

entered into the Stipulation for the purposes of settling this proceeding and concluding all disciplinary actions by the Exchange against Cohen based upon or arising out of the facts set forth in the Stipulation.

II. Facts

Cohen, without admitting or denying liability, stipulated to the facts set forth in the attached Stipulation. The Chair has determined to accept the facts for purposes of this Decision, and they are incorporated herein.

III. Violations

Based upon the stipulated facts, the Chair concludes that Cohen and/or individual Cohen specialists:

(1) violated SEC Rule 11Ac1-4 (currently known as Rule 604 of Regulation NMS) and Article V, Section 4(h) of the Exchange Constitution on numerous occasions between November 2004 and March 2006 by failing to handle customer limit orders in accordance with SEC Rule 11Ac1-4;

(2) violated Exchange Rule 156(a) and Article V, Section 4(h) of the Exchange Constitution on 25 occasions between September 2005 and February 2006 by failing to use due diligence in the timely execution of market orders;

(3) violated SEC Rule 11Ac1-1, Exchange Rule 231(e) and Article V, Section 4(h) of the Exchange Constitution on multiple occasions between July 2004 and August 2005 by failing to execute orders upon presentment and/or executing orders at prices inferior to the published quoted market;

(4) violated Exchange Rule 1 and Article V, Section 4(h) of the Exchange Constitution on eight occasions between January 2003 and November 2004 by failing to timely open equities in accordance with Exchange Rule 1;

(5) violated Exchange Rule 154, Commentary .08 and Article V, Section 4(h) of the Exchange Constitution on 19 occasions between January and September 2004 by failing to receive Floor Official approval prior to transactions subject to Exchange Rule 154, Commentary .08;

(6) violated Exchange Rule 236(d) and Article V, Section 4(h) of the Exchange Constitution on multiple occasions between August 2005 and April 2006 by creating a Locked Market and failing to unlock that market or trade against the bid or offer locked on another ITS participating market center;

(7) violated Exchange Rule 236(b) and Article V, Section 4(h) of the Exchange Constitution on 25 occasions between November 2005 and January 2006 by failing to avoid trading through the posted bid or offer of a Participant Exchange;

(8) violated Exchange Rules 170, Commentary .01 and .02, and Article V, Section 4(h) of the Exchange Constitution on sixteen occasions between August and October 2005 by failing to obtain the necessary Floor approval as set forth in Exchange Rule 170, Commentary .01 and .02; and

(9) violated Exchange Rule 320 between January 2004 and April 2006 by failing to have a supervisory system which included written supervisory procedures providing for: (i) identification of the person(s) responsible for supervision with respect to the applicable rules; (ii) a statement of the supervisory step(s) to be taken by the identified person(s); (iii) a statement as to how often such person(s) should take such step(s); and (iv) a statement as to how the completion of the step(s) included in the written supervisory procedures should be documented.

IV. Penalties and Publicity

The Stipulation proposes that the Chair impose on Cohen a censure, a \$90,000 fine, and an undertaking to revise the Firm's written supervisory procedures following the guidelines written in the Disciplinary Action section of the Stipulation.

After considering the stipulated facts 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.¹

V. Conclusion

The Chair accepts the Stipulation of Facts and Consent to Penalty and hereby imposes upon Cohen Specialists, LLC a censure, a fine of \$90,000 and an undertaking for Cohen to revise the Firm's written supervisory procedures.

FOR THE DISCIPLINARY PANEL



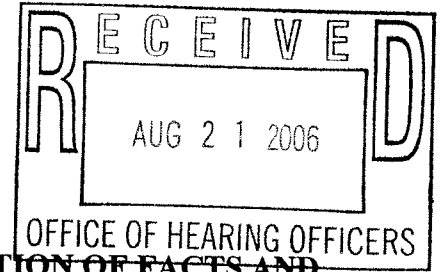
Rochelle S. Hall, Chair

Copies to: Cohen Specialists, LLC (*via overnight and first class mail*)
Thomas J. McCabe, Esq. (*via facsimile and first class mail*)
Charles Falgie, Esq. (*electronically and via first class mail*)
Arlene Collins-Day (*electronically and via first class mail*)

¹ 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." That exemption does not apply to the facts of this case.

EXHIBIT A

**Disciplinary Panel
American Stock Exchange LLC**



IN THE MATTER
OF
COHEN SPECIALISTS, LLC

**STIPULATION OF FACTS AND
CONSENT TO PENALTY**

Case Nos. 04-252 a, b and c, 04-267, 05-125,
05-293, 05-400, 05-475, 06-21, 06-38, 06-72,
06-132, 06-140, 06-141, 06-169, 06-183, 06-
241, 06-266, 06-267, 06-274, 06-275, 06-276,
06-277, 06-308 and 06-310.

