

UNITED STATES DISTRICT COURT  
FOR THE  
DISTRICT OF COLORADO

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

Case No.

WELCO ENERGY L.L.C.,  
JUSTIN WILLIAM RIFKIN,  
PATRICK V. LOOPER,  
RICHARD G. PACHECO, and  
DUSTIN D. WHITE,

Defendants.

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COMPLAINT

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The Securities and Exchange Commission ("SEC") alleges the following in support of its Complaint:

1. From May 2007 to the date of this complaint, Wellco Energy LLC, a Colorado limited liability corporation, and its managing member, Justin William Rifkin, together with three salesmen, Patrick V. Looper, Richard G. Pacheco, and Dustin D. White, offered and sold securities in the form of fractional interests in oil and gas wells through boiler room cold-calls to investors in which they misrepresented Wellco's role in operating the wells, Rifkin's experience in producing oil and gas, and how investors' funds were to be used. The defendants also failed to disclose that approximately 58% of the investors' funds were being used to pay the boiler room's sales commissions and expenses, and Rifkin's personal expenses such as his mortgage and child support. Although the defendants engaged in the business of selling securities for the accounts of others, they did not

register as brokers with the Securities and Exchange Commission. Furthermore, the defendants sold these securities, even though they failed to file a required registration statement with the SEC which would have disclosed information about the nature of Wellco's business and its financial statements.

### **I. JURISDICTION AND VENUE**

2. The SEC brings this civil enforcement action pursuant to the authority conferred upon it by Section 20(b) of the Securities Act of 1933 ("Securities Act") [15 U.S.C. § 77t(b)] and Section 21(d) of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. § 78u(d)].
3. This Court has jurisdiction over this action 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), (e) and 78aa].
4. Venue lies in this Court pursuant to Section 22(a) of the Securities Act and Section 27 of the Exchange Act [15 U.S.C. §§ 77v (a) and 78aa], and 28 U.S.C. § 1391 (b) (1) & (2). Certain of the transactions, acts, practices, and courses of business constituting the violations of law alleged herein occurred within this judicial district, and each of the individual defendants resides in this district.
5. In connection with the transactions, acts, practices, and courses of business described in this complaint, each of 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.

## II. DEFENDANTS

6. Defendant Wellco Energy LLC ("WELLCO") is a limited liability corporation organized in Colorado on May 1, 2007. From May 1, 2007 to date, WELLCO has operated its business principally from either the home of Justin William Rifkin or an office located in Colorado Springs, Colorado.
7. Defendant Justin William Rifkin ("Rifkin"), age 29, is the senior managing member of WELLCO Energy LLC and resides in Colorado Springs, Colorado.
8. Defendant Patrick V. Looper ("Looper"), age 71, has been a salesman and authorized representative for WELLCO from approximately October 2007 to the date of this Complaint, and resides in Colorado Springs, Colorado.
9. Defendant Richard Pacheco ("Pacheco"), age 45, has been a salesman and authorized representative for WELLCO from approximately March 2008 to the date of this Complaint and resides in Colorado Springs, Colorado.
10. Defendant Dustin D. White ("White"), age 32, has been a salesman and authorized for WELLCO from approximately July 2008 to the date of this complaint and resides in Colorado Springs, Colorado.

## III. FACTS

### A. Defendants Made Unregistered Offers and Sales of Securities

11. WELLCO, as a limited liability company, acted through its senior managing member, Rifkin, and is liable for Rifkin's actions. Rifkin's knowledge as the senior managing member of WELLCO is imputed to the company. WELLCO was under the control of Rifkin, who formed the company and directed its actions.



