

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION
September 3, 2004

ADMINISTRATIVE PROCEEDING
File No. 3-11631

In the Matter of

Franklin Marone,

Respondent.

ORDER INSTITUTING
ADMINISTRATIVE PROCEEDINGS
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, instituted pursuant to Sections 15(b) of the Securities Exchange Act of 1934 (“Exchange Act”), against Franklin Marone (“Respondent” or “Marone”).

II.

After an investigation, the Division of Enforcement alleges that:

A. RESPONDENT

Marone was a registered representative of Generic Trading of Philadelphia (“Generic”), a broker-dealer registered with the Commission, during the relevant period, from November 1999 through October 2003. Marone, 41 years old, is formerly a resident of Fairfield, Connecticut and Windham, New York, and currently resides in Catskill, New York.

B. INJUNCTIVE ACTION

1. On February 13, 2004, the Commission filed a complaint in SEC v. Franklin Marone, et al. (Civil Action Number 04 Civ. 01227) in the United States District Court for the Southern District of New York. On February 26, 2004, by partial final judgment on consent, the court entered an order permanently enjoining Marone from future violations of Section 17(a) of the Securities Act of 1933 (“Securities Act”), Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, as well as ordering disgorgement of ill-gotten gains and a civil penalty in amounts to be determined at a later date.

2. The Commission’s Complaint alleges, among other things, that between January 1999 and January 2004, Marone induced at least 36 individuals to invest at least \$3.2 million in Patrollers Capital Fund I, II, III, The Wedel Fund, and the Whistler Fund—fictitious equity funds that Marone purported to manage. The Complaint further alleges that Marone misappropriated virtually all of the investors funds for his personal use and that of the relief defendant Marita Marone, falsely stated to investors that their funds were invested, disseminated false account statements indicating that investors funds were fully invested and earning returns, and otherwise engaged in a variety of conduct which operated as a fraud and deceit upon investors.

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 are true and, in connection therewith, to afford Respondent an opportunity to establish any defenses to such allegations; and

B. What, if any, remedial action is appropriate in the public interest against 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 Respondent shall file an Answer to the allegations contained in this Order within twenty (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 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), 221(f) and 201.310.

This Order shall be served forthwith upon 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.

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

Jonathan G. Katz
Secretary