UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF TEXAS
AUSTIN DIVISION

SECURITIES AND EXCHANGE COMMISSION, **Plaintiff,** **v.** **PETROFORCE ENERGY, LLC, WILLIAM D. VEASEY, IV, JAVIER ALVARADO, JR., and IVAN J. A. TURRENTINE,** **Defendants.**	**Civil Action No.: 1:17-cv-00698**

COMPLAINT

Plaintiff Securities and Exchange Commission ("SEC" or the "Commission") files this Complaint against Defendants Petroforce Energy, LLC ("Petroforce"), William D. Veasey, IV, Javier Alvarado, Jr., and Ivan J. A. Turrentine, and alleges as follows:

SUMMARY

1. From December 2012 through July 2014, Veasey, directly and through Petroforce, a company he owned and controlled, sold securities in the form of fractionalized interests in one purported joint venture and three limited partnerships that would conduct oil and gas exploration and drilling activities, raising approximately $3.9 million from nearly 80 investors nationwide. None of the offerings were registered with the Commission, and none of the salespersons who cold-called potential investors, including Turrentine and Alvarado, were registered with the SEC as a broker or associated with a registered broker.

2. The written offering materials that Veasey created, and Alvarado and Turrentine

provided to investors, contained false and misleading statements and omissions related to material facts that failed to disclose that operations had been negatively impacted and expenses increased by the build-up of paraffin in the wells. The offering materials and other communications also contained misstatements concerning the timing and nature of tax benefits associated with the offerings and overstated the success of an earlier offering by understating expenses.

3. The SEC brings this action seeking permanent injunctions against all Defendants, and disgorgement plus prejudgment interest, and civil penalties against Petroforce, Veasey, and Alvarado for violations by: (1) all Defendants of Sections 5(a) and 5(c) of the Securities Act of 1933 ("Securities Act") [15 U.S.C. § 77e(a) and 77e(c)]; (2) Veasey and Petroforce of Section 17(a) of the Securities Act [15 U.S.C. 77q(a)] and Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. § 78j(b)] and Exchange Act Rule 10b-5 [17 C.F.R. § 240.10b-5]; and (3) Defendants Veasey, Alvarado, and Turrentine of Section 15(a) of the Exchange Act [15 U.S.C. § 78o(a)].

JURISDICTION AND VENUE

4. The SEC brings this action pursuant to the authority conferred upon it by Section 20(b) of the Securities Act [15 U.S.C. §77t(b)] and Section 21(d) of the Exchange Act [15 U.S.C. §78u(d)].

5. The Court has jurisdiction over this action under Section 20(d) and 22(a) of the Securities Act [15 U.S.C. §§ 77t(d) and 77v(a)] and Sections 21(d), 21(e), and 27 of the Exchange Act [15 U.S.C. §§ 78u(d), 78u(e), and 78aa].

6. Each of the joint-venture units and limited partnership interests offered and sold as described in this Complaint is a "security" as that term is defined under Securities Act Section

2(a)(1) [15 U.S. C. § 77b(a)(1)] and Exchange Act Section 3(a)(10) [5 U.S. C. § 78c(a)(10)].

7. In connection with the transactions, acts, practices, and courses of business described in this Complaint, the Defendants, directly and indirectly, made use of the means or instrumentalities of interstate commerce, of the mails, or of the means and instruments of transportation or communication in interstate commerce.

8. Venue is proper in this Court under Section 22(a) of the Securities Act [15 U.S.C. §77u(a)] and Section 27 of the Exchange Act [15 U.S.C. §§78u(e) and 78aa] because certain of the acts and transactions described herein took place in Austin, Texas where Petroforce is headquartered.

PARTIES

9. Plaintiff SEC is an agency of the United States government charged with regulating the country's securities industry and enforcing the federal securities laws.

