

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 56643 / October 11, 2007

ADMINISTRATIVE PROCEEDING
File No. 3-12679

In the Matter of

WARREN R. FELLUS,

Respondent.

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

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative proceedings be, and hereby are, settled pursuant to Section 15(b) of the Securities Exchange Act of 1934 (“Exchange Act”) against Warren R. Fellus (“Respondent” or “Fellus”).

II.

After the institution of these proceedings, Respondent has 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.B.1 below, which are admitted, Respondent 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 Respondent's Offer, the Commission finds that:

A. RESPONDENT

1. From February 2002 through May 2003, Fellus was a proprietary trader at A.B. Watley, Inc., a day trading firm 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 broker-dealers registered with the Commission.

B. RESPONDENT'S CRIMINAL PLEA

1. 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).

2. 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.

IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions agreed to in Respondent Fellus's Offer.

Accordingly, it is hereby ORDERED:

Pursuant to Section 15(b)(6) of the Exchange that Respondent Fellus 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