

**FINRA
OFFICE OF HEARING OFFICERS**

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REGISTRATION & DISCLOSURE

DEPARTMENT OF ENFORCEMENT,

Complainant,

v.

SCOTT H. WEISSMAN, General
Securities Representative
CRD No. 2664118,

Respondent.

Disciplinary Proceeding
No. 2005001067201

Hearing Officer -

COMPLAINT

The Department of Enforcement alleges:

Summary

On or about December 23, 2004, while employed with former FINRA member firm Cardinal Capital Management, Inc. ("CCM") as a General Securities Representative, Scott Weissman ("Weissman" or "Respondent") converted to his own use and benefit \$30,000 that belonged to CCM customer RB. Weissman used these funds to pay for business-related expenses incurred by Topline Capital Ventures, a California-based, movie production company that Weissman controlled and for which he served as President. Additionally, on or about January 5, 2005, Weissman made an unauthorized purchase of 8,000 shares of Cardinal Capital.Net, Inc. stock (CCM's parent company) in the joint brokerage account of CCM customers WP and NP. Finally, during the period from December 31, 2002 to March 15, 2005, Weissman offered and sold approximately 1,521,030 unregistered Cardinal Capital.Net, Inc. common stock shares to 35 CCM customers.

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Respondent

1. Weissman became registered as a General Securities Representative in October 1995 while employed with First United Equities Corp., a FINRA member firm. After leaving First United Equities Corp., Weissman associated with a series of FINRA member firms. On September 6, 2002, Weissman became registered with CCM, where he remained until March 3, 2004. On March 3, 2004, Weissman left CCM and associated with member firm CGF Securities, LLC, where he remained for approximately 30 days before returning to CCM on April 13, 2004. On January 11, 2005, Weissman resigned from CCM and joined member firm Westpark Capital, Inc. ("Westpark Capital"), where he remained until February 8, 2005.
2. On September 9, 2005, and again on September 27, 2005, while employed with member firm Salomon Grey Financial Corporation, Weissman was suspended by FINRA for failing to pay arbitration awards/ fees. Weissman was terminated by Salomon Grey on September 9, 2005.
3. Weissman has not been associated with a FINRA member firm since September 9, 2005. Weissman therefore is subject to the jurisdiction of FINRA until September 8, 2007, pursuant to Article V, Section 4 of FINRA's By-Laws.

**FIRST CAUSE OF COMPLAINT
Conversion of Customer Funds
NASD Conduct Rules 2110 and 2330(a)**

4. Paragraphs 1 – 3 above are incorporated herein by reference.

5. Public customer RB maintained a brokerage account with CCM from July 2000 to June 2005, and Weissman was his assigned broker.
6. In December 2004, RB's CCM brokerage account had a balance of approximately \$32,000, which was invested entirely in a money market fund.
7. On or about December 23, 2004, without the knowledge or consent of RB, Weissman instructed North American Clearing, Inc. ("North American") – CCM's clearing firm – to transfer \$30,000 from RB's CCM brokerage account to a bank account for Topline Capital Ventures ("Topline"). Topline is a California-based, movie production company, and Weissman is the company's president.
8. To authorize the wire transfer, Weissman, without the knowledge or consent of RB, completed a wire-transfer instruction form, which he faxed to North American on or about December 23, 2004. On the form, \$30,000 was designated as the amount to be transferred, Topline was designated as the recipient of the funds to be transferred, and Topline's bank account was designated as the account to receive the funds. In addition, RB's CCM brokerage account was listed as the transferor account and RB as the owner of that account. RB, however, did not sign the form. Instead, RW, Weissman's uncle, signed his name on the form in the space provided above RB's printed name. Finally, Weissman printed and signed his own name on the form immediately below RB's printed name.

