

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2014041516701**

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

RE: Francesco Anthony Scarso, Respondent
Investment Banking Representative, General Securities Representative
CRD No. 2679981

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

Respondent Francesco Anthony Scarso ("Scarso") entered the securities industry in April 1996, when he became registered with FINRA as a General Securities Representative ("GS") through a FINRA member firm. After being associated with several FINRA member firms, on January 22, 2009, Scarso became registered as a GS through former FINRA member firm John Thomas Financial (BD No. 40982) ("John Thomas"), and became registered as an Investment Banking Representative ("IB") through John Thomas on April 21, 2010, where he remained until June 17, 2013. On June 17, 2013, Scarso became registered as a GS and IB through FINRA member Clark Dodge & Co., Inc. (BD No. 23288) ("Clark Dodge"), where he remained registered until November 20, 2013. On November 23, 2013, Scarso became registered as a GS and IB through FINRA member Alexander Capital, L.P. (40077) (BD No. 40077) ("Alexander Capital"), where he remained registered until October 20, 2014. Since October 21, 2014, Scarso has been registered as a GS and IB through FINRA member PHX Financial, Inc. (BD No. 144403) ("PHX").

RELEVANT DISCIPLINARY HISTORY

In April 2001, Scarso submitted an offer of settlement consenting to findings that he violated NASD Conduct Rule 2110 by effecting unauthorized trades in the accounts of public customers and to sanctions pursuant to which he was fined \$8,000, suspended from association with any FINRA member in any capacity for 30 business days, ordered to requalify by retaking and passing the Series 7 examination, and ordered to pay \$27,000 in restitution to public customers.

OVERVIEW

Scarso failed to disclose two New York State tax liens and a compromise with a creditor on his Uniform Application for Securities Industry Registration or Transfer ("Form U4").

FACTS AND VIOLATIVE CONDUCT

Article V, Section 2(c) of FINRA's By-Laws requires associated persons to keep their Forms U4 "current at all times," and that amendments to Forms U4 be filed "not later than 30 days after learning of the facts or circumstances giving rise to the amendment." Disclosure Question 14M of Form U4 asks: "Do you have any unsatisfied judgments or liens against you?" Disclosure Question 14K of Form U4 asks, in relevant part: "Within the past 10 years ... have you made a compromise with creditors ...?"

FINRA Rule 1122 provides that "[n]o member or person associated with a member shall file with FINRA information with respect to membership or registration which is incomplete or inaccurate so as to be misleading, or which could in any way tend to mislead, or fail to correct such filing after notice thereof." FINRA Rule 2010 provides that "[a] member, in the Conduct of his business, shall observe high standards of commercial honor and just and equitable principles of trade."

On March 17, 2010, the New York State Department of Taxation and Finance filed a \$26,393.77 tax warrant against Scarso, which resulted in the creation of a lien of the same date. On July 28, 2010, the New York State Department of Taxation and Finance filed a \$49,239.06 tax warrant against Scarso, which also resulted in the creation of a lien of the same date. In August 2013, the tax liens were satisfied. The liens required disclosure on Scarso's Form U4 beginning 30 days after learning of the facts and circumstances giving rise to the amendment; however he did not disclose the liens on his Form U4 until January 6, 2015.

In March 2010, Scarso entered into a compromise with a credit card company pursuant to which he agreed to pay \$10,250 to satisfy a debt in the amount of \$19,922. The compromise with the creditor required disclosure on Scarso's Form U4 beginning 30 days after learning of the facts and circumstances giving rise to

the amendment; however he did not disclose the compromise with the creditor on his Form U4 until June 15, 2015.

As a result of the foregoing conduct, Scarso violated Article V, Section 2(c) of FINRA's By-Laws, and FINRA Rules 1122 and 2010.

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

- A \$5,000 fine; and
- A suspension from association with any FINRA member firm in any and all capacities for 30 calendar days.

I agree to pay the monetary sanction(s) upon notice that this AWC has been accepted and that such payment(s) are due and payable. I have submitted an Election of Payment form showing the method by which I propose to pay the fine imposed.

I specifically and voluntarily waive any right to claim that I am unable to pay, now or at any time hereafter, the monetary sanction(s) imposed in this matter.

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 Article III, Section 4 of FINRA's By-Laws, incorporating Section 3(a)(39) of the Securities Exchange Act of 1934. 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.

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 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.

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.

III.

OTHER MATTERS

I understand that:

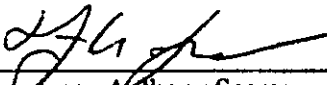
- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs ("ODA"), pursuant to FINRA Rule 9216;
- B. If this AWC is not accepted, its submission will 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: (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. I may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. I understand that I 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.

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.

7/8/2015
Date (mm/dd/yyyy)



Francesco Anthony Scarso

Reviewed by

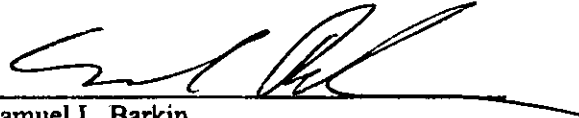


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Accepted by FINRA:

7/9/2015
Date

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



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