

SECURITIES AND EXCHANGE COMMISSION

LITIGATION RELEASE NO. 14916 / May 22, 1996

SECURITIES AND EXCHANGE COMMISSION v. JONATHAN N. GOOGEL, BENJAMIN J. SISTI, KEVIN P. SISTI, KENNETH A. ZAK, WILLIAM P. CANDELORI, PETER J. CURLEY, AND EDMUND M. AUTUORI, Civil Action No. 3:95-CV-420 (TFGD), (D. CT.)

The Commission announced that, on May 15, the Honorable T.F. Gilroy Daly of the U.S. District Court for the District of Connecticut issued a Final Judgment of Permanent Injunction against Kevin P. Sisti ("Sisti"), a former partner of Colonial Realty Company ("Colonial"). Sisti, who consented to this order without admitting or denying the Commission's allegations, was enjoined from further violations of the registration and antifraud provisions contained in Sections 5(a), 5(c) and 17(a) of the Securities Act of 1933, Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder. Sisti was also ordered to disgorge \$507,646, plus prejudgment interest thereon, provided, however, that payment of such amount was waived based on his demonstrated inability to pay.

The complaint, filed on March 9, 1995 against Sisti, Jonathan N. Googel, Benjamin J. Sisti, William Candelori, Peter J. Curley, Kenneth A. Zak, and Edmund M. Autuori (collectively, the "Defendants"), alleged violations of several antifraud and securities registration provisions of the federal securities laws in connection with a fraudulent unregistered public offering by Colonial of 1200 limited partnership units in the Colonial Constitution Limited Partnership ("CCLP") between September 1, 1989 and September 1990. During the offering period, CCLP interests totaling more than \$30 million were purchased by over 700 investors residing in 28 states and the District of Columbia.

Colonial, located in West Hartford, Connecticut, was a syndicator of real estate limited partnerships. According to the complaint, Colonial salespeople, with the knowledge, approval and/or participation of the Defendants, solicited investors with numerous false and misleading statements, and utilized high-pressure sales tactics, to encourage them to invest. The Defendants knew, or were reckless in not knowing, that Colonial's offering materials contained material misstatements and omissions regarding the revenues, operations, financial reserves, rental income, and cash flow of Constitution Plaza, the underlying asset of CCLP. Although the CCLP offering was purportedly a private placement to accredited investors, Colonial sold limited partnership units to far more than the 35 nonaccredited investors permitted by Commission regulations.

The complaint also alleged that, with the knowledge, approval and/or participation of various Defendants: Colonial
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concealed its financial problems from investors as the CCLP offering progressed; Defendants Googel, B. Sisti and Candelori

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signed false certifications in connection with the sale of investor notes to financial institutions; and Colonial failed to disclose that distributions to investors in its partnerships were funded frequently by "loans" from other partnerships. In September 1990, shortly after the CCLP offering was suspended, Colonial was forced into bankruptcy and CCLP limited partners subsequently lost their entire investment.

(For further information, See Litigation Release Nos. 14432, 14448, 14612 and 14723) □□