

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2011027227701**

TO: Department of Enforcement
Financial Industry Regulatory Authority ("FINRA")

RE: William Henry Matthews, Respondent
Registered Representative
CRD No. 1002545

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, I submit this Letter of Acceptance, Waiver and Consent ("AWC") for the purpose of proposing a settlement of the alleged rule violations described below. This AWC is submitted on the condition that, if accepted, FINRA will not bring any future actions against me alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

A. I hereby accept and consent, without admitting or denying the findings, and solely for the purposes of this proceeding and any other proceeding brought by or on behalf of FINRA, or to which FINRA is a party, prior to a hearing and without an adjudication of any issue of law or fact, to the entry of the following findings by FINRA:

BACKGROUND

Matthews entered the securities industry in July 1981 and has acquired Series 6, 7, 24, 31, and 63 licenses. From 1981 until 2006, Matthews was associated with six FINRA member firms: Anchor National Financial Services, Inc., Western Reserve Financial Services Corp., Waddell & Reed, Inc., FSC Securities Corporation, NFP Securities, Inc., and Questar Capital Corporation. On April 7, 2006, Matthews became associated with FINRA member firm NEXT Financial Group, Inc. ("NEXT"). On March 21, 2011, NEXT terminated Matthews for borrowing "funds from at least one customer and solicit[ing] the borrowing of funds from another customer." On August 10, 2011, Matthews became associated with Madison Avenue Securities, Inc. On August 10, 2012, Madison Avenue Securities terminated Matthews for receiving "undisclosed personal loans." Madison Avenue Securities filed a Form U5 on behalf of Matthews on August 15, 2012. Since that date, Matthews has not reassociated with another FINRA member firm.

RELEVANT DISCIPLINARY HISTORY

Matthews has no prior formal disciplinary history.

FACTS AND VIOLATIVE CONDUCT

In December 2009, Matthews borrowed \$2,000 from customer JR and \$5,000 from customer GR. Matthews' then-employer FINRA member firm did not allow loans between customers and registered representatives without prior written permission from the Chief Compliance Officer. Matthews did not receive prior written permission for these loans. In September 2010, Matthews falsely answered questions on his firm's Annual Compliance Questionnaire regarding customer loans and the existence of a federal tax lien and a judgment against him. In December 2010 and March 2011, Matthews also provided false information to his employer member firm regarding the number of clients from whom he had borrowed money. As a result of the foregoing, Matthews violated NASD Rules 2370 and FINRA Rule 2010.

In February 2010, Matthews received notice that he was the subject of an unsatisfied federal tax lien in the amount of \$59,146. However, Matthews did not file an amendment to his Form U4 to disclose the lien. In May 2010, Matthews received notice that a judgment had been entered against him in the amount of \$23,876. However, Matthews did not file an amendment to his Form U4 to disclose the judgment. As a result of the foregoing, Matthews willfully failed to disclose these material facts on his Form U4. By engaging in such misconduct, Matthews acted in contravention of Article V, Section 2 of FINRA's By-Laws and violated FINRA Rules 1122 and 2010.

On June 26, 2012, Matthews appeared, pursuant to FINRA Rule 8210, for an on-the-record interview with FINRA staff. During that interview, Matthews gave false and misleading testimony pertaining to the timing of his repayment of the loan to customer GR. As a result of the foregoing, Matthews violated FINRA Rules 2010 and 8210.

B. I also consent to the imposition of the following sanctions:

A bar from association with any member firm in any capacity.

I understand that if I am barred or suspended from associating with any FINRA member, I become subject to a statutory disqualification as that term is defined in Article III, Section 4 of FINRA's By-Laws, incorporating Section 3(a)(39) of the Securities Exchange Act of 1934. Accordingly, I may not be associated with any FINRA member in any capacity, including clerical or ministerial functions, during the period of the bar or suspension (see FINRA Rules 8310 and 8311).

I understand that this settlement includes a finding that I willfully omitted to state material facts on a Form U4, and that under Section 3(a)(B9)(F) of the Securities Exchange Act of 1934 and Article III, Section 4 of FINRA's By-Laws, these omissions make me subject to a statutory disqualification with respect to association with a member.

The sanctions imposed herein shall be effective on a date set by FINRA staff. Pursuant to FINRA Rule 8313(e), a bar or expulsion shall become effective upon approval or acceptance of this AWC.

II.

WAIVER OF PROCEDURAL RIGHTS

I specifically and voluntarily waive the following rights granted under FINRA's Code of Procedure:

- A. To have a Complaint issued specifying the allegations against me;
- B. To be notified of the Complaint and have the opportunity to answer the allegations in writing;
- C. To defend against the allegations in a disciplinary hearing before a hearing panel, to have a written record of the hearing made and to have a written decision issued; and
- D. To appeal any such decision to the National Adjudicatory Council ("NAC") and then to the U.S. Securities and Exchange Commission and a U.S. Court of Appeals.

Further, I specifically and voluntarily waive any right to claim bias or prejudgment of the General Counsel, the NAC, or any member of the NAC, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including acceptance or rejection of this AWC.

I further specifically and voluntarily waive any right to claim that a person violated the ex parte prohibitions of FINRA Rule 9143 or the separation of functions prohibitions of FINRA Rule 9144, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including its acceptance or rejection.

III.

OTHER MATTERS

I understand that:

- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs ("ODA"), pursuant to FINRA Rule 9216;
- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against me; and
- C. If accepted:
 - 1. this AWC will become part of my permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against me;
 - 2. this AWC will be made available through FINRA's public disclosure program in response to public inquiries about my disciplinary record;
 - 3. FINRA may make a public announcement concerning this agreement and the subject matter thereof in accordance with FINRA Rule 8313; and
 - 4. I may not take any action or make or permit to be made any public statement, including in regulatory filings or otherwise, denying, directly or indirectly, any finding in this AWC or create the impression that the AWC is without factual basis. I may not take any position in any proceeding brought by or on behalf of FINRA, or to which FINRA is a party, that is inconsistent with any part of this AWC. Nothing in this provision affects my right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.

I certify that I have read and understand all of the provisions of this AWC and have been given a full opportunity to ask questions about it; that I have agreed to its provisions voluntarily; and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein and the prospect of avoiding the issuance of a Complaint, has been made to induce me to submit it.

09/07/2011
Date (mm/dd/yyyy)

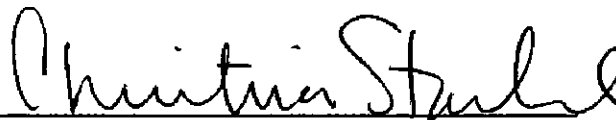
William Henry Matthews
William Henry Matthews, Respondent

David A. Baugh
Counsel for Respondent
Baugh, Dalton, Carlson, Ryan LLC
55 West Monroe Street, Ste. 600
Chicago, Illinois 60603
312-759-1400

Accepted by FINRA:

9-27-12
Date

Signed on behalf of the
Director of ODA, by delegated authority

A handwritten signature in cursive script, appearing to read "Christina Stanland", written over a horizontal line.

Christina L. Stanland
Principal Regional Counsel
FINRA Department of Enforcement
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