

RBO-00-31
October 25, 2000

TO: ALL PACIFIC EXCHANGE MEMBERS AND MEMBER ORGANIZATIONS

FROM: ENFORCEMENT DEPARTMENT

SUBJECT: DISCIPLINARY SANCTIONS IMPOSED AND ARBITRATION AWARDS RENDERED

The purpose of this Regulatory Information Bulletin is to advise Members and Member Organizations of certain final disciplinary actions that resulted in the imposition of penalties for violations of specified provisions of the federal securities laws and/or the Constitution and Rules of the Exchange. This Bulletin also advises the Membership of the results of arbitration proceedings that were resolved at the Exchange.

A. Disciplinary Sanctions imposed during the Period July 1, 2000 through September 30, 2000

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

OPTIONS:

- OS0003281 A Member was fined Five Hundred Dollars (\$500.00) for using abusive or indecorous language. (PCX Rule 6.2(c)(2)(A)(iv))
- OS0005052 A Member was fined One Hundred Dollars (\$100.00) for failing to wear shirt with collar. (PCX Rule 6.2(c)(1)(B))
- OS0005262 A Member was fined Two Hundred Fifty Dollars (\$250.00) for using abusive or indecorous language. (PCX Rule 6.2(c)(2)(A)(iv))
- OS0005262 A Member was fined Five Hundred Dollars (\$500.00) for using abusive or indecorous language. (PCX Rules 6.2(c)(2)(A)(iv))
- OS0003221 A Member was fined Seven Hundred Fifty Dollars (\$750.00) for unprofessional conduct and use of abusive or indecorous language. (PCX Rule 6.2(c)(2)(A)(i), (ii), and (iv))
- OS0003221 A Member was fined Five Hundred Dollars (\$500.00) for unprofessional conduct and use of abusive or indecorous language. (PCX Rule 6.2(c)(2)(A)(i), (ii), and (iv))
- OS0004202 A Member was fined Two Hundred Fifty Dollars (\$250.00) for using abusive or indecorous language. (PCX Rule 6.2(c)(2)(A)(iv))
- OS0004201 A Member was fined One Hundred Dollars (\$100.00) for failing to wear shirt with collar. (PCX Rule 6.2(c)(1)(B))
- OS0006192 Member was fined One Hundred Dollars (\$100.00) for failing for failing to wear shirt with collar. (PCX Rule 6.2(c)(1)(B))
- OS0006275 A Member was fined Five Hundred Dollars (\$500.00) for engaging in unprofessional, disruptive, and physical contact on the trading floor. (PCX Rule 6.2(c)(2)(A)(iv))
- OS0006275 A Member was fined Five Hundred Dollars (\$500.00) for engaging in unprofessional, disruptive, and physical contact on the trading floor. (PCX Rule 6.2(c)(2)(A)(iv))
- OS0007147 A Member was fined Two Hundred Fifty Dollars (\$250.00) for using abusive or indecorous language. (PCX Rule 6.2(c)(2)(A)(iv))

OPTIONS:

- OS9904099 A Member was fined Two Hundred Fifty Dollars (\$250.00) for failing to use due diligence in executing an order. (PCX Rule 6.46(a) Com.05))
- OS0009081 A Member was fined One Hundred Dollars (\$100.00) for failing to log off Auto-Ex when leaving the trading crowd longer than 15 minutes. (PCX Rule 6.87))
- OS0008035 A Member was fined Five Hundred Dollars (\$500.00) for using abusive or indecorous language. (PCX Rule 6.2(c)(2)(A)(iv))
- OS0008281 A (Prep. Tech) was fined One Thousand Five Hundred Dollars (\$1,500.00) for engaging in physical contact conduct. (PCX Rule 6.2(c)(2)(A)(ii),(iii))
- OS0009152 (a) A Member was fined Two Hundred Fifty Dollars (\$250.00) for engaging in unprofessional conduct. (PCX Rule 6.2(c)(2)(A)(i))
- OS0009152 (b) A Member was fined Two Hundred Fifty Dollars (\$250.00) for engaging in unprofessional conduct. (PCX Rule 6.2(c)(2)(A)(i))
- OS0009156 A Member failed to log off Auto-Ex when leaving the trading crowd longer than 15 minutes. (PCX Rule 6.87))

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

EQUITIES:

