

**Disciplinary Panel  
American Stock Exchange LLC**

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IN THE MATTER  
OF  
TETON TRADING LLC

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: Case No. 04-181  
: Hearing Officer – DMF  
:  
: **DECISION**  
: July 22, 2005  
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**In accordance with a Stipulation of Facts and Consent to Penalty, the Disciplinary Panel Chair determined that Respondent violated Exchange Rule 16, Exchange Rule 30, Exchange Rule 31 and Securities Exchange Act Rule 15b3-1(b), as stipulated, and as a penalty imposed a censure and a fine of \$2,000.**

**I. Introduction**

The American Stock Exchange, LLC instituted a formal disciplinary proceeding against Teton Trading, LLC, a Regular Member Organization of the Exchange. The Disciplinary Panel Chair, presiding without convening a full Disciplinary Panel, pursuant to Article V, Section 1(b) of the Exchange Constitution, held a hearing on June 9, 2005, pursuant to Article V, Section 2 of the Exchange Constitution, to review a Stipulation of Facts and Consent to Penalty. The Exchange and Teton entered into that Stipulation for the purpose of settling this proceeding and concluding all disciplinary actions by the Exchange against Teton based upon or arising out of the facts set forth in the Stipulation.

**II. Stipulated Facts**

Teton, without admitting or denying liability, stipulated to the facts set forth in the Stipulation. The Disciplinary Panel Chair has determined to accept those facts for purposes of this Decision, and they are incorporated herein, as follows:

1.0 During all relevant periods herein, Teton was a Regular Member organization of the Exchange.

- 1.1 During all relevant periods herein, Jerome Spina was the Managing Member of Teton.
- 2.0 During all relevant periods herein, Exchange Rule 16 provided that every member organization shall at all times adhere to the principles of good business practice in the conduct of its business affairs.
- 2.1 During all relevant periods herein, Exchange Rule 30 provided that every member organization shall file with the Exchange such periodic or special reports as the Board of Governors may, by rule or otherwise, from time to time authorize. All such reports shall be filed at such time or times and in such form as the Exchange may prescribe.
- 2.2 During all relevant periods herein, Exchange Rule 31 provided that a member organization shall comply with any request by an authorized representative of the Exchange to produce his or its books, papers or records, or to appear and testify as to any matter pertaining to his or its business, within the time specified by the representative of the Exchange making the request.
- 2.3 During all relevant periods herein, Securities Exchange Act (“SEA”) Rule 15b3-1(b) provided that if the information contained in any application for registration as a broker or dealer, or in any amendment thereto, becomes inaccurate for any reason, the broker or dealer shall promptly file an amendment on Form BD correcting such information.
- 3.0 On April 17, 2003, the Financial Regulation Department (“FRD”) of the Exchange sent a deficiency letter by regular mail to Teton at its Central Registration Depository (“CRD”) address in New York, informing the Firm that it had violated the Securities Investor Protection Act of 1970 (“SIPC”) by failing to pay its SIPC assessment, and Exchange Rule 30 by failing to file Insider Trading and Securities Fraud Enforcement Act of 1988 (“ITSFEA”) Forms for the year 2002. In the deficiency letter, FRD requested a response

to its findings by May 2, 2003.

- 3.1 The deficiency letter sent by FRD was never returned to the Exchange by the U.S. Postal Service, and despite the stated deadline, no written or verbal response was received from Teton.
- 3.2 On October 8, 2003, after FRD's administrative assistant had confirmed the accuracy of the Firm's CRD address, FRD sent a second letter to the Firm at that address by regular mail, again referring to the findings articulated in above paragraph 3.0 and requesting a response to the findings by October 22, 2003. This second letter also informed the Firm that a failure to file reports on a timely basis may subject the Firm to disciplinary action.
- 3.3 The second letter sent by FRD was never returned to the Exchange by the U.S. Postal Service, and despite the stated deadline and additional warning of potential disciplinary action, no written or verbal response was received from Teton.
- 3.4 On March 2, 2004, FRD sent a third letter to the Firm at its CRD address by regular mail, informing Teton that it had failed to file its ITSFEA Forms for the year 2003 on a timely basis, and directing the immediate filing of the reports.
- 3.5 The third letter sent by FRD was never returned to the Exchange by the U.S. Postal Service, and no written or verbal response was received from Teton.
- 4.0 On June 18, 2004, after FRD referred the matter to the Enforcement Department of the Exchange for further investigation, Enforcement staff sent an Advisement Letter to Spina, the Managing Member of Teton, by both regular mail and certified mail/return receipt requested to the same CRD address to which all FRD