12. WELLCO is also liable for the actions of its authorized representatives and salesmen: Looper, White, Pacheco, and others, whom it controlled and directed.
13. Between May 1, 2007 and continuing through the date of this complaint, defendants WELLCO, Rifkin, Looper, Pacheco, and White each offered and sold securities in the form of fractional undivided interests in oil and gas rights in violation of Section 5(a) and (c) of the Securities Act, 15 U.S.C. § 77e (a) and (c), when no registration statement had been filed or was in effect with the SEC.
14. Between May 1, 2007, and continuing through the date of this complaint, WELLCO and Rifkin, directly and indirectly through the company's salesmen and authorized representatives, Looper, Pacheco, and White, offered and sold working interests in the exploration of, production from, and operation of, oil or natural gas wells in four prospects, which were identified as Wilson Bend Well #1, North Bounde Creek - Well #1, North Semitropic Prospect, and Monument Junction Prospect.
15. Between May and August 2007, WELLCO and Rifkin offered and sold working interests in the Wilson Bend Well # 1 to at least two investors who paid at least \$39,000 in drilling costs and later paid \$19,500 in completion costs to WELLCO.
16. Between November 2007 and June 2008, WELLCO, Rifkin, Looper, and Pacheco offered and sold working interests in the North Bounde Creek - Well #1 to at least nineteen investors who paid at least \$273,000 in drilling costs to WELLCO.
17. Between July 2008 and December 2008, WELLCO, Rifkin, Looper, Pacheco and White offered and sold working interests in the North Semitropic Prospect to at least thirty-four investors who paid at least \$589,333.33 in drilling costs to WELLCO.

18. WELLCO and Rifkin later transferred the interests of the fourteen investors who purchased working interests in North Bounde Creek – Well # 1 into a 1% working interest in the North Semitropic Prospect.
19. Beginning in November 2008 and continuing to date, WELLCO, Rifkin, Looper, Pacheco and White offered and sold working interests in the Monument Junction Prospect to at least seven investors who paid at least \$255,000 in total to WELLCO. The defendants continue to offer and sell working interests in the Monument Junction Prospect.
20. The working interest participations in each of the four prospects are fractional undivided interests in oil, gas or other mineral rights, and as such, the working interest participations are securities as that term is defined in Section 2(a)(1) of the Securities Act, 15 U.S.C. § 77b(a)(1).
21. The working interest participations in each of the four prospects are also securities in the form of investment contracts. Investors paid funds to WELLCO to purchase working interests in one or more of the four prospects. Investors' funds were pooled to purchase units of the working interest in the test well to be drilled on each prospect. The earnings to be paid to the investors were to come from the efforts of WELLCO or the well operator, rather than the activities of the investors.
22. WELLCO, Rifkin, Looper, Pacheco and White filed no registration statement with the SEC, and no registration statement was in effect for their offers and sales of working interest participations in Wilson Bend Well #1, North Bounde Creek - Well #1, North Semitropic Prospect, or Monument Junction Prospect.

23. WELLCO and Rifkin state in the Confidential Disclosure Memorandum given to investors for each of the four prospects that "these working interest[s] have not been registered under the Securities Act of 1933, as amended."
24. WELLCO, Rifkin, Looper, Pacheco and White offered and sold the working interests in one or more of the four prospects by means of general solicitations made through telephone calls to investors located in several states. The Defendants did not have any pre-existing relationship with some investors prior to contacting them by phone. The Defendants sent the Confidential Disclosure Memoranda and Petition Agreements to investors and prospective investors by means of interstate commerce including by facsimile or courier delivery service.

**B. Defendants Acted as Unregistered Broker-Dealers**

25. From on or about May 2007 and continuing to the date of this complaint, Rifkin engaged in the business of effecting transactions in securities for the accounts of others. He offered and sold for the account of WELLCO and its investors, securities in the form of the fractional undivided interests in oil and gas rights for the Wilson Bend Well # 1, North Bounde Creek - Well #1, North Semitropic Prospect, and Monument Junction Prospect.
26. Between May 2007 and March 2009, Rifkin received directly or indirectly compensation of at least \$287,696 from his sales of the oil and gas working interests.
27. From on or about October 2007 and continuing to the date of this complaint, Looper engaged in the business of effecting transactions in securities for the accounts of others. He offered and sold for the account of WELLCO and its investors, securities in the form



of the fractional undivided interests in oil and gas rights for the North Bounde Creek - Well #1, North Semitropic Prospect, and Monument Junction Prospect.

