

**UNITED STATES OF AMERICA**  
**Before the**  
**SECURITIES AND EXCHANGE COMMISSION**

**SECURITIES ACT OF 1933**  
**Release No. 11113 / September 30, 2022**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-21186**

**In the Matter of**  
  
**Brian McClure,**  
  
**Respondent.**

**ORDER INSTITUTING CEASE-AND-DESIST PROCEEDINGS PURSUANT TO SECTION 8A OF THE SECURITIES ACT OF 1933, MAKING FINDINGS, AND IMPOSING A CEASE-AND-DESIST ORDER**

**I.**

The Securities and Exchange Commission (“Commission”) deems it appropriate that cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 8A of the Securities Act of 1933 (the “Securities Act”) against Brian McClure (“Respondent”).

**II.**

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the “Offer”) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over him and the subject matter of these proceedings, which are admitted, and except as provided herein in Section V, Respondent consents to the entry of this Order Instituting Cease-And-Desist Proceedings Pursuant To Section 8A of the Securities Act of 1933, Making Findings, and Imposing a Cease-And-Desist Order (“Order”), as set forth below.

**III.**

On the basis of this Order and Respondent’s Offer, the Commission finds<sup>1</sup> that:

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<sup>1</sup> The findings herein are made pursuant to Respondent’s Offer of Settlement and are not binding on any other person or entity in this or any other proceeding.

## **A. Summary**

From April 2017 to February 2018, Respondent was the President and CEO of Standard Oil Company, Inc. (“Standard Oil”), an oil and gas company based in West Virginia. In this role, Respondent disseminated materially misleading statements to investors and prospective investors, negligently relying on false information given to him by the prior CEO, Richard Zelnar (“Zelnar”). Respondent’s conduct violated Section 17(a)(3) of the Securities Act.

## **B. Respondent and Related Individual and Entity**

1. Respondent Brian McClure, age 65, is a resident of Austin, TX. Respondent joined the board of Standard Oil in 2016. He became the President and CEO of Standard Oil in April 2017, taking on the position at Zelnar’s request due to health concerns. He resigned as CEO in February 2018. Between the time of his initial investment in 2012 and his resignation as CEO, Respondent grew to become one of Standard Oil’s largest individual investors.

2. Standard Oil is a West Virginia corporation headquartered in Parkersburg, West Virginia. It was formed in 1998.

3. Richard Zelnar is deceased. He was President and CEO of Standard Oil until April 2017, and Chairman of Standard Oil until his death in January 2018. Zelnar was not registered with the Commission in any capacity.

## **C. Facts**

4. Standard Oil raised money from investors in order to acquire oil and gas wells and rights. From 2014 to early 2018, Standard Oil sold approximately \$24 million of stock to over 300 investors by misrepresenting material facts about its prospects for going public and that its oil and gas reserves were worth billions of dollars.

5. During that period, Standard Oil was effectively controlled by Zelnar. Zelnar spearheaded its fundraising efforts and controlled the information that was provided to prospective investors and the board of directors.

6. For many years, Standard Oil, through Zelnar, made material misrepresentations to investors and prospective investors (including Respondent) about its prospects and value. For example, Zelnar often claimed that Standard Oil was on the verge of conducting an initial public offering or being sold to another company. Standard Oil included this selling point in marketing materials and Zelnar repeated it in conversations with investors. These representations were not true.

7. Standard Oil also misled investors about the value of its oil and gas reserves. For example, many investors were given a booklet that, among other things, contained a chart that purported to provide the dollar value of Standard Oil’s oil and gas reserves. The total reserve value in the chart varied over time, but was never accurate. Among other issues, the chart was based on the assumption that all of the estimated oil and gas reserves on Standard Oil’s properties were proven recoverable. That assumption was baseless. In fact, Standard Oil had obtained engineering reports for certain of its properties that indicated that significant portions of

those holdings were considered only prospective resources—that is, potentially recoverable from undiscovered accumulations by application of future development projects—rather than proven reserves.

8. On an April 2017 shareholder call, Zelnar told investors that Standard Oil’s reserves were worth more than \$3.2 billion and that investors could therefore expect a \$1 billion IPO.

