

**NASD
OFFICE OF HEARING OFFICERS**

Department of Enforcement,

Complainant,

v.

Emanuele Anthony Scarso,
CRD No. 2080536

Respondent.

Disciplinary Proceeding
No. E062003035102

Hearing Officer:

COMPLAINT

Upon information and belief, Complainant alleges as follows:

1. Emanuele Anthony Scarso ("Scarso" or "Respondent") entered the securities industry in July 1990 when he associated with an NASD member firm. During the period from June 1991 to October 2000, Scarso associated with eleven NASD member firms. He registered with NASD member firm Salomon Grey Financial Corporation ("Salomon Grey") from October 2000 through March 24, 2003. He has not been registered with another member since his termination from Salomon Grey. During his career in the securities industry Scarso obtained Series 7, 62 and 63 securities licenses.
2. Salomon Grey submitted an initial Form U-5 on Scarso's behalf on June 23, 2003. On September 16, 2003, the firm submitted an amended U-5 filing that revealed a previously undisclosed customer complaint against Scarso that alleged unauthorized trading. The U-5 amendment filing extended NASD's jurisdiction over Scarso until September 15, 2005. Accordingly, NASD has jurisdiction to file this complaint, pursuant to Article V, Section 4 of the Association's By-Laws, which provides for a two-year period of retained jurisdiction over formerly associated persons.

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CAUSE OF COMPLAINT

Respondent Made Unauthorized Transactions in Customer Accounts

(Violations of NASD Conduct Rule 2110 and IM 2310-2)

3. Paragraph numbers 1 and 2 above are realleged and incorporated herein by reference.
4. During the period from February 2001 through February 2003, Scarso executed unauthorized purchase and/or sales transactions in the accounts of Salomon Grey customers WS, HS, AC and OV.

Customer WS

5. During the relevant time period, customer WS maintained a securities account with Salomon Grey that was serviced by Respondent Scarso.
6. On or about February 24, 2003, February 28, 2003 and March 14, 2003, Respondent Scarso purchased or caused to be purchased and sold or caused to be sold securities for the account of WS, as reflected on Schedule A attached hereto and incorporated by reference, without the knowledge or consent of WS, and in the absence of written or oral authorization to Respondent Scarso to exercise discretion in said account.
7. WS lost approximately \$18,000 as a result of the unauthorized transactions in his account.

Customer HS

8. During the relevant time period, customer HS maintained a securities account with Salomon Grey that was serviced by Respondent Scarso.
9. On or about February 26, 2001, March 7, 2001, March 12, 2001, March 21, 2001 and April 24, 2001, Respondent Scarso purchased or caused to be purchased and sold or caused to be sold securities for the account of HS, as reflected on Schedule A attached hereto and incorporated by reference, without the knowledge or consent of HS, and in

the absence of written or oral authorization to Respondent Scarso to exercise discretion in said account.

Customer AC

10. During the relevant time period, customer AC maintained a securities account with Salomon Grey that was serviced by Respondent Scarso.
11. On or about July 8, 2002 and July 23, 2002, Respondent Scarso purchased or caused to be purchased and sold or caused to be sold securities for the account of AC, as reflected on Schedule A attached hereto and incorporated by reference, without the knowledge or consent of AC, and in the absence of written or oral authorization to Respondent Scarso to exercise discretion in said account.
12. AC lost approximately \$22,000 as a result of the unauthorized transactions in his account.

Customer OV

13. During the relevant time period, customer OV maintained a securities account with Salomon Grey that was serviced by Respondent Scarso.
14. On or about October 31, 2001, Respondent Scarso purchased or caused to be purchased securities for the account of OV, as reflected on Schedule A attached hereto and incorporated by reference, without the knowledge or consent of OV, and in the absence of written or oral authorization to Respondent Scarso to exercise discretion in said account.
15. OV lost approximately \$13,389 as a result of the unauthorized transactions in his account.
16. The aforementioned acts, practices and conduct constitute separate and distinct violations of NASD Conduct Rule 2110 and IM 2310-2 by Emanuele Anthony Scarso.

PRAYER FOR RELIEF

WHEREFORE, Complainant respectfully requests:

- A. Findings of fact and conclusions of law that Respondent committed the violations charged and alleged herein;
- B. An order imposing sanctions upon the Respondent in accordance with NASD Rule 8310.
- C. An order requiring Respondent to disgorge fully any and all ill-gotten gains and/or make full and complete restitution, together with interest;
- D. An order imposing such costs of any proceeding as are deemed fair and appropriate under the circumstances in accordance with NASD Rule 8330; and
- E. An order imposing any other fitting sanction.

NASD DEPARTMENT OF ENFORCEMENT

Date: September 13, 2005

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SCHEDULE A

Customer WS

Date	Activity	Security	Price	# Shares
2/24/03	Sold	Mediabay Inc.	\$.943	15,230
2/28/03	Bought	Dyntek, Inc. Class A	\$.920	20,000
3/14/03	Sold	Sirius Satellite Radio, Inc.	\$.450	20,000

Customer HS

Date	Activity	Security	Price	# Shares
2/26/01	Bought	Global Net, Inc.	\$1.6405	4,000
3/7/01	Bought	Metromedia Fiber Network, Inc.	\$10.23	5,000
3/12/01	Sold	E Trade Group, Inc.	\$9.7	700
3/21/01	Sold	E Trade Group, Inc.	\$7.23	1,300
3/21/01	Sold	Global Net, Inc.	\$.84	20,000
4/24/01	Sold	Global Net, Inc.	\$1.141	5,000

Customer AC

Date	Activity	Security	Price	# Shares
7/8/02	Bought	Conolog Corp. New	\$1.15	20,000
7/23/02	Sold	Senior Care Industries	\$.12	80,000

Customer OV

Date	Activity	Security	Price	# Shares
10/31/01	Bought	Global Crossing, Ltd.	\$1.22	9,000