



REGULATORY INFORMATION BULLETIN

RB-04-08
October 15, 2004

**TO: ALL OTP HOLDERS, OTP FIRMS AND ALLIED PERSONS
ALL ETP HOLDERS AND ETP SPONSORED PARTICIPANTS**

FROM: ENFORCEMENT DEPARTMENT

SUBJECT: DISCIPLINARY SANCTIONS IMPOSED AND ARBITRATION AWARDS RENDERED

This Regulatory Information Bulletin advises OTP Holders, OTP Firms and Allied Persons, ETP Holders and ETP Sponsored Participants of certain final disciplinary actions that resulted in the imposition of sanctions for violations of the federal securities laws and the Bylaws and Rules of the Exchange. This Bulletin also reports on the results of arbitration proceedings that were resolved at the Exchange.

A. Disciplinary Sanctions Imposed From July 1, 2004 Through September 30, 2004

OPTIONS:

The Exchange Regulatory Staff resolved the following matters pursuant to the Minor Rule Plan:

OS0401133 An OTP Holder was fined \$250 for reporting options transactions late. (PCX Rule 6.69(a).)

OS0401131 An OTP Holder was fined \$250 for reporting options transactions late. (PCX Rule 6.69(a).)

Summary Sanctions issued by PCX Options Floor Officials pursuant to the Minor Rule Plan:

OS0406162 An OTP Holder was fined \$500 for engaging in unprofessional conduct on the trading floor. (PCX Rule 6.2.)

B. Arbitration Awards During the Period July 1, 2004 through September 30, 2004

Pursuant to PCX Rule 12.30(f), arbitration awards shall be made publicly available provided that the name of the customer party will not be disclosed if he/she so requests in writing. Upon written request, copies of the awards will be available from the Department of Arbitration of the Pacific Exchange. The following awards were made during the above-referenced period:

Case Name: Wilson v. Prudential Securities Inc.
Case No: 01-S024
Date Received: 10/31/2001
Summary of Issues: Fraud; Misrepresentation; False Statements
Amount of Dispute: \$1,047,853
Amount Rewarded: \$0
Decision Date: 07/21/04

Case Name: Sanchez v. Solomon Smith Barney
Case No: 01-S027
Date Received: 11/28/2001
Summary of Issues: Breach of Fiduciary Duty; Failure to Supervise; Unauthorized Trading
Amount of Dispute: \$849,000
Amount Rewarded: \$0 (Stipulated Award)

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Decision Date: 08/20/04

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Case Name: Laszlo v. Morgan Stanley DW
Case No: 02-S006
Date Received: 03/04/2002
Summary of Issues: Negligence; Breach of Fiduciary Duty
Amount of Dispute: \$11,000,000
Amount Rewarded: \$0
Decision Date: 09/28/04

Questions regarding disciplinary sanctions for options may be directed to Larry Hing, Director of Options Enforcement, at (415) 393-4151. Questions regarding disciplinary sanctions for equities may be directed to Chris Hill, Director of Equities Enforcement, at (312) 442-7944. Questions regarding arbitration awards may be directed to Matt Mennes, Director of Arbitration, at (415) 393-4240.