10. Defendant Petroforce is a Texas limited liability company with is principal place of business in Austin, Texas. Veasey exercises complete control over the operations of the company and serve as its owner, managing member, president, and chief executive officer. Petroforce was the managing venturer for the purported joint venture Carmona Lease JV1 (the "Carmona JV") and the general partner for the limited partnerships it formed for subsequent offerings. Petroforce has never registered an offering of securities with the Commission under the Securities Act or a class of securities under the Exchange Act. Petroforce has never been registered with the Commission as a broker-dealer.

11. Defendant Veasey, age 47, is a natural person residing in Austin, Texas. Veasey is the owner, founder, principal, and managing member of Petroforce and serves as the company's president and chief executive officer. Veasey holds no securities licenses, has never

been registered with the Commission in any capacity, and has never been associated with a registered entity.

12. Defendant Alvarado, age 42, is a natural person residing in Austin, Texas. Alvarado served in both sales and operational roles for Petroforce after joining the company in May 2013. Alvarado was promoted to chief financial officer of Petroforce in May 2014. Alvarado holds no securities licenses, has never been registered with the Commission in any capacity, and has never been associated with a registered entity.

13. Defendant Turrentine, age 35, is a natural person residing in Naples, Florida. Turrentine worked at Petroforce until April 2014 supervising Petroforce's sales force and performing certain operational duties. Turrentine holds no securities licenses, has never been registered with the Commission in any capacity, and has never been associated with a registered entity.

RELEVANT ENTITIES

14. Trustar Operating Company, Inc. ("Trustar") is a Texas corporation headquartered in Austin, Texas that operates out of the same address as Petroforce. Veasey serves as Trustar's principal, president, and founder. Trustar drilled and operated the leases that were part of Petroforce's oil and gas drilling programs.

15. Petroforce Energy I, LP is a Texas limited partnership for which Petroforce serves as the general partner. Petroforce Energy I, LP has never registered an offering of securities with the Commission under the Securities Act or a class of securities under the Exchange Act. Petroforce Energy I, LP has never been registered with the Commission as a broker-dealer.

16. Petroforce Energy II, LP is a Texas limited partnership for which Petroforce serves as the general partner. Petroforce Energy II, LP has never registered an offering of

securities with the Commission under the Securities Act or a class of securities under the Exchange Act. Petroforce Energy II, LP has never been registered with the Commission as a broker-dealer.

17. Petroforce Energy III, LP is a Texas limited partnership for which Petroforce serves as the general partner. Petroforce Energy III, LP has never registered an offering of securities with the Commission under the Securities Act or a class of securities under the Exchange Act. Petroforce Energy III, LP has never been registered with the Commission as a broker-dealer.

STATEMENT OF FACTS

I. The Petroforce Offerings

18. In May 2012, Veasey formed Petroforce to raise capital from investors by marketing investments in oil and gas wells to the public. At that point, Veasey's experience with oil and gas offerings was limited to his two year tenure at an Austin-based company that specialized in drilling in Milam County, Texas.

19. Veasey formed Trustar in October 2012 to drill and complete wells on behalf of Petroforce and investors in oil-and-gas drilling programs to be managed by Petroforce.

20. Between December 2012 and July 2014, Petroforce and Veasey formed one purported joint venture and three limited partnerships to raise money from investors through unregistered salespersons, including Alvarado and Turrentine. Petroforce ultimately raised approximately $3.9 million from nearly 80 investors, some of whom invested in multiple offerings. The table below describes each offering, the number of anticipated wells, the date of the offering materials, the offering amount, the number of sales, and the amount actually raised before rescissions.

Offering Name	Offering Start Date	Number of Wells	Offering Amount	Number of Sales	Total Raised
Carmona Lease JV	12/01/12	6	$1.2 million	37	$1,265,513
Carmona Rescission	11/22/13				
Bruce	11/27/13	6	$1.7 million	33	$1,615,625
Walter	03/22/14	6	$1.7 million	30	$1,009,450
TOTAL		**18**	**$4.6 million**	**100**	**$3,890,588**

A. The Carmona JV Units and Subsequent Limited Partnership Offerings

21. In December 2012, Veasey modified an offering document that had been used by his prior employer to create a private placement memorandum for Petroforce's first offering, the Carmona Lease JV (the "Carmona JV PPM"). Each Carmona JV investor was entitled to a pro rata working interest in the net proceeds from five oil wells and one injection well to be drilled on the Carmona lease in the Minerva-Rockdale field located in Milam County, Texas.

