


At an IAS Part **50B** of the Supreme Court of the State of New York, held in and for the County of New York, at the Courthouse, 60 Centre St., New York, New York on the 16 of October, 2001.

**P R E S E N T:**

HON:

 BRUCE ALLEN  
Justice

\_\_\_\_\_ x

In the Matter of The Application of

MEI XIA, a/k/a MARY XIA and  
LAWRENCE X. PAN,

Petitioners,

For a Judgment Staying the Arbitration  
Commenced by

THOMAS FLETCHER & COMPANY, INC.,  
THOMAS FLETCHER HOLDINGS, L.L.C. and  
FRANK J. LOCKWOOD,

Respondents

\_\_\_\_\_ x

**ORDER TO SHOW CAUSE**

Index No.

01-119073

Upon the annexed Petition, verified on October 12, 2001, the affidavit of Lawrence X. Pan, sworn to on October 12, 2001, and upon all the prior proceeding heretofore had herein, it is

**ORDERED**, that the Respondents, Thomas Fletcher & Company, Inc., Thomas

Fletcher Holdings, L.L.C. and Frank J. Lockwood, <sup>or their attorney(s)</sup> show cause before this Court at an I.A.S. Part 500  
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\_\_\_\_\_, room 1047, thereof to be held at the Courthouse, 60 Centre Street, New York, New York  
on the 19 day of ~~November~~ October, 2001, at 9:30 o'clock in the forenoon of that day, or as soon thereafter  
as counsel can be heard,, or as soon thereafter as counsel can be heard, why

An order should not be made and entered pursuant to CPLR Article 7503(b) staying the  
arbitration between the petitioners Mei Yi Xia and Lawrence X. Pan, and on the grounds that the  
claims between the parties are not subject to arbitration, and it is further,

**ORDERED**, that the respondents and the National Association of Securities  
Dealers Regulation are hereby stayed from taking any further proceedings in the arbitration pending  
the hearing  
~~determination~~ of this motion, and it is hereby further

**ORDERED**, that service by overnight delivery service of a copy of this Order and  
the papers upon which it is granted upon the respondents' attorneys Snow Becker Krauss, P.C. and the National Association of  
Securities Dealers Regulation on or before the 17<sup>th</sup> day of October, 2001, shall be good and  
sufficient service, and it is further

**ORDERED**, that ~~any answering papers shall be served by overnight delivery~~  
service on or before \_\_\_\_\_ day of October, 2001.

~~ORDER~~

ORAL ARGUMENT  
DIRECTED

J.S.C.

ENTER  
Bruce Allen

J.S.C.  
HON. BRUCE ALLEN

SUPREME COURT OF THE STATE OF NEW YORK  
COUNTY OF NEW YORK

\_\_\_\_\_ X  
In the Matter of The Application of

MEI XIA, a/k/a MARY XIA and  
LAWRENCE X. PAN,

Petitioners,

For a Judgment Staying the Arbitration  
Commenced by

THOMAS FLETCHER & COMPANY, INC.,  
THOMAS FLETCHER HOLDINGS, L.L.C. and  
FRANK J. LOCKWOOD,

Respondents  
\_\_\_\_\_ X

**PETITION**

Index No.

01-119073

TO THE SUPREME COURT OF THE STATE OF NEW YORK

Petitioners, Mei <sup>yi</sup>Xia and Lawrence X. Pan, by their attorneys, Novak & Juhase, respectfully

shows and alleges:

1. Respondent Thomas Fletcher & Company, Inc. was and still is a corporation duly organized under the laws of the State of Delaware with offices located in the City, County and State of New York.

2. Respondent Thomas Fletcher Holdings, L.L.C. was and still is a limited liability company organized under the laws of the State of New York with offices in the City, County and State of New York.

3. This petition is brought to request a permanent stay of the arbitration proceedings brought by the respondents against the petitioners before the National Association of Securities

Dealers, Inc. (NASD). A copy of the respondents' Statement of Claim, which was filed with the NASD, with the attached exhibits is attached hereto as Exhibit 1.

4. This is not a typical broker dispute that is ordinarily arbitrated before the NASD. Here, all of the respondents' allegations arise out of a series of contracts which the parties entered into which specifically excludes arbitration of the respondents' claims. These agreements provide that New York State Courts shall have sole jurisdiction over the parties' disputes.

5. Petitioner Mei Xia ("Xia") was the owner of a corporation licensed by the National Association of Securities Dealers ("NASD") called Asia Pacific Securities, Inc. ("APS"). Xia was also a registered person with the NASD.

