

PACIFIC EXCHANGE, INC.
115 Sansome Street
San Francisco, California 94104

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APR - 1993

In The Matter Of The Arbitration Between:

PCX ARBITRATION

VENKATRAMANI,
Claimant.

PCX Case No. 02-S003
DECISION

v

SALOMON SMITH BARNEY et al.
Respondents.

The undersigned Arbitrators, having read, heard, and considered the Cross-Claim submitted by Cross-Claimant, the Answer of Cross-Claim Respondent, the Counter Cross-Claim by Cross-Claim Respondent, and the Answer of the Counter Cross-Claimant by Cross-Claimant, hereby render the following Decision pursuant to Rules 12.2 and 12.29(a) of the Rules of the Board of Governors of the Pacific Exchange:

REPRESENTATION OF PARTIES

Of Cross-Claimant and Counter-Cross-Claim Respondent (Ragahaven Sathianathan)
Ragahaven Sathianathan

Of Cross-Claim Respondent and Counter-Cross-Claimant (Salomon Smith Barney)
Samuel A. Keesel Jr.
Michele Fron
Sean Muntz

SUMMARY OF FACTS

The underlying case (VENKATRAMANI, Claimant v. SALOMON SMITH BARNEY et al., Respondents, PCX Case No. 02-S003) was settled as between all Respondents and the Claimant. However, Respondent Ragahaven Sathianathan made a cross claim against Respondents Salomon Smith Barney and Steve Torrico. Mr. Torrico was subsequently dropped from the case by agreement of the parties. The response of Salomon Smith Barney included an answer and a counter cross-claim. The facts of the underlying case was that Mr. Venkatramani suffered financial loss resulting from events caused by errors in handling the account by the named Respondents. Salomon Smith Barney paid \$5,000,000 to Mr. Venkatramani in settlement of all claims. The facts leading to the cross-claim and counter-cross-claim involved mis-posting of assets to one of the Venkatramani accounts, trades made by Ragahaven Sathianathan in the Venkatramani accounts, a decision by Ragahaven Sathianathan to delay hedging the Venkatramani account, margin calls resulting from a shortfall of funds after the mis-posting of assets was corrected by Salomon Smith Barney and delay of the transfer of the Venkatramani account to Morgan Stanley after Ragahaven Sathianathan had transferred to Morgan Stanley. When the Venkatramani complaint came in, Salomon Smith Barney issued a U-S quoting the accusatory language of the complaint letter. When the suit was filed, a Morgan Stanley attorney was Mr. Sathianathan's attorney as well as attorney for Morgan Stanley. Then Salomon Smith Barney and Morgan Stanley partnered to hire an attorney, Brian Amery, to represent Mr. Sathianathan specifically. Mr. Sathianathan refused to cooperate with Salomon Smith Barney, and wrote to the claimant to try to get him and Morgan Stanley out of the suit. Further he did not accept the answer being drafted by Mr. Amery and submitted additions that were in opposition to the position taken by Salomon Smith Barney. Mr. Amery withdrew as Mr. Sathianathan's attorney claiming conflict of interest because he often represents Salomon Smith Barney. Later, for reasons not part of this case Morgan Stanley fired

Mr. Sathianathan. Mr. Sathianathan, due to lack of financial resources or backing, was forced to act Pro Se.

ISSUES RAISED BY CROSS-CLAIM

Quoting summary of claims submitted by Mr. Sathianathan, Cross- Claimant, dated 3/1/04.

RE: SUMMARY OF MY CLAIMS AGAINST SMITH BARNEY
(Ragahavan Sathianathan, 6 Meadow Lane, Bloomfield, NJ 07033)

My main claims against Smith Barney are as follows:

