

UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION

In re:

Vincent Paul Schmeltz, an Attorney,  
  
Respondent.

Case No. 15 MC 583

Judge Ruben Castillo

Magistrate Judge Michael Mason

**RESPONSE TO RULE TO SHOW CAUSE**

Respondent Vincent Paul Schmeltz III, by his attorneys, responds to the **Rule to Show Cause Pursuant to Federal Criminal Rule 53, Local Rule 83.1 & General Order 09-015** as follows:

1. Respondent Vincent Paul Schmeltz (Respondent Schmeltz) is an attorney admitted to the General Bar of this Court on June 12, 2000, and the Trial Bar of this Court on April 4, 2001.

**RESPONSE:** Admit.

2. According to the Attorney Registration & Disciplinary Commission of the Supreme Court of Illinois, Respondent Schmeltz was admitted as a Lawyer by the Illinois Supreme Court on November 9, 2000, and currently registers his business address as Barnes & Thornburg LLP One North Wacker Drive, Suite 4400, Chicago, Illinois 60606-2841.

**RESPONSE:** Admit.

3. According to Barnes & Thornburg LLP's website, Respondent Schmeltz is a Partner at the firm, and their website lists Respondent Schmeltz's name as Vincent P. (Trace) Schmeltz.

**RESPONSE:** Admit.

4. Respondent Schmeltz was present at the Everett McKinley Dirksen United States Courthouse located at 219 South Dearborn Street, Chicago, IL 60604 on October 28, 2015, in the public area of courtroom 1941 located on the 19<sup>th</sup> floor.

**RESPONSE:** Admit.

5. On October 28, 2015, Judge Leinenweber was presiding over 14 CR 551 *United States v. Coscia* in courtroom 1941.

**RESPONSE:** Admit.

6. Federal Rules of Criminal Procedure Rule 53 Courtroom Photographing and Broadcasting Prohibited was lawfully in effect on October 28, 2015.

**RESPONSE:** Admit.

7. Local Rule 83.1 Court Facilities: Limitations on Use was lawfully in effect on October 28, 2015.

**RESPONSE:** Admit.

8. General Order 09-015 USE OF TEXT-BASED TECHNOLOGY TO RECEIVE AND SEND TEXT MESSAGE ON HANDHELD DEVICES IN COURTROOMS was lawfully in effect on October 28, 2015.

**RESPONSE:** Admit.

9. On October 28, 2015, there was an approximately 4 foot tall sign posted directly outside courtroom 1941 that stated:

PHOTOGRAPHING, RECORDING OR BROADCASTING IS  
PROHIBITED

**RESPONSE:** Admit.

10. Federal Rules of Criminal Procedure Rule 53 states:

Except as otherwise provided by a statute or these rules, the court must not permit the taking of photographs in the courtroom during judicial proceedings or the broadcasting of judicial proceedings from the courtroom.

**RESPONSE:** Admit.

11. Local Rule 83.1(c), states in part:

No Cameras or Recorders. Except as provided for in section (e) below, the taking of photographs, radio and television broadcasting or taping in the court environs during the progress or connection with judicial proceedings including proceedings before a United States magistrate judge, whether or not court is actually in session, is prohibited.

**RESPONSE:** Admit.

12. General Order 09 09-015 states in part:

IT IS HEREBY ORDERED that any Judge of the Court may, in his or her discretion, permit the use of text-based technology to receive and send text messages on handheld devices by persons in the public area of the Courtroom during Court proceedings, so long as such use of text-based technology does not include the use of any photography, broadcasting, radio, telephone or other audio transmission, or any audio or visual recording or transmission in violation of Local Rule 83.1(c), and does not emit sounds or otherwise disturb or distract from Court proceedings;

**RESPONSE:** Admit.

13. On October 28, 2015, a Special Agent with the Federal Bureau of Investigation observed Respondent Schmeltz using a handheld device to take photographs of evidence that was presented during witness testimony on large screen monitors in courtroom 1941.

**RESPONSE:** Respondent Schmeltz has insufficient personal knowledge or information concerning the assertions of paragraph 13 but accepts them as true and therefore admits to the assertions of Paragraph 13.

14. Judge Leinenweber did not permit the use of any text-based technology in his courtroom during the trial of *United States v. Coscia*.

**RESPONSE:** Admit.

15. A Twitter account, @TraceSchmeltz, is identified as belonging to Trace Schmeltz, a name used by Respondent Schmeltz.

**RESPONSE:** Admit.

16. @TraceSchmeltz's media page states in part:

Trying civil and criminal cases involving financial issues and blogging at  
btgovtenforcement.com.

**RESPONSE:** Admit.

17. @TraceSchmeltz's media page has a hyperlink to Barnes and Thornburg's website that profiles Respondent Schmeltz.