correspondence referred to in above paragraphs 3.0, 3.2 and 3.4 had been sent.

This letter advised Spina that the FRD matter had been referred to the Enforcement Department for further investigation and possible disciplinary action, and informed him of the Firm's right to counsel.

- 4.1 The copy of the Enforcement Advisement Letter that had been sent by certified mail was returned to the Exchange on July 7, 2004 because it had never been claimed by Spina. However, the copy that had been sent by regular mail was never returned to the Exchange by the U.S. Postal Service.
- 4.2 On July 13, 2004, Enforcement staff spoke with Spina by telephone, using a telephone number that had been provided to Enforcement by Spina in a telephone message left in the Enforcement Department on July 6, 2004. Spina claimed he had telephoned Enforcement staff after opening Enforcement's Advisement Letter, which he had received at his Firm's CRD address. Spina also indicated that his Firm's business address was no longer in New York; as of 2002, because he was spending the majority of his time at his residence in Rhode Island, the Firm's business address was changed to a Post Office Box in Narragansett, Rhode Island.
- 4.3 In a subsequent telephone conversation with Enforcement staff on July 15, 2004, Spina admitted that he failed to change Teton's business address in the CRD system to reflect the Firm's new Rhode Island address, and claimed that his failures to file the Firm's ITSFEA Forms and pay the SIPC assessment were "administrative oversights".

4.4 On July 26, 2004, FRD received Teton's delinquent ITSFEA Forms. On that same date, SIPC received Teton's SIPC assessment, and Enforcement staff received the Firm's response to FRD's deficiency letter. Additionally, on or about August 5, 2004, Spina amended the Firm's business address in CRD to reflect the change in Teton's business address from New York to Rhode Island.

### **III. Violations**

Based upon the stipulated facts, the Disciplinary Panel Chair concludes that Teton:

- (1) violated Exchange Rule 16 by failing to pay its SIPC assessment in a timely manner;
- (2) violated Exchange Rule 30 by failing to file ITSFEA Forms in a timely manner;
- (3) violated Exchange Rule 31 by failing to respond to FRD's deficiency letters to Teton in a timely manner; and
- (4) violated SEA Rule 15b3-1(b) by failing to promptly amend its Form BD in the CRD system to reflect a change in Teton's business address.

### **IV. Penalties and Publicity**

The Stipulation proposes that the Disciplinary Panel Chair impose a censure and a fine of \$2,000 on Teton. After considering the Stipulation and the statements of the parties, as well as the decisions cited in the Exchange's precedent memorandum, the Chair finds that the proposed penalty is appropriate under the facts and circumstances of this case, and therefore it will be imposed. The Chair further finds that the results of this disciplinary proceeding should be publicly disclosed, as provided in Rule 12 of the Exchange Rules on Disciplinary Proceedings.<sup>1</sup>

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<sup>1</sup> Rule 12 exempts from publicity those cases in which the Panel finds that the offense "related solely to minor administrative requirements of the Exchange and does not materially affect the public interest or the interest of investors." Those exemptions do not apply to the facts of this case.

**V. Conclusion**

The Disciplinary Panel Chair accepts the Stipulation of Facts and Consent to Penalty and hereby imposes upon Teton Trading, LLC a censure and a fine of \$2,000.

