



## REGULATORY INFORMATION BULLETIN

RB-06-16  
May 10, 2006

**TO: ALL OTP HOLDERS, OTP FIRMS, ALLIED PERSONS  
ALL ETP HOLDERS AND ETP SPONSORED PARTICIPANTS**

**FROM: ENFORCEMENT DEPARTMENT**

**SUBJECT: DISCIPLINARY SANCTIONS IMPOSED AND ARBITRATION AWARDS RENDERED**

This Regulatory Information Bulletin advises OTP Holders, OTP Firms and Allied Persons, ETP Holders and ETP Sponsored Participants of certain final disciplinary actions that resulted in the imposition of sanctions for violations of the federal securities laws and the Bylaws 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, 2006 Through March 31, 2006**

**OPTIONS:**

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

- OS0601052 An OTP Holder was fined \$500 for using abusive language on the trading floor. (NYSE Arca Rule 6.2)
- OS0505162 An OTP Firm was fined \$500 for engaging in prohibited conduct related to crossing orders and attempts to circumvent the PCX Plus crossing mechanism. (NYSE Arca Rule 6.76(c)(3))
- OS0504042 An OTP Holder was fined \$1,000 for violating the Limit Order Display Rules regarding dissemination of improved quotes. (NYSE Arca Rules 6.46(a), 6.46 Commentary .05 and RBO Bulletin 03-10)
- OS0602281 An OTP Holder was fined \$500 for using abusive language on the trading floor. (NYSE Arca Rule 6.2)
- OS0502141 An OTP Firm was fined \$500 for engaging in prohibited conduct related to crossing orders and attempts to circumvent the PCX Plus crossing mechanism. (NYSE Arca Rule 6.76(c)(3))
- OS0503222 An OTP Firm was fined \$500 for employees misrepresenting an order as being from a customer order account instead of a broker-dealer account. (NYSE Arca Rule 6.66(c))

***The Ethics and Business Conduct Committee resolved the following matters through the rendering of Decisions accepting Offers of Settlement and Consent:***

- OS0507133 Student Options was fined \$3,000 for reporting options transactions late and failed to have adequate written supervisory procedures in place to prevent trade reporting violations. (NYSE Arca Rules 6.69(a) and 11.19(c))
- OS0211051 Maria Adair was fined \$666.67 for not fulfilling market maker or lead market maker obligations because she opened options issues late. (NYSE Arca Rules 6.37, 6.46(b) and 6.82(c)(4))
- OS0211051 Goodstock Options, LLC was fined \$1,333.33 because its employee did not fulfill market maker or Lead Market Maker obligations because she opened options issues late. (NYSE Arca Rules 6.37, 6.46(b), 6.82(c)(4) and 10.1(a))

0S0401130 Bear, Stearns Securities Corp. was fined \$10,000 for exceeding the position and exercise limits in effect for a class of options. (NYSE Arca Rules 6.8 and 6.9)

**EQUITIES:**

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

- 06-01 An ETP firm was fined \$500 for failing to file a Compliance Acknowledgment Form in a timely manner. (NYSE Arca Equities Rule 6.3)
- 06-02 An ETP firm was fined \$500 for failing to file a Compliance Acknowledgment Form in a timely manner. (NYSE Arca Equities Rule 6.3)
- 06-03 An ETP firm was fined \$500 for failing to file a Compliance Acknowledgment Form in a timely manner. (NYSE Arca Equities Rule 6.3)
- 06-04 An ETP firm was fined \$500 for failing to file a Compliance Acknowledgment Form in a timely manner. (NYSE Arca Equities Rule 6.3)
- 06-05 An ETP firm was fined \$500 for failing to file a Compliance Acknowledgment Form in a timely manner. (NYSE Arca Equities Rule 6.3)
- 06-06 An ETP firm was fined \$500 for failing to file a Compliance Acknowledgment Form in a timely manner. (NYSE Arca Equities Rule 6.3)
- 06-07 An ETP firm was fined \$500 for failing to file a Compliance Acknowledgment Form in a timely manner. (NYSE Arca Equities Rule 6.3)
- 06-08 An ETP firm was fined \$500 for failing to file a Compliance Acknowledgment Form in a timely manner. (NYSE Arca Equities Rule 6.3)
- 06-09 An ETP firm was fined \$500 for failing to file a Compliance Acknowledgment Form in a timely manner. (NYSE Arca Equities Rule 6.3)
- 06-10 An ETP firm was fined \$500 for failing to file a Compliance Acknowledgment Form in a timely manner. (NYSE Arca Equities Rule 6.3)
- 06-11 An ETP firm was fined \$500 for failing to file a Compliance Acknowledgment Form in a timely manner. (NYSE Arca Equities Rule 6.3)
- 06-12 An ETP firm was fined \$500 for failing to file a Compliance Acknowledgment Form in a timely manner. (NYSE Arca Equities Rule 6.3)

**B. Arbitration Awards During the Period January 1, 2006 through March 31, 2006**

Pursuant to NYSE Arca 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 NYSE Arca, Inc. The following awards were made during the above-referenced period:

**Case Name:** Petersen v. Morgan Stanley DW, Inc.  
**Case No:** 04-S008  
**Date Received:** June 10, 2004  
**Summary of Issues:** Breach of fiduciary duty, Suitability  
**Amount of Dispute:** \$420,586  
**Amount Awarded:** \$0

**Decision Date:** January 13, 2006

**Case Name:** Claimant v. RBC Dain Rauscher Inc., et al.  
**Case No:** 05-S009  
**Date Received:** September 21, 2005  
**Summary of Issues:** Unauthorized trading  
**Amount of Dispute:** \$5,000  
**Amount Awarded:** \$617  
**Decision Date:** January 13, 2006

**Case Name:** DeKoven v. Salomon Smith Barney, et al. (Stipulated Award)  
**Case No:** 02-S057  
**Date Received:** November 21, 2002  
**Summary of Issues:** Misrepresentation, Lack of supervision, Suitability  
**Amount of Dispute:** \$800,000  
**Amount Awarded:** N/A<sup>1</sup>  
**Decision Date:** March 3, 2006

**Case Name:** Arenson v. Salomon Smith Barney, et al. (Stipulated Award)  
**Case No:** 01-L022  
**Date Received:** October 25, 2001  
**Summary of Issues:** Misrepresentation, Suitability, Unauthorized Trading, Lack of Supervision  
**Amount of Dispute:** \$203,756  
**Amount Awarded:** N/A<sup>1</sup>  
**Decision Date:** March 6, 2006

Questions regarding disciplinary sanctions may be directed to Chris Hill at (312) 442-7944. Questions regarding arbitration awards may be directed to Matt Mennes at (415) 393-4240.

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<sup>1</sup> This matter settled prior to the Panel making a final determination on the merits of the claim for monetary relief. Thus, the Panel did not make a monetary award and the parties' settlement terms were not disclosed.