9. Respondent participated in the April 2017 shareholder call, which occurred the day after he took over as CEO. Respondent made several materially misleading statements about Standard Oil’s prospects and its value on the call. For example, Respondent told investors that “[w]e estimate our reserves . . . at about \$3,284,853,000” and suggested that shareholders could receive as much as \$30 per share in the forthcoming IPO. Respondent received this information from Zelnar. Respondent had heard Zelnar talk about the purportedly forthcoming IPO for years without results and had questioned Zelnar about the delays. Notwithstanding this, Respondent repeated the information to investors as fact without verifying it first.

10. By July 2017, Respondent had time to learn more about Standard Oil’s operations and, as a result, had concerns that information in the booklet being given to investors and prospective investors was outdated and inaccurate. Respondent revised the booklet and removed certain representations from it, but left others, including material information he received from Zelnar regarding the basic value proposition of Standard Oil: that its oil and gas reserves were worth some \$3.2 billion.

11. Respondent caused Standard Oil to provide the booklet he revised containing this misleading information to prospective investors.

12. Having heard Zelnar claim that Standard Oil was on the cusp of an IPO for several years, and having recognized that prior versions of the booklet given to investors contained inaccuracies, a reasonable prudent person would have verified all of the information Zelnar had given him before presenting it to investors.

13. As a result of the conduct above, Respondent violated Section 17(a)(3) of the Securities Act.

#### **IV.**

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions agreed to in Respondent’s Offer.

Accordingly, it is hereby ORDERED that:

A. Pursuant to Section 8A of the Securities Act, Respondent shall cease and desist from committing or causing any violations and any future violations of Section 17(a)(3) of the Securities Act.

B. Respondent shall, within 14 days of the date of this Order, pay a civil money penalty of \$65,000 to the Securities and Exchange Commission. If timely payment is not made, additional interest shall accrue pursuant to 31 U.S.C. § 3717.

Payment must be made in one of the following ways:

- (1) Respondent may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;
- (2) Respondent may make direct payment from a bank account via Pay.gov through the SEC website at <http://www.sec.gov/about/offices/ofm.htm>; or
- (3) Respondent may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center  
Accounts Receivable Branch  
HQ Bldg., Room 181, AMZ-341  
6500 South MacArthur Boulevard  
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying Respondent as a Respondent in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Julia C. Green, Division of Enforcement, Securities and Exchange Commission, Philadelphia Regional Office, 1617 JFK Blvd., Suite 520, Philadelphia, PA 19103.

C. Pursuant to Section 308(a) of the Sarbanes-Oxley Act of 2002, a Fair Fund is created for the penalty referenced in paragraph B above. This Fair Fund may be combined with any distribution fund or Fair Fund established in a parallel proceeding arising out of the same facts underlying the violations that are the subject of this investigation. Amounts ordered to be paid as civil money penalties pursuant to this Order shall be treated as penalties paid to the government for all purposes, including all tax purposes. To preserve the deterrent effect of the civil penalty, Respondent agrees that in any Related Investor Action, he shall not argue that he is entitled to, nor shall he benefit by, offset or reduction of any award of compensatory damages by the amount of any part of Respondent's payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Respondent agrees that he shall, within 30 days after entry of a final order granting the Penalty Offset, notify the Commission's counsel in this action and pay the amount of the Penalty Offset to the Securities and Exchange Commission. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this proceeding. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against Respondent by or on behalf of one or more investors based on substantially the same facts as alleged in the Order instituted by the Commission in this proceeding.

**V.**

It is further Ordered that, solely for purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy Code, 11 U.S.C. §523, the findings in this Order are true and admitted by Respondent, and further, any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Respondent under this Order or any other judgment, order, consent order, decree or settlement agreement entered in connection with this proceeding, is a debt for the violation by Respondent of the federal securities laws or any regulation or order issued under such laws, as set forth in Section 523(a)(19) of the Bankruptcy Code, 11 U.S.C. §523(a)(19).

By the Commission.

Vanessa A. Countryman  
Secretary