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U.S. DISTRICT COURT
DISTRICT OF WYOMING

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IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF WYOMING

Securities and Exchange Commission,)	
)	
Plaintiff,)	
)	
v.)	CASE NO. 11-CV- 187-J
)	
JAY L. LEBOEUF, and)	
NEW CASTLE ENERGY, LLC)	
Defendants.)	
)	

COMPLAINT

Plaintiff, United States Securities and Exchange Commission (“SEC”), states and alleges as follows against Defendants:

I. SUMMARY OF THE CASE

1. From at least July 2008 through June 2010, Jay L. LeBoeuf (“LeBoeuf”), acting through his company New Castle Energy, LLC (“New Castle”) conducted six oil and gas-related securities offerings by cold-calling thousands of potential investors nationwide. LeBoeuf raised \$541,052 from nine investors in eight different states. Contrary to representations he made to investors, LeBoeuf only applied \$157,216 of the funds he raised to the purchase of oil and gas interests.

2. LeBoeuf commenced these securities offerings shortly after relocating to Wyoming following enforcement action for similar conduct by state securities authorities in Colorado. Upon learning of Colorado’s Temporary Restraining Order against him in February 2008, LeBoeuf set up operations from a hotel room in Wyoming. He filed paperwork with the secretary of state in Wyoming to form New Castle, rented a post office box, and obtained a cell phone with a Wyoming number.

3. LeBoeuf made several misrepresentations to investors regarding his use of proceeds, returns on the investments, and previous litigation against him including the action brought by Colorado state securities regulators and a private action brought by the estate of elderly investor. But for their reliance on LeBoeuf’s misleading statements, investors would not have invested in the offerings.

4. LeBoeuf misappropriated investor funds. He raised a total of \$541,042 from nine investors in eight different states but he only invested \$157,216, or less than 30%, of the investor funds in intended projects. He disclosed he would retain a portion of the proceeds but kept funds

that far exceeded those disclosed amounts and, in fact, LeBoeuf misappropriated at least \$374,000.00 of the investors' funds.

5. During the relevant time, LeBoeuf was not associated with a registered broker-dealer.

6. The SEC seeks to enjoin LeBoeuf and New Castle from the violating Section 17(a) of the Securities Act of 1933 ("Securities Act") [15 U.S.C. §77q(a)] and Sections 10(b) and 15(a) (LeBoeuf only) of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. §§78j(b) and 78o(a)] and Rule 10b-5 [17 C.F.R. §240.10b-5], seeking a permanent injunction, orders imposing disgorgement in the amount of \$500,988.43 plus prejudgment interest thereon in the amount of \$8,383.20, and a third tier civil penalty.

7. LeBoeuf entered a plea of guilty to one count of wire fraud in a related criminal case. He is scheduled to be sentenced on May 27, 2011, where he will be ordered to pay restitution of \$500,988.00 and the Sentencing Guidelines recommend a term of incarceration of 33-41 months. (U.S. v. Jay L. LeBoeuf d/b/a/ New Castle Energy, LLC, 11 CR 37 (D. WY.).

II. JURISDICTION AND VENUE

8. The Court has jurisdiction pursuant to Section 22(a) of the Securities Act [15 U.S.C. §77v(a)] and Sections 21(d), 21(e), and 27 of the Exchange Act [15 U.S.C. §§ 78u (d) and (e) and 78aa].

9. The Defendants, directly or indirectly, made use of the means or instruments of transportation or communication in interstate commerce, the means and instrumentalities of interstate commerce, or of the mails, in connection with the acts, practices, and courses of business set forth in this Complaint.

10. Venue lies in this Court pursuant to 15 U.S.C. §§ 77u(a) and 78aa and 28 U.S.C. §1391(b)(1) & (2). During the relevant period of time, Defendants LeBoeuf and New Castle, a

Wyoming limited liability company, maintained a residence and post office box in Cheyenne, Wyoming, and engaged in the offer and sale of securities in Wyoming. Additionally, the acts and practices described in this Complaint occurred in Wyoming.