6. Petitioner Lawrence X. Pan, was never an officer, member of the board of directors or owner of APS or of any of the respondents. He was merely a consultant who was issued IRS forms 1099s for his work. He listed himself as a "director" on his business card solely for public relation purposes. He was never listed on the Broker-Dealer Registration ("Form BD") for the company and is not registered with the NASD.

7. In about February, 2001, Xia was introduced to the respondents. They indicated to her that they wished to buy her company. Respondent Mr. Lockwood and Roman Thaker, a principal of Fletcher Holdings, informed Xia that in order to avoid the NASD exam and pre-membership interview required for new owners of registered companies, the deal would be structured to look like respondent Thomas Fletcher Holdings, LLC would only have a minority interest. Upon information and belief, Thomas Fletcher Holdings, LLC is not a member of the NASD.

8. The parties thereupon entered into a series of agreements all dated March 1, 2001. Xia was not represented by an attorney and all of these agreements were drafted by the attorneys for the respondents. The first is a Stock Acquisition Agreement, attached as Exhibit A to Respondents' Statement of Claim. This provided for Thomas Fletcher Holdings to acquire 20% of the voting shares of ASP (equal to 16.3% of the total shares) with an option to purchase the remaining 80% of the voting shares. The second agreement is an Option Agreement (hereinafter "Fletcher Option Agreement") giving Fletcher Holding an option to purchase the remaining 80% of the voting shares of APS. This is attached as Exhibit B to the Statement of Claim. Finally, there was an Option Agreement (hereinafter referred to as Xia Option Agreement) which allowed Xia to buy back 20% of the APS. A copy of this agreement is attached hereto as Exhibit 2.

9. The Stock Option Agreement provided that Xia would receive \$4,945.20 for her 20% of the voting shares. She would also be paid \$10,000 for giving them the option to purchase the remaining 80%. She was to be paid \$10,056.72 additional when the option was exercised. It also provided that all cash assets (excluding marketable securities) of the company which existed as of March 1, 2001 would be transferred to Xia. They were worth \$57,000.00. See, Exhibit 3.8 of the Stock Acquisition Agreement.

10. APS' name was to be changed to Thomas Fletcher & Co., Inc. ("Fletcher").

11. As part and parcel of these agreements, Xia was to be employed by Fletcher as an Executive Vice President Corporate Finance. Xia was to be paid \$78,000 a year payable \$6,500 a month for twelve consecutive months. A copy of the agreement is attached hereto as Exhibit 3.

The agreements were not signed although Xia received a lower salary from the company.

12. All of the agreements make clear that any disputes between the parties are not to be arbitrated but to be submitted to the courts. Para. 13.12 of the Stock Acquisition Agreement (similar provisions are in the 8(l) of the other agreements) states:

Applicable Law. The Agreement will be governed by, and construed and enforced in accordance with the laws of the State of New York without regard to the conflict of laws provisions thereof. The parties hereto hereby consent and submit to the venue and jurisdiction of the state and federal courts sitting in the State of New York, County of New York, as the sole and exclusive forum for such matters of dispute.. . . (emphasis added).

13. These series of agreements put various responsibilities on Xia until the final option was exercised. She had to maintain the company, keep it in compliance with regulatory bodies, keep the current employees, inform Fletcher Holding of any activities outside the normal course of business and basically make sure the company was kept in the same condition from March 1, 2001 until the final option was exercised. Since she was still the majority shareholder, presumably in control of the corporation, these requirements would not have been difficult to meet. However, once the contracts were signed. Mr. Lockwood, who was named President of the newly named Fletcher, and Roman Thaker, took over sole control of the company. Xia was not informed of everything that was going on. She had no control or say in the operations of the company. This bothered her considerably since under the agreements she had the responsibility of maintaining the company. In addition, she would be liable for any violations of securities law by Thomas Fletcher & Co. as a majority shareholder.

14. For example, Fletcher's compliance officer was Surakballi Mohandai. On or about March 30, 2001, Mr. Lockwood informed Xia that he was firing Ms. Mohandai effective immediately. However, he ordered that she not be removed from Fletcher's registration statement, as required by law, since the company needed an employee with a series 53 registration and no one in the company other than Ms. Mohandai had it. This was illegal and Xia objected to it but to no avail. She was just ignored in violation of the parties' contracts.

15. Even since Mr. Lockwood became President of Fletcher, he would make various sexually suggestive remarks to Xia which caused her embarrassment. Among other things, he said to her that his doctor told him that he needed sex and a girlfriend.

16. On or about April 17, 2001, Xia was told to accompany Mr. Lockwood on a business trip to Tampa, Florida and make all of the travel arrangements. Xia wanted to book two independent rooms but at Mr. Lockwood's insistence, she was forced to reserve a two bedroom suite. Lockwood promised her that she would be absolutely safe with this arrangement.

