

**Disciplinary Panel
American Stock Exchange LLC**

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IN THE MATTER	:	Case No. 06-457
	:	[AMXC08023]
OF	:	
	:	Hearing Officer – DMF
D & D SECURITIES, INC.	:	DECISION
	:	
	:	July 10, 2008
	:	
	:	

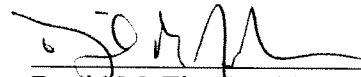
Pursuant to Article V, Section 2 of the Exchange Constitution and Rules 2(a) and (b) of the Rules of Procedure Applicable to Exchange Disciplinary Proceedings, this proceeding came before the Hearing Officer for review of the attached Stipulation and Consent to Penalty (Stipulation), which was entered into by the Parties for the purposes of settling this proceeding and concluding all disciplinary actions by the Exchange against Respondent based upon or arising out of the facts set forth in the Stipulation. Respondent, without admitting or denying the facts, allegations and conclusions contained in the Stipulation, consented to the entry of findings of violations of Exchange Rules, and the imposition of penalties, as set forth in the Stipulation.

After considering the stipulated facts, as well as the analysis and authorities set forth in the Exchange’s Memorandum in Support of Proposed Settlement, the Hearing Officer hereby accepts the Stipulation, and accordingly finds that Respondent:

1. Violated Exchange Rule 153(b)¹ on at least 10 occasions from April 3, 2006 through June 30, 2006 by entering an option order into the Exchange's Booth Automated Routing System (BARS) after its execution; and
2. Violated Exchange Rules 320(b), (c), and (e) during the period from April 3, 2006 through June 30, 2006 by failing to have adequate written supervisory procedures designed to achieve compliance with Exchange Rule 153(b) BARS requirements, and by failing to have an adequate system of follow-up and review in place to verify that delegated authority and responsibility relating to Exchange Rule 153(b) BARS compliance was being properly exercised.

In accordance with the Stipulation, for these violations, Respondent is censured and fined \$10,000 for the BARS violations and the related BARS supervision violations.

SO ORDERED.



David M. FitzGerald
Hearing Officer

Copies to: D & D Securities, Inc. *(via overnight and first-class mail)*
Paula Shaffner, Esq. *(via first-class mail)*
D. Christopher Walker, Esq. *(via electronic and first-class mail)*
Jocelyn Thrower *(via electronic and first-class mail)*

¹ Made applicable to options by ANTE Rules of General Applicability Rule 950(a) and Exchange Rule 153, Commentary .01.

EXHIBIT A

RECEIVED

JUN 05 2008

Disciplinary Panel
American Stock Exchange LLC

IN THE MATTER
OF
D & D SECURITIES, INC.

**STIPULATION OF FACTS AND
CONSENT TO PENALTY**

Case Nos. 06-457

This proceeding was instituted by the American Stock Exchange LLC (the "Exchange" or "Amex") against D & D Securities, Inc. ("Respondent", "D&D Securities" or the "Firm")(CRD# 31470), a Regular Member Organization of the Exchange. This Stipulation of Facts and Consent to Penalty ("Stipulation") is entered into with the Respondent pursuant to Article V, Section 2 of the Exchange Constitution in order to settle and conclude all disciplinary actions brought by the Exchange against the Respondent based upon or arising out of the facts hereinafter stipulated. The Respondent, without admitting or denying the facts, allegations and conclusions contained in this Stipulation, hereby consents to the entry of findings of violations of the Exchange Rules, and the imposition of the penalties hereinafter provided. The Respondent understands that a hearing officer, without conducting a formal hearing, will determine whether the Respondent has committed the violations set forth herein and may fix and impose the agreed upon penalty or reject the Stipulation. This Stipulation can also be the subject of review by the Amex Adjudicatory Council ("AAC"). The Respondent understands and acknowledges that the hearing officer's acceptance of this Stipulation may not be appealed by the parties, will become part of its respective record and may be considered in any future proceeding brought by the Exchange.

