UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 87106 / September 25, 2019

ADMINISTRATIVE PROCEEDING
File No. 3-19519

In the Matter of **JAMES VANBLARICUM,** **Respondent.**	**ORDER INSTITUTING ADMINISTRATIVE PROCEEDINGS PURSUANT TO SECTION 15(b) OF THE SECURITIES EXCHANGE ACT OF 1934 AND NOTICE OF HEARING**

I.

The Securities and Exchange Commission ("Commission") deems it appropriate and in the public interest that public administrative proceedings be, and hereby are, instituted pursuant to Section 15(b) of the Securities Exchange Act of 1934 ("Exchange Act") against James VanBlaricum ("VanBlaricum" or "Respondent").

II.

After an investigation, the Division of Enforcement alleges that:

A. RESPONDENT

1. VanBlaricum, 80, formerly a resident of Colleyville, Texas, controlled Texas Energy Mutual, LLC ("TEM"), an oil and gas company headquartered in Grapevine, Texas, that, from at least 2013 through August 2016, offered securities to investors in the form of units in oil-and-gas drilling programs—known as "Thunderhead" and the "Mineral Interest Leasing Program" ("MILP")—and in promissory notes purportedly backed by oil and gas assets.

B. ENTRY OF THE INJUNCTION

2. On July 6, 2018, a final judgment was entered by consent against VanBlaricum, permanently enjoining him from, among other things, future violations of Sections 5(a), 5(c), and 17(a) of the Securities Act of 1933 ("Securities Act") and Sections 10(b) and 15(a)(1) of the Exchange Act and Rule 10b-5 thereunder, in the civil action titled *Securities and Exchange Commission v. James VanBlaricum, et al.*, Civil Action Number 4:18-CV-518-O, in the United States District Court for the Northern District of Texas.

3. The Commission's Complaint alleged, among other things, that VanBlaricum, a securities fraud recidivist, was the driving force behind the fraudulent TEM scheme. Because he had a history of operating fraudulent investment schemes, VanBlaricum concealed his involvement by recruiting others to serve as TEM's public faces. In reality, however, VanBlaricum was the *de facto* head of TEM and controlled its day-to-day business operations, including TEM's salesforce. The Complaint also alleged that VanBlaricum and others drafted the offering materials and helped prepare and review TEM's website. The Complaint also alleged that he knew the offering materials and website contained materially misleading and false information, including: (1) that the securities had a guaranteed return of 10% per year; (2) that the drilling programs were productive and profitable, when many of the wells were dry holes; and (3) that investor funds would be used for a variety of legitimate oil-and-gas related activites when, in fact, they were being used to pay, among other things, Ponzi payments to other investors, significant personal expenses, and large undisclosed sales commissions. VanBlaricum controlled TEM, but concealed his involvement and used an alias when dealing with investors to hide his past history with Signal Oil and Gas Company ("Signal"), another securities fraud he operated immediately before TEM. The Complaint also alleged that TEM paid its salespeople hefty, undisclosed commissions—30% commissions for the Thunderhead program and 10% for the MILP program—and that VanBlaricum and the other defendants failed to disclose their commissions to investors over the phone or in face-to-face meetings when offering or selling interests. The Complaint also alleged that VanBlaricum directed and controlled the TEM salesforce, in addition to acting as an unregistered broker himself by offering and selling to investors units in the two investment programs (and in promissory notes) and receiving transaction-based compensation for those sales.

C. RESPONDENT'S CRIMINAL CONVICTION

4. On February 15, 2017, VanBlaricum pled guilty to one count of mail fraud in violation of 18 U.S.C. § 1341 before the United States District Court for the Northern District of Texas, in *United States v. James VanBlaricum*, Case No. 4:16-CR-00283-Y(01), in connection with the TEM scheme to defraud investors, as well as the Signal fraud. On September 11, 2017, a judgment in the criminal case was entered against VanBlaricum, sentencing him to 84 months in prison, followed by three years of supervised release. He was also ordered to make restitution in the amount of $32,464,041.43.

5. In connection with that plea, Respondent admitted, among other things, that he:

a) devised and executed a scheme and artifice to defraud and to obtain money by materially false and fraudulent pretenses, statements, representations, and promises;

b) controlled and operated TEM and raised capital for investment in mineral leases and for oil and gas exploration and development;

c) raised millions of dollars from investors by various means, including selling securities in the form of private joint ventures;

d) communicated with investors both orally and in writing, in face-to-face meetings, and by means and instrumentalities of interstate commerce such as mail, express couriers, telephone, and e-mail;

e) deceived TEM investors and potential investors, and fraudulently induced them to invest money (or leave it invested) with TEM by misrepresenting that investors would earn an "assured" rate of return on their initial investment, receive a full refund of their initial investment after a defined period, and that their money would be used to purchase mineral leases and develop oil and gas wells, when, in fact, VanBlaricum knew he intended to spend a substantially smaller percentage of the money on mineral leases and oil and gas well projects, while using a substantial part of the investors' money for purposes that the investors did not authorize or even know about, including payment of purported investment returns to other investors, excessive commissions to sales agents, and payment of personal expenses for VanBlaricum and his family, friends, and business associates;

f) misrepresented that the oil and gas projects were productive, when in fact many were dry holes, produced oil for only a short period of time, or were never drilled;

g) misled investors by using a false name when communicating with them to prevent them from finding out about his prior oil and gas fraud with Signal and other detrimental information on the internet associated with his real name; and

h) secretly and without authorization took and spent money entrusted to him by investors for purposes that the investors neither approved nor knew about, and that were unrelated to the businesses in which the investors believed they were investing, including but not limited to advertising, vacations and international travel, rent payments, automobile purchases, and payroll and excessive commissions for sales agents.