17. At about 10:00 p.m. on April 17, 2001, Mr. Lockwood and Xia arrived at their hotel room. He asked Xia to spend some time with him and engage in sexual activity. She rejected these advances telling him that she was married and had no intention of engaging in sexual activities with him. Lockwood then threatened her. If she did not give in, he said he would make sure that she did not get paid the \$57,000 in assets due to her under the Stock Acquisition Agreement. He also said that since she was still the majority shareholder of Fletcher, she would be criminally liable for any SEC or NASD violation. If she cooperated, he would protect me from this. Also, if she cooperated,

he would sign the employment agreement. She still refused his advances. He then forced himself on her and performed sexual acts on her.

18. Things got worse. Because of Lockwood's sexual assault, repeatedly attempts to intimidate her and to overpower her, she dare not go to work. Despite her telling him not to come, Mr. Lockwood appeared at her home on May 1, 2001 and threatened her with a lawsuit if she did not sign certain paychecks. She requested that he leave but he refused. The police had to be called and he left.

19. This was the last straw. Xia was afraid of Mr. Lockwood. He sexually assaulted her, he invaded her home and threatened a lawsuit against her. He was violating NASD rules. He had taken over the company despite the contracts between the parties and her responsibilities under them. Xia had no control over Mr. Lockwood, Roman Thaker, or the company and she had no knowledge of what was going on. In order to meet her responsibilities under the contracts and as a majority shareholder of a licensed brokerage firm, she decided that she had to act. She resigned her position with Thomas Fletcher. On May 3, 2001, she sent a letter to Mr. Lockwood, with a copy of Roman Thaker and Sergei Voronchenko, a principal of Thomas Fletcher Holding, demanding that the \$57,000 be paid to her or she would bring a legal action. A copy of the letter is attached as Exhibit D to the Statement of Claim. Not getting a satisfactory response, on May 7, 2001 she sent a second letter, attached to the Statement of Claim as Exhibit E, to Mr. Lockwood, Mr. Thaker, Mr. Voronchenko and Charles Snow, the attorney for Fletcher Holdings reiterating the various breaches of the stock purchase agreement and specifying the details of Mr. Lockwood's sexual assault on her



and justifying her bringing a sexual harassment suit against the respondents. On May 8, 2001, in a letter marked "Strictly Private and Confidential", she sent a letter to Ms. Natalia Salygina, CEO of 3W Corp. Inc., who is also a principal of Fletcher Holding. She sent the letter, like the others, to give the details of how the respondents breached their contracts with her, why she resigned from Fletcher and her complaint about sexual harassment against Lockwood. These letters were indirectly required under her contracts with the respondents since I could no longer exercise her responsibilities under the contracts.

20. On May 22 and 23, 2001, Xia had conversation with Mr. Arthur Carmel a NASD Examiner who was reviewing the application submitted by Fletcher for its revised membership agreement. He knew that Xia was a majority shareholder of Fletcher and wanted to know why she was not listed on the Form BD. Xia was totally surprised by this revelation since she was not informed by the respondents that she had been removed from the form BD and it was her understanding that as long as they did not exercise their option to purchase the remaining 80%, she could not be removed. She therefore felt that the respondents had violated the Stock Acquisition and the Fletcher Option Agreement by acting as if they already had exercised their option. She was also afraid that they would continue to act as if they owned the company leaving her holding the bag. Therefore, Xia reported to the NASD and filed the form Broker-Dealer Withdrawal (Form BDW). As a majority shareholder of Fletcher, she had the right to do this.

21. It is clear from the respondents Statement of Claim that all of the respondents allegations arose out of the Stock Acquisition Agreement and the Stock Option Agreements which

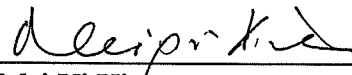
forbids arbitration. It was the intent of the parties to have all their claims determined by a court of law, not a securities run arbitration panel. The intent of the parties should not be frustrated. The petitioners wish for their day in court, not in arbitration.

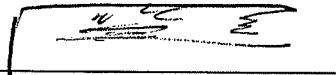
22. No prior request has been made for the relief requested herein.

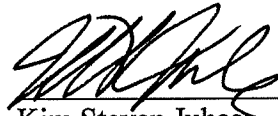
23. An order to show cause has been requested solely in order to obtain a stay in the arbitration proceedings. Complicated legal issues are involved in this motion and the petitioners request time to respond to the respondents response papers. Therefore, request is made that the respondents serve their response papers on the petitioners' attorneys at least seven days before the return date.