III. DEFENDANTS

11. **Jay L. LeBoeuf**, 50, currently resides in Parker, Colorado and was the principal of New Castle. For more than 20 years, LeBoeuf has worked in the securities industry, selling interests in oil and gas projects. LeBoeuf held Series 22 and 63 securities broker-dealer licenses from 1987 to 2005 and a series 39 securities broker-dealer license from 1998 to 2005, at which time he let all of his securities licenses lapse. On February 13, 2008, the state of Colorado obtained a Temporary Restraining Order against LeBoeuf and his company, Sterling Partners Group, Ltd., in connection with an unregistered oil and gas securities offering. The complaint alleged that LeBoeuf diverted investor funds for his personal use. On September 5, 2008, the court, based upon a Stipulation for Order of Permanent Injunction and Other Relief, permanently enjoined LeBoeuf from selling securities in the state of Colorado and ordered him to pay \$225,000 in restitution. In yet another alleged scheme, a court entered a \$3 million judgment against LeBoeuf for his inappropriate dealings with an elderly investor. In 2005, LeBoeuf and another of his companies, Sterling Petroleum, filed Chapter 7 bankruptcy proceedings. A complaint for exception from discharge was filed alleging LeBoeuf, through a series of undocumented loans and unfavorable transactions, took advantage of an unsophisticated elderly investor suffering from dementia. LeBoeuf has not paid the judgment from the bankruptcy or the restitution ordered in the action by the Colorado Securities Commission.

12. New Castle Energy, LLC, is a Wyoming limited liability company with an address at a mail drop service in Cheyenne, Wyoming. LeBoeuf formed New Castle to sell securities in the form of fractional undivided interest in oil and gas projects.

IV. FACTUAL ALLEGATIONS

Factual Background

13. LeBoeuf formed New Castle shortly after learning of the state of Colorado's Temporary Restraining Order, entered in February 2008.

14. By July 2008, through his newly formed company, LeBoeuf purchased lead sheets and cold-called as many as 100 potential investors a week nationwide from Cheyenne, Wyoming. He offered investors units in six different oil or gas offerings which included working interests ("WI") (a proportionate share of proceeds and operating costs of a particular oil and gas project), overriding royalty interests ("ORRI") (a proportionate share of the proceeds paid by the working interest owner or lessee), and interests in the gathering systems for oil and gas projects. The offerings were as follows:

(a) Knight/Smajstrla – this offering was for an interest in wells in Texas, operated by CAMOIL, Inc.;

(b) Thomas #1 – this offering was for an interest in wells in Texas, operated by CAMOIL, Inc.;

(c) West Short Pine Hills – this offering was for up to three units in a gathering system with LeBoeuf promising 85% of the proceeds being invested;

(d) North Gaslight Enhancement – this offering was for ORRI in wells in Fallon County, Montana with LeBoeuf promising 40% of the funds invested going to acquire the ORRI;

(e) Oil and Gas Wells in North Dakota – this offering was for a WI and ORRI in wells in North Dakota with LeBoeuf promising 60% of the funds invested going for acquiring the rights; and

(f) 13 Wells – this offering was for an ORRI in 13 producing wells in Fallon County, Montana with LeBoeuf promising 60% of the funds invested being used for acquiring the ORRI.

15. LeBoeuf sold, through New Castle, a portion of a unit to investors in a project, pooling the invested funds and acquiring the interest from a third party in New Castle's name. New Castle received the proceeds and then distributed the proceeds to the investors.

16. LeBoeuf made numerous misrepresentations in the offerings, including:

(a) LeBoeuf provided economic projections including possible favorable tax benefits in addition to anticipated monthly revenue. He told one investor that he would receive a 26% annual return from making the investment and that the investment would pay for itself in two to three years when taking into account the tax benefits. These projections lacked any reasonable basis and were false and misleading.

(b) In the offering documents he drafted, LeBoeuf made vague and intentionally misleading statements about the permanent injunction obtained by Colorado state securities regulators. He said the action by the state of Colorado was based upon "irregularities in certain memoranda" and that he denied the allegations. He did not disclose he had been permanently enjoined from selling securities, nor did he disclose he had been ordered to pay \$225,000 in restitution to investors.

(c) In the offering documents he drafted, LeBoeuf made vague and intentionally misleading statements about a judgment entered in his 2005 bankruptcy. The

disclosure stated that a trust fund purportedly representing an investor had brought an action, which LeBoeuf lost after a lengthy trial, and that he decided because of cost not to appeal. These comments were meant to deceive. LeBoeuf did not disclose that the bankruptcy court found that LeBoeuf misappropriated funds and misled an investor.

(d) LeBoeuf made misrepresentations regarding his use of proceeds and monthly returns. LeBoeuf disclosed to investors that he would retain a generous expense and commission rate of 15 to 40%, with 60% in one offering, but that he would invest the remainder. However, LeBoeuf failed to properly manage the funds entrusted to him by investors and only applied about 30% of the funds to the intended purpose.

