

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20140399401-01**

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

RE: Scottsdale Capital Advisors Corp, Respondent
Broker-Dealer
CRD No. 118786

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Scottsdale Capital Advisors Corp (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. 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 has been a FINRA member since May 22, 2002, and its registration remains in effect.

RELEVANT DISCIPLINARY HISTORY

The firm has no prior relevant disciplinary history.

SUMMARY

In connection with Review No. 20140399401, the Trading and Financial Compliance Examinations ("TFCE") staff of the Department of Market Regulation conducted the 2014 TFCE review of the firm, which included the items set forth on Exhibit 1, which is attached hereto and incorporated herein by reference, primarily for trade dates February 3, 2014 through February 7, 2014 (the "review period").

FACTS AND VIOLATIVE CONDUCT

During the review period, the firm, through its Order Sending Organizations ("OSOs"), transmitted to the Order Audit Trail System ("OATS") 51 reports that contained inaccurate, incomplete, or improperly formatted data. Specifically, the reports contained erroneous Inter-Firm Desk Route reports; inaccurate Account Type Codes; inaccurate Order Received Timestamps; and inaccurate Routed Method Codes. Though the firm's OSOs made errors with respect to the firm's submissions to OATS, the firm is responsible for ensuring that its reportable order events are accurately reported to OATS. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 7450.

- B. The firm also consents to the imposition of the following sanctions:

A censure and a fine of \$10,000.

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

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

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

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 the firm;
- 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 Chief Legal Officer, 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 Respondent; 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 accordance with FINRA Rule 8313;
 - 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. 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: (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.
- D. Respondent 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 the AWC's 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.

10/22/15
Date

Respondent
Scottsdale Capital Advisors Corp

By: [Signature]

Name: Henry J. Dorman

Title: PRESIDENT

Reviewed by:

Timothy B. Nagy
Attorney Name
Counsel for Respondent
Timothy B. Nagy
Sidley Austin, LLP
1501 K Street, N.W.
Washington, DC 20005

Accepted by FINRA:

11/19/15
Date

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

[Signature]
Gerard P. Finn
Chief Counsel
Department of Market Regulation

Name of Member: Scottsdale Capital Advisors Corp.
TFCE Exam #: 20140399401
Fieldwork Dates: March 31 - April 2, 2014
Trade Review Dates: February 3 - 7, 2014

Exhibit 1

Ref. Sched.	Review
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6.10	Multiple MPID/Sponsored/DMA
8.10	Customer Sales
8.20	Proprietary Sales
12.10	Odd-Lot Reporting
12.20	RX Trade Reporting
12.30	RA Trade Reporting
13.10	Canceled Trades
14.10	Order Protection & Disclosure
15.10	Limit Order Display
18.20	Market Order Best Execution*
19.10	Riskless and non-Riskless Principal Trade Reporting
20.10	Adjustment of Open Limit Orders
22.10	PRP Trades – Trade Reporting and Best Execution
23.10	Extended Hours Trading Disclosure
25.40	SEC Rule 605 Order Classification
25.50	SEC Rule 605 Reported Data
32.10	OATS Review
34.10	OTC Equity and OTCBB Reviews – Record Keeping and Best Execution
40.10	ATS/ECN Transaction Reporting
43.1	Step Out Transaction
43.10	Nasdaq/BX/PSX Order Entry
44.10	BATS/BATS Y Order Entry
45.10	EDGA/EDGX Order Entry
46.10	NYSE ARCA Order Entry
46.20	NYSE Order Entry
46.30	NYSE MKT Order Entry
47.10	NYSE ARCA Retail Orders
47.20	Nasdaq Retail Orders
47.30	EDGX Retail Orders
47.40	NYSE Retail Orders
47.50	NYSE MKT Retail Orders
47.60	BATS Y Retail Orders

