

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-17206**

**Broker-Dealer and Principals Charged with Violations Related to the Protection of Confidential Customer Information and Use of Personal Email**

**April 12, 2016** – The Securities and Exchange Commission today announced that Craig Scott Capital, LLC, a registered broker dealer, and its two principals, Craig S. Taddonio and Brent M. Porges, have agreed to settle charges that they violated requirements that broker-dealers adopt written policies and procedures to protect confidential customer information and records and to keep and maintain copies of all business communications.

An SEC investigation found that:

- Craig Scott Capital used personal email addresses to receive thousands of faxes from customers and other third parties. These faxes routinely included sensitive customer records and information, such as customer names, addresses, social security numbers, bank and brokerage account numbers, copies of driver's licenses and passports, and other customer financial information.
- Taddonio and Porges, as well as other Craig Scott Capital employees and registered representatives, also used their personal email addresses for matters relating to the business of the firm.
- Craig Scott Capital did not maintain and preserve either these faxes or this email correspondence as required by the books and records provisions of the Securities Exchange Act of 1934.
- Craig Scott Capital's written supervisory procedures failed to adequately protect customer information and records because, among other things, they failed to address how customer records and information transmitted through the electronic fax system were to be handled, and they were not otherwise tailored to the actual practices at the firm.

The SEC's order instituting settled administrative and cease-and-desist proceedings finds that Craig Scott Capital violated Regulation S-P by failing to adopt written policies and procedures reasonably designed to insure the security and confidentiality of customer records. The SEC's order also finds that the firm violated the books and records provisions of the Exchange Act, and that Taddonio and Porges aided and abetted and caused that violation. Without admitting or denying the findings, the firm agreed to pay a \$100,000 civil money penalty, and Taddonio and Porges agreed to each pay a \$25,000 civil money penalty.

The SEC's investigation was conducted by Lee A. Greenwood and Thomas P. Smith, Jr. in the New York Regional Office. The case was supervised by Sanjay Wadhwa. The SEC appreciates the assistance of the Financial Industry Regulatory Authority (FINRA).

**See also:** [SEC Order](#)