

BUSINESS

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Federal suit targets Boca financial adviser SEC claims Shield Group president lied to clients, firm overvalued stock

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A 70-year-old Boca Raton investment adviser whose firm claimed some of the world's largest banks as clients lied to people who invested at least \$300,000 with his company, a federal lawsuit alleges.

The scheme involved selling stock in The Shield Group Inc. of Boca Raton, which claimed to have offices in Hong Kong and Frankfurt, according to a lawsuit filed Sept. 15 by the U.S. Securities and Exchange Commission.

Florida Division of Corporation re-

ords show that Shield Group board members include Niederhuff Vernor of Hong Kong and C.L. Devoreaux of Frankfurt.

Shield claimed to invest money in some unspecified international "foreign exchange" investments using a computer program, according to the suit.

About 20 people invested a total of at least \$300,000, the suit alleges. Among the alleged lies told to clients or contained in documents filed with the SEC:

- That Shield Group President Warren Walter Kennedy graduated from Notre Dame and was a lawyer in California.

- That the Shield Group had a well-known law and accounting firm.

- That Shield Group stock was worth about \$1.66 a share. The SEC says that was "grossly overstated."

- That Shield Group, which operated from Kennedy's home in Boca Raton, is registered with the SEC.

The SEC seeks a court order forcing Shield and Kennedy to, among other things, give up money illegally obtained.

Kennedy could not be reached for comment.

"All of the allegations about financial fraud are untrue," said Jonathan

Shepard, a lawyer representing the Shield Group.

Kennedy's Boca Raton lawyer, Kenneth Lipman, declined comment.

But he said many investors in the Shield Group are long-time friends of Kennedy who "continue to have total confidence in him."

"We are attempting to work out all problems with the SEC," Lipman said.

"We know the investors still support Kennedy and will continue to do so."

Meanwhile Shepard said a court-ordered asset freeze has effectively put the Shield Group out of business.