

FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20080123557-01

TO: Department of Market Regulation
Financial Industry Regulatory Authority ("FINRA")

RE: Scott & Stringfellow, LLC, Respondent
Broker Dealer
CRD No. 6255

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Scott & Stringfellow, LLC (the "firm" or "Respondent"), submits this Letter of Acceptance, Waiver and Consent ("AWC") for the purpose of proposing a settlement of the alleged rule violations described below. This AWC is submitted on the condition that, if accepted, FINRA will not bring any future actions against the firm alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. The firm hereby accepts and consents, without admitting or denying the findings, and solely for the purposes of this proceeding and any other proceeding brought by or on behalf of FINRA, or to which FINRA 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 FINRA:

BACKGROUND

The firm became a member of FINRA on October 10, 1936, and its registration remains in effect.

RELEVANT DISCIPLINARY HISTORY

The firm has no relevant prior disciplinary history.

SUMMARY

In connection with Review No. 20080123557, the staff of the Fixed Income Section of the Department of Market Regulation (the "staff") conducted a best execution sweep of corporate fixed income transactions during the period from October 1, 2007 through December 31, 2007 (the "Fixed Income review period").

In connection with Review No. 20090176935, the staff of the Customer Issues Team of the Department of Market Regulation (the "Customer Issues staff") conducted a Market Order Timeliness ("MOT") Sweep of the firm for compliance with the rules applicable to the handling and execution of market orders during the review period of January 1, 2008 to March 31, 2008 (the "1Q 2008 review period").

FACTS AND VIOLATIVE CONDUCT

20080123557

1. In nine transactions for or with a customer, the firm failed to use reasonable diligence to ascertain the best inter-dealer market and failed to buy or sell in such market so that the resultant price to its customer was as favorable as possible under prevailing market conditions, as reflected on Exhibit A, which is attached. The conduct described in this paragraph constitutes separate and distinct violations of NASD Rules 2110 and 2320.
2. The firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to the applicable securities laws and regulations, and FINRA Rules, concerning best execution for corporate fixed income transactions. Specifically, the firm's supervisory system did not include written supervisory procedures providing for: (1) a statement of the supervisory step(s) to be taken by the person(s) responsible for the supervision of the applicable rules; (2) a statement as to how often such person(s) should take such step(s); and (3) a statement as to how the completion of the step(s) included in the written supervisory procedures should be documented. The conduct described in this paragraph constitutes violations of NASD Rules 2110 and 3010.

20090176935

1. In 45 instances, the firm failed to execute orders fully and promptly. The conduct described in this paragraph constitutes separate and distinct violations of NASD Rules 2110 and 2111(a).
2. In 20 transactions, for or with a customer, the firm failed to use reasonable diligence to ascertain the best inter-dealer market and failed to buy or sell in such market so that the resultant price to its customer was as favorable as possible under prevailing market conditions, as reflected on Exhibit B which is attached. The conduct described in this paragraph constitutes separate and distinct violations of NASD Rules 2110 and 2320.

- B. The firm also consents to the imposition, at a maximum, of the following sanctions: a censure; a fine of \$35,000 (\$20,000 for the corporate bonds best execution violations (20080123557), \$5,000 for the supervision violation (20080123557), and \$10,000 for the market order timeliness and best execution violations (20090176935)); restitution for the equity best execution violations (20090176935) to the customers who executed the transactions listed on Exhibit B which is attached, in the total amount of \$761.25, plus interest at the rate set forth in Section 6621(a) of the Internal Revenue Code, 26 U.S.C. 6621(a)(2), from the date of the violative conduct until the date this AWC is accepted by the National Adjudicatory Council (“NAC”)¹; and an undertaking to revise the firm’s written supervisory procedures with respect to the areas described in paragraph I.A.2 of Review No. 20080123557.

A registered principal of the firm shall submit satisfactory proof of payment of the restitution, or of reasonable and documented efforts undertaken to effect restitution, to the COMPLIANCE ASSISTANT, LEGAL SECTION, MARKET REGULATION DEPARTMENT, 9509 KEY WEST AVENUE, ROCKVILLE, MD 20850 or in an e-mail from a work-related account of the registered principal to MarketRegulationComp@finra.org, no later than 120 days after acceptance of this AWC. If for any reason, the firm cannot locate any customer after reasonable and documented efforts within such period, or such additional period agreed to by the staff, the firm shall forward any undistributed restitution and interest to the appropriate escheat, unclaimed-property or abandoned-property fund for the state in which the customer is known to have last resided.

In addition, within 30 business days of acceptance of this AWC by the NAC, a registered principal of the Respondent shall submit to the COMPLIANCE ASSISTANT, LEGAL SECTION, MARKET REGULATION DEPARTMENT, 9509 KEY WEST AVENUE, ROCKVILLE, MD 20850, a signed, dated letter, or an e-mail from a work-related account of the registered principal to MarketRegulationComp@finra.org, providing the following information: (1) a reference to this matter; (2) a representation that the firm has revised its written supervisory procedures to address the deficiencies described in paragraph I.A.2; and, (3) the date the revised procedures were implemented.

