

**UNITED STATES OF AMERICA**  
**Before the**  
**SECURITIES AND EXCHANGE COMMISSION**

**SECURITIES AND EXCHANGE ACT OF 1934**  
**Release No. 54835 / November 29, 2006**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-12116**

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<b>In the Matter of</b>	:	
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	:	<b>ORDER PERMITTING ATTORNEY TO</b>
	:	<b>RESUME APPEARING AND PRACTICING</b>
<b>FRED MICHAEL STONE</b>	:	<b>UNDER RULE 102(e)(5) OF THE</b>
	:	<b>COMMISSION'S RULES OF PRACTICE</b>
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**I.**

On December 1, 2005, the Commission, pursuant to Rule 102(e)(1)(iii) of its Rules of Practice, suspended attorney Fred Michael Stone (“Stone”) from appearing or practicing before the Commission, with the right to apply to resume appearing and practicing as an attorney after six months. *See* Opinion and Order, Securities Act of 1933 Release No. 8639 (December 1, 2005). The suspension was based on the Commission’s findings that while Stone was General Counsel of Millennium,<sup>1</sup> he helped to devise and implement fraudulent schemes to conceal Millennium’s identity from a variety of mutual funds and thereby enable Millennium to engage in market timing trades.

In anticipation of the institution of administrative proceedings, Stone consented to entry of the Order without admitting or denying the findings except as to the Commission’s jurisdiction over him, which he admitted. The Opinion and Order provided that Stone could apply to resume appearing and practicing before the Commission after a period of six months.

**II.**

On or about August 15, 2006, over six months after he had been suspended by the Commission, Stone filed an application for reinstatement of the privilege to appear and practice

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<sup>1</sup> “Millennium” refers collectively to Millennium Partners, L.P., Millennium Management, L.L.C. (the managing partner of and investment adviser to Millennium USA, L.P.) and Millennium International Management, L.L.C. (the investment adviser to Millennium International, Ltd.).

before the Commission. His application includes a personal affidavit in which he swore under penalty of perjury that he has complied with the Commission's Opinion and Order, that he is not subject to any suspension or disbarment as an attorney by a court of the United States or of any state, territory, district, commonwealth, or possession, that he is a member in good standing of the bar of New York, and that he has not been convicted of a felony or misdemeanor involving moral turpitude. In addition, he has paid the \$1 in disgorgement and the \$25,000 civil penalty required by the Order.

### **III.**

Based on the foregoing, the Commission has determined that it is appropriate to permit Stone, pursuant to Rule 102(e)(5), to resume appearing or practicing before the Commission. However, the Commission notes that Stone continues to be prohibited from serving or acting as an employee, officer, director, member of an advisory board, investment adviser or depositor of, or principal underwriter for, a registered investment company or affiliated person of such investment adviser, depositor, or principal underwriter until December 1, 2008.

Accordingly, it is HEREBY ORDERED that Stone may resume practicing as an attorney before the Commission.

By the Commission.

Nancy M. Morris  
Secretary