22. As with each subsequent Petroforce offering, Veasey prepared, or directed the preparation of, all written materials that were provided to investors. Those documents included: (1) private placement memoranda or confidential information memoranda that purported to describe how the venture or offering would operate; (2) brochures summarizing the offering and used to solicit prospective investors; (4) subscription agreements; and (5) investor questionnaires. At all times, Veasey had ultimate authority over the content of the offering documents and how the disclosures contained therein were communicated to investors.

23. Veasey drafted talking points that were used by his sales force in selling units of the Carmona JV that touted a "[r]eturn of initial investment in as little as 12-24 months" and "initial payback estimated at 12-26 months." The Carmona JV PPM contained a financial summary that similarly projected investors could receive a full return of their initial investment

within 12 to 27 months. The projection was based on estimated monthly operating expenses of $9,700 and the stated assumption that, depending on the investor's tax situation, the investor could recognize income tax savings by deducting, during the first year of their investment, the portion of their investment used by Petroforce for intangible drilling costs ("IDCs"). These projected first-year tax savings were based on the assumption that the Carmona offering would continue to be organized as a joint venture as opposed to a limited partnership, which had the potential to limit the investors' ability to benefit from the tax deductions associated with their investment in the first year. The potential IDC benefit was summarized in the PPM in the following chart from the Carmona JV PPM:

***Intangible Drilling Costs (IDC) Benefit

BOPD (6 Wells) (Barrels Per Day)	Example Investment	Est. IDC Tax Benefit 80% of Investment	Based on 33% Tax Bracket	Real Investment Cost	Payout In Months After IDC Benefit
43	$120,000	$96,000	$31,680	$88,320	12.18
30	$120,000	$96,000	$31,680	$88,320	18.41
22	$120,000	$96,000	$31,680	$88,320	26.89

24. According to the Carmona JV PPM, investors in the offering were partners in a general partnership having all of the rights and responsibilities of general partners under Texas law until completion of the relevant wells (*i.e.*, until the wells were ready to produce oil and gas in commercial quantities), at which time investors would automatically be converted to limited partners in the Carmona JV. In reality, however, the purported joint venture never functioned as a general partnership. The Carmona JV PPM and the accompanying joint venture agreement delegated to Petroforce and, by extension, Veasey, the exclusive right and authority to control and obligate the venture. The PPM and the joint venture agreement thereby rendered illusory the claims that investors were general partners.

25. The Carmona JV investors, who paid cash for their respective unit interests, had no input concerning which wells to drill or complete or regarding when or whether to do so.

Investors had not input on how the venture spent investment proceeds or allocated assets. As explained in the Carmona JV PPM, investors "will have no authority or involvement" in any activity related to drilling, testing or completing a well or conducting any activity in furtherance of the purported joint venture's purpose.

26. The joint venture agreement for the Carmona JV granted Petroforce and, by extension, Veasey even more expansive powers noting that "[t]he Joint Venture and all of its affairs, property, business, and Operations shall be managed and controlled by [Petroforce], and the [investors] expressly delegate management of the Operations of the Joint Venture to [Petroforce]."

27. The Carmona JV agreement also stated that, prior to completion, the Carmona JV and all of its affairs, property, business, and operations were to be managed "collectively" by the venturers, but this was mere verbiage. There was no mechanism in the agreement for investors to exercise any sort of meaningful control over the operations of the joint venture or remove Petroforce as the managing venturer. Petroforce had the sole and "plenary" authority to admit or decline new investors, impose additional assessments, acquire oil and gas properties, and direct the operations of the wells.