- I. During my employment at Smith Barney.
 - A. Computer error in my client's account.
 - B. Baseless stock research made by a de facto cheerleader (i.e. Smith Barney Research Department analyst B. Alexander Henderson) whose emails from that time period were lost by Smith Barney.
 - C. The Smith Barney conflict between publicly promoting Juniper stock as a BUY while internally, Smith Barney was expecting the price of Juniper stock to crash.
 - D. Providing wrong information that prevented the sale of the client's stock at the same time that I had sold or hedged the concentrated equity positions of my other clients.
- II. After I had left Smith Barney for Morgan Stanley, Smith Barney neglected the client's account which was one of the largest accounts in the Smith Barney Little Falls Branch Office.
- III. After I had entered into a contract with Smith Barney in which I had paid Smith Barney \$8 1,000 (which Morgan Stanley had paid on my behalf as part of my recruitment contract for leaving Smith Barney for Morgan Stanley) for the lifting of the restraining order on me so that I could move my clients over to Morgan Stanley, Smith Barney:
 - A. Continued to neglect the client's account while preventing me from giving the client effective financial advice by refusing to talk to me even though the client had organized the conference call and the client had explicitly told Smith Barney that I was his financial advisor (the client had also already submitted account transfer paperwork to Smith Barney for the purpose of transferring his Smith Barney account over to Morgan Stanley).
 - B. Deliberately obstructed the transfer of the client's account (my largest account) over to Morgan Stanley (it had taken 100 days for the account to transfer instead of the 10 days mandated by Wall Street account transfer rules). During this Smith Barney-obstructed delay, the client's account lost about 90% of the value that it was AFTER I had left Smith Barney for Morgan Stanley.
 - C. Created and covered-up a \$50,000 trade error in the client's Smith Barney account. After that Smith Barney trade error, my relationship with the client was never the same and the client acted willfully against me at Smith Barney.
- IV. After having, in effect, caused the customer complaint against me (after all, even if my advice to the client was stupid with 20/20 hindsight, the client was willing to follow from Smith Barney over to Morgan Stanley and it is indisputable that the client's Smith Barney account had been damaged AFTER I had left Smith Barney for Morgan Stanley):
 - A. The Smith Barney Legal Department interfered with my employment at Morgan Stanley.
 - B. The Smith Barney Legal Department interfered with my representation by the Morgan Stanley Law Division which was jointly representing and Morgan Stanley's position because there was no conflict between my position and Morgan Stanley's position towards the customer complaint (in fact, I continued to support Morgan Stanley defense against the customer complaint even after Morgan Stanley had fired me on a pretext).

- C. The Smith Barney Legal Department conspired to deprive and Defraud me out of effective, independent legal representation for the customer complaint.
- D. The Smith Barney Legal Department retaliatorily and maliciously defamed me by filing my U-5 with the NASD with language that was published with reckless disregard for the truth or falsity of the allegations.
- E. After having triggered a NASD investigation against me as a result of their malicious U-5 filing about me, the Smith Barney Legal Department continued to deny any Smith Barney liability to the client even though the Smith Barney Legal Department knew that it was likely that the NASD would issue a NASD Complaint against me.
- F. The Smith Barney Legal Department interfered with my legal representation by Bressier, Amery & Ross.
- G. The Smith Barney Legal Department conspired to oppress my rights as an independent party to the customer arbitration by denying me the ability to have myself removed as a named party to the pending arbitration.
- H. The Smith Barney Legal Department's conspiring behind my back with my purportedly independent outside legal counsel who had been recommended by Morgan Stanley forced my then employer Morgan Stanley to fire me at the first pretext as part of Morgan Stanley's attempt to mitigate Morgan Stanley's liability towards me.
- I. The Smith Barney Legal Department committed Perjury and Obstruction of Justice in the arbitration as part of the Smith Barney Legal Department's attempt to cover-up its unlawful activities in response to a customer complaint.
- J. After the cutoff for discovery and after holding Mediation with the customer, the Smith Barney Legal Department knowingly and willfully submitted fraudulent documents for the purpose of depriving and defrauding me out of my defenses against the NASD investigation against me which had been triggered and guided by the Smith Barney Legal Department.
- K. The Smith Barney Legal Department, after having conspired to deny me the ability to remove myself from the arbitration, then entered into a settlement agreement with the customer complaint in which the customer would dismiss his claims against me without prejudice after sixteen months of arbitration in a wholesale violation of the Pacific Exchange arbitration rules which mandate a hearing and/or dismissal of claims by arbitrators.

In short, in response to my refusal to help the Smith Barney Legal Department defend in Bad Faith against a customer complaint, the Smith Barney Legal Department retaliatorily violated and destroyed my rights, my career and my life.

