

BOARD OF PUBLIC ACCOUNTANCY	*	BEFORE THE MARYLAND BOARD OF
v.	*	PUBLIC ACCOUNTANCY
JOSEPH A. SCOLARO,	*	
Respondent	*	CASE NO.: CPAS-16-0045
	*	

* * * * *

CONSENT ORDER

The Maryland Board of Public Accountancy (the "Board") initiated a complaint in this matter as a result of an Order Imposing Sanctions and a Cease-and-Desist Order ("SEC Order") entered by the U.S. Securities and Exchange Commission (the "SEC") against Joseph A. Scolaro (the "Respondent") on or about April 29, 2016. Upon review and a subsequent investigation, the Board determined that administrative charges against the Respondent were appropriate. On or about December 5, 2016, the Board issued a Notice of Charges and Order for Hearing (incorporated by reference herein) alleging that the Respondent engaged in certain violations of the Maryland Public Accountancy Act and related regulations. The parties enter into this Consent Order as a full and final resolution of this matter, with terms as follows:

THE PARTIES AGREE AND STIPULATE:

1. At all times relevant to the matters set forth in this Consent Order, the Respondent was licensed by the Board as a certified public accountant and/or the Board had jurisdiction over the subject matter.
2. The Respondent became licensed in Maryland as a certified public accountant on or about June 23, 1989 (Registration No. 15251). The license was renewed for subsequent periods and is currently due to expire on August 31, 2018.
3. On or about April 29, 2016, the SEC issued an order imposing sanctions against the Respondent for violations of the Securities Exchange Act of 1934 ("Exchange Act"), the Investment Advisers Act of 1940 ("Advisers Act"), and related SEC rules. (SEC File No. 3-17238). Pursuant to the SEC Order, the Respondent was denied the privilege of practicing before the SEC as an accountant, with the right to request that the SEC consider his reinstatement after five years from the date of the SEC Order, and was ordered to pay a civil penalty. In addition, the Respondent was ordered to cease and desist from committing or causing any violations and any future violations of Section 207 of the Advisers Act.
4. The SEC determined that the Respondent's violations of the Exchange Act, the Advisers Act, and related SEC rules related to his conduct as a partner with Santos, Postal & Company, P.C. ("SPC"), a certified public accounting and management consulting firm in Rockville, Maryland. The SEC further determined that the violative conduct occurred in connection with SPC's engagements

during 2010 and 2011 with SFX Financial Advisory Management Enterprises, Inc. ("SFX"), relating to the completion of various reports (Forms ADV-E) for filing with the SEC. During the relevant period, the Respondent owned approximately 25% of SPC and was the only engagement partner for services provided to SFX.

5. The SEC concluded that the Respondent's conduct in performing SFX's 2010 through 2011 Examinations violated the professional standards for certified public accountants set forth in American Institute of Certified Public Accountants' ("AICPA") standards for attest engagements (AT § 101) and compliance attestation (AT § 601) as stated more particularly in the aforementioned SEC Order.

6. Based on the above described facts, the Respondent acknowledges and admits that his actions were in violation of Md. Ann. Code, Business Occupations and Professions Article ("BOP"), §§ 2-315(a)(1)(x), 2-315(a)(1)(xi), 2-315(a)(1)(xii), COMAR 09.24.01.06(G)(1), 09.24.01.06(G)(4) and COMAR 09.24.01.06(I)(1) as alleged in the Board's Notice of Charges and Order for Hearing.

7. As a result of his violations, the Respondent agrees to the following sanctions:

a. The Respondent shall pay a civil penalty in the amount of \$5000.00 to the Board within 14 days of the date of this Consent Order;

b. The Respondent's license as a certified public accountant in Maryland shall be suspended from the date of this Consent Order through June 30, 2018;

c. The Respondent shall not, from the date of this Consent Order forward, whether licensed or unlicensed, perform audit work for SEC registrants or any individual or entity that is subject to reporting to the SEC;

d. The Respondent shall not, from the date of this Consent Order forward, whether licensed or unlicensed, be a part of the engagement team of any attest engagement for SPC; and

e. The Respondent shall take 4 additional continuing professional education ("CPE") credits in Ethics within 30 days of the date of this Consent Order. Said CPE credits shall be above and beyond the normal statutory and regulatory CPE requirements and shall not be credited toward any future renewal period. The Respondent shall furnish documentary evidence of satisfactory completion of the CPE training to the Board within 30 days of the completion date.

