

STATE OF ILLINOIS  
SECRETARY OF STATE  
SECURITIES DEPARTMENT

IN THE MATTER OF: EMANUELE A. SCARSO

FILE NO. 0300152

ORDER OF REVOCATION

TO THE RESPONDENT:

Emanuele A. Scarso  
(CRD#: 2080536)  
447 95<sup>th</sup> Street #2A  
Brooklyn, New York 11209

c/o Salomon Grey Financial Corporation  
5430 LBJ Freeway, Suite 1626  
Dallas, Texas 75240

WHEREAS, the above-captioned matter came on to be heard on June 25, 2003, pursuant to the Notice of Hearing dated May 8, 2003, Filed by Petitioner Secretary of State, and the record of the matter under the Illinois Securities Law of 1953 [815 ILCS 5] (the "Act") has been reviewed by the Secretary of State or his duly authorized representative.

WHEREAS, the rulings of the Hearing Officer on the admission of evidence and all motions are deemed to be proper and are hereby concurred with by the Secretary of State.

WHEREAS, the proposed Findings of Fact, Conclusions of Law and Recommendations of the Hearing Officer, Soula J. Spyropoulos, Esq. in the above-captioned matter have been read and examined.

WHEREAS, the proposed Findings of Fact of the Hearing Officer are correct and are hereby adopted as the Findings of Fact of the Secretary of State:

1. Section 130.1102 of the Subpart K of the Rules and Regulations under the Illinois Securities Law of 1953 (the "Rules and Regulations") states that each respondent shall be given a Notice of Hearing at least 45 days prior to the first date set for any hearing under the Act. Proper notice is given by depositing a Notice of Hearing with the United States Postal Service, either by certified or registered mail, return receipt requested, or by the personal service of the Notice of Hearing, to the last known address of the respondent.

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As per Exhibit 1, on May 8, 2003, the Notice was given Respondent to Respondent's last known address by the Department's deposit of the same with the United States Postal Service via certified mail, return receipt requested. As the hearing on the Notice occurred on June 25, 2003, the first date set for hearing, a date occurring over 45 days after Respondent's having been given notice thereof, the Notice that the Department served upon Respondent was properly served.

2. Section 11.F(1) of the Act provides that the Secretary of State shall not undertake any action or impose a fine against a registered salesperson of securities within the State of Illinois for a violation of the act without first providing the salesperson an opportunity for hearing upon not less than 10 days notice given by personal service or registered mail or certified mail, return receipt requested, to the person concerned.

As per exhibit 1, attached hereto and incorporated herewith, the Notice was timely provided Respondent. May 12, 2003 is the date upon which the Notice was delivered upon Respondent via the certified mailing thereof, which date is well over the requisite 10 day notice period. Hence, as the Department gave proper notice of the hearing to Respondent, the Department has personal jurisdiction over Respondent.

3. Respondent failed to appear, whether personally or through counsel, at the hearing.
4. The Department offered exhibits, identified above, each of which was received and admitted into evidence, a proper record of all proceedings having been made and preserved as required
5. No outstanding petitions, motions, or objectives exist as to this proceeding.
6. At all material and relevant times, Respondent was registered with the Secretary of State as a salesperson.
7. On March 13, 2003, without admitting or denying the findings alleged by the S.E.C. as per their Order, Respondent consented to the entry thereof, the Order stating, in part, that:

Scarso, age 30, has been a registered representative since October 1991. Scarso was associated as a registered representative with J.W. Barclay & Co., Inc. ("Barclay"), a broker-dealer registered with the Commission, between April 1996 and January 1998.

