



## Notice, Pursuant to Exchange By-law 18-2, of Disciplinary Action Against Monadnock Capital Management, LP, Member Organization

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**To:** Members, Member Organizations, Participants and Participant Organizations  
**From:** John C. Pickford, Enforcement Counsel, NASDAQ OMX PHLX<sup>SM</sup>  
**DATE:** August 2, 2010

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### **NASDAQ OMX PHLX No. 10-13 Enforcement No. 2010-10**

On April 8, 2010, the Business Conduct Committee (the "Committee") issued a disciplinary decision against Monadnock Capital Management, LP ("Monadnock" or the "Firm"), a member organization of the Exchange. In response to a Statement of Charges issued in this action, Monadnock 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, Monadnock consented to findings that it had violated Sections 15 and 17 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), Rules 15b3-1, 17a-3, 17a-4, 17a-5 and Rule 200(g) of Regulation SHO promulgated under the Exchange Act, and Exchange Rules 703, 748(e)(1), 748(g), 757, and 760 by failing to: (i) keep accurate books and records; (ii) preserve, or otherwise provide evidence that it had preserved, a record relating to a Firm expense for the month ending March 31, 2009; (iii) properly mark 172 options orders as "sell long" or "sell short"; (iv) amend its Uniform Application for Broker-Dealer Registration to reflect the inactive status of a former clearing and custody arrangement; (v) ensure that two associated persons of the Firm had attended its annual anti-money laundering compliance training program; (vi) document, or otherwise ensure, that two associated persons of the Firm had attended the Firm's annual compliance program in 2008; and (vii) 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. Monadnock's Offer was accepted by the Committee and was the basis of its Decision.

The Committee found that Monadnock had violated Sections 15 and 17 of the Exchange Act, Rules 15b3-1, 17a-3, 17a-4, 17a-5 and Rule 200(g) of Regulation SHO promulgated under the Exchange Act, and Exchange Rules 703, 748(e)(i), 748(g), 757, and 760, 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.

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For more information, contact:

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