

UNITED STATES OF AMERICA  
Before the  
SECURITIES AND EXCHANGE COMMISSION  
June 28, 2004

ADMINISTRATIVE PROCEEDING  
File No. 3-11529

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In the Matter of :  
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Frederick W. Wall, : ORDER INSTITUTING PUBLIC  
 : ADMINISTRATIVE PROCEEDINGS  
 : PURSUANT TO SECTION 15(b) OF  
 : THE SECURITIES EXCHANGE ACT  
 : OF 1934  
Respondent :  
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**I.**

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative proceedings be, and hereby are, instituted against Frederick W. Wall (“Wall”) pursuant to Section 15(b) of the Securities Exchange Act of 1934 (“Exchange Act”).

**II.**

After an investigation, the Division of Enforcement alleges that:

**A. Respondent and Other Relevant Entities**

1. **Frederick W. Wall**, age 48, recently completed a 30-month sentence in federal prison and is currently subject to supervised release for a term of 36 months after his conviction for conspiracy to commit securities fraud, mail fraud and wire fraud. The misconduct underlying Wall’s conviction included acting as a broker while not registered with the Commission.

2. **First Fidelity Investment Management** was incorporated in Delaware in May 1998. First Fidelity Investment Management purported to be an investment firm, though it has never been registered with the Commission in any capacity.

3. **First Fidelity Equities** was incorporated in Delaware in June 1998, and has never been registered with the Commission in any capacity. First Fidelity Equities purported to be a brokerage firm.

## **B. Facts**

1. In 1998, Wall recruited salespeople to work at First Fidelity Investment Management, a purported investment firm. Those salespeople solicited investors to purchase stock in fraudulent offerings of First Fidelity Financial, Exchange Online, and First Fidelity Equities stock (the “Fraudulent Offerings”). Wall received overrides on commissions earned by salespeople he recruited. Wall also served during 1998 and 1999 as president of First Fidelity Equities, a purported broker-dealer.

2. On December 11, 2000, Wall pleaded guilty to one count of conspiracy to commit securities fraud, mail fraud and wire fraud, in violation of 18 U.S.C. §371, before the United States District Court for the Southern District of New York, in United States v. Salvatore Tavolacci, et al., 1:00-CR-554. On July 27, 2001, a judgment in a criminal case was entered against Wall. He was sentenced to a prison term of 30 months followed by three years of supervised release and ordered to make restitution in the amount of \$500,000.

3. The count of the indictment to which Wall pleaded guilty alleged, among other things that:

a. Wall conspired to commit securities fraud through the fraudulent offerings. Wall and salespeople he supervised made numerous false statements concerning the issuers’ businesses and the intended use of funds raised in the offerings.

b. Wall and salespeople he supervised established a series of “boiler rooms” in which unregistered salespeople, using false names, made unsolicited calls to potential investors to induce them to invest in phony private placements of securities. Salespeople falsely represented that they were calling from First Fidelity Investment Management, which they claimed was a Wall Street investment firm. Wall and the salespeople he supervised acted as brokers by actively soliciting investments in issuers while not employed by those issuers and receiving commissions or other compensation based on sales of the issuers’ securities.

c. Wall and salespeople he supervised made false statements to investors in connection with the sale of securities in the Fraudulent Offerings. False statements to investors included claims that First Fidelity Financial was a successful brokerage firm; that Exchange Online was an internet brokerage firm targeted for takeover by America Online, Inc.; that First Fidelity Equities would operate a diversified financial services business; and that each entity was within days of conducting an Initial Public Offering. They failed to disclose that the proceeds of these offerings went to pay undisclosed commissions to the salespeople and to pay personal expenses of the principals of the issuers.

### III.

In view of the allegations made by the Division of Enforcement, the Commission deems it necessary and appropriate in the public interest that public administrative proceedings be instituted to determine:

A. Whether the allegations set forth in Section II. above are true and, in connection therewith, to afford the Respondent an opportunity to establish any defenses to such allegations; and

B. What, if any, remedial action is appropriate in the public interest against the Respondent pursuant to Section 15(b) of the Exchange Act.

### IV.

**IT IS ORDERED** that a public hearing for the purpose of taking evidence on the questions set forth in Section III. hereof shall be convened at a time and place to be fixed and before an Administrative Law Judge to be designated by further order as provided by Rule 200 of the Commission's Rules of Practice, 17 C.F.R. § 201.200.

**IT IS FURTHER ORDERED** that the Respondent file an Answer to the allegations contained in this Order within 20 days after service of this Order, as provided by Rule 220 of the Commission's Rules of Practice, 17 C.F.R. § 201.220.

If the Respondent fails to file the directed answer, or fails to appear at a hearing after being duly notified, the Respondent may be deemed in default and the proceedings may be determined against him upon consideration of this Order, the allegations of which may be deemed to be true as provided by Rules 155(a), 220(f), 221(f), and 310 of the Commission's Rules of Practice, 17 C.F.R. §§ 201.155(a), 201.220(f), 201.221(f), and 201.310.

This Order shall be served forthwith upon each Respondent personally or by certified mail.

**IT IS FURTHER ORDERED** that the Administrative Law Judge shall issue an initial decision no later than 210 days from the date of service of this Order, pursuant to Rule 360(a)(2) of the Commission's Rules of Practice.

In the absence of an appropriate waiver, no officer or employee of the Commission engaged in the performance of investigative or prosecuting functions in this or any factually related proceeding will be permitted to participate or advise in the decision of this matter, except as witness or counsel in proceedings held pursuant to notice. Since this proceeding is not “rule making” within the meaning of Section 551 of the Administrative Procedure Act, it is not deemed subject to the provisions of Section 553 delaying the effective date of any final Commission action.

By the Commission.

Jonathan G. Katz  
Secretary