28. Given the assignment of control to Petroforce and, by extension, Veasey, memorialized in the Carmona JV PPM and accompanying joint venture agreement, the investors' role in the venture was passive, limited to making an investment of money. Investors, therefore, reasonably expected the venture's success to come from the managerial efforts of Petroforce and Veasey.

29. At the end of November 2013, Petroforce and Veasey re-organized the Carmona lease project as a limited partnership and through Petroforce Energy I, LP made a rescission offer

to Carmona investors (the "Carmona Rescission Offering") via a rescission PPM (the "Carmona Rescission PPM"). Petroforce and Veasey organized each subsequent offering, the Bruce and the Walter offerings, as sales of limited partnership interest as well through Petroforce Energy II, LP and Petroforce Energy III, LP respectively.

30. No registration statement was ever filed with the SEC related to the sale and offer of securities representing interests in the Carmona JV, the Carmona Rescission, the Bruce, or the Walter offerings.

B. Veasey, Alvarado, and Turrentine Acted as Brokers in Securities Transactions.

31. Veasey, Alvarado, and Turrentine acted as brokers in Petroforce's securities transactions. Veasey identified prospective investors throughout the United States from referrals and lead lists that he purchased. He hired and paid commissions to a salesforce to solicit investors to purchase Petroforce securities. Veasey solicited investors himself, negotiated with investors over the purchase of securities, handled investor funds, and discussed the merits of the proposed investments with investors. He also contributed his own money to cover certain operating expenses. Veasey exercised complete control over investor proceeds, from which he paid himself, or made purchases that benefitted him, in an amount totaling $298,910 as of August 2014.

32. Turrentine joined Petroforce soon after it was formed and, in addition to performing limited operational duties, supervised Petroforce's commissioned salesforce until April 2014. Turrentine solicited investors in the various Petroforce offerings, negotiated with investors, and discussed the merits of proposed investments. Veasey paid Turrentine commissions ranging from five to ten percent of the amounts Turrentine raised from investors. Turrentine received commissions and other compensation from Petroforce totaling $130,385.

33. Alvarado joined Petroforce in May 2013 as a member of the company's salesforce who also performed certain operational duties. Alvarado served as lead salesperson after Turrentine departed in April 2014. Similar to Turrentine, Alvarado solicited prospective investors, negotiated with investors, and discussed the merits of proposed investments with investors. Veasey paid Alvarado commissions ranging from five to ten percent of the amounts Alvarado raised from investors. Alvarado received commissions and other compensation from Petroforce totaling $145,758.

34. Neither Veasey, Turrentine, nor Alvarado has ever been registered as a broker with the Commission or associated with a registered broker.

II. Petroforce and Veasey's Misrepresentations and Misconduct

35. Petroforce and Veasey made a series of materially false and misleading statements and omissions in connection with the offer and sale of Petroforce securities. Both Defendants also engaged in misleading conduct.

A. Paraffin Problems

36. Trustar began drilling operations on the first well on the Carmona lease in May 2013. A few weeks after drilling began, paraffin wax deposits in the oil from the Carmona lease hardened and blocked a flow line leading from the wells, eventually reaching the point where production equipment could not run. While paraffin is endemic to the oil fields around Milam County, the extent of the paraffin problem Trustar encountered on the Carmona lease was extreme. In response, Veasey contacted an oil field services firm, which began treating the Carmona wells with paraffin dispersant in September 2013.

37. By the end of October 2013, with only two full months of production, production from the wells on the Carmona lease had exceeded expectations, but monthly expenses had

already risen to $54,709 for that month, or five times more than the original cost estimate contained in the Carmona JV PPM of $9,700 per month.

38. Veasey was concerned about wide dissemination of information about the paraffin problem and the efforts to address it. In November 2013, the third party service provider notified Veasey about an "upset" at one of the Carmona wells caused by a blocked flow line that would require the service provider to increase the injection rate for the paraffin dispersant. Veasey responded by asking the service provider to limit circulation of its reports to Veasey only, adding that Veasey would distribute the reports to his team. In fact, there is no indication Veasey actually did distribute such information to his sales staff or investors.

