

**Disciplinary Panel
American Stock Exchange LLC**

IN THE MATTER
of
RAYMAR CAPITAL, LLC

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: Case No. 02-27
: [AMXC08016]
:
: Hearing Officer - DMF
:
: **DECISION**
:
: May 21, 2008
:

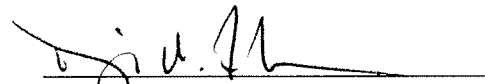
Pursuant to Article V, Section 2 of the Exchange Constitution and Rules 2(a) and (b) of the Rules of Procedure Applicable to Exchange Disciplinary Proceedings, this proceeding came before the Hearing Officer for review of the attached Stipulation and Consent to Penalty (Stipulation), which was entered 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 a Rule promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934 (SEA Rule), 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 109(c)(4)(b) on two occasions by granting a stop to market orders and subsequently failing to narrow the spread between the bid and the offer;
2. Violated Exchange Rule 156(a) by failing to execute the market order that was entered and entrusted to it when the order was marketable;
3. Violated Exchange Rule 156(b) on two occasions by failing to execute limit orders that were entered and entrusted to it when the limit orders became marketable;
4. Violated Exchange Rule 958A and SEA Rule 11Ac1-1 on three occasions by failing to honor its obligation to execute orders presented to it at its quoted markets; and
5. Violated Exchange Rule 155 on two occasions by failing to give precedence to orders that were entrusted to it as an agent in a security before executing at the same price purchases in the same security for an account in which it had an interest, thus trading ahead of such orders.

In accordance with the Stipulation, for these violations, Respondent is censured and fined \$6,000.¹

SO ORDERED.



David M. FitzGerald
Hearing Officer

¹ The Hearing Officer notes that the violations in question occurred on a single date in 2001, and that Respondent terminated its Exchange membership in 2004.

Copies to: Raymar Capital, LLC (*via overnight courier and first class mail*)
Michael D. Cohn (*via first-class mail*)
Brian F. Sklar, Esq. (*via electronic and first-class mail*)
Jocelyn Thrower (*via electronic and first-class mail*)

EXHIBIT A

Disciplinary Panel
American Stock Exchange LLC

<p style="text-align: center;">IN THE MATTER OF RAYMAR CAPITAL, LLC</p>	<p style="text-align: center;">5 STIPULATION OF FACTS AND CONSENT TO PENALTY Case No. 02-27</p>
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This proceeding was instituted by the American Stock Exchange LLC (the “Exchange” or “Amex”) against Raymar Capital, LLC (“Raymar”)(CRD # 43898), a former Regular Member Organization of the Exchange.¹ This Stipulation of Facts and Consent to Penalty (“Stipulation”) is entered into with Raymar (“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 Federal securities laws 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

¹ According to the Central Registration Depository (“CRD”), Raymar terminated its Exchange membership on May 6, 2004.

may not be appealed by the parties, will become part of its disciplinary record and may be considered in any future proceeding brought by the Exchange.

STATEMENT OF FACTS:

- 1.0 During all relevant periods herein, Raymar was a Regular Member Organization of the Exchange and registered with the Exchange as a specialist firm.
- 1.1 During all relevant periods herein, ABC Corp.² options (“ABC”) were registered to Raymar for trading on the Exchange.
- 1.2 During all relevant periods, Exchange Rule 109(c)(4)(b) provided that no specialist may stop stock against the book or for his own account at a price at which he holds an order capable of execution at that price, except when a broker makes an unsolicited request that a specialist grant him a stop, and after the granting of the stop, the spread between the bid and the offer is reduced, in any case where, prior to the granting of the stop, the spread in the quotation was not less than twice the permitted minimum price variation in the stock.
- 1.3 During all relevant periods herein, Exchange Rule 156(a) provided that a broker handling a market order is to use due diligence to execute the order at the best price or prices available to him under the published market procedures of the Exchange.
- 1.4 During all relevant periods herein, Exchange Rule 156(b) provided that a broker handling a limited price order is to use due diligence to execute the order at the limit price, or at a better price, if available to him under the published market procedures of the Exchange.

² A generic identifier is used throughout the Stipulation to make reference to the specific option that Raymar traded.

- 1.5 During all relevant periods herein, Securities and Exchange Act of 1934 (“SEA”) Rule 11Ac1-1 and Exchange Rule 958A provided in pertinent part that Exchange specialists, subject to certain exceptions, shall be obligated to execute orders to buy or sell a subject security presented to them at a price at least as favorable to the published bid or published offer in an amount up to the specialist’s published quotation size.
- 1.6 During all relevant periods herein, Exchange Rule 155 provided in pertinent part that a specialist shall give precedence to orders entrusted to him as an agent in any stock in which he is registered before executing at the same price any purchase or sale in the same stock for an account in which he has an interest.
- 1.7 During all relevant periods herein, Exchange Rules 109, 155 and 156 were made applicable to options transactions through Exchange Rule 950.