During the time period from on or about June 1997 through on or about January 1998, Scarso engaged in the following conduct in the accounts of his customers at Barclay:

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- (a) Scarso made unauthorized purchases and sales of securities in the account of at least one customer.
- (b) Scarso made unsuitable purchases and sales of securities in the accounts of at least two customers. He did so by recommending purchases or sales of securities that were not suitable for the customers in light of the customers' ages, investment experience, financial status, risk tolerance, and investment objectives, and by conducting transactions on margin without ascertaining the customers understanding of the risks associated with the use of the margin, among other things.
- (c) Scarso failed to execute sell orders or to follow other instructions from at least one customer, by failing to sell stock upon a customer's request.
- (d) Based on the foregoing, Scarso willfully violated Section 17(a) of the Securities Act in that he, in the offer or sale of securities, by use of the means or instruments of transportation or communication in interstate commerce or by use of the mails, directly or indirectly: employed devices, schemes or artifices to defraud; obtained money or property by means of untrue statements of material fact or omitted to state material facts necessary in order to make the statements made, in light of the circumstance under which they were made, not misleading; or engaged in transactions, practices, or courses of business which would or did operate as a fraud or deceit upon purchasers or prospective purchasers of such securities. As part of his fraudulent conduct, Scarso engaged, in the activities described in paragraphs 2(a)(c) above.
- (e) Based on the foregoing, Scarso willfully violated Section 10(b) of the Exchange Act and Rule 10(b)-5 promulgated thereunder in that he, in connection with the purchase or sale of securities, by the use of the means or instrumentalities of interstate commerce or by use of the mails or of the facilities of any national securities exchange, directly or indirectly: employed devices, schemes, or artifices to defraud; made untrue statements of material fact or omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; or engaged in acts, practices, or courses of business which would or did operate as a fraud or a deceit upon, any person. As part of his fraudulent conduct, Scarso engaged in the activities described in paragraphs 2(a)(c) above.

WHEREAS, the proposed Conclusions of Law made by the Hearing Officer are correct and are hereby adopted as the Conclusions of Law of the Secretary of State:

1. The Secretary of State has jurisdiction over the subject matter hereof pursuant to the Act.

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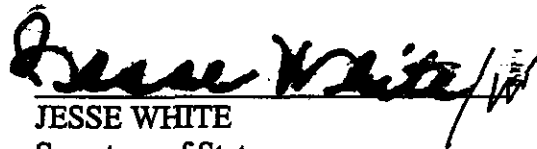
2. Section 8.E(1)(k) of the Act provides, inter alia, that the registration of salespeople registered within the State of Illinois may be revoked if the Secretary of State finds that such have had entered against them after notice and an opportunity for hearing by the S.E.C. any orders arising from any fraudulent or deceptive acts or practices in violation of any statutes, rules, or regulations administered or promulgated by the Commission.
3. Respondent, a registered salesperson of securities in the State of Illinois, has had entered against him, after due notice and opportunity for hearing from the S.E.C., the Order, which arose from fraudulent or deceptive acts or practices, described above, in violation of Section 17(a) of the Securities Act and of Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, rules that are administered or promulgated by the Commission.
4. By virtue of the foregoing, Respondent's registration as a salesperson in, the State of Illinois is subject to revocation pursuant to Section 8.E(1)(k) of the Act.

WHEREAS, the Hearing Officer recommended that the Secretary of State should revoke the Respondent's registration as a salesperson in the State of Illinois, and the Secretary of State adopts in it's entirety the Recommendation made by the Hearing Officer.

NOW THEREFORE, IT SHALL BE AND IS HEREBY ORDERED:

1. That Emanuele A. Scarso's registration as a salesperson in the State of Illinois is revoked pursuant to the authority provided under Section 8.E(1)(k) of the Act.
2. That this matter is concluded without further proceedings.

DATED: This 11<sup>th</sup> day of July, 2003.

  
JESSE WHITE  
Secretary of State  
State of Illinois

This is a final order subject to administrative review pursuant to the Administrative Review Law [735 ILCS 5/3-101 et seq.] and the Rules and Regulations of the Act (14 Ill. Admin. Code, Ch. 1 Sec. 130.1123). Any action for judicial review must be commenced within thirty-five (35) days from the date a copy of this Order is served upon the party seeking review.