

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES ACT OF 1933
Release No. 8892 / February 7, 2008

ADMINISTRATIVE PROCEEDING
File No. 3-12950

In the Matter of

KENNETH M. CHRISTISON, ESQ.,

Respondent.

**ORDER INSTITUTING CEASE-AND-
DESIST PROCEEDINGS, MAKING
FINDINGS AND IMPOSING A CEASE-
AND-DESIST ORDER PURSUANT TO
SECTION 8A OF THE SECURITIES ACT
OF 1933**

I.

The Securities and Exchange Commission (the “Commission”) deems it appropriate that cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 8A of the Securities Act of 1933 (“Securities Act”) against Kenneth M. Christison, Esq. (“Respondent” or “Christison”).

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 proceeding brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over him and the subject matter of these proceedings, which are admitted, Respondent consents to the entry of this Order Instituting Cease-and-Desist Proceedings, Making Findings and Imposing a Cease-and-Desist Order Pursuant to Section 8A of the Securities Act (the “Order”), as set forth below.

III.

On the basis of this Order and Respondent's Offer, the Commission finds¹ that:

A. RESPONDENT

1. Christison, age 65, is a resident of Mill Valley, California and a member of the State Bar of California. During 2004, Christison received compensation from Michael Saquella, a.k.a. Michael Paloma ("Paloma"), for providing opinion of counsel letters that were used by Paloma to facilitate an elaborate market manipulation scheme. Christison previously served as Paloma's legal counsel in connection with a 2002 settled Commission district court action in which Paloma was permanently enjoined from violating the registration and antifraud provisions of the federal securities laws, barred from acting as an officer or director of a public company, and ordered to pay more than \$500,000 in disgorgement, civil penalties, and prejudgment interest. See SEC v. Michael Paloma, Civ. Action No. 1:02CV00645 (D.D.C., final judgment entered against Paloma on June 6, 2002) (the "2002 Settled Action").

B. OTHER RELEVANT PARTIES

2. Paloma, age 45, is a resident of Mesa, Arizona. Paloma's most recent market manipulation scheme involved unlawfully taking public several microcap companies, inflating their share prices, and dumping millions of shares into the public market. Paloma controlled a number of entities (collectively, the "Paloma-controlled entities") that either facilitated unlawful public offerings or received shares in unregistered offerings involving shares of Courtside Products, Inc. ("Courtside Products"), Xtreme Technologies, Inc. ("Xtreme Technologies"), Latin Heat Entertainment, Inc. ("Latin Heat") and Commanche Properties, Inc. ("Commanche Properties"). See SEC v. Michael Saquella, a.k.a. Michael Paloma, and Lawrence Kaplan, Civ. Action No. 1:07CV895 (E.D. Va., final judgment entered September 6, 2007).

C. BACKGROUND

3. Under the federal securities laws, an issuer cannot lawfully distribute stock to public investors without first registering the offering with the Commission or having a valid exemption from registration for the transaction. Registration requires a company to provide important information about its finances and business to potential investors.

4. In conducting the offerings described herein, neither Paloma nor the issuers complied with requirements of Rule 504 of Regulation D, or any other provisions that exempt or except securities offerings from the registration requirements of the federal securities laws. No

¹ The findings herein are made pursuant to Respondent's Offer of Settlement and are not binding on any other person or entity in this or any other proceeding.

registration statement was filed with the Commission or was in effect as to the shares of each issuer sold to the public by Paloma.

5. The Paloma-controlled entities obtained the stock from a person directly or indirectly controlling or controlled by each issuer, or under direct or indirect common control with each issuer, with a view to distributing the stock to the public.

6. On four occasions between May 1, 2004, and November 30, 2004, Paloma hired Christison to issue opinion of counsel letters warranting that certain offerings of securities of issuers were exempt from the registration provisions of the federal securities laws and that there was no restriction on resale of the securities sold in those offerings pursuant to Rule 504 of Regulation D under the Securities Act. Citing Rule 504 of Regulation D and Rule 109.3(c)(1) of the Texas Administrative Code, Christison's opinion letters concluded that if the proposed purchasers qualified as accredited investors who purchased with investment intent, the offerings were exempt from registration and there would be no restriction on the resale of the securities issued.

7. Based on the opinion letters, a transfer agent issued shares for each issuer without restrictive legends that would otherwise provide potential third party purchasers and financial intermediaries with notice that the shares were restricted as to transferability.

8. In each of the offerings described herein, the transfer agent issued unlegended shares to one or more of the Paloma-controlled entities.

