

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

)	
In the Matter of:)	
)	
Joseph J. Hartman)	
440 S. LaSalle Street)	File No. 97-0025
Suite 3904)	
Chicago, IL 60605)	
)	
Subject)	
)	

DECISION ACCEPTING LETTER OF CONSENT

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. In order to resolve this matter, the Subject, Joseph J. Hartman, has submitted a Letter of Consent, dated July 15, 1997. Such Letter of Consent was submitted solely for the purposes of this proceeding without admitting or denying that a violation of Exchange Rules has been committed. With due regard to the stipulated facts and findings and the proposed sanction contained therein, the Committee believes it is appropriate to accept the Letter of Consent for File No. 97-0025 which is attached to and made a part of this Decision.

SO ORDERED
FOR THE COMMITTEE

Dated: August 11, 1997

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

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CHICAGO BOARD OPTIONS EXCHANGE, INCORPORATED

In the Matter of:)

Joseph J. Hartman)
440 S. LaSalle Street)
Suite 3904)
Chicago, IL 60605)

File No. 97-0025

Subject)
_____)

LETTER OF CONSENT

In order to resolve this proceeding pursuant to the Chicago Board Options Exchange, Incorporated (the "Exchange") Rule 17.3, Expedited Proceeding, I hereby submit this Letter of Consent in the captioned matter. Only for purposes of this proceeding and without admitting or denying that a violation of Exchange Rules has been committed, I consent to the Stipulation of Facts and Findings and Sanction set forth below.

Stipulation of Facts and Findings

1. During all relevant periods herein, the Subject, Joseph J. Hartman ("Hartman"), was a member of the Exchange.
2. During all relevant periods herein, Hartman was registered with the Exchange to transact business on the Exchange in accordance with Exchange Rules as a market-maker and a CBT exerciser.
3. During all relevant periods herein, Exchange Rules 4.2 - Adherence to Law and 8.1 - Marker-Maker Defined, and Regulation X of the Board of Governors of the Federal Reserve System ("FRB") - Borrowers of Securities Credit were in full force and effect.
4. On May 1, 1997, and May 5, 1997, the Exchange sent a letter to Hartman pursuant to the notice requirements of Exchange Rule 17.2(d). Attached to the letters were an Appendix that contained a sampling of cleared opening option transactions executed by floor brokers for Hartman's market-maker account and his market-maker joint account during the third and fourth quarters of 1994, the second and third quarters of 1995, and the fourth quarter of 1996.
5. During the third and fourth quarters of 1994, and the second and third quarters of 1995, Hartman initiated numerous opening option orders resulting in numerous transactions that increased or established positions in his market-maker account and his market-maker joint account while Hartman was not present on the

trading floor of the Exchange. As a result, Hartman improperly received specialist exempt credit for margin purposes for these opening transactions.

6. During the fourth quarter of 1996 and the first quarter of 1997, Hartman initiated numerous opening option orders resulting in numerous transactions that increased or established positions in his market-maker account and his market-maker joint account while Hartman was not present on the trading floor of the Exchange. As a result, Hartman improperly received specialist exempt credit for margin purposes for these opening transactions.
7. The acts, practices and conduct described in Paragraphs 5 and 6 above constitute violations of Exchange Rule 8.1 by Hartman, in that Hartman initiated numerous opening option orders resulting in numerous transactions that increased or established positions in his market-maker account and his market-maker joint account while Hartman was not present on the trading floor of the Exchange.
8. The acts, practices and conduct described in Paragraphs 5 and 6 above constitute violations of Exchange Rule 4.2 and FRB Regulation X by Hartman, in that Hartman improperly received specialist exempt credit for margin purposes for these opening option transactions.

Sanction: A twelve thousand five hundred dollar (\$12,500) fine and a censure.

I acknowledge that I have read the foregoing Letter of Consent, that no promise or inducement of any kind has been made to me by the Exchange or its staff, and that this Letter is voluntary on my part.

I understand and acknowledge that the Committee's decision in this matter will become part of my disciplinary record and may be considered in any future Exchange proceeding.

I also acknowledge that the Committee's decision to accept or reject this Letter of Consent is final, and that I may not seek review thereof in accordance with Exchange Rule 17.3.

July 15, 1997
Date

/s/ Joseph J. Hartman
Joseph J. Hartman