**FOR THE DISCIPLINARY PANEL**

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Andrew H. Perkins<sup>2</sup>  
Acting Deputy Chief Hearing Officer

Copies to: Jerome Spina, Jr. (*via facsimile and first class mail*)  
Teton Trading, LLC (*via overnight and first class mail*)  
Eric S. Brown, Esq. (*electronically and via first class mail*)  
Arlene Collins-Day (*electronically and via first class mail*)

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<sup>2</sup> The Acting Deputy Chief Hearing Officer signs this Decision in Deputy Chief Hearing Officer FitzGerald's absence.

Disciplinary Panel  
American Stock Exchange LLC

.....	X	
	X	STIPULATION OF FACTS
IN THE MATTER	X	AND
OF	X	CONSENT TO PENALTY
TETON TRADING, LLC	X	Case Number 04-181
	X	April 18, 2005
.....	X	

This proceeding was instituted by the American Stock Exchange LLC (the “Exchange”) against TETON TRADING, LLC (“Teton”, or the “Firm”) (CRD # 33627), a Regular Member organization of the Exchange. This Stipulation of Facts and Consent to Penalty is entered into with Teton pursuant to Article V, Section 2 of the Exchange Constitution in order to settle and conclude all disciplinary actions by the Exchange against Teton based upon or arising out of the facts hereinafter stipulated. Teton, without admitting or denying the facts, allegations and conclusions contained in this Stipulation of Facts and Consent to Penalty, hereby consents to the findings of violations of the Exchange Constitution and Rules and to the imposition of the penalties hereinafter provided. Teton understands that this settlement is subject to approval by an Exchange Disciplinary Panel and by the Amex Adjudicatory Council and that, if so approved, shall constitute a final decision which may not be appealed by the parties. Teton understands and acknowledges that the Disciplinary Panel’s decision in this matter will become part of the Firm’s disciplinary record and may be considered in any future proceeding brought by the Exchange.

**STIPULATED FACTS:**

- 1.0 During all relevant periods herein, Teton was a Regular Member organization of the Exchange.
- 1.1 During all relevant periods herein, Jerome Spina (“Spina”) was the Managing Member of Teton.
- 2.0 During all relevant periods herein, Exchange Rule 16 provided that every member organization shall at all times adhere to the principles of good business practice in the conduct of its business affairs.
- 2.1 During all relevant periods herein, Exchange Rule 30 provided that every member organization shall file with the Exchange such periodic or special reports as the Board of Governors may, by rule or otherwise, from time to time authorize. All such reports shall be filed at such time or times and in such form as the Exchange may prescribe.
- 2.2 During all relevant periods herein, Exchange Rule 31 provided that a member organization shall comply with any request by an authorized representative of the Exchange to produce his or its books, papers or records, or to appear and testify as to any matter pertaining to his or its business, within the time specified by the representative of the Exchange making the request.
- 2.3 During all relevant periods herein, Securities Exchange Act (“SEA”) Rule 15b3-1(b) provided that if the information contained in any application for registration as a broker or dealer, or in any amendment thereto, becomes inaccurate for any

- reason, the broker or dealer shall promptly file an amendment on Form BD correcting such information.
- 3.0 On April 17, 2003, the Financial Regulation Department (“FRD”) of the Exchange sent a deficiency letter by regular mail to Teton at its Central Registration Depository (“CRD”) address in New York, informing the Firm that it had violated the Securities Investor Protection Act of 1970 (“SIPC”) by failing to pay its SIPC assessment, and Exchange Rule 30 by failing to file Insider Trading and Securities Fraud Enforcement Act of 1988 (“ITSFEA”) Forms for the year 2002. In the deficiency letter, FRD requested a response to its findings by May 2, 2003.
- 3.1 The deficiency letter sent by FRD was never returned to the Exchange by the U.S. Postal Service, and despite the stated deadline, no written or verbal response was received from Teton.
- 3.2 On October 8, 2003, after FRD’s administrative assistant had confirmed the accuracy of the Firm’s CRD address, FRD sent a second letter to the Firm at that address by regular mail, again referring to the findings articulated in above paragraph 3.0 and requesting a response to the findings by October 22, 2003. This second letter also informed the Firm that a failure to file reports on a timely basis may subject the Firm to disciplinary action.
- 3.3 The second letter sent by FRD was never returned to the Exchange by the U.S. Postal Service, and despite the stated deadline and additional warning

