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 203(f) of the Investment Advisers Act of 1940 (“Advisers Act”) against Michael Scronic (“Scronic” or “Respondent”).

II.

In anticipation of 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, Respondent admits the Commission’s jurisdiction over him and the subject matter of these proceedings, and the findings contained in paragraphs III.2 and III.4 below, and consents to the entry of this Order Instituting Administrative Proceedings Pursuant to Section 203(f) of the Investment Advisers Act of 1940, Making Findings, and Imposing Remedial Sanctions (“Order”), as set forth below.

III.

On the basis of this Order and Respondent’s Offer, the Commission finds that:

2. On April 19, 2018, a judgment was entered against Scronic on consent, permanently enjoining him from future violations of Section 17(a) of the Securities Act of 1933, Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder, and Sections 206(1), 206(2), and 206(4) of the Advisers Act and Rule 206(4)-8 thereunder, in the civil action entitled Securities and Exchange Commission v. Michael Scronic, Civil Action Number 1:17-CV-07615, in the United States District Court for the Southern District of New York.

3. The Commission’s complaint alleged that Scronic made material misrepresentations to potential investors and investors in order to solicit new or additional investments in his fictitious hedge fund, Scronic Macro Fund. Despite sustaining massive investment losses and misappropriating money to fund his extravagant lifestyle, Scronic represented to investors their investments had seen substantial gains.

4. On March 15, 2018, Scronic pleaded guilty to one count of securities fraud in United States v. Michael Scronic, 18 Cr. 43 (SDNY). The count of the criminal indictment to which Scronic pled guilty alleged, inter alia, that Scronic defrauded investors through making material misrepresentations in order to solicit investments and misappropriate assets, and that Scronic used the mails and other means and instrumentalities of interstate commerce to execute his scheme. On September 18, 2018, Scronic was sentenced to 8 years imprisonment and three years supervised release.

IV.

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

Accordingly, it is hereby ORDERED pursuant to Section 203(f) of the Advisers Act, that Respondent be, and hereby is barred from association with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization.
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.

By the Commission.

Brent J. Fields
Secretary