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7 Attorneys for Receiver Thomas F. Lennon

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9 UNITED STATES DISTRICT COURT  
10 SOUTHERN DISTRICT OF CALIFORNIA

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12 SECURITIES AND EXCHANGE  
COMMISSION,

13 Plaintiff,

14 v.

15 TUCO TRADING, LLC and  
16 DOUGLAS G. FREDERICK,

17 Defendants.

Case No. 08-CV-00400 DMS (BLM)

**DECLARATION OF TED FATES IN  
SUPPORT OF MOTION FOR ORDER  
(A) STAYING ARBITRATION  
COMMENCED BY GLB TRADING, INC.;  
AND (B) COMPELLING GLB TRADING,  
INC. TO TURN OVER PROPERTY OF THE  
RECEIVERSHIP ESTATE**

18 Date: November 14, 2008  
19 Time: 1:30 p.m.  
Ctrm: 10  
20 Judge: Hon. Dana M. Sabraw

21 I, Ted Fates, declare and state as follows:

22 1. I am an attorney with Allen Matkins Leck Gamble Mallory & Natsis LLP, counsel  
23 for Thomas F. Lennon ("Receiver"), the Court-appointed permanent receiver for Tuco Trading,  
24 LLC ("Tuco"). I am one of the attorneys primarily responsible for handling this matter on behalf  
25 of the Receiver. I make this declaration in support of the Receiver's Motion for Order (a) Staying  
26 Arbitration Commenced by GLB Trading, Inc.; and (b) Compelling GLB Trading, Inc. to Turn  
27 Over Property of the Receivership Estate ("Motion"). The following facts are within my own  
28

1 personal knowledge and, if called upon to do so, I could and would competently testify thereto  
2 under oath.

3         2.         On May 28, 2008, I advised GLB Trading ("GLB") in writing, through its counsel,  
4 Mr. James Barber, that by withholding commissions earned by Douglas Frederick ("Frederick")  
5 and deducting legal fees and other amounts therefrom, GLB had violated the Judgment as to  
6 Defendants Tuco and Frederick, and the Order in Aid of Receivership. Attached hereto as  
7 Exhibit A is a true and correct copy of my May 28 letter to Mr. Barber.

8         3.         On June 5, 2008, I received a letter from Mr. Barber in which GLB asserts a right  
9 to exercise recoupment and setoff. The Independent Contractor Agreement between Frederick and  
10 GLB is attached to the letter. The letter is attached hereto as Exhibit B.

11         4.         On July 18, 2008, I sent an email to Mr. Barber requesting that GLB authorize one  
12 of its trade routing firms, NYFIX, to communicate directly with the Receiver as part of the  
13 Receiver's ongoing efforts to resolve unallocated NYFIX charges. On July 20, 2008, I received  
14 the email attached hereto as Exhibit C, in which GLB denies the Receiver's request regarding  
15 NYFIX, accuses the Receiver of intentionally defaming GLB and its principals, and demands that  
16 the Receiver retract statements in his First Interim Report.

17         5.         Attached hereto as Exhibit D is GLB's Statement of Claim against Douglas  
18 Frederick, Tuco Trading, LLC and the Receiver that was submitted to FINRA on July 29, 2008. I  
19 received the Statement of Claim by mail on August 4, 2008.

20         6.         Attached hereto as Exhibit E are documents relating to the Nasdaq Proceeding.  
21 The documents were provided to me by e-mail and mail by counsel for GLB, Mr. James Barber,  
22 on April 21, 2008.

23         7.         Attached hereto as Exhibit F are documents relating to the NYSE Investigation.  
24 The documents were provided to me by mail by Mr. Barber on June 13, 2008.

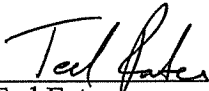
25         8.         Attached hereto as Exhibit G are documents relating to the Chan FINRA  
26 Arbitration. The documents were provided to me by mail by Mr. Barber on June 13, 2008.

27         9.         Attached hereto as Exhibit H are documents relating to the SEC Investigation of  
28 GLB. The documents were provided to me by mail by Mr. Barber on June 13, 2008.

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I declare under penalty of perjury that the foregoing is true and correct.

Executed on October 3, 2008, at San Diego, California.

  
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Ted Fates

1 **INDEX OF EXHIBITS**

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<b>Exhibit No.</b>	<b>Description</b>
A	Letter from Ted Fates to James Barber dated May 28, 2008.
B	Letter from James Barber to Ted Fates dated June 5, 2008, with attached Independent Contractor Agreement between Frederick and GLB.
C	E-mail from James Barber to Ted Fates dated July 20, 2008.
D	GLB's Statement of Claim against Douglas Frederick, Tuco Trading, LLC, and the Receiver submitted to FINRA on July 29, 2008, and received by Ted Fates on August 4, 2008.
E	Documents relating to the Nasdaq Proceeding sent to Ted Fates by James Barber on April 21, 2008.
F	Documents relating to the NYSE Investigation sent to Ted Fates by James Barber on June 13, 2008.
G	Documents relating to the Chan FINRA Arbitration sent to Ted Fates by James Barber on June 13, 2008.
H	Documents relating to the SEC investigation of GLB sent to Ted Fates by James Barber on June 13, 2008.

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