**RESPONSE:** Admit

18. On October 28, 2015, Respondent Schmeltz broadcasted nine tweets, with each tweet including a photograph of the evidence being displayed during the testimony of 14 CR 551 *United States v. Coscia*.

**RESPONSE:** Admit

19. The tweets posted on October 28, 2015 include the following statements:

Programmer agrees with prosecutor that effort to stimulate market activity "could" impact pricing. #HFT #cosciatrial

Prosecution trying to impeach algo with this email. #HFT  
#cosciatrial

Coscia averaging over 10k in profits a day when manually doing

what he wanted his algos to do. #HFT #cosciatrial

Cancellation logic was common in all algos, programmer testifies.  
#HFT #cosciatrial

Programmer note “used to pump mkt” not meant as spoofing  
reference—stimulate market activity, not pricing. #HFT

Algo cancelled trades after over 100 milliseconds—could’ve  
canceled quicker. “Real orders.” #HFT #cosciatrial

Screen shot of “Quote Trader,” the allegedly spoofing algo used by  
Michael Coscia. #cosciatrial #HFT

“Like a decoy” was legit price discovery effort – trying to find  
lurking algos. #cosciatrial

Coscia’s handwritten notes clearly documented his plan = no intent  
to deceive. #cosciatrial

**RESPONSE:** Admit

**Affirmative Statement of Respondent**

Respondent accepts and admits the description set forth in the Rule to Show Cause filed by the Court on November 2, 2015. Respondent formally apologizes to this Court, Judge Leinenweber, the Court staff and others involved in this matter. He is sincerely remorseful for his conduct described in the Rule to Show Cause and respectfully requests the opportunity to speak directly to the Court and to answer any of the Court’s inquiries at the hearing on November 24, 2015.<sup>1</sup>

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<sup>1</sup> In accordance with Local Rule 83.28(d), Respondent has attached hereto a completed Declaration of Admissions to Practice.

Dated: November 18, 2015

By: William F. Conlon

William F. Conlon

Karim Basaria

Sidley Austin LLP

One South Dearborn Street

Chicago, Illinois 60603

(312) 853-7000

Firm ID: 42418

*Attorneys for Vincent Paul Schmeltz*

**United States District Court**

**1. Northern District Of Illinois**

**Local Rules**

**Form LR83.28. Declaration of Admissions to Practice Required by LR83.28(d)**

**DECLARATION OF ADMISSIONS TO PRACTICE**

**In Re Vincent Paul Schmeltz, an Attorney**

**Disciplinary No. 15 MC 583**

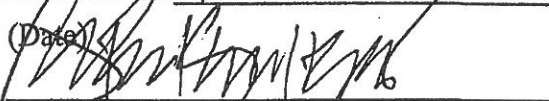
**I, Vincent Paul Schmeltz III** am the attorney who has been served with an order to show cause why disciplinary action should not be taken in the above captioned matter.

**I am a member of the bar of this Court.**

**I have been admitted to practice before the following state and federal courts, in the years, and under the license record numbers shown below: Please see Attachment A attached.**

**I declare under penalty of perjury that the foregoing is true and correct.**

**Executed on November 17, 2015**

**(Date)** 

**(Signature)**

**Vincent Paul Schmeltz III**

**(Full name - typed or printed)**

**One North Wacker Drive**

**Suite 4400**

**Chicago, IL 60606**

**(Address of Record)**

*This declaration must be signed, and delivered to the court with the attorney's answer to the order to show cause or any waiver of an answer. Failure to return this declaration may subject an attorney to further disciplinary action. Under 28 U.S.C. § 1746, this declaration under perjury has the same force and effect as a sworn declaration made under oath.*

**United States District Court**

**1. Northern District Of Illinois**

**Local Rules**

**Form LR83.28. Declaration of Admission to Practice Required by LR83.28(d)**

**DECLARATION OF ADMISSIONS TO PRACTICE**

In Re Vincent Paul Schmeltz, an Attorney

Disciplinary No. 15 MC 583

**ATTACHMENT A**

I have been admitted to practice before the following state and federal courts, in the years, and under the license record numbers shown below:\*

<b>State/Federal Court</b>	<b>License No.</b>	<b>Date issued</b>	<b>Status</b>
Illinois	6273010	November 9, 2000	Active
District of D.C.	1020551	May 16, 2014	Active
Kansas	18392	September 26, 1997	Inactive
Missouri	49467	April 17, 1998	Inactive
N.D. Ill.		June 12, 2000	Active
United States Supreme Court		March 28, 2011	Active
Seventh Circuit Court of Appeals		September 9, 2015	Active

\* These do not include *pro hac* admissions on a case-by-case basis, although I will provide the same if requested.