

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 55276 / February 12, 2007

ADMINISTRATIVE PROCEEDING
File No. 3-12458

In the Matter of

MARCOS MARTINEZ and
JAMES FRACE,

Respondents.

ORDER MAKING FINDINGS AND
IMPOSING REMEDIAL SANCTIONS
PURSUANT TO SECTION 15(b) OF THE
SECURITIES EXCHANGE ACT OF 1934
AS TO JAMES FRACE

I.

On October 18, 2006, the Securities and Exchange Commission (“Commission”) instituted public administrative proceedings pursuant to Section 15(b) of the Securities Exchange Act of 1934 (“Exchange Act”) against Marcos Martinez and James Frace (“Frace” or the “Respondent”).

II.

Following institution of this proceeding, Frace submitted an Offer of Settlement (the “Offer”), which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over him and the subject matter of these proceedings, and the findings contained in Section III.3 below, which are admitted, Frace consents to the entry of this Order Making Findings and Imposing Remedial Sanctions Pursuant to Section 15(b) of the Securities Exchange Act of 1934 (“Order”), as set forth below.

III.

On the basis of this Order and Frace's Offer, the Commission finds that:

1. Frace was a registered representative associated with Platinum Investment Corporation ("Platinum"), a broker-dealer registered with the Commission, from approximately February 2002 through July 2002. Frace held Series 7 and 63 securities licenses.

2. On July 31, 2002, the Commission brought an emergency action against Platinum, Frace, and others in the United States District Court for the Southern District of New York (*SEC v. Platinum Investment Corporation, et al.*, 02 Civ. 6093 (S.D.N.Y.) (JSR)). The Commission's complaint alleged that, from approximately August 2001 through July 2002, Frace and the other defendants together defrauded investors out of a total of at least \$1.5 million by, among other things, making material misrepresentations to the investors in connection with the unregistered offer and sale of securities issued by affiliates of Platinum.

3. On August 7, 2006, the Honorable Jed S. Rakoff of the United States District Court for the Southern District of New York entered an order granting the Commission's motion for summary judgment on its securities fraud and other claims against Frace but reserving decision as to the scope of the relief to be imposed against Frace. On September 25, 2006, the Court entered a final judgment against Frace that, among other things, permanently enjoins him from violating Sections 5(a), 5(c), and 17(a) of the Securities Act of 1933, Section 10(b) of the Exchange Act, and Exchange Act Rule 10b-5.

IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest, and for the protection of investors, to impose the sanctions agreed to in Frace's Offer.

Accordingly, it is hereby ORDERED:

Pursuant to Section 15(b)(6) of the Exchange Act, that Frace be, and hereby is barred from association with any broker or dealer.

Any reapplication for association by the Respondent will be subject to the applicable laws and regulations governing the reentry process, and reentry may be conditioned upon a number of factors, including, but not limited to, the satisfaction of any or all of the following: (a) any disgorgement ordered against the Respondent, whether or not the Commission has fully or partially waived payment of such disgorgement; (b) any arbitration award related to the conduct that served as the basis for the Commission order; (c) any self-regulatory organization arbitration award to a customer, whether or not related to the conduct that served as the basis for the Commission order; and (d) any restitution order by a self-regulatory organization, whether or not related to the conduct that served as the basis for the Commission order.

For the Commission, by its Secretary, pursuant to delegated authority.

Nancy M. Morris
Secretary