9. Weissman faxed the form to North American on December 23, 2004. That day, North American transferred \$30,000 from RB's account to Topline's Bank of America checking account.
10. In or about March 2005, RB discovered that \$30,000 had been transferred from his account, and he contacted Weissman for an explanation. Weissman told RB that he was unaware of the transfer but would investigate the matter.
11. Several weeks later, on May 27, 2005, Weissman faxed a letter to RB in which he represented that: (i) the \$30,000 wire transfer from RB's account was an error; (ii) RB's name and account number had been mistakenly written on a wire-transfer instruction form that Weissman had intended to submit for his uncle, RW, who wanted to transfer \$30,000 to Topline; and (iii) Weissman did not notice RB's name and account number on the form when he faxed it to North American on December 23, 2004. Finally, Weissman stated that he could not immediately return the \$30,000 to RB because the funds had been spent on a Topline movie production project.
12. After months of repeated demands by RB to Weissman for repayment, RB received a \$14,000 wire transfer from Topline on or about August 19, 2005 in partial repayment of the \$30,000 that had been transferred to Topline from RB's account. Since then, RB has received no further repayments from either Weissman or Topline.
13. The foregoing acts, practices and conduct constitute separate and distinct violations of NASD Conduct Rules 2110 and 2330(a) by Respondent Weissman.

SECOND CAUSE OF COMPLAINT
Unauthorized Transactions
NASD Conduct Rule 2110

14. Paragraphs 1 – 13 above are incorporated herein by reference.
15. Public customers WP and NP, husband and wife, maintained a joint brokerage account with CCM from January 2004 until June 2005, and Weissman was their assigned broker.
16. In late fall of 2004, Weissman began recommending that WP purchase shares of CC.Net common stock. WP told Weissman each time that he was not interested.
17. On or about January 5, 2005, without the knowledge or consent of either WP or NP, Weissman faxed a wire-transfer instruction form to North American authorizing the transfer of \$8,000 from the Ps' CCM joint brokerage account to a bank account for CC.Net.
18. CC.Net received the Ps' funds on January 6, 2005, and, on January 9, 2005, 8,000 shares of CC.Net common stock were deposited into the Ps' account.
19. In or about March 2005, WP received in the mail a stock certificate representing 8,000 shares of CC.Net common stock. Upon reviewing his account statements, WP discovered that on January 6, 2005, \$8,000 had been wire transferred from the Ps' joint brokerage account and, on January 9, 2005, 8,000 shares of CC.Net common stock had been deposited into their account.

20. WP immediately contacted Weissman for an explanation. Weissman told WP that the wire transfer and deposit of CC.Net shares was a mistake and that he would take care of it.
21. To date, despite repeated demands by WP, the unauthorized transaction has not been reversed and no funds have been returned to the P's.
22. The foregoing acts, practices and conduct constitute separate and distinct violations of NASD Conduct Rule 2110 by Respondent Weissman.

**THIRD CAUSE OF COMPLAINT
Sale of Unregistered Securities
NASD Conduct Rule 2110**

23. Paragraphs 1 – 22 above are incorporated herein by reference.
24. During the period from on or about December 31, 2002, to on or about March 15, 2005, Weissman sold a total of approximately 1,521,030 shares of CC.Net common stock to approximately 35 public customers.
25. Each share of CC.Net stock that Weissman sold was owned by an affiliate of CC.Net.
26. During the period from on or about December 31, 2002, to on or about March 15, 2005, no registration statement for CC.Net common stock was filed or in effect with the United

States Securities and Exchange Commission ("SEC") as required by Section 5 of the Securities Act of 1933 ("1933 Act"), and the stock was not exempt from registration.

27. For sales of CC.Net stock, CC.Net paid Weissman a commission equal to 20%, and in some cases 50%, of the sale proceeds. Weissman earned commissions totaling approximately \$304,206 from his sales of CC.Net stock.

28. The foregoing acts, practices and conduct are in contravention of Section 5 of the Securities Act of 1933 and constitute separate and distinct violations of NASD Conduct Rule 2110 by Respondent Weissman.

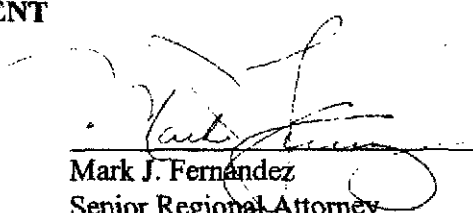
PRAYER FOR RELIEF

WHEREFORE, the Department respectfully requests that the Panel:

- A. order that one or more of the sanctions provided under NASD Rule 8310(a) be imposed, including that the Respondent be required to disgorge fully any and all ill-gotten gains and/or make full and complete restitution, together with interest; and
- B. order that the Respondent bear such costs of proceeding as are deemed fair and appropriate under the circumstances in accordance with NASD Rule 8330.

FINRA DEPARTMENT OF ENFORCEMENT

DATE: September 6, 2007



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