24. WHEREFORE, petitioners request that judgment be made staying the said arbitration between the petitioners and the respondents and all proceedings therein, on the grounds that a valid agreement to arbitrate was not made and that the respondents waived their rights to arbitrate, and for such other and further relief as this Court may deem proper.

Dated: New York, NY  
October 12, 2001

  
Mei Yi Xia

  
Lawrence X. Pan

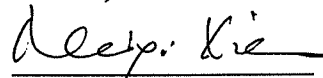


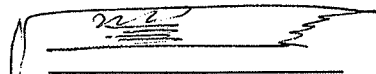
Kim Steven Juhase  
For: Novak & Juhase  
Attorneys for the Petitioners  
225 Broadway, suite 2100  
New York, NY 10007  
(212) 964-9770

STATE OF NEW YORK     )  
  ) ss.:  
COUNTY OF NEW YORK )

Mei Yi Xia and Lawrence X. Pan, being duly sworn deposes and states:

We are the Petitioners in the foregoing proceeding. We have read the foregoing Petition and know the contents thereof. The same is true to our own knowledge, except for those items which are stated to be based on information and belief, and to those matters, we believe them to be true.

  
\_\_\_\_\_  
Mei Yi Xia

  
\_\_\_\_\_  
Lawrence X. Pan

Sworn to before me this  
12<sup>th</sup> day of October, 2001

  
\_\_\_\_\_  
Notary Public

**KIM S. JUHASE**  
**Notary Public, State of New York**  
**No. 02JU4678229**  
**Qualified in New York County**  
**Commission Expires 08/31/20 02**

**SUPREME COURT OF THE STATE OF NEW YORK  
COUNTY OF NEW YORK**

-----X Index Number Purchased on

MEIYI (MARY) XIA

Plaintiff,

Index No.

**SUMMONS** 02101272

- against -

THOMAS FLETCHER & COMPANY, INC.,  
THOMAS FLETCHER HOLDINGS, L.L.C. and  
FRANK J. LOCKWOOD,

**FILED**

**JAN 17 2002**

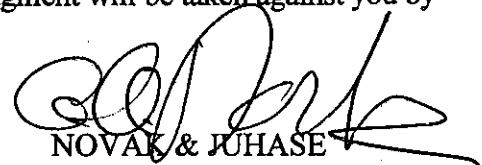
NEW YORK  
COUNTY CLERK'S OFFICE

The basis of the venue designated is: Defendants' Residence

-----X  
To the above named defendants:

YOU ARE HEREBY SUMMONED to answer the complaint in this action and to serve a copy of your answer on the plaintiff's attorney within 20 days after the service, (or within 30 days after the service is complete if this summons is not personally delivered to you within the State of New York); and in case of your failure to appear and answer; judgment will be taken against you by default for the relief demanded herein.

Dated: November 16, 2001



NOVAK & JUHASE  
225 Broadway, Suite 2100  
New York, NY 10007  
(212) 964-9770

Defendants' Address:

Thomas Fletcher & Company, Inc.  
39 Broadway  
New York, N.Y. 10006

G.A. Novak  
GAN 1229

Frank J. Lockwood  
100 Willowbrook Ave.  
Stamford, CT 06902

**SUPREME COURT OF NEW YORK  
COUNTY OF NEW YORK**

-----X

MEIYI (MARY) XIA,

Plaintiff

-against-

Index No. 01-

**VERIFIED COMPLAINT**

THOMAS FLETCHER & COMPANY, INC.,  
THOMAS FLETCHER HOLDINGS, L.L.C. and  
FRANK J. LOCKWOOD,

Defendants

02101272

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MEIYI (MARY) XIA by and through her attorneys Novak & Juhase, as and for her complaint against the defendants alleges as follows:

1. This is an action for sexual harassment at a place of employment in violation of the Human Rights Law of New York, Executive Law 290 *et. seq.* and the New York City Administrative Code 9-101 *et. seq.* and for breach of contract, false imprisonment, assault and battery.
2. Plaintiff, MEIYI (Mary) Xia is a female citizen of the United States, a resident of New Jersey and married. Prior to June 1999, plaintiff was the sole owner of a Broker Dealer licensed with the National Association of Securities Dealers, Inc., Asia Pacific Securities Inc. ("APS").
3. Defendant Thomas Fletcher & Company, Inc. was and still is a corporation duly organized under the laws of the State of Delaware with offices located in the City, County and State of New York ("Fletcher").
4. Defendant Thomas Fletcher Holdings, L.L.C. was and still is a limited liability company organized under the laws of the State of New York with offices in the City, County and State of New York ("Fletcher Holdings").