28. Between October 2007 and March 2009, Looper received compensation of at least \$99,600 from his sales of the oil and gas working interests.
29. From on or about March 2008 and continuing to the date of this complaint, Pacheco engaged in the business of effecting transactions in securities for the accounts of others. He offered and sold for the account of WELLCO and its investors, securities in the form of the fractional undivided interests in oil and gas rights for the North Bounde Creek - Well #1, North Semitropic Prospect, and Monument Junction Prospect.
30. Between March 2008 and March 2009, Pacheco received compensation of at least \$35,790 from his sales of the oil and gas working interests.
31. From on or about July 2008 and continuing to the date of this complaint, White engaged in the business of effecting transactions in securities for the accounts of others. He offered and sold for the account of WELLCO and its investors, securities in the form of the fractional undivided interests in oil and gas rights for the North Bounde Creek - Well #1, North Semitropic Prospect, and Monument Junction Prospect.
32. Between July 2007 and March 2009, White received compensation of at least \$64,618 from his sales of the oil and gas working interests.
33. Looper, Pacheco and White received commissions of approximately **20%** of the funds that each investor paid to WELLCO to purchase the working interest participations.
34. Rifkin received directly or indirectly compensation of approximately **24%** of the funds that each investor paid to WELLCO to purchase the working interest participations.

35. As a result of the conduct described above, Rifkin, Looper, Pacheco and White each were “brokers” as that term is defined in Section 3(a)(4)(A) of the Exchange Act, 15 U.S.C. § 78c(a)(4)(A).
36. Between May 1, 2007 and May 1, 2009, Rifkin, Looper, Pacheco and White were not registered as brokers or dealers, or associated with a registered broker-dealer while they engaged in the business of effecting transactions in securities for the accounts of others.

**C. Defendants Made Material Misrepresentations and Omissions In the Offers and Sales of the Securities.**

37. In connection with the offers and sales of working interest participations in the Wilson Bend Well #1, North Bounde Creek - Well #1, North Semitropic Prospect, and Monument Junction Prospect, Rifkin prepared and signed a Confidential Disclosure Memorandum for WELLCO for each offering.
38. Rifkin and the other salesmen and authorized representatives, Looper, Pacheco and White, sent the Confidential Disclosure Memoranda to investors through the mails or means of interstate commerce for use in connection with their offer and sale of the working interests in the four prospects.
39. The disclosures in the four Confidential Disclosure Memoranda were substantially the same, except for descriptions of each prospect in the Project Detail and Geology & Geophysics sections of the memoranda that were unique to each prospect, and the percentage of working interest being sold.

**1. Defendants Misrepresented Wellco’s Role in Operations of the Wells**

40. In each of the four Confidential Disclosure Memoranda, WELLCO and Rifkin stated at page 1 that “WELLCO ENERGY, LLC (“WELLCO”) or (Managing Partner) will serve



as the Initial Managing Partner of the Project. . . . The objectives of this Project will be to: (1) acquire the Prospect and conduct operations thereon; (2) provide cash distributions from the operations; and (3) develop the potential for further drilling operations.” Further on pages 9 (10 in the North Semitropic memorandum), 11 and 15, WELLCO and Rifkin stated “the Managing Partner shall have the authority to manage the day-to-day Operations.... ‘OPERATIONS’ shall mean any Project activity related to (i) acquiring the Prospect Well sites; (ii) drilling any well on the Prospect; (iii) testing, Completing, . . . or plugging any well on the Prospect; (iv) installing . . . facilities to produce . . . any oil and/or gas produced from any well on the prospect; or (v) conducting any activity incident to the foregoing . . . . If the Managing Partner determines that Completion is to be attempted on the Prospect Wells, then the Managing Partner will conduct all Completion and testing operations, pursuant to the PA [Petition Agreement] and this Memorandum. . . . WELLCO may complete or abandon the Prospect at a lesser depth than as specified if . . . WELLCO determines that it is a commercially reasonable decision for the Project under the conditions or situations encountered. . . .”

