal announcement, the PCX GCO should abandon its jurisdiction over this arbitration WITHOUT the PCX GCO considering my Motion to Oppose Dismissal of Claim against me WITHOUT Prejudice AND ALL of my other FILINGS that I had FILED BEFORE the claimant's filing that Salomon Smith Barney ~~was~~ promoting.

14. In accordance with the PCX GCO's *modus operandi* that has been consistently observed in this arbitration (and, possibly, other arbitrations), after the receipt of Salomon Smith Barney's documentary record providing a "reasonable basis" for a decision, the PCX GCO ignored the April 28, 2003 email and other filings that I had sent to the PCX GCO in which I had cited PCX Arbitration Rules that the PCX GCO needed to follow. In their May 2, 2003 letter, the PCX GCO parroted the Salomon Smith Barney position by stating that, because the claimant had announced the dismissal of his claim against me WITHOUT Prejudice (after sixteen months of arbitration), the PCX ~~was~~ closing the arbitration because the PCX no longer had jurisdiction over the matter.

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