

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

In the Matter of :
: INITIAL DECISION
JOSEPH L. LENTS : December 15, 2004

APPEARANCES: Anne C. McKinley for the Division of Enforcement,
Securities and Exchange Commission

Respondent Joseph L. Lents, pro se

BEFORE: Carol Fox Foelak, Administrative Law Judge

SUMMARY

This Initial Decision bars Joseph L. Lents (Lents) from participation in an offering of penny stock. He was previously enjoined from violating the antifraud and registration provisions of the securities laws, based on his involvement in a fraudulent “pump and dump” scheme.

I. INTRODUCTION

A. Procedural Background

The Securities and Exchange Commission (Commission) issued its Order Instituting Proceedings (OIP) against Lents on September 30, 2004, pursuant to Section 15(b) of the Securities Exchange Act of 1934 (Exchange Act).¹ The OIP alleges that he was enjoined in 2004 from violating the antifraud and registration provisions of the federal securities laws, based on his wrongdoing while participating in an offering of stock of Investco, Inc. (Investco), a penny stock. Lents was served with the OIP on October 29, 2004, and timely filed an Answer to the OIP on November 15, 2004. The Division of Enforcement (Division) filed a Motion for

¹ The proceeding was originally captioned Joseph L. Lents, Brian E. Baginski, and Anthony V. Yonadi. It has ended as to Respondents Yonadi and Baginski. See Joseph L. Lents, Exchange Act Release No. 50750 (Nov. 29, 2004) (Yonadi); Joseph L. Lents, Exchange Act Release No. 50757 (A.L.J. Nov. 30, 2004) (Baginski).

Summary Disposition as to Lents on November 26, 2004.² Lents did not file an opposition. The administrative law judge is required by 17 C.F.R. § 201.250(b) to act “promptly” on a motion for summary disposition.

This Initial Decision is based on (1) the Division’s Motion for Summary Disposition; and (2) Lents’s November 15, 2004, Objection to the Securities and Exchange Commission’s Finding that Joseph Lents Personally Profited from the Manipulation in the Amount of \$101,265.00 (Answer). There is no genuine issue with regard to any fact that is material to this proceeding. All material facts that concern the activities for which Lents was enjoined were decided against him in the civil case on which this proceeding is based. Any other facts in his pleadings have been taken as true, pursuant to 17 C.F.R. § 201.250(a). All arguments and proposed findings and conclusions that are inconsistent with this decision were considered and rejected.

B. Allegations and Arguments of the Parties

The OIP alleges that Lents was enjoined in 2004 from violating the antifraud and registration provisions of the federal securities laws, based on his wrongdoing while participating in an offering of stock of Investco, a penny stock. The Division urges that he be barred from participating in an offering of penny stock. Lents argues that he did not profit from the activities of Investco and, in fact, lost money and is in financial straits. He does not otherwise take issue with the allegations of the OIP or with the Division’s request that he receive a penny stock bar.

C. Official Notice

Official notice is taken of the following item included in the Division’s Motion for Summary Disposition, at Exhibit 1:

March 16, 2004, Order of Daniel T. K. Hurley, United States District Judge, Adopting Magistrate’s Report and Recommendation & Entering Final Judgment of Permanent Injunction, Disgorgement and Civil Penalties Against Defendant Joseph L. Lents (Div. Ex. 1).

II. FINDINGS OF FACT

Lents, of Boca Raton, Florida, has been permanently enjoined from violating the registration and antifraud provisions of the federal securities laws – Sections 5 and 17(a) of the Securities Act of 1933 and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder. SEC

² Leave to file the Motion for Summary Disposition is granted herewith, pursuant to 17 C.F.R. § 201.250(a).

v. Investco, Inc., No. 02-80466-Civ. (S.D. Fla. March 16, 2004).³ Div. Ex. 1. As set forth in detail in Division Exhibit 1, the wrongdoing that underlies Lents's injunction occurred from November 2001 through at least April 2002 when he participated in an offering of Investco stock, a penny stock. He and others carried out a fraudulent "pump and dump" scheme to manipulate the price of Investco stock. Lents caused Investco to issue false and misleading press releases about Investco's assets and business transactions. Lents distributed Investco stock to others, and he and others coordinated buy and sell orders to liquidate their position and to stimulate increased demand for the stock. Further, he and others sold shares of Investco stock that were not registered and for which no exemption applied.

III. CONCLUSIONS OF LAW

Lents has been permanently enjoined "from engaging in or continuing any conduct or practice in connection . . . with the purchase or sale of any security" within the meaning of Sections 15(b)(4)(C) and 15(b)(6)(A)(iii) of the Exchange Act. Further, Investco stock was a penny stock within the meaning of Exchange Act Section 3(a)(51) and Rule 3a51-1, and in the wrongdoing that underlay his injunction, Lents was a "person participating in an offering of penny stock" within the meaning of Exchange Act Section 15(b)(6)(C).

IV. SANCTION

Lents will be barred from participating in an offering of penny stock. Thus, he will be barred from acting as a promoter, finder, consultant, or agent; or otherwise engaging in activities with a broker, dealer, or issuer for purposes of the issuance or trading in any penny stock, or inducing or attempting to induce the purchase or sale of any penny stock. This sanction will serve the public interest and the protection of investors, pursuant to Section 15(b) of the Exchange Act. It accords with Commission precedent and the sanction considerations set forth in Steadman v. SEC, 603 F.2d 1126, 1140 (5th Cir. 1979), aff'd on other grounds, 450 U.S. 91 (1981). Lents's unlawful conduct was recurring and egregious, extending over a period of many months. There are no mitigating circumstances.

³ The Commission does not permit a respondent to re-litigate issues that were addressed in a previous civil proceeding against the respondent. See Michael J. Markowski, 74 SEC Docket 1537, 1542 (Mar. 20, 2001), pet. denied, No. 01-1181 (D.C. Cir. 2002) (unpublished); John Francis D'Acquisto, 53 S.E.C. 440, 444 (1998); Demitrios Julius Shiva, 52 S.E.C. 1247, 1249 (1997). Nonetheless, for the purpose of this Initial Decision, it is assumed that Lents has not profited personally from these activities, as he maintains in his Answer.

V. ORDER

IT IS ORDERED that, pursuant to Section 15(b) of the Securities Exchange Act of 1934, JOSEPH L. LENTS IS BARRED from participating in an offering of penny stock.

This Initial Decision shall become effective in accordance with and subject to the provisions of Rule 360 of the Commission's Rules of Practice, 17 C.F.R. § 201.360. Pursuant to that Rule, a party may file a petition for review of this Initial Decision within twenty-one days after service of the Initial Decision. A party may also file a motion to correct a manifest error of fact within ten days of the Initial Decision, pursuant to Rule 111 of the Commission's Rules of Practice, 17 C.F.R. § 201.111. If a motion to correct a manifest error of fact is filed by a party, then that party shall have twenty-one days to file a petition for review from the date of the undersigned's order resolving such motion to correct a manifest error of fact. The Initial Decision will not become final until the Commission enters an order of finality. The Commission will enter an order of finality unless a party files a petition for review or a motion to correct a manifest error of fact or the Commission determines on its own initiative to review the Initial Decision as to a party. If any of these events occur, the Initial Decision shall not become final as to that party.

Carol Fox Foelak
Administrative Law Judge