41. Contrary to the statements in the four Confidential Disclosure Memoranda, under the joint venture agreements and farm-out agreement that WELLCO entered into with Transco, Transco was the sole operator of the four prospects and made all operational decisions.
42. These statements in the four Confidential Disclosure Memoranda about WELLCO’s role in the operations of the prospects were materially false and misleading. Rifkin knew that WELLCO acquired its working interest in each of the prospects from Transco, which was the sole operator of the well, according to the joint venture agreement that Rifkin signed

on WELLCO's behalf. Rifkin knew that WELLCO had no role in (i) acquiring the Prospect Well sites; (ii) drilling any well on the Prospect; (iii) testing, completing, or plugging any well on the Prospect; (iv) installing facilities to produce any oil and/or gas produced from any well on the prospect; or (v) conducting any activity incident to the foregoing. Rifkin's knowledge is imputed to WELLCO.

43. Looper, Pacheco and White had a duty to conduct due diligence before they recommended to investors the investments in the working interests being offered by WELLCO.
44. Looper, Pacheco and White, who worked in WELLCO's offices, knew or were reckless in not knowing, that WELLCO had no role in (i) acquiring the Prospect Well sites; (ii) drilling any well on the Prospect; (iii) testing, completing, or plugging any well on the Prospect; (iv) installing facilities to produce any oil and/or gas produced from any well on the prospect; or (v) conducting any activity incident to the foregoing.
45. In each of the four Confidential Disclosure Memoranda, Wellco and Rifkin state that "Upon termination of the Capitalization Period, assuming the Project commences Operations, WELLCO in its individual capacity will be the Managing Partner of the Project well(s) or WELLCO may enter into an Operating Agreement which will appoint a qualified Managing Partner for the Prospect who will be responsible to oversee all drilling, testing and completion operations on the Prospect."
46. This statement that WELLCO may appoint a managing partner was false and misleading, because it did not have the authority to do so under its agreements with Transco. Additionally, WELLCO misrepresented its role in the transaction and its ability to make

decisions about the projects. It omitted the material fact that Transco had developed the prospects and had the sole authority to make all operational decisions.

47. Rifkin knew from signing the joint venture agreements and farm-out agreement with Transco that WELLCO had no operational control over the prospects. Rifkin's knowledge is imputed to WELLCO.
48. Looper, Pacheco and White knew, or were reckless in not knowing, that WELLCO had no operational control over the prospects.
49. From in or about May 2007 and continuing through at least April 21, 2009, WELLCO maintained an Internet website at [www.wellcollc.com](http://www.wellcollc.com). Rifkin wrote the text contained in the website, and reviewed and approved its distribution.
50. WELLCO and Rifkin represented on the website that "WELLCO Energy, LLC is an oil and gas exploration company that specializes in exploration and developmental wells that offset proven production in the United States."
51. This statement of material fact in paragraph 50 about the nature of WELLCO's business is false and misleading. WELLCO is not an oil and gas exploration company. Rather, its principal business activity is selling investment contracts in the form of fractional undivided interests in oil and gas development wells. WELLCO operates a boiler room of salesmen that offer and sell these securities by means of interstate telephone calls, send sales materials by facsimile, courier or through the mails, and receive funds from investors through the mails for the purchase of those securities. WELLCO does not conduct exploration or manage the development of oil or natural gas wells.
52. Neither Wellco nor Rifkin are registered as oil and gas operators with the states of California or Colorado.



53. During all relevant periods, WELLCO and Rifkin represented on the website that “WELLCO is an independent producer of oil and gas built on the foundation of strong moral values and dedication to our clients which differentiate us from industry standards.”
54. The statement of material fact in paragraph 53 about WELLCO being an independent producer of oil and gas is false and misleading. WELLCO was not the independent producer for any of the developmental wells that it offered to investors. Instead WELLCO purchased a working interest from another oil and gas company, Transco, which controlled the leases and was the operator with full control over operations in the prospects.
55. In connection with the statement of material fact in paragraph 53 that WELLCO was operating “on the foundation of strong moral values,” WELLCO and Rifkin omitted to disclose that Rifkin pled guilty to a felony in December 2001.
56. WELLCO and Rifkin represented on WELLCO’s website that “WELLCO Energy, LLC prides itself on acquiring properties that have proven production and reserves. When reviewing a prospect, we examine the geology, engineering, well and production history, and calculate the reserves before we negotiate the lease terms with the land owner.”
57. The statements of material facts in paragraph 56 are false and misleading. WELLCO did not negotiate any of the lease terms related to the Wilson Bend Well #1, North Bounde Creek - Well #1, North Semitropic Prospect, and Monument Junction Prospect. Rather WELLCO purchased its interest in each of these prospects from Transco, which had acquired the leases.