9. When issuing his opinion letters, Christison, who represented Paloma in the 2002 Settled Action, knew of Paloma's consent to the entry of an injunction prohibiting him from violating the registration and antifraud provisions of the Securities Act and the Securities Exchange Act of 1934 ("Exchange Act"). In addition, Christison possessed documents and other information signaling Paloma's intent to distribute securities to unaccredited investors. Despite being in possession of such information, Christison, when preparing his opinion letters, performed insufficient due diligence regarding the facts and circumstances underlying the proposed distributions. In each instance, Christison knew or should have known that his issuance of an opinion of counsel letter would contribute to Paloma's unregistered public distribution of securities through non-exempt transactions.

D. COURTSIDE PRODUCTS, INC.

10. Courtside Products, founded by Lola Emter ("Emter"), is a Spokane, Washington-based company that manufactures sports bags.

11. At Paloma's direction, on September 28, 2004, Emter instructed First American Stock Transfer, Inc. ("First American"), a Phoenix, Arizona-based transfer agent, to issue 18.75 million shares of Courtside Products stock to three Paloma-controlled entities. These shares were issued without a restrictive legend pursuant to an opinion of counsel letter signed on September 24, 2004, by Christison. While purporting to rely on Rule 504 of Regulation D of the

Securities Act and Rule 109.3(c)(1) of the Texas Administrative Code, Christison's opinion letter concluded that if the proposed purchasers qualified as accredited investors who purchased with investment intent, the offering was exempt from registration and there was no restriction on the resale of the securities issued.

12. Having represented Paloma in the 2002 Settled Action, Christison knew that Paloma had consented to an injunction from securities registration and antifraud violations. Moreover, Christison was in possession of documents and other information signaling Paloma's intent to distribute the issuer's securities to unaccredited investors. Despite being in possession of such information, Christison, when preparing his opinion letter, conducted insufficient due diligence regarding the facts and circumstances underlying the proposed distribution. Following the issuance of Christison's opinion of counsel letter, the Paloma-controlled entities subsequently sold the issuer's securities in unregistered, nonexempt transactions to the public. Christison knew or should have known that his issuance of an opinion of counsel letter would contribute to Paloma's unlawful distribution.

13. Following this issuance, the Paloma-controlled entities held 100% of the purportedly "freely tradable" shares of Courtside Products, which were subsequently sold in unregistered, non-exempt transactions to the public.

14. On January 28, 2005, the Commission suspended trading in shares of the company based upon questions concerning its reliance on Rule 504 of Regulation D of the Securities Act in conducting a distribution of its securities which failed to comply with the resale restrictions of Regulation D. See In the Matter of Courtside Products, Inc., Release No. 34-51087 (order of suspension of trading entered January 28, 2005).

E. LATIN HEAT ENTERTAINMENT, INC.

15. Latin Heat, founded in 1992 by Belarmina "Bel" Hernandez ("Hernandez"), is a West Covina, California-based company that publishes an online newsletter and hardcopy magazine reporting on Latino entertainers in the television, music and film industries.

16. At Paloma's direction, in early May 2004, Hernandez instructed First American to issue 12.75 million shares of Latin Heat stock to two Paloma-controlled entities. These shares were issued without a restrictive legend pursuant to an opinion of counsel letter signed on May 6, 2004, by Christison. While purporting to rely on Rule 504 of Regulation D of the Securities Act and Rule 109.3(c)(1) of the Texas Administrative Code, Christison's opinion letter concluded that if the proposed purchasers qualified as accredited investors who purchased with investment intent, the offering was exempt from registration and there was no restriction on the resale of the securities issued.

17. Having represented Paloma in the 2002 Settled Action, Christison knew that Paloma had consented to an injunction from securities registration and antifraud violations. Despite having this knowledge, Christison, when preparing his opinion letter, conducted insufficient due diligence regarding the facts and circumstances underlying the proposed

distribution. Following the issuance of Christison's opinion of counsel letter, the Paloma-controlled entities subsequently sold the issuer's securities in unregistered, nonexempt transactions to the public. Christison knew or should have known that his issuance of an opinion of counsel letter would contribute to Paloma's unlawful distribution.

18. Following this issuance, the Paloma-controlled entities held 100% of the purportedly "freely tradable" shares of Latin Heat, which were subsequently sold in unregistered, non-exempt transactions to the public.

F. XTREME TECHNOLOGIES, INC.

19. Xtreme Technologies, founded in 1998 by Michael Burk ("Burk"), is a Spokane, Washington-based telecommunications consulting service.

