

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 62679 / August 10, 2010

ADMINISTRATIVE PROCEEDING
File No. 3-14000

In the Matter of

Stephen J. Brace,

Respondent.

**ORDER INSTITUTING ADMINISTRATIVE
PROCEEDINGS PURSUANT TO
SECTION 15(b) OF THE SECURITIES
EXCHANGE ACT OF 1934
AND NOTICE OF HEARING**

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 Section 15(b) of the Securities Exchange Act of 1934 (“Exchange Act”) against Stephen J. Brace (“Respondent” or “Brace”).

II.

After an investigation, the Division of Enforcement alleges that:

A. RESPONDENT

1. Brace, age 63, is incarcerated at a state prison in Monticello, Florida. From at least June 2004 through April 2005, Respondent was a registered representative at Advanced Planning Securities, Inc. (“Advanced Planning”), a broker-dealer that, from at least June 1, 2004 until February 24, 2009, was registered with the Commission pursuant to Section 15(b) of the Exchange Act and was a member of the National Association of Securities Dealers, now known as the Financial Industry Regulatory Authority. Its principal place of business was in Smithtown, New York. During this time period, Brace held Series 6 and 63 licenses.

B. RESPONDENT'S CRIMINAL CASE

1. On October 23, 2008, Brace pleaded guilty to one Florida state felony count of aggravated white collar crime, in Florida v. Brace, No. 2007 CF 6277 A (Fla. 1st Cir. Ct.). On January 21, 2009, a judgment was entered against Brace. That day, Brace was sentenced to twenty-five years of prison, followed by five years of probation.

2. The count of the criminal information to which Brace pleaded guilty alleges that, from on or about January 6, 2004 through on or about September 15, 2006, Brace committed aggravated white collar crime under Florida law. The criminal information further alleges that Respondent engaged in "at least two white collar crimes ... relating to the sale of securities and investor protection." Among other things, the information alleges that Brace sold or offered to sell securities that were not registered with Florida's Office of Financial Regulation of the Financial Services Commission and that he defrauded investors in "the rendering of investment advice or the offer, sale, or purchase of any investment or security." The information alleges that this conduct "victimized 10 or more elderly persons ... or 20 or more persons." Brace was associated with Advanced Planning for part of this time period.

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 hereof 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 110 of the Commission's Rules of Practice, 17 C.F.R. § 201.110.

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), 201.221(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.

Elizabeth M. Murphy
Secretary

Service List

Rule 141 of the Commission's Rules of Practice provides that the Secretary, or another duly authorized officer of the Commission, shall serve a copy of the Order Instituting Administrative Proceedings Pursuant To Section 15(b) of the Securities Exchange Act of 1934 and Notice of Hearing ("Order"), on Respondent Stephen J. Brace.

The attached Order has been sent to the following parties and other persons entitled to notice:

Honorable Brenda P. Murray
Chief Administrative Law Judge
Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549-2557

Preethi Krishnamurthy, Esq.
New York Regional Office
Securities and Exchange Commission
3 World Financial Center, Suite 400
New York, NY 10281

Mr. Stephen J. Brace, P38727
Jefferson Correctional Institution
1050 Big Joe Road
Monticello, FL 32344-0430