**2. Defendants Misrepresented Rifkin's Experience in Oil and Gas Production**

58. In the Confidential Disclosure Memorandum for the each of the four prospects WELLCO and Rifkin disclosed that "WELLCO's ability to manage Project affairs is predominantly dependent upon WELLCO's Managing Partner, Mr. J. William Rifkin. . . . As a founder and the Senior Managing Partner of Wellco Energy LLC, brings many years of experience in the funding and production of oil and natural gas ventures with numerous discoveries in Texas, Colorado, California and Nebraska. Mr. Rifkin brings to the table an ability to manage the day-to-day operations that is unsurpassed by any in the industry."
59. These statements about Rifkin's experience in the production of oil and natural gas ventures are false and misleading. Rifkin is twenty-nine years old and has worked previously at other boiler rooms that sold working interests in oil and natural gas ventures. However, he has no work experience in the production of oil and natural gas. He has not been involved personally in the discoveries of oil and natural gas in Texas, Colorado, California and Nebraska. He has not managed the day to day operations of any oil and gas ventures.
60. Rifkin knew from his personal experience that these statements were false and his knowledge is imputed to WELLCO.
61. Looper, Pacheco and White worked with Rifkin at other boiler rooms selling oil and natural gas interests. They knew or were reckless in not knowing that Rifkin had no experience in the production of oil and natural gas; that Rifkin was not been involved personally in the discoveries of oil and natural gas in Texas, Colorado, California and

Nebraska; and that Rifkin had not managed the day to day operations of any oil and gas ventures.

**3. Defendants Misrepresented and Failed to Disclose Wellco's Use of Proceeds**

62. In the "Petition of Proceeds" section of the Confidential Disclosure Memorandum for each of the four prospects, WELLCO and Rifkin disclosed that "Assuming initial capitalization of the Working Interest described herein, it is anticipated that the proceeds will be expended by the Project for Drilling and Completion operations of the first test well."
63. In the Confidential Disclosure Memoranda for each of the four prospects, WELLCO and Rifkin further disclosed that "WELLCO will receive a Prospect Fee, Drilling Fee and Completion Fee as contained within the turnkey costs for drilling and completion. Managing Partner shall receive reimbursement of direct expenses paid for the Project, and other transactions, which may arise in connection with the Operations of the Project."
64. These statements about how Wellco was to use the investors' funds were materially false and misleading. WELLCO did not receive a Prospect Fee, Drilling Fee and Completion Fee, because it did not prepare the prospect, or incur drilling or completion costs. It did not have direct expenses paid for the Project or other transactions, which arose in connection with the Operations of the Project. Operations of the project are defined as "any Project activity related to (i) acquiring the Prospect Well sites; (ii) drilling any well on the Prospect; (iii) testing, Completing, . . . or plugging any well on the Prospect; (iv) installing . . . facilities to produce . . . any oil and/or gas produced from any well on the prospect; or (v) conducting any activity incident to the foregoing . . . ." WELLCO did not engage in these activities for the four prospects.



