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

In the Matter of:	)	
	)	
Charles M. Frank	)	
c/o A.G. Edwards & Sons, Inc.	)	
One North Jefferson	)	File No. 97-0013
St. Louis, Missouri 63103	)	
	)	
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"), Charles M. Frank ("Frank"), 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, Frank, was registered with the Exchange to transact business on the Exchange in accordance with Exchange Rules as a Registered Representative of A.G. Edwards & Sons, Inc. ("Edwards"), an Exchange member organization, at its Frontenac, Missouri, branch office.

2. During all relevant periods herein, Frank was acting in his capacity as a Registered Representative

for Edwards and was engaged in the handling of public customer accounts, including, but not limited to, the public customer account of Customer No. 1 ("Customer No. 1") and the public customer joint account of Customer No. 2 ("Customer No. 2").

3. During all relevant periods herein, Exchange Rules 4.1-Just and Equitable Principles of Trade and 9.9-Suitability of Recommendations were in full force and effect.

4. In a letter dated January 16, 1989, Frank represented to Customer No. 1 that an annual rate of return of 20% to 25% could be achieved in Customer No. 1's account by investing in common stocks, U.S. Treasury Bonds, and utility stocks. Within the letter, Frank failed to reference any statistics or records to support such a representation and failed to balance the aforementioned representation with an explanation of the corresponding risks.

5. During the period from in or about March 1989 through in or about May 1989, Frank failed to adhere to Customer No. 1's written instructions not to exceed a $10,000 margin debit balance in her account.

6. During the period from in or about January 1989 through in or about January 1990, Frank failed to adhere to Customer No. 1's written instructions to maintain $24,000 in an Edwards' money market fund for one year.

7. During the period from in or about January 1989 through in or about September 1991, Frank effected numerous equity option transactions in Customer No. 1's account.

8. During the period from in or about January 1989 through in or about September 1991, Frank exposed Customer No. 1's account to a high level of margin debt.

9. During the period from in or about January 1993 through on or about August 23, 1993, Frank effected numerous option transactions in Customer No. 2's account.

10. During the period from in or about April 1993 through on or about August 23, 1993, Frank effected numerous option transactions in Customer No. 2's account despite Frank's knowledge that the proceeds from the sale of Customer No. 2's primary residence was used to fund the account.

FINDINGS

11. The acts, practices and conduct described in Paragraph 4 above constitute violations of Exchange Rule 4.1 by Frank, in that Frank represented to Customer No. 1 that an annual rate of return of 20% to 25% could be achieved in Customer No. 1's account without referencing any statistics or records to support such a representation, and Frank failed to balance the aforementioned representation with an explanation of the corresponding risks, which conduct was inconsistent with just and equitable principles of trade.

12. The acts, practices and conduct described in Paragraph 5 above constitute violations of Exchange Rule 4.1 by Frank, in that Frank violated Customer No. 1's written instructions not to exceed a $10,000 margin debit balance in her account, which conduct was inconsistent with just and equitable principles of trade.

13. The acts, practices and conduct described in Paragraph 6 above constitute violations of Exchange

Rule 4.1 by Frank, in that Frank violated Customer No. 1's written instructions to maintain $24,000 in an Edwards' money market fund for one year, which conduct was inconsistent with just and equitable principles of trade.

14. The acts, practices and conduct described in Paragraph 7 above constitute violations of Exchange Rules 4.1 and 9.9 by Frank, in that Frank effected numerous unsuitable option transactions in Customer No. 1's account, in view of Customer No. 1's financial situation and needs and investment experience.

15. The acts, practices and conduct described in Paragraph 8 above constitute violations of Exchange Rules 4.1 by Frank, in that Frank exposed Customer No. 1's account to an unsuitable level of margin in light of Customer No. 1's financial situation and needs and investment experience.

16. The acts, practices and conduct described in Paragraph 9 above constitute violations of Exchange Rule 4.1 by Frank, in that Frank effected numerous option transactions in Customer No. 2's account that were excessive in size and frequency, in view of Customer No. 2's financial situation and needs and character of their account.

17. The acts, practices and conduct described in Paragraph 10 above constitute violations of Exchange Rules 4.1 and 9.9 by Frank, in that Frank effected numerous unsuitable option transactions in Customer No. 2's account, in view of their financial situation and needs, and in light of Frank's knowledge that the proceeds from the sale of Customer No. 2's primary residence was used to fund the account.

SANCTION

The sanction to be imposed shall consist of a seven thousand five hundred dollar ($7,500) fine and a censure.

ORDER

ACCORDINGLY IT IS ORDERED THAT, the Respondent, Charles M. Frank, shall be and hereby is fined in the amount of seven thousand five hundred dollars ($7,500) and censured.

SO ORDERED
FOR THE COMMITTEE

Dated: October 6, 1997

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