17. LeBoeuf misappropriated investor funds. He raised a total of \$541,042 from nine investors in eight different states. Investors were located in Arizona, California, Kentucky, Illinois, Minnesota, Mississippi, Virginia, and Washington. He deposited the funds in a successive string of New Castle accounts at Wyoming branches of five different banks (the banks eventually closed each account based on LeBoeuf's suspicious activity). He invested \$157,216, or less than 30% of the investor funds in intended projects. He returned \$40,063 to investors in small monthly payments, but the remainder he retained to cover his living expenses. He gave his ex-wife approximately \$150,000 for support and for back child support. He used over \$20,000 of investor funds to repay victims from his previous scheme.

18. During the relevant time, LeBoeuf was not affiliated with a registered broker dealer. He previously held Series 22 and 63 licenses from 1987 to 2005 and a Series 39 license from 1998 to 2005. He let all previous licenses lapse in 2005.

The Fund Offerings
Constituted the Sale of Unregistered Securities.

19. Section 2(a)(1) of the Securities Act and Section 3(a)(10) of the Exchange Act define a "security" to include an "investment contract." The interests LeBoeuf and New Castle sold to investors were securities in the form of investment contracts. Investors made an investment of money which was pooled with funds contributed by other investors to purchase units in fractional interests in oil and gas-producing properties. The investors had an expectation of profits to be derived solely from the efforts of others.

20. From about July 2008 through June 2010, LeBoeuf raised \$541,042 from nine investors in eight different states.

21. The Defendants offered and sold these securities in the form of investment contracts in six different oil and gas projects using the means or instruments of interstate commerce, including but not limited to telephones and the mails.

FIRST CLAIM FOR RELIEF
Fraud - Violations of Securities Act Section 17(a)

22. The SEC realleges and incorporates the allegations of paragraphs 1 through 21 as if fully set forth herein.

23. By engaging in the conduct described above, the Defendants have, directly or indirectly, with scienter, in the offer and sale of securities, by use of the means or instruments of transportation or communication in interstate commerce or by use of the mails, employed a device, scheme or artifice to defraud, in violation of Section 17(a)(1) of the Securities Act.

24. Defendants, directly or indirectly, in the offer or sale of securities, by use of the means or instruments of transportation or communication in interstate commerce or by use of the mails, obtained money or property by means of untrue statements of material fact or by

omissions to state material facts necessary to make the statements made, in light of the circumstances under which they were made, not misleading, in violation of Section 17(a)(2) of the Securities Act.

25. Defendants, directly or indirectly, in the offer or sale of securities, by use of the means or instruments of transportation or communication in interstate commerce or by use of the mails, engaged in transactions, practices, or courses of business which have been or are operating as a fraud or deceit upon the purchasers of securities, in violation of Section 17(a)(3) of the Securities Act, in violation of Section 17(a)(3) of the Securities Act.

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

SECOND CLAIM FOR RELIEF

Fraud – Violations of Exchange Act Section 10(b) and Rule 10b-5 Thereunder

27. The SEC realleges and incorporates the allegations of paragraphs 1 through 26 as if fully set forth herein.

28. By engaging in the conduct described above, the Defendants have, directly or indirectly, with scienter, by use of the means or instruments of interstate commerce or by use of the mails, employed devices, schemes or artifices to defraud; made untrue statements of material fact or 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 engaged in acts, practices or courses of business which operated or would have operated as a fraud or deceit upon any person, in connection with the purchase or sale of a security.

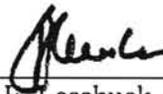
29. By reason of the foregoing, the Defendants violated, and unless enjoined, will continue to violate, Exchange Act Section 10(b) and Rule 10b-5 [15 U.S.C. § 78j (b) and 17 C.F.R. § 240.10b-5].

5. Order such other relief as this Court may deem just or appropriate.

DATED this 7th day of May, 2011.

Respectfully submitted,


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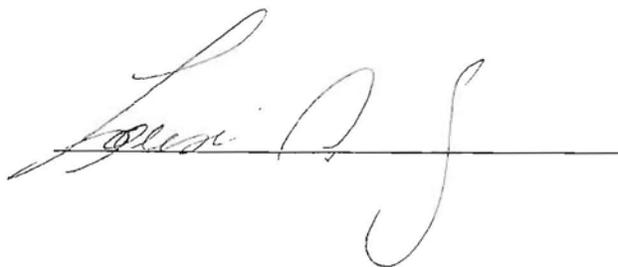
CERTIFICATE OF SERVICE

I hereby certify that on this 11th day of May, 2011, I caused the foregoing **COMPLAINT**

to be served via U.S. Mail and/or e-mail upon the following:

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A handwritten signature in cursive script, appearing to read "Gregory E. Goldberg", is written over a horizontal line.