5. Defendant Frank Lockwood was at all times relevant the shareholder and president of Fletcher.
6. In February, 2001, Xia was introduced to the defendants. They indicated to her that they wished to buy her company. Mr. Lockwood and Roman Thaker, a principal of Fletcher *and* Fletcher Holdings, informed Xia that in order to avoid the NASD exam and pre-membership interview required for new owners of registered companies, the deal would be structured to look like Thomas Fletcher Holdings would only have a minority interest.
7. Xia was really concerned about the potential violations of NASD rules regarding the sales transaction and said she did want to do everything legitimately. Lockwood and Thaker responded that trust us, don't worry, it is all boiler play and we have former SEC attorney help us.
8. The parties thereupon entered into a series of agreements all dated March 1, 2001.
9. Xia was not represented by an attorney and all of these agreements were drafted by the attorneys for the defendants.
10. The Stock Acquisition Agreement provided for Thomas Fletcher Holdings to acquire 20% of the voting shares of APS (equal to 16.3% of the total shares) with an option to purchase the remaining 80% the voting shares.
11. The second agreement is an Option Agreement (hereinafter "Fletcher Option Agreement") giving Fletcher Holding an option to purchase the remaining 80% of the voting shares of APS.
12. Finally, there was an Option Agreement (hereinafter referred to as Xia Option Agreement) which allowed Xia to buy back 20% of the APS.
13. The Stock Acquisition Agreement provided that Xia would receive \$4,945.20 for her 20% of the voting shares. She would also be paid \$10,000 for giving them the option to purchase the remaining 80%. She was to be paid an additional \$10,056.72 when the option was exercised. It

also provided that all cash assets (excluding marketable securities) of the company which existed as of March 1, 2001 would be transferred to Xia. They were worth \$57,773.00.

14. APS' name was to be changed to Thomas Fletcher & Co., Inc.
15. As part and parcel of these agreements, Xia was to be employed by Fletcher as an Executive Vice President of Corporate Finance. Xia was to be paid \$5,000 for six months as a no show job.
16. This \$30,000 was really additional payment for the stock of APS but was to be paid over six months to insure that plaintiff would continue to be associated with Fletcher to assist in the avoidance of a new NASD licensing fee and exam.
17. This job was to be an inactive position to appear as if plaintiff was still associated with Fletcher.
18. After the Stock Purchase Agreement was signed, defendants refused to honor the \$30,000 no show job part of the agreement and now insisted that plaintiff work full time at \$65,000 a year.
19. Xia did begin working for Fletcher. She was receiving a lower salary from the company than she was promised and the no-show job turned into a full time job requiring her to stay at work sometimes until 9:00 p.m. to 11:00 p.m. and then commuting home to New Jersey on public transportation.
20. During Xia's more than a month employment at Fletcher, she saw two female secretaries had been fired without notifying her. Xia herself was asked to move her office three times, each time her request of staying at her original office was turned down and she had been totally overpowered.
21. These series of agreements put various responsibilities on Xia until the final option was exercised.
22. She had to maintain the operation of the company, keep it in compliance with regulatory bodies, keep the current employees, inform Fletcher Holding of any activities outside the normal course

of business and basically make sure the company was kept in the same condition from March 1, 2001 until the final option was exercised.

23. Since she was still the majority shareholder, presumably in control of the corporation, these requirements would not have been difficult to meet.
24. However, once the contracts were signed. Mr. Lockwood, who was named President of the newly named Fletcher, and Roman Thaker, took over sole control of the company.
25. Xia was not informed of everything that was going on. She had no control or say in the operations of the company.
26. This bothered her considerably since under the agreements she had the responsibility of maintaining the company.
27. In addition, she would be liable for any violations of securities law by Fletcher as a majority shareholder.
28. For example, Snow Becker Krauss P.C., defendants' lawyers took away all the corporate documents from Xia since March 1, on behalf of Fletcher, and then drafted and sent Xia the back dated Resolution of the Board of Directors and Stockholders of Asia Pacific Securities, and seven days later sent to Xia and requested her to sign.
29. Xia was never informed of any of their decisions memorialized in the resolutions (e.g., Xia was named as Chairman, Lockwood named himself as Director and President, Gloria Scheinman was named as E.V.P. as well as Chief Compliance, Operation Officer, and Compliance Officer, and Financial Operations Principal).
30. The business plan submitted to NASD was prepared by the defendants without notifying either Xia or Scheinman.



