

UNITED STATES OF AMERICA
BEFORE THE
SECURITIES AND EXCHANGE COMMISSION
August 22, 2006

ADMINISTRATIVE PROCEEDING
FILE NO. 3-12395

In the Matter of	:	ORDER INSTITUTING PROCEEDINGS,
	:	PURSUANT TO SECTION 15(b)(6)
Emanuele A. Scarso	:	OF THE SECURITIES EXCHANGE
	:	ACT OF 1934
Respondent.	:	
	:	

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative proceedings be, and hereby are, instituted pursuant to Section 15(b)(6) of the Securities Exchange Act of 1934 (“Exchange Act”) against Respondent Emanuele A. Scarso (“Scarso”).

II.

As the result of an investigation, the Division of Enforcement alleges that:

A. At all times relevant to this proceeding, LCP Capital Corporation (“LCP”) and Salomon Grey Financial Corporation (“Salomon Grey”) were broker-dealers registered with the Commission with offices in New York, New York. They were members of the National Association of Securities Dealers, Inc. (“NASD”), and engaged in a general securities business.

B. Scarso was employed by LCP as a registered representative from in or about November 1998 to in or about October 2000. He was employed as a registered representative by Salomon Grey from in or about October 2000 to in or about March of 2003.

C. On October 25, 2005, in the Supreme Court of the State of New York, Scarso pled guilty to 2 counts of grand larceny in the second degree, New York Penal Law § 155.40(1), a class C felony. The counts to which Scarso pled guilty alleged, among other things, that he defrauded at least 2 investors and obtained money by means of materially false and misleading statements. The People of the State of New York vs. Scarso, Indictment No. 1701-2004.

D. According to his October 25, 2005 allocution, Scarso participated, while employed at LCP and Salomon Grey, in a scheme designed to support and cause increases in the prices of certain stocks by manipulative means. He induced his clients

to buy certain stocks and impeded them from selling the stocks without disclosing that he was engaged in market manipulation of the stocks, and that he was being paid cash bribes and other compensation to further the manipulation. He induced at least 2 investors to pay \$50,000 each for purchase of the manipulated stocks.

E. On January 19, 2006, a judgment in the criminal case was entered against Scarso. He was sentenced and is currently serving a prison term of 2-6 years.

III.

In view of the allegations made by the Division of Enforcement, the Commission deems it necessary and appropriate in the public interest that public administrative proceedings be instituted to determine:

A. Whether the allegations set forth in Section II hereof are true and to afford Scarso the opportunity to establish any defense to such allegations; and

B. What, if any, remedial action is appropriate in the public interest against Scarso pursuant to Section 15(b)(6) of the Exchange Act.

IV.

IT IS ORDERED that a public hearing for the purpose of taking evidence on the questions set forth in Section III hereof shall be convened at a time and place to be fixed, and before an Administrative Law Judge to be designated by further order as provided by Rule 110 of the Commission's Rules of Practice, 17 C.F.R. § 201.110.

IT IS FURTHER ORDERED that Respondent shall file an Answer to the allegations contained in this Order within twenty (20) days after service of this Order, as provided by Rule 220 of the Commission's Rules of Practice, 17 C.F.R. § 201.220.

If Respondent fails to file the directed answer, or fails to appear at a hearing after being duly notified, the Respondent may be deemed in default and the proceedings may be determined against him upon consideration of this Order, the allegations of which may be deemed to be true as provided by Rules 155(a), 220(f), 221(f) and 310 of the Commission's Rules of Practice, 17 C.F.R. §§ 201.155(a), 201.220(f), 221(f) and 201.310.

This Order shall be served forthwith upon Respondent personally or by certified mail.

IT IS FURTHER ORDERED that the Administrative Law Judge shall issue an initial decision no later than 210 days from the date of service of this Order, pursuant to Rule 360(a)(2) of the Commission's Rules of Practice.

In the absence of an appropriate waiver, no officer or employee of the Commission engaged in the performance of investigative or prosecuting functions in this or any factually related proceeding will be permitted to participate or advise in the decision of this matter, except as witness or counsel in proceedings held pursuant to notice. Since this proceeding is not “rule making” within the meaning of Section 551 of the Administrative Procedure Act, it is not deemed subject to the provisions of Section 553 delaying the effective date of any final Commission action.

By the Commission.

Nancy M. Morris
Secretary