

In the Matter of:)
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 Tae Ung Yun)
 7105 46th Street) File No. 97-0054
 Chevy Chase, MD 20815)
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 Respondent)
)

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. The respondent ("Respondent"), Tae Ung Yun ("Yun"), has failed to Answer or Deny the allegations set forth in the Statement of Charges. Accordingly, the Respondent is deemed to have admitted the charges contained therein, and the Committee has determined to impose disciplinary action through summary proceedings under the provisions of Exchange Rule 17.7.

1. During all relevant periods herein, the Respondent, Yun, was a member of the Exchange.
2. During all relevant periods herein, the Respondent, Yun, was registered with the Exchange to transact business on the Exchange in accordance with Exchange Rules as a Registered Representative of Charles Schwab & Company, Incorporated ("Schwab"), an Exchange member organization, at Schwab's Towson, Maryland branch office and subsequently at its Baltimore, Maryland branch office.
3. During all relevant periods herein, Yun was acting in his capacity as a registered representative for Schwab, and was engaged in the handling of public customer accounts including, but not limited to, the account of Customer A ("Customer A").
4. During all relevant periods herein, Exchange Rules 4.1 - Just and Equitable Principles of Trade and 9.10(a) - Discretionary Accounts - *Authorization and Approval Required* were in full force and effect.
5. During all relevant periods herein, Schwab prohibited its registered representatives from exercising discretionary power on behalf of Schwab's public customer accounts.

6. During all relevant periods, Schwab prohibited its registered representatives from accessing Schwab's electronic Telebroker System¹ without Schwab's prior authorization.
7. During the period from in or about June 1996 through in or about July 1996, Yun effected numerous option transactions on a discretionary basis in Customer A's account, without prior written authorization from Customer A and written approval by Schwab.
8. During the period from in or about February 1996 through in or about August 1996, Yun effected numerous stock transactions on a discretionary basis in Customer A's account, without prior written authorization from Customer A and written approval by Schwab.
9. On or about April 3, 1996, Yun accessed Schwab's Telebroker System and created a new Personal Identification Number ("PIN") for Customer A's account without Customer A's knowledge or consent. Subsequently, Yun entered several transactions through Schwab's Telebroker System for Customer A's account on a discretionary basis without prior authorization from Customer A.
11. The acts, practices, and conduct described in Paragraph 7 of this Statement of Charges constitute violations of Exchange Rules 4.1 and 9.10(a) by Yun, in that Yun effected numerous option transactions on a discretionary basis in Customer A's account, without prior written authorization from Customer A, and in contravention of Schwab's internal policy prohibiting discretionary trading by its registered representatives for public customer accounts.
12. The acts, practices, and conduct described in Paragraph 8 of this Statement of Charges constitute violations of Exchange Rule 4.1 by Yun, in that Yun effected numerous stock transactions on a discretionary basis in Customer A's account, without prior written authorization from Customer A, and in contravention of Schwab's internal policy prohibiting discretionary trading by its registered representatives for public customer accounts.
13. The acts, practices, and conduct described in Paragraph 9 of this Statement of Charges constitute violations of Exchange Rule 4.1 by Yun, in that Yun accessed Schwab's Telebroker System in contravention of Schwab's internal policy as described in Paragraph 6 above, and created a new PIN for Customer A's account without Customer A's knowledge or consent. Subsequently, Yun entered several transactions through Schwab's Telebroker System for Customer A's account on a discretionary basis without prior authorization from Customer A.

SANCTION

¹ Schwab's Telebroker System is an electronic system in which a customer could place orders, obtain quotes, and check account information through a touch tone telephone. Customers who place orders through this system receive a ten percent discount on their trade commissions. A PIN, consisting of the last four digits of a customer's social security number, is assigned to each customer upon opening a Schwab account. A customer can change the PIN by calling the system and entering a new number.

In that the Respondent, Yun, has violated Exchange Rules 4.1 - Just and Equitable Principles of Trade and 9.10(a) - Discretionary Accounts - Authorization and Approval Required for the conduct described in Paragraphs seven through nine above, the sanction to be imposed shall consist of a censure and permanent bar from Exchange membership and from association with any Exchange member or member organization.

ORDER

ACCORDINGLY IT IS ORDERED, that the Respondent, Tae Ung Yun , shall be and hereby is censured and permanently barred from Exchange membership and from association with any Exchange member or member organization.

* * *

The Respondent shall have ten (10) days from the date of service of this notice to notify the Business Conduct Committee that he desires a hearing upon all or a portion of any charges not previously admitted or upon the penalty. Failure to so notify the Business Conduct Committee shall constitute admission of the violations and acceptance of the penalty as determined by the Business Conduct Committee and a waiver of all rights of review. If the Respondent requests a hearing, the matters which are the subject of the hearing shall be handled as if this summary determination had not been made.

**SO ORDERED
FOR THE COMMITTEE**

Dated: December 18, 1997

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