The firm agrees to pay the monetary sanction upon notice that this AWC has been accepted and that such payment is due and payable. It has submitted an Election of Payment form showing the method by which it proposes to pay the fine imposed.

The firm specifically and voluntarily waives any right to claim that it is unable to pay, now or at any time hereafter, the monetary sanction imposed in this matter.

The sanctions imposed herein shall be effective on a date set by FINRA staff.

¹ The firm has made restitution in relation to Matter Id. No. 20080123557 in the amount of \$11,072.10

II.

WAIVER OF PROCEDURAL RIGHTS

The firm specifically and voluntarily waives the following rights granted under FINRA's Code of Procedure:

- A. To have a Complaint issued specifying the allegations against it;
- B. To be notified of the 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, the firm specifically and voluntarily waives 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.

The firm further specifically and voluntarily waives any right to claim that a person violated the ex parte prohibitions of FINRA Rule 9143 or the separation of functions prohibitions of FINRA 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.

III.

OTHER MATTERS

The firm understands that:

- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs ("ODA"), pursuant to FINRA Rule 9216;
- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against the firm; and

C. If accepted:

1. this AWC will become part of the firm's permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against the firm;
2. this AWC will be made available through FINRA's public disclosure program in response to public inquiries about the firm's disciplinary record;
3. FINRA may make a public announcement concerning this agreement and the subject matter thereof in accordance with FINRA Rule 8313; and
4. the firm 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. The firm may not take any position in any proceeding brought by or on behalf of FINRA, or to which FINRA is a party, that is inconsistent with any part of this AWC. Nothing in this provision affects the firm's right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.

D. The firm may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. The firm understands that it may not deny the charges or make any statement that is inconsistent with the AWC in this Statement. This Statement does not constitute factual or legal findings by FINRA, nor does it reflect the views of FINRA or its staff.

The undersigned, on behalf of the firm, certifies that a person duly authorized to act on its behalf has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; that it has agreed to its provisions voluntarily; and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein and the prospect of avoiding the issuance of a Complaint, has been made to induce the firm to submit it.

8-17-12
Date

Respondent

Scott & Stringfellow, LLC

By: W. Hardy

Name: William E Hardy

Title: SENIOR MANAGING DIRECTOR

Reviewed by:

T. McGonigle

Attorney Name: Thomas W. McGonigle

Counsel for Respondent

Scott & Stringfellow, LLC

209 E. Main St.

Richmond, VA 23219

Murphy & McGonigle

555 13th St, NW

Washington, DC 20004

Accepted by FINRA:

9/20/12
Date

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

T. R. Gira
Thomas R. Gira
Executive Vice President
Department of Market Regulation

Item No.	Date	CUSIP ID	Issue	Quantity	Contra*	Trade Time	Trade Price	Firm	Restitution Paid
1	12/10/2007	001957AW9	T.GK	500	C (S)	12:30:39	93	BBNT	\$6,223.20
2	11/20/2007	37042GC38	GMA.ABD	15	C (B)	10:25:19	88	BBNT	\$870.00
3	11/29/2007	38143VAA7	GS.SF	5	C (B)	11:06:44	96.525	BBNT	\$231.05
4	12/11/2007	38143VAA7	GS.SF	28	C (B)	11:22:41	95.004	BBNT	\$1,044.78
5	12/11/2007	38143VAA7	GS.SF	28	C (B)	11:23:37	94.972	BBNT	\$1,035.82
6	11/8/2007	90333LAB8	RMIX.GB	10	C (B)	14:27:58	99.25	BBNT	\$541.00
7	10/16/2007	246626AC9	RMV.GA	25	C (S)	13:53:55	102	BBNT	\$825.00
8	12/21/2007	852060AJ1	S.IU	5	C (S)	10:39:34	100	BBNT	\$133.24
9	12/03/2007	92344GAL0	VZ.MS	5	C (S)	11:15:26	101.25	BBNT	\$168.01
								TOTAL	\$11,072.10

* Contra parties are identified as follows: B-D (S) indicates another Broker-Dealer selling to the firm; B-D (B) indicates another Broker-Dealer buying from the firm; C (S) indicates a customer selling to the firm; and C (B) indicates a customer buying from the firm.