Moreover, as a result of the actions of the Smith Barney Legal Department (acting through the auspices of the Captive "Regulatory" Organization, the NASD, as part of the Smith Barney Legal Department's efforts to discredit me as a whistleblower), I have been defamed on the Internet and my defamation is on public view for all regulators, investors, all potential employers, bosses and coworkers, all those who know me and all those who have known me.

Among other sources of damage as a result of the Smith Barney Legal Department's punitively tortious actions against me, I have lost income, my future earning capacity is permanently impaired, I have suffered a Loss of Reputation and I suffer the permanent loss of happiness of not being able to work in the profession of my choice.

ISSUES RAISED BY COUNTER-CROSS-CLAIM

Mr. Sathianathan was substantially fully responsible for damages to Mr. Venkatramani and therefore liable for substantial reimbursement to Salomon Smith Barney for the amount of the settlement with Mr. Venkatramani. Mr. Sathianathan's claim was frivolous and he should be sanctioned.

RELIEF REQUESTED**Cross-Claimant & Counter- Cross-Claimant Respondent**

\$10,000,000 in payment for tortious acts resulting in lost income, permanently impaired future earning capacity, loss of reputation, permanent loss of happiness, and not being able to work in the profession of choice.

Cross-Claimant Respondent & Counter- Cross-Claimant

\$4,000,000 in reimbursement of the \$5,000,000 settlement with Mr. Venkatramani, plus costs and sanctions for filing a frivolous action.

FINDINGS AND DECISION**A FINDINGS OF FACT:**

After considering the argument and evidence of both the Cross-Claimant and Cross-Claimant-Respondent in this matter, the undersigned Arbitrators make the following findings:

1. Salomon Smith Barney and Mr. Sathianathan share responsibility for Mr. Venkatramani's damages
2. Salomon Smith Barney paid \$5,000,000 to Mr. Venkatramani in settlement of his claims.

B. DECISION:

After considering the argument and evidence of both the Claimant and Respondent in this matter, the undersigned Arbitrator makes the final determination and decision of the issues presented, as set forth below:

1. Cross-claimant has not met the burden of proof to show illegal activity, or willful or negligent disregard of Cross-claimant's rights.
2. Cross-Claimant-Respondent has not met the burden of proof to show that the Cross-Claimant's claims were frivolous, nor that the fault in causing damages to Mr. Venkatramani lies substantially with Mr. Sathianathan.

C. AWARD:

Specify damages or other relief awarded:

1. Monetary damages: Mr. Sathianathan shall pay to Salomon Smith Barney the amount of Ten Thousand dollars (\$10,000) as contribution for the Venkatramani settlement.
2. Punitive damages: None
3. Costs (Specify) (Note: Some forum costs are also referenced below); Parties shall bear their own costs. All forum fees relating to the cross-claim shall be shared equally
4. Attorney fees: None
5. Other: None

D

OTHER DETERMINATIONS (please check "yes" or "no" for each item)

1. Respondent shall reimburse Claimant's non-refundable filing fee: ☐ YES ☒ NO
2. Respondent shall reimburse Claimant's hearing session deposit. ☐ YES ☒ NO
3. Parties shall bear their own costs of arbitration: ☒ YES ☐ NO
3. Should this matter be referred to any regulatory organization (SRO or SEC) for disciplinary investigation of rule violations or violation of federal securities laws? ☐ YES ☒ NO
(If YES, please provide separate correspondence regarding the specific reasons for your referral.)

Harve Elot Cirin, Chair

6 April 2002
Date

Jim Murray

4/6/04
Date

Joe Barzok

Date

Verity Investments, LLC v. Director Smith Barrett 02-5003 DECISION

2. Respondent shall reimburse Claimant's hearing session costs: ☐ YES ☒ NO
3. Parties shall bear their own costs of arbitration ☒ YES ☐ NO
3. Should this matter be referred to any regulatory organization (SRD or SEC) for disciplinary investigation of rule violations or violation of federal securities laws? ☐ YES ☒ NO
(If YES please provide separate correspondence regarding the specific reasons for your referral.)

Harve Elliot Cohn Chair

Date

Jim Murray

Date

Joe Barzok

Date