

**STATE OF ILLINOIS
SECRETARY OF STATE
SECURITIES DEPARTMENT**

IN THE MATTER OF:ERIC W. MASON)
_____)

FILE NO. 0800211

CONSENT ORDER OF SUSPENSION

TO THE RESPONDENT: Eric W. Mason
(CRD#: 4637122)
1611 N. Bell Avenue Apartment No.4
Chicago, Illinois 60647

C/o Samuel S Cohen
Attorney At Law Neal, Gerber & Eisenberg, LLP
2 North LaSalle Street, #2200
Chicago, Illinois 60602

WHEREAS, Respondent on the 18th day of July, 2008 executed a certain Stipulation to Enter Consent Order of Suspension (the "Stipulation"), which hereby is incorporated by reference herein.

WHEREAS, by means of the Stipulation, Respondent has admitted to the jurisdiction of the Secretary of State and service of the Notice of Hearing of the Secretary of State, Securities Department, dated June 3, 2008 in this proceeding (the "Notice") and Respondent has consented to the entry of this Consent Order of Suspension ("Consent Order").

WHEREAS, by means of the Stipulation, Respondent acknowledged, while neither admitting or denying the truth thereof, that the following allegations contained in the Notice of Hearing shall be adopted as the Secretary of State's Findings of Fact: Correct Findings of Fact here.

1. That at all relevant times, the Respondent was registered with the Secretary of State as a salesperson in the State of Illinois pursuant to Section 8 of the Act until April 4, 2008.

2. That on April 2, 2008, FINRA entered a Letter Of Acceptance, Waiver And Consent (AWC) submitted by the Respondent regarding FILE NO. 20050001741-02 which imposed the following sanctions:
 - a. suspension from associating with any member of FINRA in any capacity for one year; and
 - b. fined \$175,000.00.
3. That the AWC found:

SUMMARY

This matter, 20050001741, arose out of an investigation conducted by the staff of the Market Regulation Department (the "staff") of pre-open trading activity at Great Point during the period June 1, 2004 through October 17, 2004 (the 'review period').

FACTS AND VIOLATIVE CONDUCT

During the review period, while employed as a proprietary trader at Great Point, in at least 20 instances the Respondent entered a priced limit order in a Nasdaq security for a proprietary account at Great Point into the Nasdaq Market Center ("Nasdaq") using the SIZE MPID. These priced limit orders involved nine different Nasdaq securities.

- a. These displayed orders were at prices that were intended to impact the pre-opening Best Bid of Offer ("BBO") in such securities by creating a new inside bid (offer) that was a departure from the previous day's closing price in the security. The Respondent knew that the full price and size of such orders would be reflected in the public quotation system as the best prices and sizes at which a market participant was willing to buy or sell such securities. In entering these displayed orders, the Respondent also intended to induce, and did induce, other market participants to reflect bids (offers) similar to the price of the displayed limit orders.
- b. After having entered such orders into Nasdaq, the Respondent knowingly and intentionally entered non-displayable odd lot limit orders, most of which were for 99 shares, to buy or sell shares of such securities into Nasdaq on the opposite side of the market as the displayed limit orders described above. These non-displayed odd lot orders created a crossed market with the displayed orders. The Respondent knew and intended that the non-displayed orders

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would be executed against other market participants' quotations during the pre-opening spin, and did buy and sell, such securities on an automated basis during the pre-opening spin. After the displayed quotations had induced other market participants to enter similar quotations, and prior to the pre-opening spin, the Respondent intentionally and knowingly canceled most of the displayed priced limit orders that he had entered into Nasdaq. In some instances, the Respondent updated the original displayed order with another displayed order, canceling the original displayed order. All of these displayed orders were entered prior to the pre-opening spin.

- c. By knowingly and intentionally engaging in this course of conduct, bought (sold) shares of these securities at prices that were lower (higher) than the Respondent would otherwise have been able to buy (sell) shares of these securities, but for his entry of the displayed orders referenced above into Nasdaq. D. In all, the Respondent bought and sold these nine Nasdaq securities, in the manner described above at least 20 instances, whereby the Respondent received a financial benefit of approximately \$157,832.58.
 - e. The conduct described above constitutes separate and distinct violations of NASD Conduct Rules 2110, 2120, 3310 and IM-3310 as well as Section 10(b) of the Securities Exchange Act of 1934, and Rule 10b-5 promulgated thereunder.
4. That Section 8.E(1)(j) of the Act provides, inter alia, that the registration of a salesperson may be revoked if the Secretary of State finds that such salesperson has been suspended by any self-regulatory organization registered under the Federal 1934 Act or the Federal 1974 Act arising from any fraudulent or deceptive act or a practice in violation of any rule, regulation or standard duly promulgated by the self-regulatory organization.
5. That FINRA is a self-regulatory organization as specified in Section 8.E(1)(j) of the Act.

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6. That Section 8.E(3) of the Act provides, inter alia, withdrawal of an application for registration or withdrawal from registration as a salesperson, becomes effective 30 days after receipt of an application to withdraw or within such shorter period of time as the Secretary of State may determine. If no proceeding is pending or instituted and withdrawal automatically becomes effective, the Secretary of State may nevertheless institute a revocation or suspension proceeding within 2 years after withdrawal became effective and enter a revocation or suspension order as of the last date on which registration was effective.

WHEREAS, by means of the Stipulation Respondent has acknowledged, without admitting or denying the averments, that the following shall be adopted as the Secretary of State's Conclusions of Law:

That by virtue of the foregoing, the Respondent's registration as a salesperson in the State of Illinois is subject to suspension pursuant to Sections 8.E(1)(j) and 8.E(3) of the Act.

WHEREAS, by means of the Stipulation Respondent has acknowledged and agreed that His registration as a salesperson in the State of Illinois shall be suspended for one (1) year. Such suspension shall begin on May 5, 2008 and terminate on May 4, 2009.

WHEREAS, by means of the Stipulation Respondent has acknowledged and agreed that he shall be levied costs incurred during the investigation of this matter in the amount of One Thousand dollars (\$1,000.00). Said amount is to be paid by certified or cashier's check, made payable to the Office of the Secretary of State, Securities Audit and Enforcement Fund.

WHEREAS, by means of the Stipulation Respondent has acknowledged and agreed that he has submitted with the Stipulation a certified or cashier's check in the amount of One Thousand dollars (\$1,000.00) to cover costs incurred during the investigation of this matter. Said check has been made payable to the Office of the Secretary of State, Securities Audit and Enforcement Fund.

WHEREAS, the Secretary of State, by and through his duly authorized representative, has determined that the matter related to the aforesaid formal hearing may be dismissed without further proceedings.

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NOW THEREFORE IT SHALL BE AND IS HEREBY ORDERED THAT:

1. The Respondent's registration as a salesperson in the State of Illinois shall be suspended for one (1) year. Such suspension shall begin on May 5, 2008 and shall terminate on May 4, 2009.
2. Respondent is levied costs of investigation in this matter in the amount of One Thousand dollars (\$1,000.00), payable to the Office of the Secretary of State, Securities Audit and Enforcement Fund, and on July 18, 2008 has submitted One Thousand dollars (\$1,000.00) in payment thereof.
3. The formal hearing scheduled on this matter is hereby dismissed without further proceedings.

ENTERED This 21st day of July 2008


JESSE WHITE
SECRETARY OF STATE

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