



REGULATORY INFORMATION BULLETIN

RB-03-03
April 8, 2003

TO: ALL MEMBERS, MEMBER ORGANIZATIONS AND ETP HOLDERS

FROM: ENFORCEMENT DEPARTMENT

SUBJECT: DISCIPLINARY SANCTIONS IMPOSED AND ARBITRATION AWARDS RENDERED

This Regulatory Information Bulletin advises Members, Member Organizations and ETP Holders of certain final disciplinary actions that resulted in the imposition of sanctions for violations of the federal securities laws and the Constitution 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 January 1, 2003 Through March 31, 2003

OPTIONS:

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

- OS0111091 A Member was fined \$1,000 for failing to properly set Auto-Ex sizes for options. (PCX Rule 6.82(c)(2).)
- OS0111091 A Member Firm was fined \$1,000 for an employee's failure to properly set Auto-Ex sizes for options. (PCX Rule 6.82(c)(2).)
- OS0203082 A Member was fined \$500 for failing to meet the 60% in-person trading requirement. (PCX Rule 6.37 Commentary .07.)
- OS0203082 A Member was fined \$500 for failing to meet the 60% in-person trading requirement. (PCX Rule 6.37 Commentary .07.)
- OS0106283 A Member was fined \$1,000 for failing to display a proper trading badge on the trading floor during the trading day. (PCX Rule 6.2(d)(1) and Commentary .01.)
- OS0205065 A Member was fined \$100 for reporting options transactions late. (PCX Rule 6.69(a).)
- OS0209302 A Member was fined \$100 for reporting options transactions late. (PCX Rule 6.69(a).)
- OS0112033 A Member was fined \$500 for failing to act in accordance with a seemly and professional standard of behavior by engaging in unprofessional conduct on the Options Floor. (PCX Rule 6.2(c)(2).)
- OS01020614 A Member was fined \$250 for failing to vocalize transactions properly. (PCX Rule 6.73 and Commentary .01.)
- OS01020614 & OS0002288 A Member was fined \$750 for failing to vocalize transactions properly. (PCX Rule 6.73 and Commentary .01.)
- OS01020614 A Member was fined \$250 for failing to vocalize transactions properly. (PCX Rule 6.73 and Commentary .01.)
- OS01020614 A Member was fined \$250 for failing to vocalize transactions properly. (PCX Rule 6.73 and Commentary .01.)

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OS0211266 A Member was fined \$250 for reporting options transactions late. (PCX Rule 6.69(a).)

OS0211012 A Member was fined \$250 for reporting options transactions late. (PCX Rule 6.69(a).)

- OS0211263 A Member was fined \$100 for reporting options transactions late. (PCX Rule 6.69(a).)
- OS0211255 A Member was fined \$100 for reporting options transactions late. (PCX Rule 6.69(a).)
- OS0211011 A Member was fined \$100 for reporting options transactions late. (PCX Rule 6.69(a).)
- OS0208138 A Member was fined \$500 for failing to meet the 60% in-person trading requirement. (PCX Rule 6.37 Commentary .07.)
- OS0201253 A Member was fined \$500 for failing to act in accordance with a seemly and professional standard of behavior on the Options Floor. (PCX Rule 6.2(c)(2).)
- OS0209301 A Member 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:

- OS0301132 A Member was fined \$2,000 for failing to act in accordance with a seemly and professional standard of behavior by using abusive or indecorous language on the Options Floor. (PCX Rule 6.2(c)(2)(A)(iv).)
- OS0301271 A Member was fined \$500 for failing to act in accordance with a seemly and professional standard of behavior by using abusive or indecorous language on the Options Floor. (PCX Rule 6.2(c)(2)(A)(iv).)
- OS0301271 A Member was fined \$500 for failing to act in accordance with a seemly and professional standard of behavior by acting in a disorderly manner on the Options Floor. (PCX Rule 6.2(c)(2)(A)(iv).)
- OS0302194 A Member was fined \$2,000 for failing to act in accordance with a seemly and professional standard of behavior on the Options Floor. (PCX Rule 6.2(c)(2)(A)(iv).)
- OS0303061 A Member was fined \$500 for failing to log off of the Auto-Ex system when leaving the trading crowd for longer than a brief interval. (PCX Rule 6.87(e)(3).)
- OS0303261 A Member was fined \$500 for failing to act in accordance with a seemly and professional standard of behavior on the Options Floor. (PCX Rule 6.2(c)(2)(A)(iv).)

B. Arbitration Awards During the Period October 1, 2002 through March 31, 2003

Pursuant to PCX Rule 12.29(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	Pelosi v. Banc of America Securities
Case Number	01-S009
Date Received	06/12/01
Summary of Issues	Breach of Fiduciary Duty; Negligence; Misrepresentation
Amount In Dispute	\$ 1,589,619
Amount Awarded	\$ 0
Decision Date	11/11/02

Case Name	Goodwin v. Morgan Stanley
Case Number	01-S033
Date Received	12/27/01
Summary of Issues	Breach of Fiduciary Duty; Deceit; Negligence; Breach of Contract

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Amount In Dispute \$ 955,998
Amount Awarded \$ 7,500
Decision Date 12/02/02

Case Name JSS Investments, LLC, v. M.J.T. Securities, LLC, et al.
Case Number 01-S017
Date Received 08/16/01
Summary of Issues Breach of Contract, Unauthorized Trading
Amount In Dispute \$ 5,414,785
Respondent Counter Claim
 Amount \$ 2,000,000, plus
Amount Awarded \$ 1,200,000 to Respondents
Decision Date 03/28/03

Questions regarding disciplinary sanctions may be directed to Karen Hanson Wellman, Managing Director, Enforcement, at (415) 393-7949. Questions regarding arbitration awards may be directed to Betsy James, Director of Arbitration, at (415) 393-4240.