STIPULATED FACTS:

- 1.0 During all relevant periods herein, D&D Securities was a regular member organization of the Exchange.
- 1.1 On or about April 14, 2008, D&D Securities terminated its membership with the Exchange. Jurisdiction was retained over D&D Securities by letter dated May 6, 2008 that was delivered by First Class mail and Certified mail.
- 2.0 At all relevant times herein, Exchange Rule 153(b) provided that every member organization must maintain a record of every order and every modification and cancellation of such order received by such member or member organization on the Floor of the Exchange. Exchange Rule 153(b) provided that such record must include the name, amount and price of the security and the time when such order, modification or cancellation was received. Additionally, with respect to orders that are eligible for input into the Exchange's electronic order processing facilities, Exchange Rule 153(b) provided that member organizations must comply with their record keeping obligations under the Rule by inputting immediately upon receipt eligible orders, modifications and cancellations that are not already systematized into the Exchange's electronic order processing facilities and retaining the record of such orders provided to them by the Exchange for this purpose.
- 2.1 At all relevant times herein, Exchange Rule 153, Commentary .01 provided that the Exchange had undertaken, with the other options exchanges, to build a Consolidated Options Audit Trail System (COATS) to provide an accurate, time-sequenced record of electronic and other orders, quotations and transactions in

listed options on the exchanges. Additionally, Rule 153(b), Commentary .01 provided that starting on January 10, 2005, member organizations must systematize in BARS those options orders and modifications and cancellations of such orders that are not already systematized in an Amex system prior to representing the orders in the crowd. Members and member organizations also must record in BARS immediately upon receipt information pertaining to the execution of option orders.

2.2 At all relevant times herein, Exchange Rule 320(b) provided that each office, department or business activity of a member organization must be under the supervision and control of the member organization establishing it and of the personnel delegated such authority and responsibility. Additionally, Exchange Rule 320(b) provided that the person in charge of a group of employees must reasonably discharge his duties and obligations in connection with supervision and control of the activities of those employees related to the business of their employer including compliance with securities laws and regulations and Exchange rules.

2.3 At all relevant times herein, Exchange Rule 320(c) provided that member organizations provide for appropriate supervisory control and that the member organization must designate a general partner, principal executive officer, or trustee (the "designated person") to assume overall authority and responsibility for internal supervision and control of the organization and compliance with securities laws and regulations and Exchange Rules. Additionally, Exchange

Rule 320(c) provided that this designated person must delegate to qualified principals or employees responsibility and authority for supervision and control of each office, department or business activity, and provide for appropriate procedures of supervision and control and must establish a separate system of follow-up and review to verify that the delegated authority and responsibility is being properly exercised.

2.4 At all relevant times herein, Exchange Rule 320(e) provided that member organizations having employees must establish, maintain, enforce and keep current a system of compliance and supervisory controls, reasonably designed to achieve compliance with applicable securities laws and regulations and Exchange rules, that are appropriate to their business size, structure, customer accounts, transactions and business activities. Additionally, Exchange Rule 320(e) provided that such a system of compliance and supervisory controls must include written compliance and supervisory policies and procedures and that each such member organization must amend its written compliance and supervisory policies and procedures as appropriate within a reasonable time after changes occur in applicable securities laws and regulations, including Exchange rules, and as any changes occur in its compliance and supervisory systems.

3.0 Option Execution Prior to Entry (“Option EPE”) BARS Violations

3.1 At all relevant times herein, Exchange Rule 153(b) (made applicable to options by ANTE Rules of General Applicability Rule 950(a) and Exchange Rule 153, Commentary .01) provided that every member or member organization must,

immediately upon receipt, input eligible option orders, that are not already systematized into the Exchange's electronic order processing facilities, into BARS. Entry of an option order into BARS after its execution constitutes a violation of Rule 153(b) (made applicable to options by ANTE Rules of General Applicability Rule 950(a) and Exchange Rule 153, Commentary .01) by the member or member organization handling the order as broker.

- 3.2 On at least 10 separate occasions during the period of April 3, 2006 through June 30, 2006, D&D Securities entered an option order into BARS after its execution.
- 3.3 The conduct described in paragraph 3.2 constitutes separate and distinct violations of Exchange Rule 153(b) (made applicable to options by ANTE Rules of General Applicability Rule 950(a) and Exchange Rule 153, Commentary .01).

