

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2013037414301**

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

RE: Harold F. Scharfetter, Jr., Respondent
Registered Representative
CRD No. 1193087

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Harold F. Scharfetter, Jr. ("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 him alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. Respondent 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

Respondent entered the securities industry in June 1983 as a registered representative with a FINRA regulated broker-dealer and remained employed there until April 1987. He left the securities industry in April 1987 and returned in February 2003 with Thrivent Investment Management Inc. ("Thrivent" or the "Firm"), a FINRA regulated broker-dealer.

Between February 6, 2003 and June 18, 2013, Respondent was employed by Thrivent as a registered representative. Respondent obtained his Series 7 and 66 licenses in April 2003 and March 2005, respectively.¹

On July 11, 2013, the Firm notified FINRA that Respondent was permitted to resign on June 18, 2013 while suspended from the Firm, pending the outcome of criminal felony charges. On May 31, 2013, Respondent was indicted by a Ross

¹ Although Respondent first obtained his Series 7 and 63 licenses in 1983 and his Series 3 licenses in 1986, these securities licenses lapsed in 1988.

County, Ohio Grand Jury for felony charges including, one count of Grand Theft, and 23 counts of Forgery (the "Indictment"). According to the Indictment, between June 2009 and November 2011, Respondent misappropriated approximately \$62,672 from AH, a charitable organization, by forging a series of 23 checks written against AH's checking account, held at a third-party bank. AH was Respondent's approved outside business activity.

In June 2013, Respondent withdrew his not guilty plea before the Court of Common Pleas in Ross County, Ohio. In December 2013, Respondent repaid \$62,672 in restitution to AH and was accepted into the state of Ohio's Diversion Program. As part of the Diversion Program, Respondent has to meet certain conditions for a specified period of time, similar to probation. Upon successful completion of the Diversion Program, the original criminal charges against Respondent will be dismissed.

Respondent has not been associated with a FINRA regulated broker-dealer since June 18, 2013. Pursuant to Article V, Section 4 of FINRA's By-Laws, Respondent remains subject to FINRA's jurisdiction.

RELEVANT DISCIPLINARY HISTORY

Respondent has no prior disciplinary history in the securities industry.

OVERVIEW

Respondent, a former registered representative with Thrivent, failed to respond to FINRA's December 11, 2013 request, pursuant to FINRA Rule 8210, for documents and information related to, among other things, allegations that he misappropriated approximately \$62,672 from his Firm approved outside charitable business activity.

By refusing to provide a response to FINRA's 8210 request for documents and information, Respondent violated FINRA Rules 8210 and 2010.

FACTS AND VIOLATIVE CONDUCT

FINRA Rule 8210(a)(1) requires "a member, person associated with a member, or any other person subject to FINRA's jurisdiction to provide information orally, in writing, or electronically (if the requested information is, or is required to be, maintained in electronic form) and to testify at a location specified by FINRA staff, under oath or affirmation administered by a court reporter or a notary public if requested, with respect to any matter involved in the investigation, complaint, examination, or proceeding." FINRA Rule 8210(c) states "no member or person shall fail to provide information or testimony or to permit an inspection and copying of books, records, or accounts pursuant to this Rule."

FINRA Rule 2010 requires members and associated persons to “observe high standards of commercial honor and just and equitable principles of trade.”

Failure to Cooperate

By letter dated December 11, 2013, (the “December 11th 8210 letter”), FINRA requested, pursuant to FINRA Rule 8210, that Respondent provide documents and information concerning his activities in connection with AH, his approved outside charitable business activity. On or about December 16, 2013, Respondent received the December 11th 8210 letter.

Respondent subsequently retained counsel, who informed FINRA that Respondent will not provide a response to FINRA’s December 11th 8210 letter. To date, Respondent has failed to provide the requested documents and information as required pursuant to FINRA Rule 8210.

Accordingly, Respondent has violated FINRA Rules 8210 and 2010 by failing to provide a response to Staff’s 8210 request for documents and information.

B. Respondent also consents to the imposition of the following sanction:

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

Respondent understands that if he is barred or suspended from associating with any FINRA member, he becomes subject to a statutory disqualification as that term is defined in Article III, Section 4 of FINRA’s By-Laws, incorporating Section 3(a)(39) of the Securities Exchange Act of 1934. Accordingly, he 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

Respondent specifically and voluntarily waives the following rights granted under FINRA’s Code of Procedure:

- A. To have a Complaint issued specifying the allegations against him;

- 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, Respondent 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.

Respondent 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

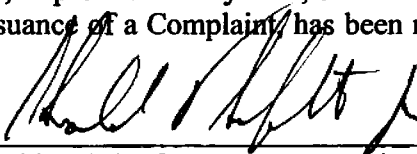
Respondent understands that:

- 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 him; and
- C. If accepted:
 - 1. this AWC will become part of Respondent's permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against him;

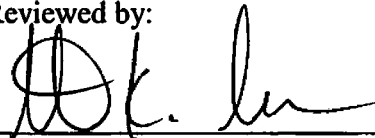
2. this AWC will be made available through FINRA's public disclosure program in response to public inquiries about Respondent's disciplinary record;
3. FINRA may make a public announcement concerning this agreement and the subject matter thereof in accordance with FINRA Rule 8313; and
4. Respondent may 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. Respondent 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: (i) testimonial obligations; or (ii) right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.

Respondent certifies that he has read and understood all of the provisions of this AWC and has been given a full opportunity to ask questions about it; that he 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 him to submit it.

04-25-2014
Date (mm/dd/yyyy)


Harold F. Scharfetter, Jr., Respondent

Reviewed by:


Stephen Sesser, Esq.
Counsel for Respondent
Benson, McHenry & Sesser, LLC
36 South Paint Street
Chillicothe, Ohio 45601
740-773-3600

Accepted by FINRA:

5/14/14
Date

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


Susan Light
Senior Vice President & Chief Counsel
FINRA Department of Enforcement
One World Financial Center
200 Liberty Street, 11th Floor
New York, NY 10281