

**BEFORE THE BUSINESS CONDUCT COMMITTEE**  
**OF THE**  
**CHICAGO BOARD OPTIONS EXCHANGE INCORPORATED**

	)	
In the Matter of:	)	
	)	
Joan Levine	)	
Ladenburg, Thalmann & Co., Inc.	)	
540 Madison Avenue	)	File No. 96-0045
New York, New York 10022	)	
	)	
Respondent	)	
	)	

**DECISION ACCEPTING OFFER OF SETTLEMENT**

This proceeding was instituted by the Business Conduct Committee (the "Committee") of the Chicago Board Options Exchange, Incorporated (the "Exchange") as a result of an investigation by the staff of the Exchange, which indicated that there was probable cause for finding a violation within the disciplinary jurisdiction of the Exchange. In accordance with that determination, the Committee directed the issuance of a Statement of Charges ("Statement of Charges"). Pursuant to Exchange Rule 17.8, the respondent ("Respondent"), Joan Levine ("Levine") submitted an offer of settlement ("Offer of Settlement").

In submitting the Offer of Settlement, the Respondent neither admitted nor denied the violations alleged in the Statement of Charges.

The Respondent has agreed that the determination of the Committee to accept the Offer of Settlement shall constitute a final Decision, and, as provided in Exchange Rule 17.8, the Respondent may not seek review thereof.

The Respondent understands and acknowledges that the Committee's decision in this matter will become part of her disciplinary record and may be considered in any future Exchange proceeding.

With due regard to the particulars of this matter, the Committee believes it is appropriate to accept the Respondent's Offer of Settlement based on the following stipulated facts and findings and thereby to impose the sanction specified below.

**FACTS**

1. During all relevant periods noted herein, the Respondent, Levine, was registered with the Exchange to transact business on the Exchange in accordance with Exchange Rules as an associated person of Ladenburg, Thalmann & Co., Inc. ("Ladenburg"), an Exchange member organization, at Ladenburg's 540 Madison Avenue, New York City branch office. During all relevant periods, Levine was associated with Ladenburg as its Branch Office Manager, and as the supervisor of Ladenburg's Operations Department.

2. During all relevant periods herein, Levine's responsibilities included, but were not limited to, establishing and implementing reasonable supervisory procedures to monitor Ladenburg's Operations Department and employee trading accounts.
3. During all relevant periods herein, a person associated with Ladenburg ("Associated Person") was registered with the Exchange to transact business on the Exchange in accordance with Exchange Rules as an associated person of Ladenburg working as a trader's assistant on Ladenburg's proprietary trading desk. During all relevant periods, Associated Person maintained a personal trading account at Ladenburg.
4. During all relevant periods herein, Exchange Rules 4.2 - Adherence to Law and 9.8 - Supervision of Accounts were in full force and effect.
5. During the period from in or about December 1991 through in or about May 1995, Levine failed to establish and implement reasonable supervisory procedures to monitor: 1) trades effected by Ladenburg employees in their personal accounts, including trades effected by Associated Person in his personal account; 2) trades effected by Associated Person in his personal cash account after 90-day restrictions<sup>1</sup> were imposed on the account by Ladenburg's clearing firm; and 3) same-day trade corrections entered over the wire order entry system at Ladenburg.
6. During the period from in or about May 1996 through in or about June 1996, Levine failed reasonably to supervise persons employed in Ladenburg's Operations Department, in that numerous option orders representing trades effected for Ladenburg's firm proprietary accounts were designated improperly as "customer" when such orders should have been designated as broker-dealer; consequently, such orders received improper execution via the Exchange's Retail Automated Execution System (RAES) and/or the Exchange's customer order book.

### **FINDINGS**

7. The acts, practices and conduct described in each of Paragraphs 5 and 6 above constitute violations by Levine of Exchange Rules 4.2 and 9.8, in that Levine failed to establish and implement reasonable supervisory procedures to monitor the personal accounts of Ladenburg employees, and failed to reasonably supervise persons employed in Ladenburg's Operations Department.

### **SANCTION**

The sanction to be imposed shall consist of:

- (1) an admonishment,

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<sup>1</sup> According to Regulation T of the FRB - Section 220.8, in the event a security is purchased in a cash account and is sold prior to the receipt of full cash payment for that purchase, a 90 day restriction on the account must be imposed on the date the security is sold. The 90 day restriction requires that for a period of 90 days from the effective date of the restriction, the account must have full cash payment on deposit prior to making any new purchases.

- (2) an undertaking that, prior to assuming any position that requires Sales Supervisor qualification, Levine shall requalify as a Sales Supervisor and successfully complete the Series 8 Manager/General Securities Sales Supervisor Examination, and
- (3) an undertaking to disclose this entire sanction on any current or future securities industry registration filing.

**ORDER**

ACCORDINGLY IT IS ORDERED THAT, the Respondent, Levine, shall be and hereby is admonished. The Respondent is also hereby ordered to:

- (1) prior to assuming any position that requires Sales Supervisor qualification, requalify as a sales Supervisor and successfully complete the Series 8 Manager/General Securities Sales Supervisor Examination; and
- (2) disclose this entire sanction on any current or future securities industry registration filing.

**SO ORDERED  
FOR THE COMMITTEE**

**Dated: May 12, 1997**

**By: /s/ Bruce I. Andrews  
Bruce I. Andrews  
Chairman  
Business Conduct Committee**