

FINANCIAL INDUSTRY REGULATORY AUTHORITY

OFFICE OF HEARING OFFICERS

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REGISTRATION & DISCLOSURE

Department of Enforcement,

Complainant,

v.

Frederick L. Mathis,
General Securities Representative
[CRD No. 4831306],

Respondent.

DISCIPLINARY PROCEEDING
No. 2007011906401

Hearing Officer: ____

AMENDED COMPLAINT

The Department of Enforcement alleges:

SUMMARY

1. Frederick Mathis made unauthorized credits to his brokerage and bank accounts with funds to which he was not entitled. He also failed to respond to requests from FINRA for information.

RESPONDENT AND JURISDICTION

2. Frederick Mathis entered the securities industry in August 2004 as a general securities representative with E*Trade Securities, L.L.C. ("E*Trade). At all times mentioned herein, he remained registered with E*Trade. On November 30, 2007, E*Trade terminated Mathis's employment due to the unauthorized credits that he

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had made to his personal accounts. Following termination by E*Trade, Mathis has not returned to the industry.

3. Pursuant to FINRA's By-Laws, Article V, Sec. 4 (a)(i), FINRA retains jurisdiction over Mathis for two years following the termination of his employment by E*Trade. Consequently, FINRA has jurisdiction over Mathis until November 29, 2009.

FIRST CAUSE OF ACTION

NASD Conduct Rule 2110: Misuse of Firm Funds, Against Respondent Mathis

4. The Department realleges and incorporates by reference paragraphs 1-3 above.
5. Mathis held a personal brokerage account at E*Trade and a personal bank account at E*Trade Bank.
6. Mathis was a senior member of a customer service team at E*Trade. In this position, he had access to the customer service manager's User ID and Password.
7. During the time period from on or about April 23, 2007, through on or about November 16, 2007, without the knowledge or permission of the customer service manager, Mathis used the manager's User Identification and Password to make 13 unauthorized credits to his E*Trade brokerage account and 7 unauthorized credits to his E*Trade bank account. The credits were funded from a firm account used to provide credits to customers. Mathis was not entitled to any credits from this account.
8. The unauthorized credits totaled \$1,205.00.

9. Such acts, practices, and conduct constitute separate and distinct violations of NASD Conduct Rule 2110.

SECOND CAUSE OF ACTION

NASD Conduct Rule 2110 and NASD Procedural Rule 8210: Failure to Respond to Requests for Information, Against Respondent Mathis

10. The Department realleges and incorporates by reference paragraphs 1-9 above.
11. By letters dated January 9, 2008, January 25, 2008, February 13, 2008, February 28, 2008 and March 14, 2008, the FINRA District Staff requested that Mathis provide information to the staff concerning the activities described in the First Cause of Complaint. These requests for information were sent pursuant to, and in accordance with, the provisions of Procedural Rule 8210, all as more fully detailed on Exhibit "A," attached hereto.
12. Mathis failed to respond to FINRA's request for information.

RELIEF REQUESTED

WHEREFORE, the Department respectfully requests that the Panel:

- A. order that one or more of the sanctions provided under NASD Rule 8310(a), including monetary sanctions, be imposed.
- B. order that the Respondent bear such costs of proceeding as are deemed fair and appropriate under the circumstances in accordance with NASD Rule 8330.

Date: October 27, 2008


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