

Securities and Exchange Commission  
Washington, D.C.

Securities Exchange Act of 1934  
Release No. 56022 / July 6, 2007

Administrative Proceeding  
File No. 3-12679

ADMINISTRATIVE PROCEEDINGS INSTITUTED IN THE MATTER OF WARREN  
R. FELLUS

The United States Securities and Exchange Commission (Commission) announced the issuance of an Order Instituting Administrative Proceedings Pursuant to Section 15(b) of the Securities and Exchange Act of 1934 And Notice of Hearing (Order) against Warren R. Fellus. The Order alleges that from February 2002 through May 2003, Warren R. Fellus (Fellus) was a proprietary trader at A.B. Watley, Inc., a day trading firm that was registered with the Commission as a broker-dealer. From May 2003 through December 2003, Fellus was the head of the proprietary trading desk at Millennium Brokerage, LLC, a broker-dealer registered with the Commission. From December 1, 2003 through December 31, 2003, Fellus was a proprietary trader at E\*Trade Professional Trading, LLC, a broker-dealer registered with the Commission. For a portion of the time in which he engaged in the conduct underlying the information described below, Respondent had a Series 7 license and was associated with registered broker-dealers.

The Order further alleges that on July 8, 2005, Fellus pleaded guilty to one count of conspiracy to commit securities fraud, a felony, in a sealed proceeding in the U.S. District Court in the Eastern District of New York. U.S. v. Fellus, No. 05-CR426 (ILG) (E.D.N.Y. July 8, 2005). The count of the criminal information in the case in which Fellus pleaded guilty alleged, *inter alia*, that while associated with a broker-dealer, Fellus participated in a scheme to use confidential material information improperly obtained from broker-dealers' "squawk boxes" to trade ahead of the broker-dealers' institutional orders.

A hearing will be scheduled before an administrative law judge to determine whether the allegations contained in the Order are true, to provide Fellus an opportunity to respond to these allegations, and to determine what sanctions, if any, are appropriate and in the public interest. As directed by the Commission, an administrative law judge shall issue an initial decision in this matter no later than 210 days from the date of service of the Order Instituting Proceedings.