This proceeding was instituted by the American Stock Exchange LLC (the "Exchange") against Cohen Specialists, LLC ("Cohen" or the "Firm") (CRD No. 43418), a Regular Member Organization of the Exchange. This Stipulation of Facts and Consent to Penalty ("Stipulation") is entered into with Cohen pursuant to Article V, Section 2 of the Exchange Constitution in order to settle and conclude all disciplinary actions by the Exchange against Cohen based upon or arising out of the facts hereinafter stipulated. Cohen, without admitting or denying the facts, allegations and conclusions contained in this Stipulation of Facts and Consent to Penalty, hereby consents to the entry of findings of violations of the Exchange Constitution and Rules, and the Federal securities laws, and the imposition of the penalties hereinafter provided. Cohen understands that this settlement is subject to approval by an Exchange Disciplinary Panel and can be the subject of review by the Amex Adjudicatory Council ("AAC") and that, if so approved, shall constitute a final decision, which may not be appealed by the parties. Cohen 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, Cohen was a Regular Member Organization and a registered equities specialist organization of the Exchange.

1.1 During all relevant periods herein, Cohen served as a specialist for various equities that traded on the Floor of the Exchange.

2.0 Equity Limit Order Display Violations

2.1 During all relevant periods herein, subject to certain exceptions, SEC Rule 11Ac1-4 (currently known as Rule 604 of Regulation NMS) required an Exchange specialist to immediately display customer limit orders in its public quotation, when each such order is at a price that would improve the specialist's bid or offer in each such security; or when the order is priced equal to the specialist's bid or offer and the national best bid or offer for each such security, and the size of the order represents more than a de minimis change in relation to the size associated with the specialist's bid or offer in each such security.

2.2 On 50 occasions during the period of November 1, 2004 through March 31, 2005, Cohen failed to handle customer limit orders in accordance with SEC Rule 11Ac1-4 (Amex Case Nos. 05-400 and 05-475).

2.3 On 50 occasions during the period of October 1, 2005 through March 31, 2006, Cohen failed to handle customer limit orders in accordance with SEC Rule 11Ac1-4 (Amex Case Nos. 06-183 and 06-277).

- 2.4 On 25 occasions during the period of April 1, 2005 through June 30, 2005, Cohen Specialist B failed to handle customer limit orders in accordance with SEC Rule 11Ac1-4 (Amex Case No. 06-21).
- 2.5 On 25 occasions during the period of April 1, 2005 through June 30, 2005, Cohen Specialist A failed to handle customer limit orders in accordance with SEC Rule 11Ac1-4 (Amex Case No. 06-38).
- 2.6 On 26 occasions during the period of July 1, 2005 through September 30, 2005, Cohen Specialist C failed to handle customer limit orders in accordance with SEC Rule 11Ac1-4 (Amex Case Nos. 06-140 and 06-308).
- 2.7 On 26 occasions during the period of October 1, 2005 through December 31, 2005, Cohen Specialist D failed to handle customer limit orders in accordance with SEC Rule 11Ac1-4 (Amex Case Nos. 06-169 and 06-310).
- 2.8 The conduct described in paragraphs 2.1 through 2.7 constitutes separate and distinct violations of SEC Rule 11Ac1-4 (currently known as Rule 604 of Regulation NMS) and Article V, Section 4(h) of the Exchange Constitution.

3.0 Equity/ITS Firm Quote Violations

- 3.1 During all relevant periods herein, subject to certain exceptions, SEC Rule 11Ac1-1 and Exchange Rule 231(e) required Exchange specialists to execute incoming ITS commitments to trade at the best available price reflected in the Firm's quoted market.

- 3.2 On 24 occasions during the period between July 1, 2004 and November 30, 2004, an order was presented to Cohen through ITS at the Firm's published bid or offer in an amount up to the published quotation size, and Cohen either failed to execute these orders upon presentment and thereby failed to honor the published quotation and/or executed these orders at prices inferior to the published quoted market (Amex Case No. 05-293).
- 3.3 On 25 occasions during the period between June 1, 2005 and August 31, 2005 an order was presented to Cohen Specialist A through ITS at the published bid or offer in an amount up to the published quotation size and Cohen Specialist A either failed to execute these orders upon presentment and thereby failed to honor the published quotation and/or executed these orders at prices inferior to the published quoted market (Amex Case No. 06-132).
- 3.4 The conduct described in paragraphs 3.1 through 3.3 constitutes separate and distinct violations of Exchange Rule 231(e), SEC Rule 11Ac1-1 and Article V, Section 4(h) of the Exchange Constitution.

