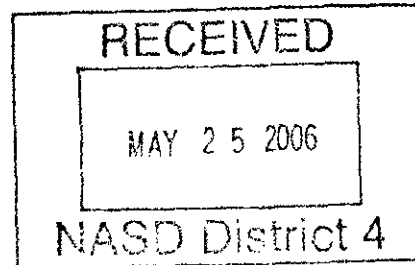


NASD
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20050022435-01



**To: Department of Enforcement
NASD**

**Re: Frank Nicholas Scott, Jr., Ph.D.
General Securities Representative
(CRD No. 823248)**

Pursuant to Rule 9216 of NASD Code of Procedure, I, Frank Nicholas Scott, Jr., Ph.D., submit this Letter of Acceptance, Waiver and Consent (AWC) for the purpose of proposing a settlement of the alleged rule violations described in Part II below. This AWC is submitted on the condition that, if accepted, NASD will not bring any future actions against me alleging violations based on the same factual findings.

I understand that:

1. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by NASD's Department of Enforcement and National Adjudicatory Council (NAC) Review Subcommittee or Office of Disciplinary Affairs (ODA), pursuant to NASD Procedural Rule 9216;
2. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against me; and
3. If accepted:
 - a. this AWC will become part of my permanent disciplinary record and may be considered in any future actions brought by NASD or any other regulator against me;
 - b. this AWC will be made available through NASD's public disclosure program in response to public inquiries about my disciplinary record;
 - c. NASD may make a public announcement concerning this agreement and the subject matter thereof in accordance with NASD Rule 8310 and IM-8310-2; and
 - d. I may not take any action or make or permit to be made any public statement, including in regulatory filings or otherwise, denying, directly or indirectly, any finding in this AWC or create the impression that the AWC is without factual basis. Nothing in this provision affects my testimonial obligations or right to take legal or factual positions in litigation or other legal proceedings in which NASD is not a party.

I also understand that my experience in the securities industry and disciplinary history may be factors that will be considered in deciding whether to accept this AWC. That experience and history are as follows:

I entered the securities industry in May 2002. From May 2, 2002, through October 29, 2004, I was associated with NASD member firm QA3 Financial Corp. (QA3) and was registered with NASD as a general securities representative.

I am not currently associated with any NASD members or registered with NASD in any capacity. However, NASD retains jurisdiction over me pursuant to Article V, Section 4 of NASD By-Laws. I have not been the subject of prior formal disciplinary action by NASD. However, the State of Missouri took action against me in a matter related to the instant matter. See Order To Cease And Desist, State of Missouri, Office of Secretary of State, Case No. AP-05-21 (July 15, 2005).

I. WAIVER OF PROCEDURAL RIGHTS

I specifically and voluntarily waive the following rights granted under NASD's Code of Procedure:

- A. To have a Formal Complaint issued specifying the allegations against me;
- B. To be notified of the Formal Complaint and have the opportunity to answer the allegations in writing;
- C. To defend against the allegations in a disciplinary hearing before a hearing panel, to have a written record of the hearing made and to have a written decision issued; and
- D. To appeal any such decision to the NAC and then to the U.S. Securities and Exchange Commission and a U.S. Court of Appeals.

Further, I specifically and voluntarily waive any right to claim bias or prejudgment of the General Counsel, the NAC, or any member of the NAC, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including acceptance or rejection of this AWC.

In addition, I specifically and voluntarily waive any right to claim that a person violated the ex parte prohibitions of NASD Procedural Rule 9143 or the separation of functions prohibitions of NASD Procedural Rule 9144, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including its acceptance or rejection.

II. ACCEPTANCE AND CONSENT

- A. I hereby accept and consent, without admitting or denying the findings, and solely for the purposes of this proceeding and any other proceeding brought by or on behalf of NASD, or to which NASD is a party, prior to a hearing and without an adjudication of any issue of law or fact, to the entry of the following findings by NASD:

Failure to Respond to Requests for Information **NASD Procedural Rule 8210 and NASD Conduct Rule 2110**

1. On December 22, 2005, and January 19, 2006, NASD staff sent Scott requests for information made pursuant to and in accordance with NASD Procedural Rule 8210.
2. Scott failed to respond to these information requests.
3. Such acts, practices and conduct constitute separate and distinct violations of NASD Conduct Rule 2110 and NASD Procedural Rule 8210 by Scott.

Private Securities Transactions **NASD Conduct Rules 2110 and 3040**

4. In or about September 2003, Scott engaged in a private securities transaction with customers Drs. N.&J.C. in Pyrotechnic Tool Company (Pyrotechnic). Drs. N.&J.C. invested \$100,000 in a promissory note with Pyrotechnic that was to pay 10% per annum. Scott was President of Pyrotechnic. Scott signed the Promissory Note as the President of Pyrotechnic. Scott also endorsed the \$100,000 cashier's check that was made payable to Pyrotechnic.
5. In or about October 2003, Scott engaged in a private securities transaction with customers Drs. N.&J.C. in Pyro Electric Company (Pyro Electric). Drs. N.&J.C. invested \$20,000 for 20,000 preferred shares of Pyro Electric. Scott was President of Pyro Electric. Scott signed an October 17, 2003, letter agreement with Drs. N.&J.C., relating to the transaction. Scott also endorsed the \$20,000 check that customers Drs. N.&J.C. made payable to Pyro Electric.
6. At the time of these transactions, Scott was associated with NASD member QA3. Through the foregoing acts, Scott participated in these private securities transactions. He did so without notifying QA3 of these transactions and his proposed role therein, and without receiving prior written approval for these transactions from QA3.
7. Such acts, practices and conduct constitute separate and distinct violations of NASD Conduct Rules 2110 and 3040 by Scott.

B. Scott also consents to the imposition, at a maximum, of the following sanctions:

1. a bar from association with any NASD member firm in any capacity.

The sanctions imposed herein shall be effective on a date set by NASD staff. Pursuant to IM-8310-2(f), a bar or expulsion shall become effective upon approval or acceptance of this AWC by the NAC.

III. OTHER MATTERS

- A. I understand that if I am barred or suspended from association with any NASD member, I become subject to a statutory disqualification as that term is defined in Section 3(a)(39) of the Securities Exchange Act of 1934, as amended. Accordingly, I may not be associated with any NASD member in any capacity, including clerical or ministerial functions, during the period of the bar or suspension (See NASD Procedural Rule 8310 and IM-8310-1).

I certify that I have read and understand all of the provisions of this AWC and have been given a full opportunity to ask questions about it, and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein, has been made to induce me to submit it.

May 20 2006
Date

Frank Nicholas Scott, Jr.
FRANK NICHOLAS SCOTT, JR., Ph.D.

Reviewed by:

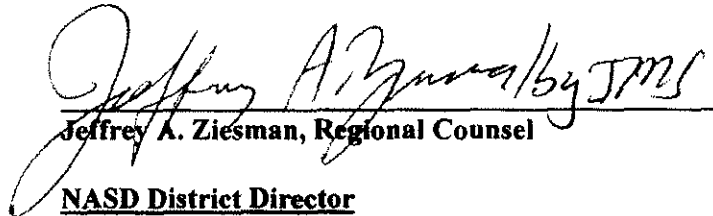
None
Counsel for Respondent Scott

Accepted by NASD:

6-5-06

Signed on behalf of the Director of ODA,
by delegated authority

Date


Jeffrey A. Ziesman, Regional Counsel
NASD District Director

Thomas D. Clough
120 West 12th Street, Suite 900
Kansas City, MO 64105
(816) 802-4700