

**STATE OF VERMONT  
DEPARTMENT OF BANKING, INSURANCE, SECURITIES AND  
HEALTH CARE ADMINISTRATION  
SECURITIES DIVISION**

**IN THE MATTER OF:** )  
 )  
**Adam Sclafani** ) **Docket No. 10-072-S**  
**and** )  
**John Thomas Financial** )

---

**ORDER IMPOSING TERMS, CONDITIONS AND UNDERTAKINGS IN  
CONNECTION WITH REGISTRATION UNDER  
THE VERMONT UNIFORM SECURITIES ACT**

WHEREAS, Adam Sclafani (“Sclafani”), CRD # 2735036, has filed an application to register as an agent employed by or associated with John Thomas Financial (“Firm”), CRD #40982, in Vermont pursuant to 9 V.S.A. Chapter 150, as amended (the “Securities Act”), and Firm is registered as a broker-dealer pursuant to the Securities Act; and

WHEREAS, under the Securities Act, the Commissioner of the State of Vermont Department of Banking, Insurance, Securities and Health Care Administration (the “Commissioner”) has general supervision and control over any and all broker-dealer firms and their agents, residing or doing business in Vermont; and

WHEREAS under Section 5406 of the Securities Act, an application for registration as an agent must include all information and records required for the filing of a uniform application and, upon request of the Commissioner, any financial or other information or record that the Commissioner determines is appropriate, which may include but is not limited to information and records concerning the qualifications, business history and good character of the applicant and of the broker-dealer with which the applicant will be employed or associated; and

WHEREAS the Commissioner, through his designated representative, the Securities Division (the "Division"), has reviewed Sclafani's application for registration as an agent and has determined that it is necessary and appropriate for the protection of investors in Vermont and it is in the public interest that Adam Sclafani's application for registration as a broker-dealer agent be approved, subject to certain terms, conditions and undertakings imposed pursuant to Section 5412 of the Securities Act; and

WHEREAS each of Sclafani and Firm has consented to the issuance of this Order by the Commissioner and each has agreed to comply with and be subject to all terms, conditions and undertakings of this Order, and in executing such consent Sclafani and Firm have each knowingly, voluntarily and unconditionally waived certain rights in connection with the issuance of this Order;

NOW THEREFORE, IT IS ORDERED that:

1. Sclafani's application for registration as an agent employed by or associated with the Firm is hereby approved, subject to the continuous compliance of Sclafani and Firm with the following undertakings and conditions while this Order is in effect:

a. Each of Sclafani and Firm shall execute a written consent to this Order and its terms, undertakings and conditions, in a form acceptable to the Commissioner, which includes provisions that such consent is made knowingly, voluntarily and unconditionally and that no promises were made and no coercion was used to induce Sclafani or Firm to consent.

b. Sclafani shall receive heightened supervision in his capacity as a broker-dealer agent from a principal or branch manager of the Firm who is physically present

and employed in the same office as Sclafani consistent with supervisory procedures established by the Firm as part of its system of supervision and internal control.

c. Sclafani shall not accept a new account for a Vermont resident unless Sclafani's branch manager or a principal of the Firm reviews and approves the establishment of such account. The branch manager and/or principal's dated signature shall appear on each new account form to document the review and approval of the account by the branch manager or the principal, as applicable.

d. Each day, a registered securities principal of the Firm shall conduct a heightened review of all of Sclafani's transactions with respect to Vermont client accounts.

e. Sclafani will not exercise discretionary authority over and will not have custody of any account of a Vermont resident, including but not limited to discretion in the use or disposition of funds or securities held by the Firm for such client.

f. Sclafani will not act in any supervisory or managerial capacity with the Firm, and will not act as a registered securities principal for the Firm.

g. Each of Sclafani and Firm shall notify the Division in writing if Sclafani becomes the subject of an inquiry or investigation of any securities regulatory agency or self-regulatory organization, an arbitration proceeding, or securities-related litigation, within fifteen (15) business days of receiving notice of such inquiry or investigation.

h. Each of Sclafani and Firm shall furnish to the Division a copy of any written complaint or action, or a written summary of any oral complaint, which is made with respect to Sclafani within fifteen (15) business days of receiving such complaint or action, when such complaint or action concerns a Vermont resident, or any sale, offer to

sell, purchase or offer to purchase of any security(ies) or other activity that is subject to the jurisdiction of the Securities Act.

i. Sclafani and Firm shall comply with and abide by all conditions imposed in this Order, all federal and state securities laws, and all applicable supervisory procedures established by Firm as part of its system of supervision and internal control. As long as this Order remains in effect, Sclafani shall not transfer registration from the Firm to another broker-dealer pursuant to any mass transfer, without prior approval of the Division. Such approval shall not be presumed from completion of the mass transfer.

j. Firm shall abide by and enforce all conditions placed upon Sclafani's registration by this Order.