65. Instead, WELLCO's only participation in well drilling and completion operations was through its purchase of interests through Transco. Therefore, WELLCO's only use of investor funds for well drilling and completion was by sending funds through Transco.
66. The statement that investors' "proceeds will be expended by the Project for Drilling and Completion operations of the first test well" was materially false and misleading because for the four projects combined, WELLCO used approximately 42 % of the funds it received from investors to purchase working interests from Transco and for payment of the turnkey drilling costs.
67. WELLCO paid \$31,549.81 to Transco acquire a 1.50 % working interest before payout and 1.155% working interest after payout in the Wilson Bend prospect. It charged its two investors a total of \$39,000 for the drilling costs of their working interest. It also paid \$9,849.15 in completion costs for the Wilson Bend Well. Based on its contemporaneous cost of the working interest it purchased from Transco, WELLCO and Rifkin failed to disclose to investors Wellco's markup of approximately 24%.
68. WELLCO paid \$85,000 to Transco to acquire a working interest in the North Bounde Creek prospect. It charged its nineteen investors a total of \$273,000 for their working interest. Based on its contemporaneous cost of the working interest it purchased from Transco, Defendants failed to disclose to investors WELLCO's markup of approximately 221%.
69. WELLCO received credit for payment of \$85,000 that it previously paid to acquire a working interest in North Bounde Creek prospect, which interest was then transferred to acquire a 1% working interest in the North Semitropic prospect. WELLCO paid an additional \$214,000 to Transco to acquire additional participation in the working interest

in the North Semitropic prospect. It charged its thirty-four investors at least \$589,833.33 for their working interest. Based on its contemporaneous cost of the working interest it purchased from Transco, Defendants failed to disclose to investors WELLCO's markup of approximately 175%.

70. WELLCO paid \$148,183 to Transco to acquire its working interest in the Monument Junction prospect. It charged at least seven investors a total of \$255,000 for their working interest. Based on its contemporaneous cost of the working interest it purchased from Transco, Defendants failed to disclose to investors WELLCO's markup of approximately 72%.
71. WELLCO and Rifkin also failed to disclose to investors that Rifkin used approximately \$280,000 of investor funds in the four projects to pay for his personal expenses, including \$53,000 for mortgage payments, \$13,000 for a personal vehicle, and \$10,000 for child support payments.
72. Defendants also failed to disclose to investors that WELLCO paid its salesmen a 20% commission on all investor funds raised for the Wilson Bend, North Bounde Creek, North Semitropic, and Monument Junction prospects.
73. Rifkin knew that these statements in the Confidential Disclosure Memoranda were false and misleading. Rifkin knew the actual purchase price that WELLCO agreed to pay to acquire its working interests based on his negotiation of the joint venture agreements and farm-out agreement with Transco. He knew from his position as the Senior Managing Partner of WELLCO that it was not involved in any aspect of the operations of the projects. He knew that WELLCO had not received funds from investors as payment of Prospect Fees, Drilling Fees and Completion Fees. He knew that WELLCO was marking

up the cost of the working interests as alleged above, and that WELLCO used investors' funds to pay 20% commissions to its salesmen, and approximately 38% of investors' funds to pay WELLCO's expenses to operate the boiler room and Rifkin's personal expenses. Rifkin's knowledge is imputed to WELLCO.

74. Looper, Pacheco and White knew or were reckless in not knowing that their representations about the use of investors' funds were false and misleading. They knew that WELLCO was acquiring the working interests from Transco and that WELLCO was not involved in any aspect of the operations of the projects. They knew that they received 20% commissions on each sale made. They knew, or were reckless in not knowing, that WELLCO used approximately 38% of investors' funds to pay WELLCO's expenses to operate the boiler room and Rifkin's personal expenses.

**FIRST CLAIM FOR RELIEF**

**Fraud – Violations of Exchange Act Section 10(b) and Rule 10b-5  
[15 U.S.C. § 78j(b) and 17 C.F.R. § 240.10b-5]**

75. The SEC repeats and realleges paragraphs 1 through 74 above.
76. Defendants WELLCO, Rifkin, Looper, Pacheco and White, directly or indirectly, with scienter, in connection with the purchase or sale of securities, by the use of means or instrumentalities of interstate commerce, the mails, or any facility of a national securities exchange, 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 operate as a fraud or deceit upon any person; in violation of Section 10(b) of the Exchange Act and Rule 10b-5.



77. Defendants WELLCO, Rifkin, Looper, Pacheco and White violated, and unless restrained and enjoined will in the future violate Section 10(b) of the Exchange Act and Rule 10b-5.