4.0 Untimely Openings

- 4.1 During all relevant periods herein, subject to certain exceptions, Exchange Rule 1 required equity specialists to commence the opening of equities on the Exchange Floor at 9:30 a.m.
- 4.2 On 8 occasions during the period between January 1, 2003 and November 30, 2004, Cohen failed to timely open equities in accordance with Exchange Rule 1 (Amex Case Nos. 04-252 a, b and c and 05-125).

4.3 The conduct described in paragraphs 4.1 and 4.2 constitutes separate and distinct violations of Exchange Rule 1 and Article V, Section 4(h) of the Exchange Constitution.

5.0 Amex Rule 154, Commentary .08 Violations

5.1 During all relevant periods herein, subject to certain exceptions, Exchange Rule 154, Commentary .08 required equity specialists to receive Floor Official approval prior to effecting one or more of the following transactions: a transaction in a stock at a price of \$20 or more a share, made at the greater of 1% or two dollars away from the last previous sale; a transaction in a stock at a price of \$10 or more (but less than \$20) a share, made at one dollar or more away from the last previous sale; or a transaction in a stock at a price of less than \$10 a share, made at 50 cents or more away from the last previous sale.

5.2 On 19 occasions during the period of January 1, 2004 through September 30, 2004, Cohen failed to receive Floor Official approval prior to transactions subject to Exchange Rule 154, Commentary .08 (Amex Case No. 04-267).

5.3 The conduct described in paragraphs 5.1 and 5.2 constitutes separate and distinct violations of Exchange Rule 154, Commentary .08 and Article V, Section 4(h) of the Exchange Constitution.

6.0 ITS Locked Market Violations

6.1 During all relevant periods herein, subject to certain exceptions, Exchange Rule 236(d) required that an Eligible Market Maker that creates a locked

market unlock the market or trade against the bid or offer that the Eligible Market Maker locked on another ITS participating market center.

- 6.2 On 25 occasions during the period of August 1, 2005 through October 31, 2005, Cohen Specialist C created a Locked Market and failed to unlock that market or trade against the bid or offer that Cohen Specialist C locked on another ITS participating market center (Amex Case No. 06-141).
- 6.3 On 25 occasions during the period of November 1, 2005 through January 31, 2006, Cohen Specialist D created a Locked Market and failed to unlock that market or trade against the bid or offer that Cohen Specialist D locked on another ITS participating market center (Amex Case No. 06-274).
- 6.4 On 25 occasions during the period of February 1, 2006 through April 30, 2006, Cohen Specialist D created a Locked Market and failed to unlock that market or trade against the bid or offer that Cohen Specialist D locked on another ITS participating market center (Amex Case No. 06-266)
- 6.5 On 25 occasions during the period of February 1, 2006 through April 30, 2006, Cohen Specialist A created a Locked Market and failed to unlock that market or trade against the bid or offer that Cohen Specialist A locked on another ITS participating market center (Amex Case No. 06-267)
- 6.6 On 25 occasions during the period of November 1, 2005 through January 31, 2006, Cohen created a Locked Market and failed to unlock that market or trade against the bid or offer that Cohen locked on another ITS participating market center (Amex Case No. 06-275).

6.7 The conduct described in paragraphs 6.1 through 6.6 constitutes separate and distinct violations of Exchange Rule 236(d) and Article V, Section 4(h) of the Exchange Constitution.

7.0 ITS Trade Through Violations

7.1 During all relevant periods herein, Exchange Rule 236(b) required equity specialists to avoid trading through the posted bid or offer of a Participant Exchange when purchasing or selling any ITS Security on the Exchange or issuing a commitment to trade through the System.

7.2 On 25 occasions during the period of November 1, 2005 through January 1, 2006, Cohen Specialist D failed to avoid trading through the posted bid or offer of a Participant Exchange (Amex Case No. 06-241).

7.3 The conduct described in paragraphs 7.1 and 7.2 constitutes separate and distinct violations of Exchange Rule 236(b) and Article V, Section 4(h) of the Exchange Constitution.

8.0 Market Order Turnaround

8.1 During all relevant periods herein, subject to certain exceptions, Exchange Rule 156(a) required Exchange specialists to use due diligence in the handling of market orders.