31. Without any notice, on or about March 30, 2001, Mr. Lockwood and Thaker informed Xia that they were firing Ms. Mohandai effective immediately and Xia was told that she needed to present at the meeting, though she was not to talk.
32. Xia was not aware of firing Mohandai until the last minute and she objected to it, but to no avail.
33. When Mr. Lockwood became President of Fletcher, he would make various sexually suggestive remarks to Xia which caused her embarrassment.
34. Initially in early March and April 2001, Lockwood and Thaker asked Xia to help him with clearing agreement with Firserv, find good brokers and other employees for Fletcher.
35. Xia helped them successfully with clearing agreement with Firserv, however her initial deposit funds of \$15,000 in Firserv has still not been repaid.
36. Xia was asked to stay with Fletcher and help recruit new employees and business contacts at business meetings.
37. These so-called corporate business and recruitment meetings always took place in the evenings and usually at bars or restaurants where liquor was served and consumed by defendant Lockwood and others.
38. Xia was not used to alcohol. She asked to release her duty of attending these meetings.
39. However, Lockwood said that "you are one of the boys now" and took the control and ordered drinks for her. He made her feel inadequate if she did not drink.
40. These recruitment meetings extended late into the night and when the prospective employees would leave the table, Mr. Lockwood would be alone with plaintiff and he began to speak about his sexual life and his health in general. This all made plaintiff Xia very uncomfortable.

41. Mr. Lockwood's repeatedly requested that Xia accompanied him on lunch and late night "recruitment meetings" where the potential brokers were always men. At these meetings which took place at bars the discussions often turned to sex and Xia was made to feel uncomfortable.
42. On some occasions, Mr. Lockwood requested that Xia dine with him although no one was being recruited that night. He told her he was lonely and needed female companionship. At those dinners, Mr. Lockwood's conversation turned to sex and his need for a girlfriend.
43. Defendant Lockwood knew that she was married and would not be his girlfriend.
44. She was still not being paid her outstanding balance of \$57,773 which was due on March 1, 2001 and \$65,000 yearly salary and was afraid to be too critical.
45. These evening meetings were always replete with talk about sex and created a hostile working atmosphere for plaintiff.
46. Among other things, he said to her that his doctor told him that he needed sex and a girlfriend.
47. Plaintiff understood these comments to mean that he wanted to have sex with her.
48. On a number of occasions, Mr. Lockwood told plaintiff that "if he were 20 years younger her husband would be in trouble."
49. On one evening in April 2001 after the plaintiff and Mr. Lockwood ended a late night meeting with David Cote from Young Minds, Inc., Mr. Lockwood walked her to Grand Central Station, put his arms around the Xia, and passionately kissed her several times and told he wanted to take her home with him for the night.
50. At no time did plaintiff consent to this improper kissing and she was quite embarrassed and felt much shame.
51. The next day when Mr. Lockwood came into the office he went into plaintiff's room and

apologized saying "I am sorry for what I had done to you last night. I just could not control myself and I promise that it would never happen again."

52. Xia took Mr. Lockwood at his word. She told him she did not appreciate the way he was treating her. She was hesitant to lash out at him when Fletcher still owed her over \$57,773 and was her employer and Lockwood was still the president.

53. Mr. Lockwood told plaintiff that if she worked with him and kept this matter a secret, he would make sure she was paid all the money owed to her under the Stock Purchase Agreement and that her salary would be raised to the \$78,000.

54. She was still hoping she would get her full pay of \$78,000 per year paid to her retroactively.

55. In the course of Xia's employment with Fletcher, Xia was assigned to accompany Lockwood and participated in a due diligence review of the business of Eyecare International, Inc., which has its principal officers in Tampa, Florida.

56. Per request of Lockwood, Xia made the travel and hotel arrangement for the April, 17, 2001 to Tampa, which was pre-approved by Lockwood for expenses as well as the location.

57. Lockwood insisted Xia reserve a two-bedroom suite with two (2) separate, private bedrooms, as well as two (2) bathroom.

58. Plaintiff Xia wanted to book two independent bedrooms instead of two-bedroom suite, Lockwood responded that he guarantee that Xia will be absolute safe with his arrangement.

59. Xia worked long hours to assist Fletcher to set up this business trip to Florida. Xia was exhausted when Lockwood and Xia arrived at the hotel around 10:00 p.m.

60. Xia intended to get something to eat, Lockwood did not let her go out from the hotel room. Lockwood asked Xia to spend some time with him and to engage in sexual activity.