2. Each of Sclafani and Firm acknowledges that any inaccuracy, omission, or untrue statement in any of the statements, undertakings or representations, whether verbal or written, covered by this Order, or otherwise made in connection with this Order, or any failure to comply with any provision of this Order may constitute grounds for enforcement action by the Division.

3. If the Division determines that Sclafani has violated any securities law or rules, regulations, or orders promulgated thereunder, a rebuttable presumption shall exist that Firm has failed to reasonably supervise Sclafani and such failure may constitute grounds for enforcement action under the Securities Act.

4. Firm shall file with the Division a written report within thirty (30) days of the effective date of this Order detailing the steps to be taken to supervise the activities of Sclafani pursuant to the terms and conditions of this Order.

5. Sclafani and Firm shall each file with the Division a written certification of compliance with the terms of this Order on or before December 31 of each year the Order is in effect.

6. This Order shall become effective immediately upon the date set forth below and shall remain in effect until this Order is modified or rescinded by order of the Commissioner. Firm may petition the Division, in writing, to have some or all of the conditions of this Order removed or modified no earlier than December 1, 2013.

7. The registration of Sclafani as an agent employed by or associated with the Firm shall become effective immediately upon the date set forth below. This Order shall apply to Sclafani's registration as an agent employed by or associated with the Firm and to all subsequent renewals of such registration until this Order is modified or rescinded by order of the Commissioner.

**BY ORDER OF THE COMMISSIONER**

Entered at Montpelier, Vermont, this 25<sup>th</sup> day of August, 2010.

  
MICHAEL BERTRAND, Commissioner  
Vermont Department of Banking, Insurance,  
Securities and Health Care Administration

**CONSENT BY ADAM SCLAFANI  
TO THE ENTRY OF AN ORDER BY THE COMMISSIONER  
IMPOSING TERMS, CONDITIONS AND UNDERTAKINGS  
IN CONNECTION WITH REGISTRATION  
UNDER THE VERMONT UNIFORM SECURITIES ACT**

1. Adam Sclafani (“Sclafani”) knowingly, voluntarily and unconditionally waives his right to a hearing before the Commissioner of the Vermont Department of Banking, Insurance, Securities and Health Care Administration (the "Commissioner") or the Commissioner’s designee, and any other procedures otherwise available to Sclafani under the Vermont Uniform Securities Act, 9 V.S.A. Chapter 150, including but not limited to 8 V.S.A. § 5412, under any rule, regulation or order promulgated thereunder, or under the Vermont Administrative Procedures Act, 3 V.S.A. Chapter 25, regarding contested cases, in connection with the Order Imposing Terms, Conditions and Undertakings in Connection With Registration Under the Vermont Uniform Securities Act, Docket No. 10-072-S (the “Order”). Sclafani further knowingly, voluntarily and unconditionally waives any right he may have to judicial review by any court by way of suit, appeal, or extraordinary remedy with respect to the Order.

2. The Order shall be executed by the Commissioner upon: (i) due execution by John Thomas Financial (“Firm”) and delivery to the Division of a Consent by the Firm to Entry of an Order by the Commissioner Imposing Terms, Conditions and Undertakings in Connection with Registration Under the Vermont Uniform Securities Act, with respect to the registration of Sclafani; and (ii) due execution by Sclafani and delivery to the Division of this Consent by Sclafani to Entry of an Order by the Commissioner Imposing Terms, Conditions and Undertakings in Connection with Registration Under the Vermont Uniform Securities Act (the “Consent”).

3. Sclafani acknowledges that upon execution by the Commissioner, the Order constitutes a valid order duly rendered by the Commissioner, and Sclafani consents to the issuance of the Order, and agrees to be fully bound by its terms, conditions, undertakings and obligations.

4. Sclafani acknowledges and agrees that this Consent is entered into knowingly, voluntarily and unconditionally and that no promise was made nor coercion used to induce him to enter into it.

