

**UNITED STATES OF AMERICA**  
**Before the**  
**SECURITIES AND EXCHANGE COMMISSION**

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 58480 / September 8, 2008**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-13166**

**In the Matter of**

**SCOTT A. CIAPPETTA (A/K/A  
STEVEN STILES AND  
STEVEN MARKOWITZ),**

**Respondent.**

**ORDER INSTITUTING  
ADMINISTRATIVE PROCEEDINGS  
PURSUANT TO SECTION 15(b) OF THE  
SECURITIES EXCHANGE ACT OF  
1934, MAKING FINDINGS, AND  
IMPOSING REMEDIAL SANCTIONS**

**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) of the Securities Exchange Act of 1934 (“Exchange Act”) against Scott A. Ciappetta (also known as Steven Stiles and Steven Markowitz) (“Ciappetta” or “Respondent”).

## II.

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the “Offer”) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over him and the subject matter of these proceedings, and the findings contained in Section III.2 below, which are admitted, Respondent consents to the entry of this Order Instituting Administrative Proceedings Pursuant to Section 15(b) of the Securities Exchange Act of 1934, Making Findings, and Imposing Remedial Sanctions (“Order”), as set forth below.

## III.

On the basis of this Order and Respondent’s Offer, the Commission finds that:

1. Assuming the aliases Steven Stiles and Steven Markowitz, Ciappetta held himself out as a stock trader employed by Blue Square Management, Inc. (“Blue Square”) from approximately January 2001 through March 2004. During this period, Blue Square operated as a purported New York City-based venture capital firm in the business of selling securities and specializing in underwriting initial public offerings. However, neither Blue Square nor Ciappetta was registered in any capacity with either the Commission or the National Association of Securities Dealers (“NASD,” now known as FINRA). Ciappetta, 40 years old, resided in the State of New York prior to his current incarceration in connection with the below-described criminal action.

2. On October 13, 2006, Ciappetta pled guilty to one count of conspiracy to commit mail fraud and securities fraud in violation of Title 18 of the United States Code Section 371 and one count of securities fraud in violation of Title 15 of the United States Code Sections 77q(a) and 77x, before the United States District Court for the District of Connecticut, in United States v. Scott A. Ciappetta, Crim. Information No. 3:06-CR-80. On April 16, 2007, a judgment in the criminal case was entered against Ciappetta. He was sentenced to a prison term of eight years and four months followed by three years of supervised release and ordered to pay restitution in the amount of \$3,602,425.

3. The counts of the criminal information to which Ciappetta pled guilty alleged, among other things, that:

a. Beginning in or about January 2001 and continuing until in or about March 2004, Ciappetta and his co-defendants contacted potential investors across the country, represented that they worked for a New York City-based venture capital firm called Blue Square, and solicited investments in the securities of a purported ATM management company. In telephone conversations and subsequent documents sent to investors, they falsely and fraudulently represented that investors would make significant profits in the near future due to an expected initial public offering (“IPO”) and/or buy-out of the company. In truth, the purported ATM

management company was a fictitious entity with no actual operations, no profits, and no planned IPO or buy-out.

b. Ciappetta and his co-defendants divided telephone solicitations between cold-callers, who made the initial unsolicited calls to potential investors in order to generate their interest in investing and purportedly “qualify” them as clients of Blue Square, and traders such as Ciappetta, who subsequently contacted these “qualified” individuals and made false and fraudulent representations to them in order to sell the bogus stock of the purported ATM management company and thereby obtain the individuals’ funds.

c. Ciappetta and his co-defendants failed to invest the funds received as a result of their solicitations as represented, but instead diverted investors’ funds for their own personal use and benefit.

#### IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions agreed to in Respondent Ciappetta’s Offer.

Accordingly, it is hereby ORDERED:

Pursuant to Section 15(b)(6) of the Exchange Act, Respondent Ciappetta be, and hereby is barred from association with any broker or dealer.

Any reapplication for association by the Respondent will be subject to the applicable laws and regulations governing the reentry process, and reentry may be conditioned upon a number of factors, including, but not limited to, the satisfaction of any or all of the following: (a) any disgorgement ordered against the Respondent, whether or not the Commission has fully or partially waived payment of such disgorgement; (b) any arbitration award related to the conduct that served as the basis for the Commission order; (c) any self-regulatory organization arbitration award to a customer, whether or not related to the conduct that served as the basis for the Commission order; and (d) any restitution order by a self-regulatory organization, whether or not related to the conduct that served as the basis for the Commission order.

By the Commission.

Florence E. Harmon  
Acting Secretary