

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2008013809702**

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REGISTRATION & DISCLOSURE

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

RE: David Michael Scaffè, Respondent
General Securities Representative and General Securities Principal
CRD No. 2643002

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, I submit 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 me alleging violations based on the same factual findings described herein.

I.

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 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

David Michael Scaffè ("Scaffè") first became employed by a FINRA member firm in July 1995, and became registered with FINRA as a general securities representative in September 1995. In September 2002, Scaffè became employed by FINRA member Andrew Garrett, Inc. ("AGI"). Scaffè was initially registered by AGI as a general securities representative, but in January 2004 Scaffè also became registered with FINRA as a general securities principal. Scaffè was employed by AGI until May 2008. Scaffè is not currently registered by a FINRA member firm, but remains subject to FINRA's jurisdiction pursuant to Article V, Section 4 of FINRA's By-Laws until May 2010. Scaffè does not have a relevant disciplinary history.

OVERVIEW

Scaffè, while employed by AGI, borrowed funds from two of his customers without providing notice to or obtaining the approval of AGI, in violation of NASD Conduct Rules 2370 and 2110. Scaffè further failed to respond to FINRA's requests for information, in violation of NASD Procedural Rule 8210, FINRA Procedural Rule 8210, NASD Conduct Rule 2110 and FINRA Conduct Rule 2010.

FACTS AND VIOLATIVE CONDUCT

1. Borrowing Funds from Customers

On March 1, 2007, Scaffè approached public customer S.J., indicated that he was having financial difficulties and solicited and obtained a \$25,000 loan from S.J. At

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the time of the loan S.J. was Scaffè's customer, as well as a customer of AGI. The loan was evidenced by a handwritten promissory note, which provided that the loan would be repaid "in a timely manner." Scaffè repaid S.J. through installments, paying \$10,250 on June 21, 2007, \$5,000 on July 9, 2007, and the balance of \$10,000 on September 8, 2007. On October 23, 2007, Scaffè borrowed an additional \$25,000 from public customers P. and D. L., and provided them with a typewritten promissory note. P. and D.L. caused the \$25,000 to be wired from their bank account to Scaffè's personal bank account. At the time of the loan, P. and D.L. were customers of Scaffè and AGI. Scaffè has not repaid the \$25,000 borrowed from P. and D.L. During 2007 AGI expressly prohibited its representatives from borrowing funds from customers and included such prohibition in its compliance manual. Scaffè signed annual compliance questionnaires in December 2006 and November 2007 wherein he acknowledged that he had received or had access to AGI's compliance manual (where the prohibition against borrowing funds from customers was located). Scaffè did not request or obtain permission from AGI to borrow funds from customer S.J. or customers P. and D.L., nor could he under AGI's procedures.

Such acts, practices and conduct constitute separate and distinct violations of NASD Conduct Rules 2370 and 2110 by Respondent Scaffè.

2. Failure to Respond

In June 2008, FINRA initiated an investigation into the allegations on a Uniform Termination Notice for Securities Industry Registration ("Form U5") filed by AGI regarding Scaffè. The Form U5 alleged that Scaffè had violated his fiduciary responsibilities and the firm's written supervisory procedures prohibiting its registered representatives from accepting loans from firm customers.

During the course of FINRA's examination, FINRA requested and received a written statement from Scaffè regarding the loans obtained from customers S.J. and P. and D.L. FINRA further found evidence that Scaffè may have borrowed additional funds from a third customer. Therefore, FINRA sought an additional written statement from Scaffè regarding his dealings with this third customer. Specifically, on November 19, 2008, FINRA sent Scaffè a letter requesting a written statement, pursuant to NASD Procedural Rule 8210, in which FINRA requested that Scaffè provide details regarding whether he had borrowed additional funds from a third customer. FINRA requested that the written statement be submitted no later than December 5, 2008. The November 19, 2008 letter was sent via first class mail to Scaffè at his CRD address [REDACTED]

[REDACTED] and to an alternate address [REDACTED]. The November 19, 2008 letters were not returned.

Scaffè contacted FINRA via telephone and acknowledged receipt of FINRA's request. Scaffè further requested an extension of the deadline established in the November 19, 2008 letter. Scaffè confirmed his request for an extension of the deadline via electronic mail on December 24, 2008, but did not provide the requested written statement. Pursuant to Scaffè's request, FINRA had extended the deadline in the November 19, 2008 letter until December 30, 2008. Scaffè failed to respond by the extended deadline of December 30, 2008.

On June 18, 2009, FINRA sent Scaffè another letter via first class and certified mail at his CRD address and the alternate address. Scaffè was requested, once again, to submit a written statement pursuant to FINRA Procedural Rule 8210. Scaffè was requested to submit the written statement by July 2, 2009. The June 18, 2009 letters sent by first class mail were returned indicating that they were "not deliverable as addressed and attempted not known." The June 18, 2009 letters sent by certified mail were also returned indicating that they were "not deliverable as addressed and attempted not known." Scaffè failed to provide the requested statement by July 2, 2009. To date, Scaffè has not submitted the written statement requested by FINRA in its November 19, 2008 and June 18, 2009 letters.

Such acts, practices and conduct constitute separate and distinct violations of NASD Procedural Rule 8210, NASD Conduct Rule 2110, FINRA Procedural Rule 8210 and FINRA Conduct Rule 2010 by Respondent Scaffè.

B. I also consent to the imposition of the following sanctions:

A bar from association with any FINRA member firm in all capacities.

I understand that if I am barred or suspended from associating with any FINRA 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 FINRA member in any capacity, including clerical or ministerial functions, during the period of the bar or suspension (see FINRA Rules 8310 and 8311).

The sanctions imposed herein shall be effective on a date set by FINRA staff. Pursuant to FINRA Rule 8313(e), a bar or expulsion shall become effective upon approval or acceptance of this AWC.

II.

WAIVER OF PROCEDURAL RIGHTS

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

- A. To have a Complaint issued specifying the allegations against me;
- 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 National Adjudicatory Council ("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.

I further specifically and voluntarily waive 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.

II.

OTHER MATTERS

I understand 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 me; and
- C. If accepted:
 - 1. This AWC will become part of my permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against me;
 - 2. This AWC will be made available through FINRA's public disclosure program in response to public inquiries about my 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. 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. I 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 my right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.

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; that I have 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 me to submit it.

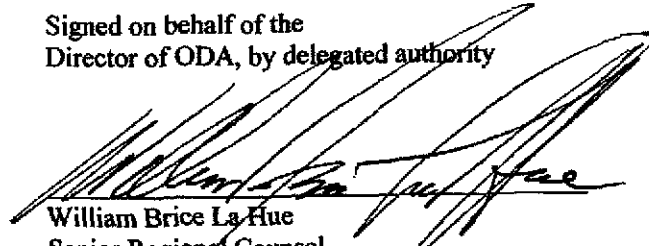
10/6/09
Date

David Michael Scaffa
David Michael Scaffa, Respondent

Accepted by FINRA:

10/15/09
Date

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

A handwritten signature in black ink, appearing to read "William Brice La Hue", is written over a horizontal line.

William Brice La Hue
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