8.2 On 25 occasions during the period between September 1, 2005 and February 28, 2006, Cohen failed to use due diligence in the timely execution of market orders (Amex Case No. 06-276).

8.3 The conduct described in paragraphs 8.1 and 8.2 constitutes separate and distinct violations of Exchange Rule 156(a) and Article V, Section 4(h) of the Exchange Constitution.

9.0 Destabilizing Transaction Violations

9.1 During all relevant periods herein, Exchange Rule 170, Commentary .01 and .02 required the Exchange specialist to obtain Floor Official approval: 1) prior to purchasing stock, while long or short in the firm's proprietary account on a straight plus tick; 2) when buying greater than 50% of the shares in the market on the offer while long in the firm's proprietary account; 3) when selling greater than 50% of the share in the market on the bid while short in the firm's proprietary account; and 4) prior to selling stock on a straight minus tick while long in the firm's proprietary account.

9.2 On 16 occasions during the period August 1, 2005 through October 31, 2005, Cohen Specialist B failed to obtain the necessary Floor approval as set forth in Exchange Rule 170, Commentary .01 and .02 (Amex Case No. 06-72).

9.3 The conduct described in paragraphs 9.1 and 9.2 constitutes separate and distinct violations of Rule 170, Commentary .01 and .02 and Article V, Section 4(h) of the Exchange Constitution.

10.0 Supervision

10.1 During the period January 2004 through April 2006, Cohen's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to the applicable securities laws and regulations,

and the Exchange rules, concerning limit order display, equity/ITS firm quotes, timely openings, execution of equity transactions within the proper price parameters, ITS locked/crossed markets, ITS trade throughs, market order turnaround and destabilizing transactions. Specifically, the Firm's supervisory system did not include written supervisory procedures providing for: (1) identification of the person(s) responsible for supervision with respect to the applicable rules; (2) a statement of the supervisory step(s) to be taken by the identified person(s); (3) a statement as to how often such person(s) should take such step(s); and (4) a statement as to how the completion of the step(s) included in the written supervisory procedures should be documented.

- 10.2 The conduct described in paragraph 10.1 constitutes a violation of Amex Rule 320.

DISCIPLINARY ACTION:

By reason of the foregoing Stipulated Facts and Violations, a Disciplinary Panel may impose the following penalties upon Cohen:

- (a) a censure;
- (b) a fine of \$90,000;
- (c) an undertaking for Cohen to revise the Firm's written supervisory procedures with respect to the areas described in paragraph 10.1. Within 90 business days of acceptance of this Stipulation by an Exchange Hearing Panel, a registered principal of Cohen shall submit to the COMPLIANCE ASSISTANT, NASD AMEX REGULATION DIVISION, ENFORCEMENT DEPARTMENT, ONE LIBERTY PLAZA, NEW YORK, NY 10006, a signed, dated letter, providing the following information: (1) a reference to this matter; (2) a representation that the firm has revised its written supervisory procedures to address the deficiencies described in paragraph 10.1; and, (3) the date the revised procedures were implemented.

Cohen hereby acknowledges that it has read carefully this Stipulation and understands all of the provisions contained herein; that it has agreed to its provisions voluntarily; and that no offer, promise, threat or inducement of any kind has been tendered to Cohen by the Exchange, its staff or representatives to induce Cohen to enter into this Stipulation, aside from the prospect of settling this disciplinary proceeding based on the terms and conditions set forth in this Stipulation rather than adjudicating this matter by way of a hearing on a Charge Memorandum as provided by Exchange rules.

Further, Cohen hereby agrees that it may not take any action or make or permit to be made any public statement, including in regulatory filings or otherwise, denying, directly or indirectly, any finding in this Stipulation or create the impression that the Stipulation is without factual basis. Nothing in this provision affects Cohen's testimonial obligations

or right to take legal or factual positions in litigation or other legal proceedings in which the Exchange is not a party.


Finally, it is understood and agreed that in any written submission to or proceeding before any person or body convened to consider this Stipulation of Facts and Consent to Penalty (including to, a Hearing Officer acting alone, a Hearing Panel, or any reviewing body authorized by the Amex Constitution and/or Rules), neither Enforcement nor Cohen shall offer any argument that is inconsistent with the stipulated facts or the agreed-upon penalty, nor shall either party ask for the imposition of any penalty other than that agreed upon in this Stipulation of Facts and Consent to Penalty.

AMERICAN STOCK EXCHANGE LLC

By: 

David Rosenstein
Vice President and Chief Counsel
NASD Amex Regulation Division

Agreed to this 17 day of August, 2006.


on behalf of Cohen Specialists, LLC