

SECURITIES EXCHANGE ACT OF 1934  
Release No. 32992 / September 30, 1993

ACCOUNTING AND AUDITING ENFORCEMENT  
Release No. 489 / September 30, 1993

Administrative Proceeding  
File No. 3-8192

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In the Matter of	)	ORDER INSTITUTING AN
	)	ADMINISTRATIVE PROCEEDING
John J. Mohalley, CPA	)	AGAINST JOHN J. MOHALLEY, CPA
	)	AND OPINION AND ORDER PURSUANT
	)	TO RULE 2(e) OF THE
	)	COMMISSION'S RULES OF PRACTICE

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.. I.

The Commission deems it appropriate and in the public interest to institute an administrative proceeding against John J. Mohalley, CPA, ("Mohalley") pursuant to Rule 2(e)(3) of the Commission's Rules of Practice. <sup>1</sup>/ Accordingly, IT IS HEREBY

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<sup>1</sup>/ Rule 2(e)(3) of the Commission's Rules of Practice provides in pertinent part:

"The Commission, with due regard to the public interest ... may by order temporarily suspend from appearing or practicing before it any accountant ... who has been by name ... permanently enjoined by any court of competent jurisdiction by reason of his misconduct in an action brought by the Commission from violation or aiding or abetting the violation of any provision of the federal securities laws [15 U.S.C. §§ 77a to 80b-20] or of the rules and regulations thereunder .... A person who has consented to the entry of a permanent injunction ... without admitting the facts set forth in the complaint shall be presumed for all purposes under this paragraph (3) to have been enjoined by reason of the misconduct alleged in the complaint."

ORDERED that said administrative proceeding be and hereby is instituted.

Simultaneously with the institution of this administrative proceeding Mohalley has submitted an Offer of Settlement ("Offer"). Under the terms of the Offer, which the Commission has determined to accept, Mohalley, without admitting or denying the findings set forth herein (except that Mohalley has admitted that the Commission has jurisdiction over him and over the subject matter of this proceeding and that a final judgement of permanent injunction has been entered against him), has consented to the entry of this Order Instituting an Administrative Proceeding and Opinion and Order Pursuant to Rule 2(e) of the Commission's Rules of Practice ("Order") prior to a hearing and presentation of evidence.

## II.

On the basis of this Order and Mohalley's Offer, the Commission finds that:

A. Mohalley, age 47, is a San Francisco-based Certified Public Accountant who was duly licensed by the California Board of Accountancy. Mohalley is a defendant in Securities and Exchange Commission v. John J. Mohalley, Civ No. C93 8540 VRW in the United States District Court for the Northern District of California. Mohalley currently resides in Safat, Kuwait.

B. On September 29, 1993, the United States District Court for the Northern District of California permanently enjoined Mohalley from future violations of Sections 5(a), 5(c) and 17(a) of the Securities Act of 1933 ("Securities Act"), Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act") and Rule 10b-5 promulgated thereunder, and from future aiding and abetting violations of Section 13(a) of the Exchange Act and Rules 12b-20, 13a-1 and 13a-13 thereunder, and barred Mohalley from acting as an officer or director of any issuer having a class of securities registered pursuant to Section 12 of the Exchange Act or required to file reports pursuant to Section 15(d) of the Exchange Act. Mohalley consented, without admitting or denying any of the allegations contained in the complaint, except as to jurisdiction, which was admitted, to the issuance of the order of permanent injunction and to the entry of final judgment thereon.

C. It was alleged in the above-referenced complaint that among other things: (1) Mohalley compiled false and misleading quarterly and annual financial statements for Vintage Group, Inc. ("Vintage") for the fiscal years 1989 and 1990 that were not prepared in accordance with generally accepted accounting principles and that overstated the net asset value of Vintage's investment portfolio; (2) Mohalley falsely represented himself

and his accounting firm as the "independent" auditors of Vintage's financial statements for the fiscal year ended April 30, 1989 notwithstanding the fact that he compiled the Vintage financial statements that were the subject of the audit and that he was an officer and shareholder of Vintage during the financial period encompassed by the audit; (3) Mohalley failed to perform the audit of Vintage's financial statements for the fiscal year ended April 30, 1989 in accordance with Generally Accepted Auditing Standards as represented in his audit report; (4) Mohalley knew when he compiled Vintage's financial statements for fiscal years 1989 and 1990 and when he issued his Vintage audit report for fiscal year 1989 that the financial statements and the audit report would be included in Vintage's periodic filings with the Commission and disseminated to the public in connection with Vintage's public offer and sale of its securities; and (5) Mohalley consented to the use of the financial statements and audit report in said manner.

D. Based on the foregoing, the Commission finds that Mohalley has been permanently enjoined pursuant to a court order and that final judgment has been entered thereon, with his consent, by a court of competent jurisdiction in an action brought by the Commission.

III.

Based upon the foregoing, the Commission deems it appropriate and in the public interest to impose the sanction consented to by Mohalley in his Offer.

Accordingly, IT IS HEREBY ORDERED that, effective immediately, John J. Mohalley be and hereby is denied the privilege of appearing or practicing before the Commission.

By the Commission.

Jonathan G. Katz  
Secretary

SECURITIES EXCHANGE ACT OF 1934  
Release No. 32993 / September 30, 1993

ADMINISTRATIVE PROCEEDING  
File No. 3-8193

In the Matter of	:	ORDER INSTITUTING ADMINISTRATIVE
LINCOLN TELECOMMUNICATIONS:	:	PROCEEDINGS PURSUANT TO SECTION
COMPANY	:	21C OF THE SECURITIES EXCHANGE
(File No. 84-0264)	:	ACT OF 1934, MAKING FINDINGS,
	:	AND IMPOSING REMEDIAL SANCTIONS
	:	AND A CEASE AND DESIST ORDER
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