

UNITED STATES OF AMERICA

Before the

SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934

Release No. 68446 / December 14, 2012

ADMINISTRATIVE PROCEEDING

File No. 3-15131

In the Matter of

JAMES WARREN MARGULIES,

Respondent.

**ORDER OF FORTHWITH SUSPENSION
PURSUANT TO RULE 102(e)(2) OF THE
COMMISSION'S RULES OF PRACTICE**

I.

The Securities and Exchange Commission ("Commission") deems it appropriate to issue an order of forthwith suspension of James Warren Margulies pursuant to Rule 102(e)(2) of the Commission's Rules of Practice [17 C.F.R. § 200.102(e)(2)]¹.

II.

The Commission finds that:

1. James Warren Margulies, 48, was at all relevant times an attorney admitted to practice law in Ohio and New York.

¹ Rule 102(e)(2) provides in pertinent part that "[a]ny attorney who has been suspended or disbarred by a court of the United States or of any State; . . . or any person who has been convicted of a felony or a misdemeanor involving moral turpitude shall be forthwith suspended from appearing or practicing before the Commission."

2. Margulies was convicted on July 19, 2011 in the Supreme Court of New York, New York County, of grand larceny in the first degree (2 counts); violations of the General Business Law (Martin Act) (2 counts); scheme to defraud in the first degree (1 count); conspiracy in the fourth degree (1 count); and falsifying business records in the first degree (24 counts) as a result of his participation in a securities fraud involving the stock of Industrial Enterprises of America, Inc.

3. As a result of these convictions, Margulies was sentenced to a prison term of seven to 21 years and ordered to pay restitution in the amount of \$7,000,000.

4. On November 1, 2011, the Supreme Court of Ohio suspended Margulies's license based upon his felony convictions in New York. *In re Administrative Actions dated November 2, 2011*, 130 Ohio St.3d 1420, 956 N.E.2d 310, 2011-Ohio-5627 (Ohio Nov 2, 2011) (Table).

5. On February 21, 2012, the Supreme Court of New York, Appellate Division, First Judicial Department, disbarred Margulies, effective July 19, 2011, based on his felony convictions in New York. *In re Margulies*, 93 A.D.3d 145, 940 N.Y.S. 2d 19, 2012 N.Y. Slip Op. 01343 N.Y.A.D. 1 Dept., Feb. 21, 2012 (No. M-5482).

III.

In view of the foregoing, the Commission finds that Margulies has been convicted of felonies involving moral turpitude, suspended by the Supreme Court of Ohio, and disbarred by the Supreme Court of New York, Appellate Division, First Judicial Department, within the meaning of Rule 102(e)(2) of the Commission's Rules of Practice.

Accordingly, it is ORDERED, that James Warren Margulies is forthwith suspended from appearing or practicing before the Commission pursuant to Rule 102(e)(2) of the Commission's Rules of Practice.

By the Commission.

Elizabeth M. Murphy
Secretary