39. By November 2013, five of the seven Carmona wells were in operation producing 74 barrels per day, which was above the high end of projections. Production expenses, however, had nearly tripled in two months.

1. *Offering Materials*

40. At the end of November 2013, Petroforce re-organized the Carmona lease project as a limited partnership and issued rescission offers to Carmona investors via a rescission PPM (the "Carmona Rescission PPM"). The PPM explained that the original partnership units in the Carmona JV "may not have been exempt from the registration requirements as intended" and that Petroforce was making the rescission offer to limit its potential liability with respect to the sale of the original units. The Carmona Rescission PPM provided investors the option of selling their Carmona JV interests back to Petroforce or transferring their Carmona JV investments to limited partnership interests in Petroforce Energy I, LP, a limited partnership managed by Veasey.

41. The Carmona Rescission PPM did not, however, inform investors that the

Carmona had a paraffin issue that was contributing to significantly increased expenses associated with the offering. Rather, without providing any context for the warning, the Carmona Rescission PPM included a general statement that, "[w]hen untreated, paraffin can inhibit oil flow and can halt production." This was misleading because paraffin could indeed inhibit oil flow, but the reality was that it had done so already and had already contributed to dramatically increased expenses. The PPM also stated that a third party service provider had introduced a chemical program to the grouping of wells and claimed it was "seeing immediate results." The PPM did not disclose why or for what purpose the third party had been contacted, but claimed that the chemical program could enhance production and add longevity, thereby suggesting that the chemical program had been introduced as a mitigation measure to guard against potential future problems, which was not the case. In November 2013, Petroforce was working with a vendor to address a very real problem that was increasing expenses.

42. Veasey sent a letter to Carmona investors dated February 20, 2014 that was similar to the disclosures in the Carmona Rescission PPM; he warned that paraffin "can" block flow lines and that a chemical program had been introduced to combat the problem brought on by cold weather. By this time, Trustar had not been successful in alleviating the paraffin issue and had fired one vendor and hired another in an attempt to address the problem. Both vendors eventually informed Petroforce's driller that they did not believe there was a "fix" for the paraffin problem.

43. Petroforce and Veasey made their second offering, the Bruce, on November 27, 2013, just five days after issuing the Carmona Rescission PPM. The Confidential Information Memorandum for the Bruce (the "Bruce CIM") and the accompanying promotional materials touted the close proximity of the Bruce wells to the Carmona wells and production

figures from the Carmona wells. Indeed, according to the offering materials, the Carmona wells and anticipated Bruce wells would be less than a quarter mile from each other in the very same field with less than 500 feet separating the two leases. Without any reasonable basis, the Bruce CIM projected that the expenses for the Bruce wells would be significantly lower than those they had actually observed in the adjacent Carmona wells. The Carmona lease incurred $46,875 in production expenses in November 2013, but the Bruce CIM estimate in the same month was a mere $13,400 in monthly expenses.

44. The Bruce CIM and the accompanying offering materials were also devoid of any discussion of the paraffin issues encountered on the Carmona lease. Rather, the Bruce CIM included a generic disclosure that "circumstances may occur that would prevent production from a well that would otherwise be productive or would cause production from a well to be deemed prohibitively expensive, as in the case of excessive water or paraffin buildup" (emphasis added). Given the close proximity of the wells, it would have been logical to expect the Bruce wells to experience paraffin issues as well, which they eventually did.

2. *Production Trackers*

45. As Veasey and his salesforce marketed and sold the Bruce offering to investors in December 2013 through March 2014, they touted the initial production figures from the neighboring Carmona wells. On or around January 2014, Veasey and Alvarado provided certain potential Bruce investors and, at a later date, potential Walter investors, with "production tracker" spreadsheets that purported to describe, *inter alia*, the monthly production from the Carmona wells, the expenses incurred, and the resulting return on investment ("ROI") for a given month.

