

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

)	
In the Matter of:)	
)	
Richard Lindar)	
1710 N. Orchard)	
Chicago, IL 60614)	File No. 96-0059
)	
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"), Richard Lindar ("Lindar"), 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 his 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 herein, the Respondent, Lindar, was a member of the Exchange.
2. During all relevant periods herein, Lindar was registered with the Exchange to transact business on the Exchange in accordance with Exchange Rules as a market maker and as a nominee of Rockrimmon Securities ("Rockrimmon"), currently known as Rockrimmon

Securities L.L.C. In addition, Lindar was the manager of Rockrimmon's Chicago operations.

3. During all relevant periods herein Rockrimmon was a member organization registered with the Exchange to transact business on the Exchange in accordance with Exchange rules as an organization associated with a market-maker, floor broker and lessee.
4. During all relevant periods herein, Spear, Leeds & Kellogg, Inc. ("Spear Leeds") was a member organization registered with the Exchange to transact business on the Exchange as a member organization associated with a market-maker and a floor broker, and as an Options Clearing Corporation ("OCC") Clearing Member.
5. During the approximate period from in or about October 1991 through in or about July 1993, Kelly Luthringshausen ("Luthringshausen") was an Exchange member registered to transact business on the Exchange in accordance with Exchange Rules as a market-maker and nominee for Rockrimmon.
6. In or about November 1992, certain Rockrimmon nominees established a market-maker joint account ("QJR") pursuant to Exchange Rule 8.9(c).
7. During the approximate period from in or about November 1992 through in or about July 1993, Rockrimmon market-maker nominee Luthringshausen was a member of QJR.
8. During the approximate period from in or about November 1992 through in or about July 1994, Rockrimmon market-maker nominee Richard Lindar was a member of QJR.
9. During all relevant periods herein, Exchange Rules 4.1 - Just and Equitable Principles of Trade, 4.2 - Adherence to Law, 4.6 - False Statements, and 8.9(c) - Securities Accounts and Orders of Market-Makers were in full force and effect.
10. During all relevant periods herein, pursuant to Exchange Rule 8.1, only transactions that were initiated by an Exchange market-maker on the floor of the Exchange qualified as market-maker transactions.
11. During the approximate period from on or about May 1, 1992 through on or about July 31, 1993, Lindar allowed numerous option positions that totaled at least 6,350 contracts which cleared into Lindar's Rockrimmon nominee account at OCC to be adjusted out of Lindar's market maker account by Spear Leeds and into Luthringshausen's Rockrimmon nominee account when those positions resulted from transactions on the Exchange trading floor on behalf of Lindar's Rockrimmon nominee account, and when Lindar knew that these positions were not effected through market-maker transactions initiated through Luthringshausen.
12. During the approximate period from in or about May 1992 through in or about July 1994, Lindar directly or indirectly allowed Rockrimmon associated persons¹ ("Associated Persons") not registered as Exchange market-makers to initiate and enter numerous option orders on behalf of Rockrimmon market-maker accounts, with Exchange floor

¹ Person associated with a broker or dealer as defined in the Securities Exchange Act of 1934, as amended, Section 3(a)(18).

broker members, the execution of which resulted in transactions representing an aggregate of at least 430,000 option contracts that cleared or were adjusted into QJR, without the knowledge or approval of any QJR members.

13. During the approximate period from in or about May 1992 through in or about July 1994, Lindar failed to supervise adequately Rockrimmon personnel by allowing Rockrimmon Associated Persons not registered as Exchange market-makers to initiate and enter numerous option orders on behalf of Rockrimmon market-maker accounts with Exchange floor broker members, that cleared or were adjusted into QJR, without the knowledge or approval of any QJR members or were adjusted into Luthringshausen's Rockrimmon nominee market-maker account, without Luthringshausen's knowledge or approval of those orders or that cleared or were adjusted into Lindar's nominee account, when Lindar knew or should have known that the transactions were not initiated as market-maker transactions by the particular Rockrimmon nominee to whom the transactions were credited.

FINDINGS

14. The acts, practices, and conduct described in Paragraph 11 above constitute violations of Exchange Rule 4.6 by Lindar, in that Lindar allowed the option positions described in Paragraph 11 to be adjusted out of his Rockrimmon nominee account when those positions resulted from transactions on the Exchange trading floor on behalf of Lindar's Rockrimmon nominee account and when Lindar knew or should have known that these positions were not effected through market-maker transactions initiated through Luthringshausen.
15. The acts, practices, and conduct described in Paragraph 12 above constitute violations of Exchange Rule 4.1 by Lindar in that Lindar directly or indirectly allowed Rockrimmon associated persons not registered as Exchange market-makers to initiate and enter numerous option orders on behalf of Rockrimmon market-maker accounts, with Exchange floor broker members, the execution of which resulted in transactions representing an aggregate of at least 430,000 option contracts that cleared or were adjusted into QJR, without the knowledge or approval of any QJR members.
16. The acts, practices, and conduct described in Paragraph 13 above constitute violations of Exchange Rule 4.2 by Lindar in that Lindar failed to supervise adequately Rockrimmon personnel by allowing Rockrimmon Associated Persons not registered as Exchange market-makers to initiate and enter, with Exchange floor broker members, numerous option orders on behalf of Rockrimmon market-maker accounts. The transactions which resulted from the execution of those orders cleared or were adjusted into QJR without the knowledge or approval of any QJR members or were adjusted into Luthringshausen's Rockrimmon nominee market-maker account, without Luthringshausen's knowledge or approval of those orders or that cleared or were adjusted into Lindar's nominee account when Lindar knew or should have known that the transactions were not initiated as market-maker transactions by the particular Rockrimmon nominee to whom the transactions were credited.

SANCTION

The sanction to be imposed shall consist of a fine in the amount of fifteen thousand dollars (\$15,000) and a censure.

ORDER

ACCORDINGLY IT IS ORDERED THAT, the Respondent, Richard Lindar, shall be and hereby is fined in the amount of fifteen thousand dollars (\$15,000) and censured.

SO ORDERED
FOR THE COMMITTEE

June 30, 1997
Date

/s/ Bruce I. Andrews
Bruce I. Andrews
Chairman
Business Conduct Committee