61. Xia rejected those sexual advances, explaining to Lockwood that (a) Xia is married, (b) Xia had no intention to engage in any sexual activities with Lockwood, and that (c) Lockwood promised Xia before the trip that Xia will be completely safe from Lockwood.
62. Being rejected, Lockwood threatened Xia by saying "You are handcuffed with me anyway." He went on to say while he was standing in her bedroom that if Xia was not work with him, she will be stuck in a situation that nobody will help her to protect her from any legal liabilities; (b) Lockwood will not help Xia to get her money back, (c) Lockwood will not sign the employment contract with his knowing Xia's financial constraints.
63. Threatened by Lockwood, Xia insisted that she would try all she could to assist Fletcher, but not engage in sexual activities with Lockwood.
64. Then Lockwood explained to Xia that he was very pure and sincere and he will not hurt Xia. Lockwood reinstated that he made commitment to Xia and will protect her. Xia asked Lockwood to leave her alone.
65. Despite of Xia's resistance, Lockwood forced himself onto Xia and he tortured Xia, which feally hurt Xia. Xia screamed and said "No, Stop" and tried to escape but could not.
66. He said, "if you do not give in, I will make sure that you are not paid the \$57,773 in assets due to her under the Stock Acquisition Agreement." He also said that since she was still the majority shareholder of Fletcher, she would be criminally liable for any SEC or NASD violation.
67. He went on to say that if she consented to sex, he would protect her from this.
68. In addition, if she cooperated, he would sign the employment agreement. She still refused his advances. He then forced himself on her and performed sexual acts on her that night in her hotel

bedroom.

69. At no time did plaintiff consent to Mr. Lockwood's sexual advances.
70. Xia was really upset. She has not recovered from that humiliation and pain even until today.
71. Plaintiff wanted to call the police that morning. Defendant Lockwood said he would deny everything and he pointed that she was the one who booked the two-bedroom suite and that it was she who was trying to make out a false claim.
72. After plaintiff returned to the New York area on April 19, 2001, she decided to quit work despite the fact that she was owed money. She did not show up any more at the offices of Fletcher.
73. Because of Lockwood's sexual assault, repeated attempts to intimidate, manipulate her and to overpower her, she dared not go to work. Mr. Lockwood and Mr. Thaker wanted to speak to plaintiff and ordered her to come to work in New York City or they would come out to her house in New Jersey.
74. Despite her telling them many times not to come, Mr. Lockwood appeared at her home in New Jersey on May 1, 2001 and threatened her with a lawsuit if she did not sign certain paychecks.
75. She requested that he leave, but he refused. The police had to be called and force him to leave. Mr. Thaker and Mr. Voronchenko as the principals and employer of the company were present and did not prevent Lockwood from harassing Xia.
76. This was the last straw. Xia was afraid of Mr. Lockwood. He sexually assaulted her, he invaded her home and threatened a lawsuit against her. He was violating NASD rules. He had taken over the company despite the contracts between the parties and her responsibilities under them. Xia had no control over Mr. Lockwood, Roman Thaker, or the company and she had no

knowledge of what was going on.

77. In order to meet her responsibilities under the contracts and as a majority shareholder of a licensed brokerage firm, she decided that she had to act. She resigned her position with Thomas Fletcher. On May 3, 2001, she sent a letter to Mr. Lockwood, with a copy of Roman Thaker and Sergei Voronchenko, a principal of Thomas Fletcher Holding, demanding that the \$57,773 be paid to her or she would bring a legal action.
78. Defendants Fletcher and Fletcher Holdings, Inc. through its agents and employees failed to take steps to prevent Lockwood from engaging in the sexual misconduct alleged above.
79. Upon information and belief, Mr. Lockwood would not have engaged in the activities above alleged with plaintiff had she been a male.
80. By the aforementioned actions, the defendants have discriminated and sexually harassed plaintiff on account of her sex with respect to compensation, terms, condition and privileges of employment in violation of the New York City Administrative Code 8-101 *et. seq.*
81. As result of the defendants' discrimination against her, plaintiff has suffered damages, including deprivation of income and benefits, termination of employment, emotional pain and suffering, mental anguish, humiliation and damage to reputation and career.
82. By the aforementioned actions, the defendants have discriminated and sexually harassed plaintiff on account of her sex with respect to compensation, terms, condition and privileges of employment in violation of the New York Executive Law 290 *et. seq.*
83. As result of the defendants' discrimination against her, plaintiff has suffered damages, including deprivation of income and benefits, termination of employment, emotional pain and suffering, mental anguish, humiliation and damage to reputation and career.

84. The acts of physical violence and sexual abuse committed by Mr. Lockwood in Florida on or about April 17, 2001 were committed with the intent to cause, or with knowledge that they would cause, severe emotional and mental distress to plaintiff and her family.
85. Defendant Lockwood maliciously embarked on the course of conduct described above intending to cause plaintiff to suffer mental and emotional distress, tension and anxiety in order to force her to have sexual relations with him, and that he did have sexual relations with her.
86. That a result of Lockwood's conduct, plaintiff has been tense, nervous, irritable, has suffered great mental anguish and was forced to endure a great deal of mental and physical suffering and inconvenience.
87. Mr. Lockwood's conduct was gross and willful and has demonstrated a criminal indifference to civil and moral obligations.

