

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

\_\_\_\_\_ )  
In the Matter of: )  
 )  
Robert DePalo )  
One Beech Tree Lane ) File No. 11-0041(c)  
Brookville, NY 11545 )  
 )  
Respondent )  
\_\_\_\_\_ )

**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”), Robert DePalo (“DePalo”), 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 its 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, DePalo was an Associated Person<sup>1</sup> of Arjent. Depalo was the Chief Executive Officer and Chairman of Arjent Services, LLC, 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 May 2007 through in or about October 2009, Arjent Services, LLC engaged in conduct whereby it improperly received funds from Arjent by accepting monthly compensation when its capital account was a negative balance.

### **FINDINGS**

The acts, practices and conduct described in Paragraph 4 above constitute violations of Exchange Rule 4.1 by DePalo, in that Arjent Services, LLC engaged in conduct whereby it improperly received funds from Arjent by accepting monthly compensation when its capital account was a negative balance.

### **SANCTION**

The sanction to be imposed shall consist of a \$10,000 fine and a censure.

### **ORDER**

**ACCORDINGLY IT IS ORDERED THAT**, the Respondent, Robert DePalo, shall be and hereby is censured and fined in the amount of ten thousand dollars (\$10,000).

**SO ORDERED  
FOR THE COMMITTEE**

**Dated: August 8, 2014**

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

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<sup>1</sup> Person associated with a broker or dealer as defined in the Securities Exchange Act of 1934, as amended, Section 3(a)(18).

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**DECISION DISMISSING CERTAIN ALLEGED VIOLATIONS BY**  
**ROBERT DEPALO**  
**IN THE STATEMENT OF CHARGES IN FILE NO. 11-0041(c)**

In view of a reconsideration of the facts of this matter by the Business Conduct Committee (“Committee”) of the Chicago Board Options Exchange, Incorporated (“Exchange”), it was determined that further disciplinary proceedings are not warranted against Robert DePalo with respect to alleged violations of 4.2 and 4.6 as set forth in the Statement of Charges for File No. 11-0041(c). Therefore, the Committee deems it appropriate to dismiss the charges relating to the alleged violations of 4.2 and 4.6 against Robert DePalo.

**ORDER**

**IT IS HEREBY ORDERED**, that the alleged violations of 4.2 and 4.6 by Robert DePalo as set forth in the Statement of Charges for File No. 11-0041(c) shall be and hereby is dismissed.

**Dated: August 8, 2014**

**SO ORDERED**  
**FOR THE COMMITTEE**

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