III.

In view of the allegations made by the Division of Enforcement, the Commission deems it necessary and appropriate in the public interest that public administrative proceedings be instituted to determine:

A. Whether the allegations set forth in Section II hereof are true and, in connection therewith, to afford Respondent an opportunity to establish any defenses to such allegations;

B. What, if any, remedial action is appropriate in the public interest against Respondent pursuant to Section 15(b) of the Exchange Act; and

C. Whether, pursuant to Section 15(b) of the Exchange Act, it is appropriate and in the public interest to suspend or bar Respondent James VanBlaricum from participating in any offering of penny stock, including: acting as a promoter, finder, consultant, agent or other person who engages in activities with a broker, dealer or issuer for purposes of the issuance or trading in any penny stock; or inducing or attempting to induce the purchase or sale of any penny stock.

IV.

IT IS ORDERED that a public hearing before the Commission for the purpose of taking evidence on the questions set forth in Section III hereof shall be convened at a time and place to be fixed by further order of the Commission, pursuant to Rule 110 of the Commission's Rules of Practice, 17 C.F.R. § 201.110.

IT IS FURTHER ORDERED that Respondent shall file an Answer to the allegations contained in this Order within twenty (20) days after service of this Order, as provided by Rule 220(b) of the Commission's Rules of Practice, 17 C.F.R. § 201.220(b).

IT IS FURTHER ORDERED that the Division of Enforcement and Respondent shall conduct a prehearing conference pursuant to Rule 221 of the Commission's Rules of Practice, 17 C.F.R. § 201.221, within fourteen (14) days of service of the Answer. The parties may meet in person or participate by telephone or other remote means; following the conference, they shall file a statement with the Office of the Secretary advising the Commission of any agreements reached at said conference. If a prehearing conference was not held, a statement shall be filed with the Office of the Secretary advising the Commission of that fact and of the efforts made to meet and confer.

If Respondent fails to file the directed Answer, or fails to appear at a hearing or conference after being duly notified, the Respondent may be deemed in default and the proceedings may be determined against him upon consideration of this Order, the allegations of which may be deemed to be true as provided by Rules 155(a), 220(f), 221(f) and 310 of the Commission's Rules of Practice, 17 C.F.R. §§ 201.155(a), 201.220(f), 201.221(f), and 201.310.

This Order shall be served forthwith upon Respondent against James VanBlaricum by any means permitted by the Commission's Rules of Practice.

Attention is called to Rule 151(b) and (c) of the Commission's Rules of Practice, 17 C.F.R. § 201.151(b) and (c), providing that when, as here, a proceeding is set before the Commission, all papers (including those listed in the following paragraph) shall be filed with the Office of the Secretary and all motions, objections, or applications will be decided by the Commission. The Commission requests that an electronic courtesy copy of each filing should be emailed to APFilings@sec.gov in PDF text-searchable format. Any exhibits should be sent as separate attachments, not a combined PDF.

The Commission finds that it would serve the interests of justice and not result in prejudice to any party to provide, pursuant to Rule 100(c) of the Commission's Rules of Practice, 17 C.F.R. § 201.100(c), that notwithstanding any contrary reference in the Rules of Practice to filing with or disposition by a hearing officer, all filings, including those under Rules 210, 221, 222, 230, 231, 232, 233, and 250 of the Commission's Rules of Practice, 17 C.F.R. §§ 201.210, 221, 222, 230, 231, 232, 233, and 250, shall be directed to and, as appropriate, decided by the Commission. This proceeding shall be deemed to be one under the 75-day timeframe specified in Rule of Practice 360(a)(2)(i), 17 C.F.R. § 201.360(a)(2)(i), for the purposes of applying Rules of Practice 233 and 250, 17 C.F.R. §§ 201.233 and 250.

The Commission finds that it would serve the interests of justice and not result in prejudice to any party to provide, pursuant to Rule 100(c) of the Commission's Rules of Practice, 17 C.F.R. § 201.100(c), that the Commission shall issue a decision on the basis of the record in this proceeding, which shall consist of the items listed at Rule 350(a) of the Commission's Rules of Practice, 17 C.F.R. § 201.350(a), and any other document or item filed with the Office of the Secretary and accepted into the record by the Commission. The provisions of Rule 351 of the Commission's Rules of Practice, 17 C.F.R. § 201.351, relating to preparation and certification of a record index by the Office of the Secretary or the hearing officer are not applicable to this proceeding.

The Commission will issue a final order resolving the proceeding after one of the following: (A) The completion of post-hearing briefing in a proceeding where the public hearing has been completed; (B) The completion of briefing on a motion for a ruling on the pleadings or a motion for summary disposition pursuant to Rule 250 of the Commission's Rules of Practice, 17 C.F.R. § 201.250, where the Commission has determined that no public hearing is necessary; or (C) The determination that a party is deemed to be in default under Rule 155 of the Commission's Rules of Practice, 17 C.F.R. § 201.155, and no public hearing is necessary.

For the Commission, by its Secretary, pursuant to delegated authority.

Vanessa A. Countryman
Secretary