#### **FIRST CAUSE OF ACTION**

88. By the aforementioned actions, the defendants have discriminated and sexually harassed plaintiff on account of her sex with respect to compensation, terms, condition and privileges of employment in violation of the New York City Administrative Code 8-101 *et. seq.*
89. As result of the defendants' discrimination against her, plaintiff has suffered damages, including deprivation of income and benefits, termination of employment, emotional pain and suffering, mental anguish, humiliation and damage to reputation and career.
90. As a result, the plaintiff has been damaged in the sum of \$10,000,000.

#### **SECOND CAUSE OF ACTION**

91. The plaintiff repeats and reiterates paragraphs 1-70 of the complaint.
92. By the aforementioned actions, the defendants have discriminated and sexually harassed plaintiff

on account of her sex with respect to compensation, terms, condition and privileges of employment in violation of the New York Executive Law 290 *et. seq.*

93. As result of the defendants' discrimination against her, plaintiff has suffered damages, including depravation of income and benefits, termination of employment, emotional pain and suffering, mental anguish, humiliation and damage to reputation and career.

94. As a result of the assault and battery, the plaintiff suffered great physical pain and emotional distress, damaging her in the amount of \$10,000,000.

### **THIRD CAUSE OF ACTION**

95. The plaintiff repeats and reiterates paragraphs 1-74 of the complaint.

96. Defendant Lockwood willfully, wrongfully and maliciously imprisoned and confined the plaintiff to her room.

97. Defendant's imprisonment of plaintiff was forcible, violent, malicious and against plaintiff's will.

98. Lockwood also detained the plaintiff in order to force her to have sexual relations with him.

99. As a result of the wrongful, unlawful and malicious detention, imprisonment and assault of plaintiff \*by defendant Lockwood, plaintiff was injured both physically and mentally, was humiliated, was made sick and suffered grievous harm.

100. All the defendants are liable for the actions of their president Lockwood. Defendants knew or should have known that defendant Lockwood would engage in these activities.

101. As a result, plaintiff has been damaged in the sum of \$10,000,000.

### **FOURTH CAUSE OF ACTION**

102. The plaintiff repeats and reiterates paragraphs 1-80 of the complaint.

103. That the defendants Fletcher and Fletcher Holdings failed to have in place any rules or policies



concerning sexual harassment.

104. That the defendants Fletcher and Fletcher Holdings controlled the defendant Lockwood and had they decided to prevent him from sexually harassing female employees they could have, but they took no corrective actions.
105. That as a result of this, the plaintiff has been damaged in the sum of \$10,000,000.

#### **FIFTH CAUSE OF ACTION**

106. The plaintiff repeats and reiterates paragraphs 1-105 of the complaint.
107. Plaintiff was not paid for the month of April, 2001, \$5,500.
108. Plaintiff is still owed the \$30,000 extra pay out for the sale of the stock and she is owed \$15,294 from APS's money at Firserve and Investec.
109. The defendants have refused to pay any part of what is due to the plaintiff.
110. The defendants' refusal to pay is willful.
111. That due to the defendants' breach of contract the plaintiff has been damaged in the sum of \$50,794 plus accrued interest.
112. In addition, pursuant to Labor Law §198 (1-a), the plaintiff is entitled to an additional 25% of the total wages due as liquidated damages plus reasonable attorneys' fees.

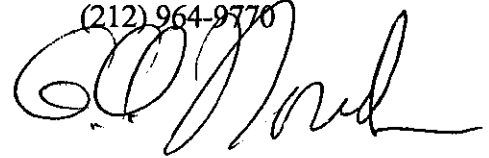
**WHEREFORE**, the plaintiff demands judgment on the first cause of action in the sum of \$10,000,000 compensatory damages and \$10,000,000 in punitive damages; on the second cause of action in the sum of \$10,000,000 compensatory damages and \$10,000,000 in punitive damages; on the third cause of action in the sum of \$10,000,000 compensatory damages and \$10,000,000 in punitive damages, on the fourth cause of action in the sum of \$10,000,000 compensatory damages and \$10,000,000 in punitive damages, on the fifth cause of action in the sum of \$51,794 all along with reasonable attorney's fee,

costs, interest and disbursements.

Dated: New York, New York  
January 15, 2002

Yours, etc.

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