46. Unbeknownst to potential investors, Veasey understated Carmona operating

expenses for October 2013 and January through March 2014 by deferring expenses incurred in those months to later months. This resulted in expenses being understated between 17% and 41% depending on the month and the resulting ROI calculation for a given month being overstated between 10% and 42% depending on the month.

47. Notably absent from the production tracker spreadsheets was any reference to the paraffin problems that had affected the Carmona lease. The spreadsheets attributed the precipitous increase in production expenses to "cold weather" and "maintenance" rather than referencing extreme paraffin problems.

48. In June 2014, Veasey finally acknowledged in a letter to Carmona investors that the decline in production was "due to the extraordinary amount of paraffin we have been producing and not due to depletion."

49. When Veasey drafted and disseminated the Carmona Rescission PPM, the Bruce CIM, the Confidential Information Memorandum for the Walter (the "Walter CIM"), and the accompanying offering materials and the production trackers, he knew or was reckless in not knowing that these statements related to paraffin problems and the deferral of expenses were misleading.

50. These statements were also material. A reasonable investor would consider disclosures regarding operational problems that had tripled expenses to be important in making investment decisions about continued participation in the Carmona and/or whether to make an initial investment in the Bruce or Walter offerings.

B. IDC Deductions

51. The Carmona Rescission PPM offer effectively required every Carmona investor to change the form of their investment from "venturer" to limited partner. The PPM did not

disclose, however, that this change meant that, because investors were now correctly being characterized as passive investors, they would no longer have a basis to claim the tax deductions for IDCs entirely within the first year of their investment and, instead, the deduction would have to be amortized over a number of years.

52. At least as early as December 12, 2013, Petroforce and Veasey knew, or were severely reckless in not knowing, that the Carmona Rescission PPM, the Bruce CIM, and the accompanying offering materials that they had previously drafted and disseminated to investors were materially misleading in describing a first-year tax benefit from IDC deductions that would not, and could not, materialize in the first year. An aggrieved Carmona JV investor who had received the Carmona Rescission PPM called Veasey on that date to discuss the issue and Veasey conceded that the previously promoted tax benefits were jeopardized. The investor memorialized the conversation in a letter to Veasey dated December 19, 2013 that complained again about not benefitting from the "first-year write off."

53. The issue surfaced again in May or June 2014 when yet another frustrated investor contacted Veasey with information the investor had learned from the investor's tax accountant about the deductibility of IDCs in the first year. That investor suggested that, in light of this information, Veasey should revise the profitability estimate for the Carmona and the Bruce offerings.

54. Veasey declined to do so and, as a result, the projections that accompanied the sales and offering materials for the Carmona Rescission, the Bruce, and the Walter offerings, which also contained the IDC projections, were materially misleading in that they factored in IDC benefits to investors that could not have materialized during the first year of the investment.

55. These statements were also material. A reasonable investor would consider the

additional tax benefit of an investment to be important in making investment decisions about participation in oil and gas offerings.

FIRST CLAIM FOR RELIEF
Violations of Exchange Act Section 10(b) and Exchange Act Rule 10b-5
Against Petroforce and Veasey

56. Plaintiff SEC re-alleges and incorporates paragraphs 1 through 55 of this Complaint by reference as if set forth verbatim in this Claim.

57. Defendants Petroforce and Veasey directly or indirectly, with *scienter*, in connection with the purchase and sale of securities, by use of the means and instrumentalities of interstate commerce or by use of the mails, have: (a) employed devices, schemes, and artifices to defraud; (b) made untrue statements of material facts and have omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; or (c) engaged in acts, practices, and courses of business which operated as a fraud and deceit upon purchasers, prospective purchasers, and other persons.

58. By reason of the foregoing, Defendants Petroforce and Veasey have violated, and unless enjoined will continue to violate, Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 [17 C.F.R. § 240.10b-5] thereunder.

SECOND CLAIM FOR RELIEF
Violations of Securities Act Section 17(a)
Against Petroforce and Veasey

59. Plaintiff SEC re-alleges and incorporates paragraphs 1 through 55 of this Complaint by reference as if set forth verbatim in this Claim.