Trading Activity - May 22, 2001:

- 2.0 At 9:36:13 a.m., with the market in the ABC January 10 calls quoted at 4.00 – 4.30 (50 x 50), Raymar received a market order from Firm D³ to sell 10 ABC January 10 calls.
- 2.1 At 9:36:55 a.m., Raymar re-quoted the market in the ABC January 10 calls at 4.10 – 4.40 (50 x 50). At 9:38:24 a.m., Raymar stopped the Firm D order at a price of 4.10. At 9:39:32 a.m., Raymar re-quoted the market in ABC at 4.20 – 4.50 (50 x 50), failing to narrow the spread differential.
- 2.2 At 10:01:25 a.m., with the market in the ABC January 10 calls quoted at 4.00 – 4.30 (50 x 50), Raymar received a limit order from Firm E to sell 10 ABC January

³ Generic identifiers of “Firm D,” “Firm E,” “Firm F,” and “Firm G” are used throughout the Stipulation to refer to the four orders received by Raymar on May 22, 2001.

10 calls at 4.20. At 10:01:28 a.m., Raymar re-quoted the market in ABC at 4.00 – 4.20 (50 x 10), reflecting Firm E’s order in the offer.

2.3 At 10:11:27 a.m., with the market in the ABC January 10 calls quoted at 4.10 – 4.20 (50 x 10), Raymar received a market order from Firm F to buy 10 ABC January 10 calls.

2.4 At 10:12:39 a.m., Raymar re-quoted the market in the ABC January 10 calls at 4.10 – 4.20 (50 x 10). Raymar failed to execute the Firm F buy order at 4.20, which was the quoted market when the order was entered, against either the Firm D or Firm E sell orders that were already on the specialist’s book.

2.5 At 10:13:33 a.m., Raymar received a limit order from Firm G to buy 20 ABC January 10 calls at 4.20. At 10:14:56 a.m., Raymar re-quoted the market in the ABC January 10 calls at 4.20 – 4.50 (50 x 50). Raymar failed to execute, at least partially, the Firm G limit buy order against either the Firm D or Firm E sell orders that were already on the specialist’s book. Firm G cancelled its order at 10:14:58 a.m.

2.6 At 10:13:49 a.m., Raymar executed the Firm D sell order at 4.20, buying the 10 calls offered for its own account and trading ahead of the Firm F and Firm G buy orders that were already on the specialist’s book.

2.7 At 10:13:57 a.m., Raymar executed the Firm E sell order at 4.20, buying the 10 calls offered for its own account and trading ahead of the Firm F and Firm G buy orders that were already on the specialist’s book.

2.8 At 10:13:58 a.m., Raymar re-quoted the market in the ABC January 10 calls at 4.20 – 4.50 (50 x 50). At 10:14:14 a.m., Raymar stopped the Firm F order at 4.50. At 10:14:17 a.m., Raymar re-quoted the market in the ABC January 10

calls at 4.20 – 4.50 (50 x 50), failing to narrow the spread after stopping the Firm F order.

- 2.9 At 13:02:07 p.m., Raymar executed the Firm F buy order at 4.50, or .30 higher than the quoted offer at the time the Firm F buy order was received at 10:11:27 a.m. Raymar issued an adjustment check to Firm F for \$300 (.30 x 10 x 100) on June 4, 2001 after the Exchange notified Raymar of its instances of trading ahead of customer orders.⁴

CONCLUSIONS:

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

- 3.0 Raymar, by reason of the facts set forth in the Statement of Facts above, violated Exchange Rule 109(c)(4)(b) on two occasions by granting a stop to the Firm D and Firm F market orders and subsequently failing to narrow the spread between the bid and the offer.
- 3.1 Raymar, by reason of the facts set forth in the Statement of Facts above, violated Exchange Rule 156(a) by failing to execute the Firm F market order that was entered and entrusted to it when the order was marketable.
- 3.2 Raymar, by reason of the facts set forth in the Statement of Facts above, violated Exchange Rule 156(b) on two occasions by failing to execute the Firm E and Firm G limit orders that were entered and entrusted to it when the limit orders became marketable.
- 3.3 Raymar, by reason of the facts set forth in the Statement of Facts above, violated Exchange Rule 958A and SEA Rule 11Ac1-1 on three occasions by failing to

⁴ As noted in paragraph 2.5, Firm G cancelled its order at 10:14:58 a.m. and therefore was not issued any adjustment.

honor its obligation to execute the Firm E, Firm F and Firm G orders at its quoted markets.

- 3.4 Raymar, by reason of the facts set forth in the Statement of Facts above, violated Exchange Rule 155 on two occasions by failing to give precedence to the Firm F and Firm G orders that were entrusted to it as an agent in ABC before executing at the same price purchases in the same security for an account in which it had an interest, thus trading ahead of such orders.

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 in the amount of \$ 6,000.

The Respondent 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 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 on a Charge Memorandum as provided by Exchange rules.

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 of Facts and Consent to Penalty (including any reviewing person or body authorized by the Amex Constitution and/or Rules), neither Enforcement 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 of Facts and Consent to Penalty.

AMERICAN STOCK EXCHANGE LLC

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

Agreed to this 2nd day of April, 2008.



On behalf of Raymar Capital, LLC