

June 22, 2008

Randall...

As I reflect for just a moment since you entered the picture over a year ago, there is a common thought which always holds, and that is appreciation. As I have been the contact you have had, I simply want to say that I have been comfortable representing all of the broker's and client's frustrations in the lumbermen's conflict. The special appreciation goes to you and the editors for your vigilance over the thirteen months from introduction of a rather complex subject, to the May 24 release in the WSJ.

The article has once again reassured me that I have never been in this alone. People in and outside of the financial services industry have recently made their positions known to me, and lo and behold, material information has surfaced which needs your attention and will be the impetus to the follow on story.

Let me first say how surprised I was that there was such a delay, from about April 06 to August 07 by FINRA in bringing forth the consent agreement, which was actually fortunate because the delay became the reason to ask for the WSJ's help in letting investors know that an examination was, in fact, going on. It appears that the delay can now be associated with this new information.

I have taken the time to discuss this with my "team" and have concluded that this indeed is the direction that I choose to take in extending your previous reporting to now include this strategic information. As you know, my central theme even based on the contents in the consent agreement, is for the clients to receive rescission on their lumbermen's transactions. Every effort made in that direction has been shunned and stonewalled without any meaningful explanation.

With all of the brokers challenges over the past five years and the thwarting of said advances, isn't it interesting that Morgan Stanley, on an impetus known only to themselves, offered rescission to clients in Tennessee as evidenced by the accompanying letter dated January 16, 2007 and the additional Acceptance Form offered by their agent D. F. King & Co. Inc.

Why would Morgan Stanley six years after the trade offer full rescission and pay an additional interest rate penalty of 10% voluntarily? As the form indicates, this client owned \$10,000 of the bond and received a payment of \$17,679.51. Well, I would suggest that either FINRA is at fault, or heavy political clout, maybe coming from this specific state, may be the answer. Regardless, FINRA never told anyone about that rescission offer to Tenn. clients. And the biggest question in my mind is, what makes the statement: "operational errors.....that did not satisfy applicable registration requirements under state securities laws and regulations" as written in the first paragraph of the January 16, 2007 letter, specific to only the state of Tennessee? In their words, this is their valid reason for the rescission. Fine. Why isn't this applicable to all of the operational errors referred to by Morgan Stanley in the letter in other states as well?

Certainly, my legal "helpers" down here don't see how this could be offered in Tennessee without being offered to all participants. We believe that the "operational errors" refer to the 2807 pricing infractions, but these people would not know that because FINRA was withholding the consent agreement until payment was completed mid-summer 2007.

So now it falls on your interest in getting to the heart of these issues. As you can see, there is also a reference to an Offer Document which I believe can be acquired through the agent or Morgan Stanley. Maybe there is a perfectly good explanation from

Morgan Stanley and FINRA relating to this, and if there is, all of the clients should hear about this even handed behavior and justification where they read the original challenge, in the WSJ.

In a little over a week, in fact on July 3, I am scheduled to meet with Dan Schneiderman, a staff member in Senator Schumer's D.C. office. I have sent him the material, but have withheld this last rescission material until I meet with him face to face. I told him that I felt in this time period prior to our meeting, an objective effort would be made to verify the information as a proper follow up. I didn't mention that the request would be to the WSJ.

I have also asked my "helpers" to stand down giving you and the WSJ an opportunity to break this story the way you see it. After I meet with Dan, I am going to ask that the judicial oversight committee, on which the Senator is a member, consider a hearing on this matter. Because the Senator is from New York and the infractions occurred in his state, I felt that he would have a sincere interest.

I am sending along for your assistance the names of the Tenn. Division of Securities members who may be able to address part of your inquiry. Also, I have included a separate sheet of names of people who you might want to contact. I am trying to remain neutral on this for this short time so that your objectivity prevails and comes forward without anyone feeling that I might have jumped the gun. It is in your capable hands, and I look forward to the results.

If you would like to discuss anything with me, here I am. I hope this information is helpful in your being able to do an honest and complete examination of issues so important to so many.

Sincerely.....

Dana de Windt