

**Securities Exchange Act of 1934 Release No. 54349 / August 22, 2006**

**Administrative Proceeding File No. 3-12395**

**IN THE MATTER OF EMANUELE A. SCARSO**

The United States Securities and Exchange Commission issued an Order Instituting Proceedings (“Order”) against Emanuele A. Scarso (Scarso) based upon his criminal conviction in The People of the State of New York vs. Scarso, indictment no. 1701-2004. In the Order the Division of Enforcement (Division) alleges that Scarso was sentenced for his conduct on January 19, 2006 by the Supreme Court of the State of New York.

According to his October 25, 2005 allocution, Scarso participated, while employed at LCP Capital Corporation and Salomon Grey Financial Corporation, broker-dealers registered with the Commission, in a scheme designed to support and cause increases in the prices of certain stocks by manipulative means. The allocution sets forth that 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. The allocution goes on to explain that he induced at least 2 investors to pay \$50,000 each for purchase of the manipulated stocks.

The Order institutes public administrative proceedings pursuant to Section 15(b) of the Securities Exchange Act of 1934 (Exchange Act) to afford Scarso the opportunity to establish a defense to the Order’s allegations and to determine what, if any, remedial action is appropriate in the public interest against Scarso. The Order further states that an 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.