

**Disciplinary Panel  
American Stock Exchange LLC**

---

IN THE MATTER  
OF  
LEO TRADING, LLC

Case No. 04-234  
Hearing Officer – RSH

**DECISION**  
March 14, 2006

---

**In accordance with a Stipulation of Facts and Consent to Penalty, the Disciplinary Panel Chair determined that Respondent violated Exchange Rule 30, as stipulated, and as a penalty imposed a \$2,500 fine.**

**I. Introduction**

The American Stock Exchange, LLC (“Exchange”) instituted a formal disciplinary proceeding against Leo Trading LLC (“Leo” or the “Firm”), a Regular Member Organization of the Exchange. The Disciplinary Panel Chair (“Chair”), presiding without convening a full Disciplinary Panel, pursuant to Article V, Section 1(b) of the Exchange Constitution, held a hearing on February 17, 2006, pursuant to Article V, Section 2 of the Exchange Constitution, to review a Stipulation of Facts and Consent to Penalty (“Stipulation”), which is attached as Exhibit A. The Exchange and Leo entered into the Stipulation for the purposes of settling this proceeding and concluding all disciplinary actions by the Exchange against Leo based upon or arising out of the facts set forth in the Stipulation.

**II. Facts**

Leo, 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 Leo violated Exchange Rule 30 by failing to submit required ITSFEA reports to the Exchange within the required time frame.

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

The Stipulation proposes that the Chair impose a fine of \$2,500.00 on Leo. 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.<sup>1</sup>

### **V. Conclusion**

The Chair accepts the Stipulation of Facts and Consent to Penalty and hereby imposes upon Leo Trading LLC a \$2,500.00 fine.

**FOR THE DISCIPLINARY PANEL**

---

Rochelle S. Hall, Chair

Copies to: Leo Trading, LLC (*via overnight and first class mail*)  
Michael E. Chasen, Esq. (*electronically and via first class mail*)  
Arlene Collins-Day (*electronically and via first class mail*)

---

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

Disciplinary Panel  
American Stock Exchange LLC

IN THE MATTER OF LEO TRADING, LLC	STIPULATION OF FACTS AND CONSENT TO PENALTY Case Number 04-234
---	---

This proceeding was instituted by the American Stock Exchange LLC (the “Exchange” or “AMEX”) against LEO TRADING, LLC (“Leo” or the “Firm”) (CRD#110159), a Regular Member organization of the Exchange. This Stipulation of Facts and Consent to Penalty (“Stipulation”) is entered into with Leo pursuant to Article V, Section 2 of the Exchange Constitution in order to settle and conclude all disciplinary actions by the Exchange against Leo based upon or arising out of the facts hereinafter stipulated. Leo, without admitting or denying the facts, allegations and conclusions contained in this Stipulation, hereby consents to the finding of violations of the Exchange Rules and to the imposition of the penalties hereinafter provided. Leo understands that this Stipulation 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. Leo understands and acknowledges that the Disciplinary Panel’s decision in this matter will become part of its disciplinary record, and may be considered in any future proceeding brought by the Exchange.

**STIPULATED FACTS:**

- 1.0 During all relevant periods herein, Leo was a Regular Member organization of the Exchange, conducting a Specialist business on the Floor of the Exchange.
- 1.1 During the review periods herein, Exchange Rule 30 provided that every member and 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.

**The Exchange's Requests for Information:**

- 2.0 On or about November 17, 2003, The Financial Regulation Department of the Exchange ("FRD") issued a Notice to Members (AMEX FRD Notice 03-04)<sup>1</sup>, which stated that the "ITSFEA (Insider Trading and Securities Enforcement Act) Reports 1 and 2 are required to be filed annually by all members and member organizations designated to Amex for financial oversight. The reports are due at the same time as the year-end FOCUS Reports, January 27, 2004 for all filers."<sup>2</sup>
- 2.1 This notice was available on the AMEX Trader website ([www.AMEXTrader.com](http://www.AMEXTrader.com)) as of November 17, 2003, and was referenced in the American Stock Exchange Weekly Bulletin starting on December 5, 2003.

---

<sup>1</sup> Amex FRD Notice 03-04 – Timely Filing of Reports With the Financial Regulation Department Generally and Change in the Filing Frequency of FOCUS Report Part IIA Short Form – provides guidance on due dates of filings with the Exchange's FRD, how to request an extension of time, and what happens when reports are not filed on a timely basis.

<sup>2</sup> On ITSFEA Form 1 (Identification of Securities Accounts for Broker-Dealer), the member is required to list each securities account in which each associated person of the Broker-Dealer (1) has a direct or indirect financial interest, or (2) makes investment decisions. ITSFEA Form 2 (Certification of Compliance for Broker-Dealer) requires the completion of the form by the senior officer, partner or sole proprietor responsible for ensuring that ITSFEA Compliance Procedures are followed.

Additionally, in or about the time that the Notice was made available on the website, the notice was also posted on bulletin boards on and around the Amex Trading Floor, mailed to the members' and member firms' accountants, and, in some instances, mailed to the member or member firms.

- 2.2 On March 1, 2004 and March 2, 2004, FRD sent letters via regular mail to the firms that had failed to file ITSFEA Reports 1 and 2 as of such dates, which included Leo. The letter warned that the firms were subject to disciplinary action, including, but not limited to, a fine of \$50 per day for each day past the filing deadline that the firm failed to file, in accordance with Exchange Rule 590 of the Minor Rule Violations Plan.
- 2.3 No response, either verbal or written, was ever received from Leo regarding FRD's March 2004 letter. Additionally, at no time did Leo ever seek an extension of time from the Exchange as provided within the Notice.<sup>3</sup>

### **Enforcement's Investigation of Leo**

- 3.0 On November 5, 2004, Enforcement contacted Leo and requested that they file the required ITSFEA forms. Year-end 2003 ITSFEA Reports 1 and 2 for Leo were finally delivered to the Exchange on November 8, 2004, making the ITSFEA Reports 286 days late.

---

<sup>3</sup> According to Amex FRD 03-04, The Exchange allows requests for extensions of time where good cause can be shown, a filing is not considered late if made within the extension period. Extension requests should be made in writing and should be **received** by the Exchange before 5 p.m. on the due date of the filing.

**CONCLUSION:**

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

- 4.0 Leo violated Exchange Rule 30 by failing to submit required ITSFEA reports to the Exchange within the required time frame, as set forth in above paragraphs 2.0 to 2.3.

**DISCIPLINARY ACTION:**

A Disciplinary Panel may impose the following penalties upon Leo:

- a) A fine of \$2,500.

ON BEHALF OF:  
AMERICAN STOCK EXCHANGE LLC

By: \_\_\_\_\_  
David Rosenstein  
Vice-President and Chief Counsel  
Enforcement Department  
NASD Amex Regulation Division

Agreed to this \_\_\_\_\_ day of \_\_\_\_\_, 2006

\_\_\_\_\_

\_\_\_\_\_