60. By engaging in the engaging in the acts and conduct alleged herein, Defendants Petroforce and Veasey directly or indirectly, singly or in concert with others, in the offer and sale of securities, by use of the means and instruments of transportation and communication in

interstate commerce or by use of the mails, have: (a) employed devices, schemes, or artifices to defraud; (b) obtained money or property by means of untrue statements of material fact or omissions to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; or (c) engaged in transactions, practices, or courses of business which operated or would operate as a fraud or deceit.

61. With respect to violations of Securities Act Sections 17(a)(2) and (3), Defendants Petroforce and Veasey were negligent in their conduct and in the untrue and misleading statements alleged herein. With respect to violations of Securities Act Section 17(a)(1), Defendants Petroforce and Veasey engaged in the referenced conduct and made the referenced untrue and misleading statements knowingly or with severe recklessness.

62. By reason of the foregoing, Defendants Petroforce and Veasey have violated and, unless enjoined, will continue to violate Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)].

THIRD CLAIM
Violations of Securities Act Sections 5(a) and 5(c)
Against All Defendants

63. Plaintiff SEC re-alleges and incorporates paragraphs 1 through 55 of this Complaint by reference as if set forth verbatim in this Claim.

64. Defendants, directly or indirectly, have made use of the means or instruments of transportation or communication in interstate commerce or of the mails to sell securities, when no registration statement was in effect with the SEC as to such securities, and have made use of the means or instruments of transportation or communication in interstate commerce or of the mails to offer to sell such securities when no registration statement had been filed with the SEC as to such securities.

65. There were no applicable exemptions from registration, and Defendants therefore

violated, and unless restrained and enjoined will in the future violate, Sections 5(a) and 5(c) of the Securities Act [15 U.S.C. §§ 77e(a) and 77e(c)].

FOURTH CLAIM
Violations of Securities Exchange Act Section 15(a)
Against Veasey, Alvarado, and Turrentine

66. Plaintiff SEC re-alleges and incorporates paragraphs 1 through 55 of this Complaint by reference as if set forth verbatim in this Claim.

67. Defendants Veasey, Alvarado, and Turrentine, while engaged in the business of effecting transactions in securities for the account of others, made use of the mails or the means or instrumentalities of interstate commerce to effect transactions in, or to induce or attempt to induce the purchase or sale of, a security without being registered in accordance with Section 15(a) of the Exchange Act.

68. By reason of the foregoing, Defendants Veasey, Alvarado, and Turrentine have violated, and unless restrained and enjoined will continue to violate, Section 15(a) of the Exchange Act [15 U.S.C. § 78o(a)].

PRAYER FOR RELIEF

WHEREFORE, the SEC respectfully requests that the Court enter a judgment:

(1) Permanently enjoining Defendants Petroforce and Veasey from future violations of Section 17(a) of the Securities Act [15 U.S.C. §§ and 77q(a)] and Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5];

(2) Permanently enjoining all Defendants from future violations of Sections 5(a) and 5(c) of the Securities Act [15 U.S.C. §§ 77e(a) and 77e(c)];

(3) Permanently enjoining Defendants Veasey, Alvarado, and Turrentine from future violations of Section 15(a) of the Exchange Act [15 U.S.C. §78o(a)];

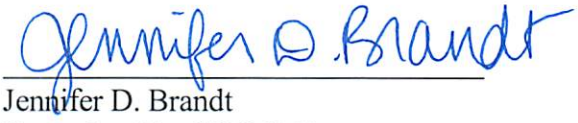
(4) Ordering Defendants Petroforce, Veasey, and Alvarado to disgorge all ill-gotten gains from the conduct alleged herein, with prejudgment interest;

(5) Ordering Defendants Petroforce, Veasey, and Alvarado to pay civil penalties pursuant to Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)] and Section 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)] for violations of the federal securities laws as alleged herein; and

(6) Ordering such other and further relief as the Court may deem just and proper.

Dated: July 24, 2017

Respectfully submitted,



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