- ES000228-2 A Member was fined One Hundred Dollars (\$100.00) for failing to wear appropriate dress attire. (Shorts on equity floor) (EFPA 1-A)
- ES000602-2 A Member was issued an Official Letter of Warning for executing orders ahead of limit order residing in CLOB. (PCX Rule 4.5(b))
- ES000420-1 A Member was fined One Hundred Dollars (\$100.00) for failing to properly transfer badge to another member in his absence. (EFPA 1-C)
- ES000224-2 A Member was fined One Hundred Dollars (\$100.00) for failing to properly transfer badge to another member in his absence. (EFPA 1-C)
- ES000211-1 A Member was One Hundred Dollars (\$100.00) for failing to properly transfer badge to another member in his absence. (EFPA 1-C)
- ES000411-1 A Member was fined Five Hundred Dollars (\$500.00) for executing a short sale. (PCX Rule 5.18(a))
- ES000314-3 A Member was issued an Official Letter of Warning for executing orders ahead of limit orders residing in CLOB. (PCX Rule 4.5(b))
- ES000524-3 A Member was issued an Official Letter of Warning for executing orders ahead of limit orders residing in CLOB. (PCX Rule 4.5(b))
- ES000817-2 A Member was issued an Official Letter of Warning for failing to display order. Order Display Rule (SEC) Rule 11 Ac1-4.
- ES000719-1 A Member was issued an Official Letter of Warning for executing orders ahead of limit orders residing in CLOB. (PCX Rule 4.5(b))

ES000411-3 A Member was issued an Official Letter of Warning for failing to display order. Order Display Rule (SEC) Rule 11 Ac1-4.

EQUITIES:

- ES000229-1 A Member was issued an Official Letter of Warning for executing orders ahead of limit orders residing in CLOB. (PCX Rule 4.5(b))
- ES000612-1 A Member was issued an Official Letter of Warning for executing orders ahead of limit orders residing in CLOB. (PCX Rule 4.5(b))
- ES000120-2 A Member was issued an Official Letter of Warning for executing orders ahead of limit orders residing in CLOB. (PCX Rule 4.5(b))
- ES000412-2 A Member was issued an Official Letter of Warning for failing to give priority to a pre-existing order. (PCX Rule 5.8(c))
- ES000720-2 A Member was issued an Official Letter of Warning for executing orders ahead of limit orders residing in CLOB. (PCX Rule 4.5(b))
- ES000531-2 A Member was issued an Official Letter of Warning for executing orders ahead of limit orders residing in CLOB. (PCX Rule 4.5(b))
- ES000713-1 A Member was issued an Official Letter of Warning for failing to display order. Order Display Rule (SEC) Rule 11 Ac1-4.

The Executive Committee of the Board of Governors resolved the following matter through a Hearing Panel Decision:

- DEL-98-03 EDWARD R. COX and COX SECURITIES, INC. was fined One Million Five Hundred Forty Thousand Eighty Dollars and fifty-three cents (\$1,540,080.53); barred from membership at the "PCX" and permanently barred from approval for allied membership or approval as an "associated" or "approved person" of a "PCX" member organization for operating inadequacies and unfair and inequitable trade practices, failed to maintain a valid error account, failed to create and maintain accurate records of Cox's trade, failed to create or created inadequate trade order tickets, misused the Exchange's "as of" and "withhold" comparison designations for undocumented or erroneous trades, and did not respond to and did not cooperate with the Exchange's investigation. (PCX Rule 4.21, PCX Rule 10.2, PCX Rule 9.17, (SEC) §§17a-3 and 17a-4; PCX Rule 5.13, PCX Constitution Art. X §3, and PCX Constitution Art. XI §2(b) and 2(e))

B. Arbitration Awards During the Period July 1, 2000 through September 30, 2000

Pursuant to PCX 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.

Case Name	Jean Albury v. Prudential Securities, Inc
Case Number	96-L054
Date Received	7/23/96
Summary of Issues	Breach of Fiduciary Duty, Fraud and Conspiracy to Defraud, Unsuitability
Amount In Dispute	\$131,687 (not including punitive damages), plus reimbursement of fees and expenses
Amount Awarded	\$41,100, plus \$6,000 in fees
Date Awarded	8/10/00

Case Name Goggin v. Group One Trading
Case Number 00-S008
Date Received 3/1/00
Summary of Issues Trading Error
Amount in Dispute \$4,125 + costs
Amount Awarded \$4,250
Date Awarded 8/18/00

Case Name Woods v Dean Witter
Case Number 00-S010
Date Received 4/16/00
Summary of Issues Trading Error
Amount in Dispute \$2,500
Amount Awarded \$2,500
Date Awarded 7/27/00

Case Name Edman v Discover Brokerage Direct and Craig Miller
Case Number 99-S025
Date Received 6/11/99
Summary of Issues Wrongful termination
Amount in Dispute \$69,618
Amount Awarded \$0
Date Awarded 8/1/00

Award summaries will be published, as controversies are resolved. Upon written request, copies of the awards will be available from the Department of Arbitration of the Pacific Exchange.

Questions regarding Disciplinary Sanctions may be directed to the Carol Ware, Secretary Enforcement, at (415) 393-7963. Questions regarding Arbitration Awards may be directed to Joan Clark, Arbitration Administrator, at (415) 393-4240.