4.0 Supervision

- 4.1 During all relevant periods herein, Exchange Rule 320(b) provided that each office, department or business activity of a member or member organization shall be under the supervision and control of the member or member organization establishing it and of the personnel delegated such authority and responsibility. The person in charge of a group of employees shall reasonably discharge his duties and obligations in connection with supervision and control of the activities of those employees related to the business of their employer including compliance with securities laws and regulations.
- 4.2 During all relevant periods herein, Exchange Rule 320(c) provided that the general partners, directors, trustees of each member organization shall provide for appropriate supervisory control and shall designate a general partner, principal

executive officer, trustee to assume overall authority and responsibility for internal supervision and control of the organization and compliance with securities laws and regulations. This person shall (1) delegate to qualified principals or employees responsibility and authority for supervision and control of each office, department or business activity, and provide for appropriate procedures of supervision and control; and (2) establish a separate system of follow-up and review to verify that the delegated authority and responsibility is being properly exercised.

4.3 During all relevant periods herein, Exchange Rule 320(e) provided that member organizations establish, maintain, enforce and keep current a system of compliance and supervisory controls, reasonably designed to achieve compliance with applicable securities laws and regulations and Exchange rules and that such a system of compliance and supervisory controls include written compliance and supervisory policies and procedures, and that each member organization shall amend its written compliance and supervisory policies and procedures as appropriate within a reasonable time after changes occur in applicable securities laws and regulations, including Exchange rules, and as any changes occur in its compliance and supervisory systems.

4.4 During the period April 3, 2006 through June 30, 2006, D&D Securities did not have adequate written supervisory procedures designed to achieve compliance with Exchange Rule 153(b) BARS requirements nor did the Firm have an adequate system of follow-up and review in place to verify that delegated authority and responsibility relating to Exchange Rule 153(b) BARS compliance

was being properly exercised. As such, the Firm failed to provide for appropriate supervisory control and failed to reasonably discharge its duties to ensure compliance with respect to the Exchange Rule 153(b) BARS requirements. Due to the Firm's compliance failures, employees of the Firm failed to adequately comply with the BARS policies of Exchange Rule 153(b).

4.5 The conduct described in paragraph 4.4 constitutes the violation of Amex Rules 320(b), 320(c) and 320(e).

DISCIPLINARY ACTION:

By reason of the foregoing Stipulated Facts and violations, a Hearing Officer may impose the following penalties against the Respondent:

- (a) a censure; and
- (b) a fine of \$10,000 for the BARS violations and the related BARS supervision violation.

The Respondent hereby acknowledges that a qualified representative of the firm has read carefully this Stipulation and understands all of the provisions contained herein; that the firm agreed to its provisions voluntarily; and that no offer, promise, threat or inducement of any kind has been tendered to the Respondent by the Exchange, its staff or representatives to induce the Respondent 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.

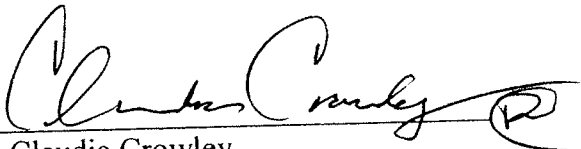
Further, the Respondent hereby agrees that it may not take any action or make or permit to be made any public statement, including in regulatory filings or otherwise, denying, directly or indirectly, any finding in this Stipulation or create the impression that the

Stipulation is without factual basis. Nothing in this provision affects the Respondent'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.

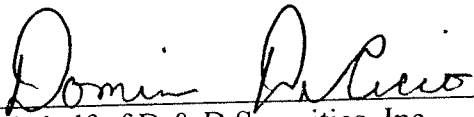
Further, the Respondent understands and agrees that the Exchange may make a public announcement concerning this Stipulation and the subject matter thereof in a manner consistent with those specified in Rule 12 of the Rules and Procedures Applicable to Exchange Disciplinary Proceedings.

Finally, it is understood and agreed that in any written submission to or proceeding before any person reviewing and/or body convened to consider this Stipulation (including any reviewing person or body authorized by the Amex Constitution and/or Rules), neither the Exchange nor the Respondent, 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 (including arguing that no penalty should be imposed) other than that agreed upon in this Stipulation.

AMERICAN STOCK EXCHANGE LLC

By: 
Claudia Crowley
Senior Vice President
Chief Regulatory Officer
American Stock Exchange LLC

Agreed to this 26 day of MAY, 2008.


On behalf of D & D Securities, Inc.