



Notice, Pursuant to Exchange By-law 18-2, of Disciplinary Action Against Offman Securities, LLC, Member Organization

To: Members, Member Organizations, Participants and Participant Organizations

From: Mark Schepps, Chief Enforcement Counsel, NASDAQ OMX PHLXSM

DATE: November 27, 2009

NASDAQ OMX PHLX No. 09-26 Enforcement No. 2009-25

On November 24, 2009, the Business Conduct Committee (the "Committee") issued a disciplinary decision against Offman Securities, LLC ("Offman"), a member organization of the Exchange. In response to a Statement of Charges issued in this action, Offman 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, Offman consented to findings that it violated Sections 15 and 17 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), Rules 15b3-1, 17a-3, 17a-3(a)(11), 17a-3(a)(19)(ii), 17a-4(b)(3), 17a-5 and Rules 200(g) and 203(b) of Regulation SHO promulgated thereunder, and Exchange Rules 604(a), 604(b), 604(d), 703, 748, 760, and 761 by failing to: (i) keep accurate books and records; (ii) mark properly 239 equity securities as "sell long" or "sell short"; (iii) provide or document the source of its "locate" for 245 orders in 35 different securities that were designated "short sales" and were not otherwise on an "Easy-to-Borrow" list; (iv) reclassify \$311,489 in withdrawn Temporary Capital as a liability and to recalculate its net capital and file amended financial reports with the Exchange to reflect the withdrawal; (v) make and keep written records reflecting its relationship and compensation arrangements or agreements with three of its employees and/or associated persons; (vi) file with the Web Central Registration Depository database maintained by the Financial Industry Regulatory Authority: (a) an amended Form BD to reflect a disciplinary action brought against it by the Exchange; (b) a Form U-5 within 30 days of the termination of its association with a registered representative; and (c) an amended Form U-4 for an associated person to reflect her affiliation with an unaffiliated broker-dealer; (vii) preserve a record of an equity contribution; (viii) register one of its registered representatives as a member of the Exchange; (ix) review the account activity of two of its employees or associated persons, and to properly maintain the list of all trading accounts in which three of its employees or associated persons maintain a beneficial interest, in order to comply with the Insider Trading and Securities Fraud Enforcement Act of 1988 ("ITSFEA"); and (x) 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 the applicable securities laws and regulations, including the by-laws and rules of the Exchange. Offman's Offer was accepted by the Committee and was the basis of its Decision.

The Committee found that Offman violated Sections 15 and 17 of the Exchange Act, Rules 15b3-1, 17a-3, 17a-3(a)(11), 17a-3(a)(19)(ii), 17a-4(b)(3), 17a-5 and Rules 200(g) and 203(b) of Regulation SHO promulgated thereunder, and Exchange Rules 604(a), 604(b), 604(d), 703, 748, 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 of \$20,000.

For more information, contact:

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