



Notice, Pursuant to Exchange By-law 18-2, of Disciplinary Action Against Jalobe Securities, LP, Former Member Organization

To: Members, Member Organizations, Participants and Participant Organizations

From: John C. Pickford, Enforcement Counsel, NASDAQ OMX PHLXSM

DATE: August 2, 2010

NASDAQ OMX PHLX No. 10-14 Enforcement No. 2010-11

On July 21, 2010, the Business Conduct Committee (the "Committee") issued a disciplinary decision against Jalobe Securities, LP ("Jalobe" or the "Firm"), a former member organization of the Exchange. In response to a Statement of Charges issued in this action, Jalobe submitted an Offer of Settlement, Stipulation of Facts and Consent to Sanctions ("Offer"). Solely to settle this proceeding, and without admitting or denying the charges, Jalobe consented to findings that it had violated Section 17 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), Rules 17a-3, 17a-5, 17f-2, Rule 200(g) of Regulation SHO and Part 224 of Regulation X promulgated by the Board of Governors of the Federal Reserve System (the "Federal Reserve Board") under the Exchange Act, and Exchange Rules 623, 703, 721(a), 748, 757, 760 and 761, by failing to: (i) keep accurate books and records; (ii) submit to FINRA for processing and identification the requisite fingerprint records of an employee and/or associated person; (iii) properly mark 173 options orders as "sell long"; (iv) properly carry in its market making account only market making-related positions; (v) conduct, or provide evidence that it had conducted, on-going anti-money laundering ("AML") compliance training of its personnel and independent testing of its AML compliance program; (vi) ensure that an employee had disclosed three brokerage accounts that he had held away from the Firm and that monthly account statements relating to such accounts had been submitted to, and reviewed by, the Firm on a monthly basis; (vii) conduct an adequate 2008 annual compliance program by ensuring that the program adequately addressed the scope of activities in which the Firm's registered representative engaged, and incorporated the range of compliance-related matters relevant to those activities; (viii) establish, maintain and enforce adequate written supervisory procedures, and a system for applying such procedures, reasonably expected to prevent and detect, insofar as practicable, violations of applicable securities laws and regulations, including the by-laws of the Exchange. Jalobe's Offer was accepted by the Committee and was the basis of its Decision.

The Committee found that Jalobe had violated Section 17 of the Exchange Act, Rules 17a-3, 17a-5, 17f-2, Rule 200(g) of Regulation SHO and Part 224 of Regulation X promulgated by the Federal Reserve Board under the Exchange Act, and Exchange Rules 623, 703, 721(a), 748, 757, 760, and 761, concurred in the sanctions consented to by it, and ordered the imposition of the following sanctions: (i) a censure; and (ii) a fine in the amount of \$7,500.

For more information, contact:

- John C. Pickford, Enforcement Counsel, NASDAQ OMX PHLX, at +1 215 496 5273

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