20. At Paloma's direction, in September 2004, Burk instructed First American to issue 18.75 million shares of Xtreme Technologies stock to three Paloma-controlled entities. These shares were issued without a restrictive legend pursuant to an opinion of counsel letter signed on September 9, 2004, by Christison. While purporting to rely on Rule 504 of Regulation D of the Securities Act and Rule 109.3(c)(1) of the Texas Administrative Code, Christison's opinion letter concluded that if the proposed purchasers qualified as accredited investors who purchased with investment intent, the offering was exempt from registration and there was no restriction on the resale of the securities issued.

21. Having represented Paloma in the 2002 Settled Action, Christison knew that Paloma had consented to an injunction from securities registration and antifraud violations. Moreover, Christison was in possession of documents and other information signaling Paloma's intent to distribute the issuer's securities to unaccredited investors. Despite being in possession of such information, Christison, when preparing his opinion letter, conducted insufficient due diligence regarding the facts and circumstances underlying the proposed distribution. Following the issuance of Christison's opinion of counsel letter, the Paloma-controlled entities subsequently sold the issuer's securities in unregistered, nonexempt transactions to the public. Christison knew or should have known that his issuance of an opinion of counsel letter would contribute to Paloma's unlawful distribution.

22. With these issuances, the Paloma-controlled entities held 100% of the purportedly "freely tradable" shares of Xtreme Technologies, which were subsequently sold in unregistered, non-exempt transactions to the public.

G. COMMANCHE PROPERTIES, INC.

23. Commanche Properties was a Tucson, Arizona-based entertainment company operated by Anthony Tarantola and Bill Bonanno.

24. On November 12, 2004, ten million shares of Commanche Properties were issued by First American to two Paloma-controlled entities. These shares were issued without a restrictive legend pursuant to an opinion of counsel letter signed on November 5, 2004, by Christison. While purporting to rely on Rule 504 of Regulation D of the Securities Act and Rule 109.3(c)(1) of the Texas Administrative Code, Christison's opinion letter concluded that if the proposed purchasers qualified as accredited investors who purchased with investment intent, the offering was exempt from registration and there was no restriction on the resale of the securities issued.

25. Having represented Paloma in the 2002 Settled Action, Christison knew that Paloma had consented to an injunction from securities registration and antifraud violations. Moreover, Christison was in possession of documents and other information signaling Paloma's intent to distribute the issuer's securities to unaccredited investors. Despite being in possession of such information, Christison, when preparing his opinion letter, conducted insufficient due diligence regarding the facts and circumstances underlying the proposed distribution. Following the issuance of Christison's opinion of counsel letter, the Paloma-controlled entities subsequently sold the issuer's securities in unregistered, nonexempt transactions to the public. Christison knew or should have known that his issuance of an opinion of counsel letter would contribute to Paloma's unlawful distribution.

26. Following this issuance, the Paloma-controlled entities sold shares of Commanche Properties in unregistered, non-exempt transactions to the public.

27. On January 31, 2005, the Commission suspended trading in shares of Commanche Properties based upon questions concerning the company's reliance on Rule 504 of Regulation D of the Securities Act in conducting a distribution of its securities which failed to comply with the resale restrictions of Regulation D. See In the Matter of Commanche Properties, Inc., Release No. 34-51105 (order of suspension of trading entered January 31, 2005).

H. VIOLATIONS

28. Section 5(a) of the Securities Act prohibits the use of any means or instruments of transportation or communication in interstate commerce or of the mails to sell a security unless a registration statement is in effect as to such security. Section 5(c) of the Securities Act prohibits the use of any means or instruments of transportation or communication in interstate commerce or of the mails to offer to sell or offer to buy a security unless a registration statement has been filed as to such security.

29. As a result of the conduct described above, Paloma violated Sections 5(a) and 5(c) of the Securities Act. Paloma has consented to the entry of a final judgment permanently enjoining him from violating, among other provisions of the federal securities laws, Sections 5(a) and 5(c) of the Securities Act. See supra, Section III.A.2.

30. As a result of the conduct described above, Respondent caused Paloma's violations of Sections 5(a) and 5(c) of the Securities Act. The Commission previously has charged attorneys for causing Section 5 violations. See In the Matter of John L. Milling, Esq., Administrative Proceeding File No. 3-11027 (order entered February 3, 2003); and In the Matter of Google, Inc. and David C. Drummond, Administrative Proceeding File No. 3-11795 (order entered January 13, 2005).

IV.

In view of the foregoing, the Commission deems it appropriate to impose the sanctions agreed to in Respondent's Offer.

Accordingly, it is hereby ORDERED:

Pursuant to Section 8A of the Securities Act, Respondent cease and desist from committing or causing violations and any future violations of Sections 5(a) and 5(c) of the Securities Act.

By the Commission.

Nancy M. Morris
Secretary