

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SECURITIES EXCHANGE ACT OF 1934
Release No. 68347/December 4, 2012

ADMINISTRATIVE PROCEEDING
File No. 3-15016

In the Matter of :
: ORDER MAKING FINDINGS AND
JOSEPH S. BLIMLINE : IMPOSING SANCTIONS BY DEFAULT

SUMMARY

This Order bars Joseph S. Blimline (Blimline) from association with any broker or dealer and from participating in an offering of penny stock.

I. BACKGROUND

The Securities and Exchange Commission (Commission) instituted this proceeding with an Order Instituting Proceedings (OIP) on September 10, 2012, pursuant to Section 15(b) of the Securities Exchange Act of 1934 (Exchange Act). The OIP alleges that Blimline was convicted of conspiracy to commit mail fraud. Blimline was served with the OIP by USPS certified mail in accordance with 17 C.F.R. § 201.141(a)(2)(i) on September 28, 2012, and his Answer to the OIP was due within twenty days of service of the OIP on him. See OIP at 3; 17 C.F.R. § 201.220(b). He has not filed an Answer to date. The Division of Enforcement (Division) filed a Motion for Default on November 16, 2012, and Blimline did not respond. Accordingly, he has failed to answer, to respond to a dispositive motion within the time provided, or otherwise to defend the proceeding within the meaning of 17 C.F.R. § 201.155(a)(2). Therefore, Blimline is in default, and the undersigned finds that the allegations in the OIP are true as to him. See OIP at 3; 17 C.F.R. §§ 201.155(a), .220(f).

II. FINDINGS OF FACT

Blimline was convicted on May 15, 2012, of conspiracy to commit mail fraud in violation of 18 U.S.C. § 1349. United States v. Blimline, No. 4:10-cr-00137-001 (E.D. Tex. May 15, 2012). He was sentenced to 240 months imprisonment followed by three years of supervised release and ordered to pay restitution of \$407,552,918.95. According to Blimline's July 7, 2010, Factual Statement, of which official notice is taken pursuant to 17 C.F.R. § 201.323, the wrongdoing underlying his conviction took place between about September 2006 and February 1, 2009, when he and others sold oil and gas investments using materially false representations and omissions, raising over \$400 million from investors. These activities were conducted through Provident Royalties, LLC, of which Blimline was a principal. During this time Blimline was also an undisclosed and

unlicensed principal of Provident Asset Management, LLC, which was a registered broker-dealer from March 2004 to March 2010.

III. CONCLUSIONS OF LAW

The wrongdoing for which Blimline was convicted “involve[d] the purchase or sale of any security” within the meaning of Sections 15(b)(4)(B)(i) and 15(b)(6)(A)(ii) of the Exchange Act.

IV. SANCTION

Blimline will be barred from association with any broker or dealer and from participating in an offering of penny stock.^{1, 2} This sanction will serve the public interest and the protection of investors, pursuant to Section 15(b) of the Exchange Act, and accord with Commission precedent and the sanction considerations set forth in Steadman v. SEC, 603 F.2d 1126, 1140 (5th Cir. 1979). Blimline’s unlawful conduct was recurring and egregious. It involved fraudulent transactions over a period of years that raised over \$400 million from investors.

V. ORDER

IT IS ORDERED that, pursuant to Section 15(b) of the Securities Exchange Act of 1934, JOSEPH S. BLIMLINE IS BARRED from association with any broker or dealer and from participating in an offering of penny stock.³

Carol Fox Foelak
Administrative Law Judge

¹ Even if he were not associated with a registered broker-dealer, Blimline would be subject to a bar from association with a broker or dealer pursuant to Section 15(b) of the Exchange Act. See Vladislav Steven Zubkis, Exchange Act Release No. 52876 (Dec. 2, 2005), 86 SEC Docket 2618, 2627, recon. denied, Exchange Act Release No. 53651 (Apr. 13, 2006), 87 SEC Docket 2584 (unregistered associated person of an unregistered broker-dealer barred from association with a broker or dealer).

² The Division’s request for sanctions also includes a collateral bar pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank Act). However, Blimline’s misconduct antedates the July 22, 2010, effective date of the Dodd-Frank Act. Neither the Commission nor the courts have approved such retroactive application of its provisions in any litigated case, and the undersigned declines to impose the new sanction retroactively. See Koch v. SEC, 177 F.3d 784 (9th Cir. 1999); see also Sacks v. SEC, 648 F.3d 945 (9th Cir. 2011).

³ Thus, he will be barred from acting as a promoter, finder, consultant, or agent; or otherwise engaging 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, pursuant to Exchange Act Section 15(b)(6)(A), (C).