5. Sclafani acknowledges his understanding of all terms, conditions, undertakings and obligations contained in the Order and further acknowledges that any inaccuracy or untrue statement by Sclafani regarding the Order and any failure by him to comply with any provision of the Order shall constitute grounds for further enforcement action by the Commissioner subject to Sclafani's rights under the Vermont Uniform Securities Act.

Adam Sclafani

*Adam Sclafani*

Date: 7/21/10

Typed Name: Adam Sclafani

Title: broker

BEFORE ME this 21<sup>st</sup> day of July, 2010, personally appeared Adam Sclafani who acknowledged that (s)he, as being authorized so to do, executed the foregoing for the purposes therein contained, and that such act of execution is his(her) free act and deed.

*Elizabeth M. Kuhlman*  
Notary Public

**ELIZABETH M KUHLMAN**  
**Notary Public - State of New York**  
**No. 01KU6145592**  
**Qualified in Suffolk County**  
**My Commission Expires May 08, 2014**

My Commission Expires: 5/8/2014

**CONSENT BY JOHN THOMAS FINANCIAL  
TO THE ENTRY OF AN ORDER BY THE COMMISSIONER  
IMPOSING TERMS, CONDITIONS AND UNDERTAKINGS  
IN CONNECTION WITH REGISTRATION  
UNDER THE VERMONT UNIFORM SECURITIES ACT**

1. John Thomas Financial ("Firm") knowingly, voluntarily and unconditionally waives its right to a hearing before the Commissioner of the Vermont Department of Banking, Insurance, Securities and Health Care Administration (the "Commissioner") or the Commissioner's designee, and any other procedures otherwise available to Firm under the Vermont Uniform Securities Act, 9 V.S.A. Chapter 150, including but not limited to 8 V.S.A. § 5412, under any rule, regulation or order promulgated thereunder, or under the Vermont Administrative Procedures Act, 3 V.S.A. Chapter 25, regarding contested cases, in connection with the Order Imposing Terms, Conditions and Undertakings in Connection With Registration Under the Vermont Uniform Securities Act, Docket No. 10-072-S (the "Order"). Firm further knowingly, voluntarily and unconditionally waives any right it may have to judicial review by any court by way of suit, appeal, or extraordinary remedy with respect to the Order.

2. The Order shall be executed by the Commissioner upon: (i) due execution by and delivery to the Division of a Consent by Adam Sclafani ("Sclafani") to Entry of an Order by the Commissioner Imposing Terms, Conditions and Undertakings in Connection with Registration Under the Vermont Uniform Securities Act with respect to the registration of Sclafani as a broker-dealer agent; and (ii) due execution by the Firm and delivery to the Division of this Consent by the Firm to Entry of an Order by the Commissioner Imposing Terms, Conditions and Undertakings in Connection with Registration Under the Vermont Uniform Securities Act (the "Consent").

3. Firm acknowledges that upon execution by the Commissioner, the Order constitutes a valid order duly rendered by the Commissioner, and the Firm consents to the issuance of the Order, and agrees to be fully bound by its terms, conditions, undertakings and obligations.

4. Firm acknowledges and agrees that this Consent is entered into knowingly, voluntarily and unconditionally and that no promise was made or coercion used to induce it to enter into it.

5. Firm acknowledges its understanding of all terms, conditions, undertakings and obligations contained in the Order and further acknowledges that any inaccuracy or untrue statement by Firm or Sclafani regarding the Order and any failure by it or Sclafani to comply with any provision of the Order shall constitute grounds for further enforcement action by the Commissioner subject to Firm's rights under the Vermont Uniform Securities Act.

John Thomas Financial

By:   
Its Authorized Representative

Date: 8/17/10

Typed Name: Gabriel Iezzoni

Title: Compliance officer

**NOTARY PUBLIC**  
**STATE OF NEW YORK**  
**DANIEL NORENSBERG**  
**01NO6059598**  
**COMMISSION EXPIRES \_\_\_\_\_**

BEFORE ME this 17 day of AUGUST, 2010,  
personally appeared GABRIEL IEZZONI who acknowledged that (s)he, as being  
authorized so to do, executed the foregoing for the purposes therein contained by signing

as an authorized representative of John Thomas Financial, and that such act of signing is his(her) free act and deed and the free act and deed of John Thomas Financial.

\_\_\_\_\_  
Notary Public

My Commission Expires: \_\_\_\_\_