Original Item Number	Order Receipt Date	Order Receipt Time	Desk Receipt Time	Buy/Sell	Quantity	Issue	Order ID	Order Execution Time	Routing Firm MPID	Principal Leg Execution Time	Order Duration	Seconds Locked / Crossed	Total Order Duration	MOT Violation	Restitution Calculation	Restitution Amount
1	BBNT 01/08/2008	10:59:00	11:00:19	SL	25	FCBC	U3I74XQREX	11:03:59		11:03:59	0:03:40	0:00:00	0:03:40	Yes	(31.74-31.67)*25	\$1.75
2	BBNT 01/14/2008	11:32:19		SL	380	MBVA	1LG582Y/PZ9SU	11:41:23	DAVA	11:41:23	0:09:04	0:00:00	0:09:04	Yes	(5.17-5.15)*80	\$1.60
3	BBNT 01/14/2008	13:27:58	13:27:58	B	400	FFCH	U3I715XGSL	13:29:11		13:29:10	0:01:12	0:00:00	0:01:12	Yes	(22.71-22.70)*250	\$2.50
4	BBNT 01/16/2008	09:53:31		B	1804	TICC	U3I769DIZY	09:57:41		09:57:41	0:04:10	0:00:01	0:04:09	Yes	((8.80-8.79)*300)+ ((8.85-8.79)*100)+ ((8.88-8.79)*200)+ ((8.89-8.79)*303)	\$57.30
5	BBNT 01/18/2008	14:20:09	14:20:09	B	750	FFCH	U3I76LA3ZO	14:22:43		14:22:43	0:02:34	0:00:00	0:02:34	Yes	((21.06-21.04)*240)+ ((21.05-21.04)*10)	\$4.90
6	BBNT 01/23/2008	14:01:09		B	500	EVBS	1LG59007K9TD	14:15:46	DAVA	14:15:20	0:14:11	0:00:00	0:14:11	Yes	(16.90-16.73)*100	\$17.00
7	BBNT 01/25/2008	06:01:21	08:00:04	B	855	FBNC	U3I71QYXG76	09:37:29	CLRV		0:07:29	0:00:00	0:07:29	Yes	(19.61-19.59)*675	\$13.50
8	BBNT 01/25/2008	15:26:45		SL	60	PEBK	1LG5900JGXLV	15:37:50	STFL	15:37:50	0:11:05	0:00:00	0:11:05	Yes	(13.50-13.48)*60	\$1.20
9	BBNT 01/31/2008	14:35:00	14:40:14	SL	1000	WSBC	U3I78QOQW1	14:41:28		14:41:27	0:01:13	0:00:00	0:01:13	Yes	((26.64-26.62)*666)+ ((26.64-26.63)*200)	\$15.32
10	BBNT 02/01/2008	15:54:15		SL	3800	CHCI	U3I7IKBFXOZ	15:57:28		15:57:28	0:03:13	0:00:00	0:03:13	Yes	(1.21-1.15)*3500	\$210.00
11	BBNT 02/11/2008	15:43:32		SL	150	SYNL	1LG5900ERH14	15:49:37	STFL	15:49:37	0:06:05	0:00:00	0:06:05	Yes	(13.78-13.75)*150	\$4.50
12	BBNT 02/14/2008	11:03:57	11:03:57	SL	250	FCNCA	U3I7MCGU9GD	11:07:00		11:07:00	0:03:03	0:00:00	0:03:03	Yes	((143.42-142.74)*100)+ ((143.42-143.25)*50)	\$76.50
13	BBNT 02/22/2008	15:22:22	15:22:23	SL	1000	CLBH	U3I7INSGYNU	15:22:56			0:00:33	0:00:00	0:00:33	Yes	((10.95-10.84)*100)+ ((10.95-10.83)*498)	\$70.76
14	BBNT 02/29/2008	11:31:52	11:31:52	SL	1000	HWAY	U3I7IOY5A4M	11:33:45	WELC	11:33:45	0:01:53	0:00:00	0:01:53	Yes	((35.1-35.06)*100)+ ((35.1-35.07)*600)	\$40.00
15	BBNT 03/07/2008	09:51:48	09:51:48	SL	332	SCBT	U3I7J1UJDZ0	09:52:18			0:00:30	0:00:00	0:00:30	Yes	((27.39-27.369)*332 ((10.25-10.24)*300)+ ((10.25-10.2)*30)	\$6.97
16	BBNT 03/20/2008	11:30:25		SL	330	GBTS	1LG590WVG75X	11:31:21	DAVA	11:31:20	0:00:56	0:00:00	0:00:56	Yes	((14.44-14.39)*245)	\$4.50
17	BBNT 03/20/2008	14:23:42	14:23:42	B	250	TOWN	U3I7J3ZXQO4	14:29:04		14:29:04	0:05:22	0:00:00	0:05:22	Yes	((14.43-14.39)*5)+ ((14.44-14.39)*245)	\$12.45
18	BBNT 03/20/2008	14:24:31	14:24:32	B	250	TOWN	U3I7J3ZXQO5	14:29:04		14:29:04	0:04:32	0:00:00	0:04:32	Yes	(14.44-14.39)*250	\$12.50
19	BBNT 03/26/2008	15:09:57	15:09:57	SL	1000	FFCH	U3I7J4ZQNM	15:12:53		15:12:53	0:02:56	0:00:00	0:02:56	Yes	((24.97-24.75)*800)+ ((24.97-24.87)*100)+ ((24.97-24.80)*100)	\$203.00
20	BBNT 03/28/2008	11:30:00	11:32:28	B	300	SYNL	U3I7J5BKFSN	11:34:26		11:34:26	0:01:58	0:00:00	0:01:58	Yes	(12.15-12.10)*100	\$5.00
														Total	\$761.25	