Sample Sizes																							
# of Order Tickets Reviewed for 17a-3 & 17a-4	# of Execution Records Reviewed for 17a-3 & 17a-4	# of TRF Trades	# Sale Orders Reviewed for 200(g)	# Short Sales Reviewed for 203(b)	# Short Sales Reviewed for 204	# Sell TRF Trades	# of NASDAQ Sell Orders for 4755 (Long/Short) and 4611 (Capacity)	# of BX Sell Orders for OMX BX 4755 Long/Short	# of PHLX Sell Orders for OMX PHLX 3305 Long/Short	# of BATS Sell Orders for 11.19 (Long/Short) and 11.21 (Capacity)	# of BATS Y Sell Orders for 11.19 (Long/Short) and 11.21 (Capacity)	# of EDGA Sell Orders for Rule 11.15 Long/Short and 11.22 (Capacity)	# of EDGX Sell Orders for Rule 11.15 Long/Short and 11.22 (Capacity)	# of NYSE ARCA Sell Orders for Rule 7.16(a) Long/Short and 7.33 (Capacity)	# of NYSE Sell Orders for Rule 440B Long/Short and 123 (Capacity)	# of NYSE MKT Sell Orders for Rule 440B Long/Short and 123 (Capacity)	# of NYSE Retail Orders	# of NYSE MKT Retail Orders	# of BATS Y Retail Orders	# Orders Reviewed for Net Trading Agreements	# of Extended Hours Disclosures	# Orders Reviewed for OATS	# Customer Confirmations for 10b-10
4	0	0	4	0	0	0														0		4	4
50		0	50	0	0	0														0			50
0	0	0	0	0	0	0														0			
0		0																		0			
0		0																		0			
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10		0																			10		
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0																				0			0

Totals

135	0	0	54	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	10	54	54
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Duplicates

- 8.10 #1 = 32.10 #1 -1
- 8.10 #2 = 32.10 #2 -1
- 8.10 #3 = 32.10 #3 -1
- 8.10 #4 = 32.10 #4 -1
- 8.10 #5 = 32.10 #5 -1
- 8.10 #6 = 32.10 #6 -1
- 8.10 #7 = 32.10 #7 -1
- 8.10 #8 = 32.10 #8 -1
- 8.10 #9 = 32.10 #9 -1
- 8.10 #10 = 32.10 #10 -1
- 8.10 #11 = 32.10 #11 -1
- 8.10 #12 = 32.10 #12 -1
- 8.10 #13 = 32.10 #13 -1
- 8.10 #14 = 32.10 #14 -1
- 8.10 #15 = 32.10 #15 -1
- 8.10 #16 = 32.10 #16 -1
- 8.10 #17 = 32.10 #17 -1
- 8.10 #18 = 32.10 #18 -1
- 8.10 #19 = 32.10 #19 -1
- 8.10 #20 = 32.10 #20 -1
- 8.10 #21 = 32.10 #21 -1
- 8.10 #22 = 32.10 #22 -1
- 8.10 #23 = 32.10 #23 -1
- 8.10 #24 = 32.10 #24 -1
- 8.10 #25 = 32.10 #25 -1
- 8.10 #5 = 18.20 #7 -1
- 8.10 #8 = 18.20 #1 -1
- 8.10 #13 = 18.20 #15 -1
- 8.10 #18 = 18.20 #11 -1
- 8.10 #33 = 18.20 #19 -1
- 8.10 #45 = 18.20 #20 -1
- 32.10 #28 = 18.20 #6 -1
- 32.10 #33 = 18.20 #13 -1

Revised Totals

102	0	0	54	0	0	0	0	0	0			0	0	0							0	10	54	54
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*General Best Execution review, included market and limit orders



**STATEMENT OF CORRECTIVE ACTION
BY SCOTTSDALE CAPITAL ADVISORS CORP**

Scottsdale Capital Advisors Corp ("SCA") submits this Statement of Corrective Action in connection with the Letter of Acceptance, Waiver, and Consent pertaining to FINRA Matter No. 20140399401 ("AWC") in order to describe the steps it has taken since the review period to correct and substantially reduce the risk of recurrence of the issues addressed by the AWC.

During the relevant time period SCA entered customer orders through the order entry system provided by its clearing firm, who acted as the Reporting Agent for SCA. Pursuant to a written agreement, the clearing firm agreed to file OATS reports on behalf of SCA. Because SCA is the Reporting Member (as defined in FINRA Rule 7410) with respect to the OATS reports, SCA is primarily responsible to ensure that timely, accurate, and complete information is reported to FINRA, even if reported by a 3rd party vendor. SCA has identified and corrected the root cause which gave rise to the OATS exceptions noted in the AWC. Additionally, SCA implemented enhancements to its procedures related to the review of 3rd party OATS reports to verify the accuracy of the data submitted on behalf of the firm. This includes daily review by the firm's Trading Manager of FINRA OATS reports for rejections and out of sequence events, as well as a daily review of OATS data submitted on behalf of the firm.

SCA regrets the violations identified in the AWC and the firm is confident that its controls are appropriately robust and consistent with the requirements of FINRA Rule 7450.

This Corrective Action Statement is submitted by SCA. It does not constitute factual or legal findings by FINRA, nor does it reflect the views of FINRA, or its staff.