- of potential disciplinary action, no written or verbal response was received from Teton.
- 3.4 On March 2, 2004, FRD sent a third letter to the Firm at its CRD address by regular mail, informing Teton that it had failed to file its ITSFEA Forms for the year 2003 on a timely basis, and directing the immediate filing of the reports.
- 3.5 The third letter sent by FRD was never returned to the Exchange by the U.S. Postal Service, and no written or verbal response was received from Teton.
- 4.0 On June 18, 2004, after FRD referred the matter to the Enforcement Department of the Exchange for further investigation, Enforcement staff sent an Advisement Letter to Spina, the Managing Member of Teton, by both regular mail and certified mail/return receipt requested to the same CRD address to which all FRD correspondence referred to in above paragraphs 3.0, 3.2 and 3.4 had been sent. This letter advised Spina that the FRD matter had been referred to the Enforcement Department for further investigation and possible disciplinary action, and informed him of the Firm's right to counsel.
- 4.1 The copy of the Enforcement Advisement Letter that had been sent by certified mail was returned to the Exchange on July 7, 2004 because it had never been claimed by Spina. However, the copy that had been sent by regular mail was never returned to the Exchange by the U.S. Postal Service.

- 4.2 On July 13, 2004, Enforcement staff spoke with Spina by telephone, using a telephone number that had been provided to Enforcement by Spina in a telephone message left in the Enforcement Department on July 6, 2004. Spina claimed he had telephoned Enforcement staff after opening Enforcement's Advisement Letter, which he had received at his Firm's CRD address. Spina also indicated that his Firm's business address was no longer in New York; as of 2002, because he was spending the majority of his time at his residence in Rhode Island, the Firm's business address was changed to a Post Office Box in Narragansett, Rhode Island.
- 4.3 In a subsequent telephone conversation with Enforcement staff on July 15, 2004, Spina admitted that he failed to change Teton's business address in the CRD system to reflect the Firm's new Rhode Island address, and claimed that his failures to file the Firm's ITSFEA Forms and pay the SIPC assessment were "administrative oversights".
- 4.4 On July 26, 2004, FRD received Teton's delinquent ITSFEA Forms. On that same date, SIPC received Teton's SIPC assessment, and Enforcement staff received the Firm's response to FRD's deficiency letter. Additionally, on or about August 5, 2004, Spina amended the Firm's business address in CRD to reflect the change in Teton's business address from New York to Rhode Island.

**CONCLUSION:**

By reason of the foregoing Stipulated Facts, a Disciplinary Panel may conclude that:

- 5.0 Teton violated Exchange Rule 16 by failing to pay its SIPC assessment in a timely manner, as stated in above paragraphs 3.0, 4.3 and 4.4.
- 5.1 Teton violated Exchange Rule 30 by failing to file ITSFEA Forms in 2002 and 2003 in a timely manner, as stated in above paragraphs 3.0, 4.3 and 4.4.
- 5.2 Teton violated Exchange Rule 31 by failing to respond to FRD's deficiency letters to the Firm in a timely manner, as stated in above paragraphs 3.0 through 3.6 and 4.4.
- 5.3 Teton violated SEA Rule 15b3-1(b) by failing to promptly amend its Form BD in the CRD system to reflect a change in the Firm's business address, as stated in above paragraphs 4.2 through 4.4.

**DISCIPLINARY ACTION:**

A Disciplinary Panel may impose the following penalty on Teton:

- (a) a censure; and
- (b) a \$2,000 fine.

On behalf of: AMERICAN STOCK EXCHANGE LLC

By: \_\_\_\_\_

David Rosenstein  
Vice President and Chief Counsel  
NASD Amex Regulation Division

Agreed to this \_\_\_\_\_ day of April, 2005.

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Teton Trading, LLC