**SECOND CLAIM FOR RELIEF**

**Fraud – Violations of Securities Act Section 17(a)(1)**

[15 U.S.C. § 77q(a)(1)]

78. The SEC repeats and realleges paragraphs 1 through 74 above.
79. Defendants WELLCO, Rifkin, Looper, Pacheco and White, directly or indirectly, with scienter, 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, employed a device, scheme, or artifice to defraud.
80. Defendants WELLCO, Rifkin, Looper, Pacheco and White violated, and unless restrained and enjoined will in the future violate Section 17(a)(1) of the Securities Act.

**THIRD CLAIM FOR RELIEF**

**Fraud – Violations of Securities Act Sections 17(a)(2) and 17(a)(3)**

[15 U.S.C. § 77q(a)(2) and (3)]

81. The SEC repeats and realleges paragraphs 1 through 74 above.
82. Defendants WELLCO, Rifkin, Looper, Pacheco and White, directly or indirectly, in the offer or sale of securities, by use of 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 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 engaged in transactions, practices, or courses of business which have been or are operating as a fraud or deceit upon the purchasers of the securities.
83. Defendants WELLCO, Rifkin, Looper, Pacheco and White violated, and unless restrained and enjoined will in the future violate Sections 17(a)(2) and (a)(3) of the Securities Act.

**FOURTH CLAIM FOR RELIEF**  
**Offers and Sales of Unregistered Securities**  
**Violations of Securities Act Sections 5(a) and 5(c)**  
**[15 U.S.C. §§ 77e(a) and 77e(c)]**

84. The SEC repeats and realleges paragraphs 1 through 74 above.
85. Defendants WELLCO, Rifkin, Looper, Pacheco and White, 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 Commission 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 Commission as to such securities.
86. There were no applicable exemptions from registration, and Defendants WELLCO, Rifkin, Looper, Pacheco and White therefore violated, and unless restrained and enjoined will in the future violate Sections 5(a) and 5(c) of the Securities Act.

**FIFTH CLAIM FOR RELIEF**  
**Offers and Sales of Securities by an Unregistered Broker-Dealer**  
**Violations of Exchange Act Section 15(a)**  
**[15 U.S.C. § 78o(a)]**

87. The SEC repeats and realleges paragraphs 1 through 74 above.
88. Defendants Rifkin, Looper, Pacheco and White, 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.
89. Defendant Rifkin, Looper, Pacheco and White violated, and unless restrained and enjoined will in the future violate Section 15(a) of the Exchange Act.

### **PRAYER FOR RELIEF**

The SEC respectfully requests that this Court:

#### **I.**

Enter an Order finding that Defendants WELLCO, Rifkin, Looper, Pacheco and White committed the violations alleged in this complaint, and unless restrained will continue to do so.

#### **II.**

Enter an Injunction, pursuant to Rule 65(d) of the Federal Rules of Civil Procedure, permanently restraining and enjoining Defendants WELLCO, Rifkin, Looper, Pacheco and White from further violations of the law and rules alleged in this complaint.

#### **III.**

Enter an Order requiring Defendants WELLCO and Rifkin to prepare an accounting of all funds received from investors in each of the four prospects identifying the name of each investor, the dollar amount received, date of receipt, and how those funds were spent including but not limited to payments made to Looper, Pacheco, and White; and requiring Defendants Looper, Pacheco, and White to prepare an accounting identifying each investor to whom they offered interests in the oil and gas prospects, including the name of each investor, the dollar amount received, and date of receipt of funds from each investor; and the date, and amount of all funds received from WELLCO.

#### **IV.**

Enter an Order freezing the assets of Defendants Wellco and Rifkin until resolution of this matter



**V.**

Enter an Order requiring Defendants WELLCO, Rifkin, Looper, Pacheco and White to disgorge all ill-gotten gains in the form of any benefits of any kind derived from the illegal conduct alleged in this complaint, gains, together with prejudgment and post judgment interest;

**VI.**

Enter an Order requiring Defendants WELLCO, Rifkin, Looper, Pacheco and White to pay civil money penalties pursuant to Securities Act Section 20(d) [15 U.S.C. § 77t(d)] and Exchange Act Section 21(d) [15 U.S.C. § 78u(d)].

**VII.**

Order such other relief as this Court deems necessary and appropriate.

DATED: May 14, 2009.

Respectfully submitted,

s/ Leslie J. Hughes

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