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U.S. Securities and Exchange Commission

**UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION**

SECURITIES ACT OF 1933
Release No. 7694 / June 30, 1999

SECURITIES EXCHANGE ACT OF 1934
Release No. 41579 / June 30, 1999

ADMINISTRATIVE PROCEEDING
File No. 3-9754

In the Matter of	ORDER MAKING FINDINGS AND IMPOSING REMEDIAL SANCTIONS AGAINST TOBIN J. SENEFELD
H.J. MEYERS & CO., INC., and TOBIN J. SENEFELD	

I.

On September 30, 1998, the Securities and Exchange Commission ("Commission") instituted public administrative and cease-and-desist proceedings pursuant to Section 8A of the Securities Act of 1933 ("Securities Act") and Sections 15(b), 19(h) and 21C of the Securities Exchange Act of 1934 ("Exchange Act") against Respondent Tobin J. Senefeld ("Senefeld").

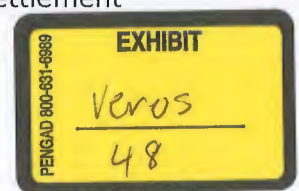
II.

Respondent Senefeld has submitted an Offer of Settlement to the Commission, which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or in which the Commission is a party, and without admitting or denying the findings contained herein, except as to the jurisdiction of the Commission over Respondent Senefeld and over the subject matter of these proceedings and as to Section III, paragraph A, below, which are admitted, Respondent Senefeld consents to the entry of the findings and the imposition of the remedial sanctions set forth below.

III.

On the basis of this Order Making Findings and Imposing Remedial Sanctions against Tobin J. Senefeld ("Order") and the Offer of Settlement submitted by Respondent Senefeld, the Commission finds that:

Respondent



A. Senefeld, 31, was employed by H.J. Meyers & Co., Inc. ("H.J. Meyers"), a broker-dealer registered with the Commission, and its predecessor, Thomas James Associates, Inc., from August 1994 to June 1997, and was the branch manager of H.J. Meyers' Boston branch office from June 1995 to February 1997.

The Free-Riding Scheme

B. This matter concerns violations of the antifraud provisions and the credit extension provisions as a result of a free-riding scheme¹ by Senefeld and Rita K. Savla ("Savla"), a registered representative who was also employed by H.J. Meyers at the Boston branch office.

C. In or about June 1996, Savla initiated a scheme to engage in free-riding transactions by purchasing and selling Palomar Medical Technologies ("Palomar") stock in various nominee accounts. To carry out her free-riding scheme, Savla used accounts belonging to her friends. Most of these friends allowed Savla to open new accounts in their names or, in some instances, to use existing accounts for her own trading.

D. On or about July 1, 1996, Savla and Senefeld discussed several large purchases of Palomar stock that had recently been made in Savla's customers' accounts. At that time, Savla told Senefeld about her free-riding scheme and the profits that she had previously made. Upon learning of Savla's free-riding and the resulting profits, Senefeld asked her to open several additional nominee accounts in order to engage in free-riding himself.

E. During a four-week period in June and July 1996, Savla and Senefeld purchased a total of 106,000 shares of stock at a cost of more than \$1.6 million in various nominee cash accounts, without sufficient funds in such nominee accounts and without any good faith basis to believe that full cash payment for the security would be made before the security was sold. Savla and Senefeld intended to make a quick profit and use the proceeds from the sale of the same stock to cover the purchase price. Of that total, Senefeld purchased 30,000 shares of stock at a cost of \$364,825.

F. After Savla and Senefeld made initial profits of more than \$14,000, their scheme soon collapsed because the price of Palomar stock declined. In order to avoid Savla and himself having to sell at a loss and pay for the stock they purchased, Senefeld improperly approved and obtained extensions of the settlement date pursuant to Regulation T, hoping that the price of the stock would go up again. Ultimately, Savla and Senefeld did not pay for the purchases, and H.J. Meyers sold out the remaining stock in the accounts at a loss of \$211,902. Of that total, the losses incurred by Senefeld in the accounts he controlled amounted to \$49,393.

Violations

G. As a result of engaging in his free-riding scheme, Senefeld willfully violated Section 17(a) of the Securities Act, Section 10(b) of the Exchange Act and Rule 10b-5 thereunder. Senefeld also willfully violated Section 7(f) of the Exchange Act and Regulation X by causing H.J. Meyers to violate the credit restrictions of Regulation T.

IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions specified in Respondent Senefeld's Offer of Settlement.

Accordingly, IT IS HEREBY ORDERED that:

A. Senefeld cease and desist from committing or causing any violation and any future violation of Section 17(a) of the Securities Act, Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, Section 7(f) of the Exchange Act and Regulation X;

B. Senefeld be suspended from association with any broker or dealer for a period of twelve (12) months, effective on the second Monday following the entry of this Order. Senefeld shall provide to the Commission, within ten (10) days after the end of the twelve (12) month suspension period described above, an affidavit that he has complied fully with the term of the suspension;

C. Senefeld shall pay a civil money penalty in the amount of \$25,000 to the United States Treasury, payable as follows: \$10,000 within thirty (30) days after the entry of this Order, \$5,000 within four (4) months after the entry of this Order, \$5,000 within eight (8) months after the entry of this Order, and \$5,000 within twelve (12) months after the entry of this Order. Such payments shall be: (A) made by United States postal money order, certified check, bank cashier's check or bank money order; (B) made payable to the Securities and Exchange Commission; (C) hand-delivered or mailed to the Comptroller, Securities and Exchange Commission, Operations Center, 6432 General Green Way, Stop 0-3, Alexandria, VA 22312; and (D) submitted under cover letter which identifies Senefeld as the Respondent in these proceedings and the file number of these proceedings, a copy of which cover letter and money order or check shall be sent to James B. Adelman, Associate District Administrator, Securities and Exchange Commission, Boston District Office, 73 Tremont St., Suite 600, Boston, Massachusetts 02108.

By the Commission.

Jonathan G. Katz

Secretary

FOOTNOTES

¹ "Free-riding" is a practice which involves purchasing stocks without sufficient funds to pay for these purchases and then using the proceeds of the sale of that same stock to cover the purchase price. SEC v. Margolin, 1992 U.S. Dist. LEXIS 14872, at *8 (S.D.N.Y. Sept. 30, 1992).

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