

BEFORE THE BUSINESS CONDUCT COMMITTEE
OF THE
CHICAGO BOARD OPTIONS EXCHANGE, INCORPORATED

_____)	
In the Matter of:)	
)	
Bruce Shalett)	
5 Lincoln Woods Road)	File No 11-0041(a)
Purchase, NY 10057)	
)	
)	
Respondent)	
_____)	

AMENDED
DECISION ACCEPTING OFFER OF SETTLEMENT

This proceeding was instituted by the Business Conduct Committee (the “Committee”) of the Chicago Board Options Exchange, Incorporated (the “Exchange”) as a result of an investigation by the staff of the Exchange, which indicated that there was probable cause for finding a violation within the disciplinary jurisdiction of the Exchange. In accordance with that determination, the Committee directed the issuance of a Statement of Charges (“Statement of Charges”). Pursuant to Exchange Rule 17.8, the respondent (“Respondent”), Bruce Shalett (“Shalett”), submitted an offer of settlement (“Offer of Settlement”).

In submitting the Offer of Settlement, the Respondent neither admitted nor denied the violations alleged in the Statement of Charges.

The Respondent has agreed that the determination of the Committee to accept the Offer of Settlement shall constitute a final Decision, and, as provided in Exchange Rule 17.8, the Respondent may not seek review thereof.

The Respondent understands and acknowledges that the Committee’s decision in this matter will become part of his disciplinary record and may be considered in any future Exchange proceeding.

With due regard to the particulars of this matter, the Committee believes it is appropriate to accept the Respondent’s Offer of Settlement based on the following stipulated facts and findings and thereby to impose the sanction specified below.

FACTS

1. During all relevant periods, Arjent Capital Markets LLC (“Arjent”), was a member organization of the Exchange registered to transact business on the Exchange in accordance with Exchange Rules as an organization that conducts a Market-Maker and proprietary trading business in stocks, options and financial futures.

2. During all relevant periods herein, Shalett was an Associated Person of Arjent, in that he was a Managing Member of Alzeon Holdings, LLC (“Alzeon”), a Class A member of Arjent.
3. During all relevant periods herein, Exchange Rule 4.1 – Just and Equitable Principles of Trade, was in full force and effect.
4. In or about November 2008 through in or about October 2009, Alzeon engaged in conduct whereby it received an aggregate sum of \$60,754 from Arjent by accepting monthly compensation when Alzeon’s capital account was a negative balance.
5. In or about November 2009, Shalett escrowed with Arjent’s regulatory counsel the sum of \$4.5 million in contemplation of contributing said funds to Arjent for the purpose of purchasing and/or redeeming the equity interests of the Arjent’s Class B members in the event that Arjent was unable to resume trading.
6. On March 9, 2010, approximately \$3.275 million of Shalett’s escrowed funds were transferred for the purpose of purchasing, and were in fact used to purchase, 100% of the equity interests of the commodity pool operators (and their participants) associated with Arjent.
7. On March 26, 2010 Arjent completed a second round of redemptions of Class B Member equity interests that was funded principally by Shalett.
8. Shalett’s total contributions toward the repurchase or redemption of Arjent’s Class B Member equity interests exceeded \$7.0 million.
9. Every Class B Member of Arjent received full value for his/its equity interest in Arjent.

FINDINGS

The acts, practices and conduct described in Paragraph 4 above constitute violations of Exchange Rule 4.1 by Shalett, in that Alzeon engaged in conduct whereby it improperly withdrew funds from Arjent by accepting monthly commission in the aggregate sum of \$60,754 when its capital account was a negative balance.

SANCTION

The sanction to be imposed shall consist of a censure and an undertaking whereby Shalett shall be required to re-qualify and pass the General Securities Principal Series 24 supervisory examination within 90 days after the issuance of the Decision in this matter.

ORDER

ACCORDINGLY IT IS ORDERED THAT, the Respondent, Bruce Shalett shall be and hereby is censured. Furthermore, the BCC hereby orders a modification to the BCC Decision Order

previously issued on May 31, 2012, whereby Mr. Shallot was required to re-qualify and pass the General Securities Principal Series 24 supervisory examination within 90 days after the issuance of the Decision in this matter. The BCC hereby modifies the Decision Order in the following respects, in view of Mr. Shalett's lack of affiliation in the securities industry; Mr. Shalett shall have an affirmative obligation to immediately notify the Exchange's Office of Enforcement in writing upon any re-affiliation in the securities industry. In the event Mr. Shalett re-affiliates in the securities industry, he shall be required to re-qualify and pass the General Securities Principal Series 24 supervisory examination within 90 days from any re-affiliation in the securities industry or as applicable prior to acting in a capacity requiring such registration. In accepting the Offer of Settlement, the Committee considered the capital contribution Respondent voluntarily made to prevent losses of capital by the class B members of Arjent Capital Markets LLC ("Argent") when they withdrew from the firm.

**SO ORDERED
FOR THE COMMITTEE**

Dated: November 12, 2012

**By: /s/ Bruce Andrews
Bruce Andrews
Chairman
Business Conduct Committee**