

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION
AT RICHMOND, JANUARY 6, 2011

110110130

COMMONWEALTH OF VIRGINIA, *ex rel.*

STATE CORPORATION COMMISSION

v.

CASE NO. SEC-2010-00091

SCOTT & STRINGFELLOW, LLC
and
CHARLES PALMER PEBBLES, JR.,
Defendants

SETTLEMENT ORDER

Based on an investigation conducted by the Division of Securities and Retail Franchising ("Division"), it is alleged that Scott & Stringfellow, LLC, and Charles Palmer Peebles, Jr. ("Peebles") (collectively, "Defendants"): (i) violated Securities Rule 21 VAC 5-20-280-A (3) by recommending to a customer the purchase, sale or exchange of any security without reasonable grounds to believe that the recommendation is suitable for the customer based upon reasonable inquiry concerning the customer's investment objectives, financial situation, risk tolerance and needs, and any other relevant information known by the broker-dealer; and (ii) Scott & Stringfellow, LLC, violated Securities Rule 21 VAC 5-20-260 B for failing to exercise diligent supervision over the securities activities of its agent, Peebles. It is further alleged that Peebles violated Securities Rule 21 VAC 5-20-280 B (6) by engaging in conduct as specified in allegation (i) above.

If the standards of the statute are met, the State Corporation Commission ("Commission") is authorized by § 13.1-506 of the Act to revoke the Defendants' registration, by § 13.1-519 of the Act to issue temporary or permanent injunctions, by § 13.1-518 A of the Act to impose costs of investigation, by § 13.1-521 A of the Act to impose certain monetary penalties, by

§ 13.1-521 C of the Act to order the Defendants to make rescission and restitution, and by § 12.1-15 of the Code of Virginia to settle matters within its jurisdiction.

The Defendants neither admit nor deny these allegations but admit to the Commission's jurisdiction and authority to enter this Settlement Order.

As a proposal to settle all matters arising from these allegations, the Defendants have made an offer of settlement to the Commission wherein the Defendants will abide by and comply with the following terms and undertakings:

(1) The Defendants will pay to the Treasurer of the Commonwealth of Virginia, contemporaneously with the entry of this Order, the amount of Twenty Thousand Dollars (\$20,000) in monetary penalties.

(2) The Defendants will pay to the Treasurer of the Commonwealth of Virginia, contemporaneously with the entry of this Order, the amount of Five Thousand Dollars (\$5,000) to defray the cost of investigation.

(3) The Defendants will make a rescission offer to one (1) Virginia investor.

(a) Within fifteen (15) days of the date of this Settlement Order, the Defendants will make a written offer of rescission sent by certified mail to the investor, which will include an offer to repay Ten Thousand Dollars (\$10,000) to the investor, and a provision that gives the investor thirty (30) days from the date of receipt of the rescission offer to provide the Defendants with written notification of the investor's decision to accept or reject the offer.

(b) The Defendants will include with the written offer of rescission a copy of this Settlement Order.

(c) If the rescission offer is accepted, the Defendants will forward the payment to the investor within fifteen (15) days of receipt of the acceptance.

(d) Within ninety (90) days from the date of the Settlement Order, the Defendants will submit to the Division proof of certified mailing of the rescission offer and an affidavit, executed by the Defendants, that contains the date on which the investor received the offer of rescission, the investor's response, and, if applicable, the amount and the date that payment was sent to the investor.

(4) Defendant Scott & Stringfellow, LLC, will draft and circulate a compliance memorandum to all registered persons of the firm. Among other things, the memorandum will address and reinforce specific state and federal laws, and enhance agent training with regard to client suitability in connection with the offer and sale of securities. The Division will work with Defendant Scott & Stringfellow, LLC, to develop the memorandum subject of this paragraph. Once the Division has approved the memorandum it will be used as a part of the Scott & Stringfellow, LLC, compliance and training procedures.

(5) The Defendants will not violate the Act in the future.

The Division has recommended that the Commission accept the offer of settlement of the Defendants.

The Commission, having considered the record herein, the offer of settlement of the Defendants, and the recommendation of the Division, is of the opinion that the Defendants' offer should be accepted.

Accordingly, IT IS ORDERED THAT:

(1) The offer of the Defendants in settlement of the matter set forth herein be, and it is hereby, accepted;

(2) The Defendants fully comply with the aforesaid terms and undertakings of this settlement; and

(3) The Commission shall retain jurisdiction in this matter for all purposes, including the institution of a show cause proceeding, or taking such other action it deems appropriate, on account of the Defendants' failure to comply with the terms and undertakings of the settlement.

AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to:
Scott & Stringfellow, LLC, 901 East Byrd Street, West Tower, Riverfront Plaza, Richmond, Virginia 23219; Charles Palmer Peebles, Jr., 571 Buffalo Bend Road, Glasgow, Virginia 24555; Thomas J. McGonigle, Esquire, Murphy & McGonigle, PC, 555 13th Street NW, Suite 410 West, Washington, DC 20004; and a copy shall be delivered to the Commission's Office of General Counsel and Division of Securities and Retail Franchising.

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Defendants

ADMISSION AND CONSENT

The Defendants, Scott & Stringfellow, LLC and Charles Palmer Peebles, Jr., admit to the jurisdiction of the State Corporation Commission ("Commission") as to the party and subject matter hereof and, neither admitting nor denying the allegations made herein by the Division of Securities and Retail Franchising, hereby consent to the form, substance and entry of the foregoing Settlement Order.

The Defendants further state that no offer, tender, threat or promise of any kind whatsoever has been made by the Commission or any member, subordinate, employee, agent or representative thereof in consideration of the foregoing Settlement Order.

Scott & Stringfellow, LLC

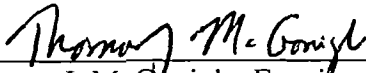
Date: _____

By: _____

Date: 12/22/2010

By: 
Charles Palmer Peebles, Jr.

Seen and Approved By:



Thomas J. McGonigle, Esquire
Murphy & McGonigle, PC

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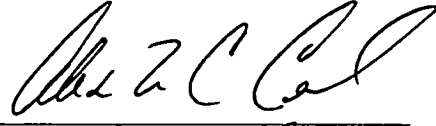
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Date: 12-23-10

Scott & Stringfellow, LLC
By: 
Alex W. C. Cecil

Date: _____

By: _____
Charles Palmer Peebles, Jr.

Seen and Approved By:



Thomas J. McGonigle, Esquire
Murphy & McGonigle, PC