8. The Respondent acknowledges and agrees that, if he fails to comply with the requirements in paragraph 7 of this Consent Order regarding the payment of the civil penalty and/or completion of the required CPE training, the Respondent's license as a certified public accountant in the State shall be further and automatically suspended until such time as compliance occurs.

9. The Respondent further acknowledges and agrees that, if he fails to comply with this Consent Order in any manner other than a failure to pay the civil penalty or complete the required CPE training in accordance with the provisions of paragraph 7, upon the mailing by the Board of written notice of non-compliance to the Respondent, the Respondent will have 15 days to come into compliance with the provisions of this Consent Order and provide written notification of the same to the Board. If the Respondent fails to come into compliance within 15 days of written notice of non-compliance by the Board, the Board shall take such action as is reasonable and necessary to ensure compliance, including but not limited to, a further suspension of the Respondent's license as a certified public accountant in the State and/or other disciplinary action against the Respondent for violating the terms of this Consent Order.

10. The Respondent shall abide by the provisions of the Maryland Public Accountancy Act and applicable regulations in all relevant future activities.

11. The Respondent acknowledges and agrees that this Consent Order shall constitute a Final Order of the Board and shall be enforceable as such.

12. The Respondent, by entering into this Consent Order, expressly waives the right to an administrative hearing on the charges, any and all further proceedings before the Board to which he may otherwise be entitled in this matter, and any rights to appeal from this Order.

13. The Respondent is represented by counsel and enters into this Consent Order freely, knowingly, and voluntarily.

BASED ON THESE STIPULATIONS, IT IS, THIS 17th DAY OF April, 2017, BY THE MARYLAND BOARD OF PUBLIC ACCOUNTANCY:

ORDERED that the Respondent has violated BOP, §§ 2-315(a)(1)(x), 2-315(a)(1)(xi), 2-315(a)(1)(xii), COMAR 09.24.01.06(G)(1), 09.24.01.06(G)(4) and COMAR 09.24.01.06(I)(1);

AND IT IS FURTHER ORDERED that the Respondent shall pay a civil penalty in the amount of \$ 5000.00 to the Board within 14 days of the date of this Consent Order;

AND IT IS FURTHER ORDERED that the Respondent's license as a certified public accountant in Maryland (Registration No. 15251) shall be suspended from the date of this Consent Order through June 30, 2018;

AND IT IS FURTHER ORDERED that the Respondent shall not, from the date of this

Consent Order forward, whether licensed or unlicensed, perform audit work for SEC registrants or any individual or entity that is subject to reporting to the SEC;

AND IT IS FURTHER ORDERED that the Respondent shall not, from the date of this Consent Order forward, whether licensed or unlicensed, be a part of the engagement team of any attest engagement for SPC;

AND IT IS FURTHER ORDERED that the Respondent shall take 4 additional CPE credits in Ethics in accordance with the provisions of paragraph 7 of this Consent Order which shall be in addition to, and shall not be credited toward, the normal CPE requirements;

AND IT IS FURTHER ORDERED that, if the Respondent fails to comply with the requirements in paragraph 7 of this Consent Order regarding the payment of the civil penalty or completion of the required CPE training, the Respondent's license as a certified public accountant in the State shall be further and automatically suspended until such time as compliance occurs;

AND IT IS FURTHER ORDERED that this matter shall be resolved in accordance with the terms of this Consent Order, and that the same shall be reflected among the records of the Board;

AND IT IS FURTHER ORDERED that this Consent Order shall constitute a Final Order of the Maryland Board of Public Accountancy.

(RESPONDENT'S SIGNATURE APPEARS ON ORIGINAL DOCUMENT)

Joseph A. Sciaro
Respondent

3/31/17
Date

(BOARD CHAIR'S SIGNATURE APPEARS ON ORIGINAL DOCUMENT)

Maryland Board of Public Accountancy

4/4/17
Date

AEF/kmk