

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 95951 / September 30, 2022

INVESTMENT COMPANY ACT OF 1940
Release No. 6156 / September 30, 2022

ADMINISTRATIVE PROCEEDING
File No. 3-21187

In the Matter of

R. Jacob Steele,

Respondent.

**ORDER INSTITUTING ADMINISTRATIVE
AND CEASE-AND-DESIST PROCEEDINGS,
PURSUANT TO SECTIONS 15(b) AND 21C
OF THE SECURITIES EXCHANGE ACT
OF 1934, AND SECTION 9(b) OF THE
INVESTMENT COMPANY ACT OF 1940,
MAKING FINDINGS, AND IMPOSING
REMEDIAL SANCTIONS AND A CEASE-
AND-DESIST ORDER**

I.

The Securities and Exchange Commission (the “Commission”) deems it appropriate and in the public interest that public administrative and cease-and-desist proceedings be, and hereby are, instituted pursuant to Sections 15(b)(6) and 21C of the Securities Exchange Act of 1934 (the “Exchange Act”), and Section 9(b) of the Investment Company Act of 1940 (the “Investment Company Act”) against R. Jacob Steele (“Steele” or “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 Administrative and Cease-and-Desist Proceedings, Pursuant to Sections 15(b) and 21C of the Securities Exchange Act of 1934, and Section 9(b) of the Investment Company Act of 1940, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order (the “Order”), as set forth below.

FOR SETTLEMENT PURPOSES ONLY

III.

On the basis of this Order and Respondent's Offer, the Commission finds¹ that:

SUMMARY

From March 2016 to January 2018, Respondent acted as an unregistered broker for Standard Oil Co., Inc. ("Standard Oil"). Respondent solicited investors through his network of contacts, advised on the merits of investing in Standard Oil, discussed with investors the amount of their investment, and facilitated the Company sending them a subscription agreement and other documentation. Respondent obtained approximately \$197,486 in transaction-based commissions from Standard Oil for this work.

RESPONDENT

1. R. Jacob Steele, age 40, is a resident of Pleasant Grove, Utah. Respondent was previously the President and CEO of Standard Oil from February 2018 to June 2020. He is currently the head of Standard Oil of Kentucky, Inc., which was spun off of Standard Oil in 2020. Respondent is not registered with the Commission in any capacity.

OTHER RELEVANT ENTITY AND INDIVIDUAL

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

3. Richard Zelnar is deceased. During the relevant period, he was President and CEO of Standard Oil until April 2017, and Chairman of Standard Oil until his death in January 2018.

FACTS

4. Standard Oil is an oil and gas company based in West Virginia.

5. Standard Oil was led by Richard Zelnar until his sickness and death in early 2018. 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. In truth, and as known by Zelnar, Standard Oil was nowhere near prepared to go public and its reserves were largely unproven and had been vastly overstated to potential investors.

¹ 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.

FOR SETTLEMENT PURPOSES ONLY

6. Respondent was introduced to the Company by his grandfather, who was an investor in Standard Oil. Respondent first invested in Standard Oil in 2014.

7. Respondent joined the board of Standard Oil in 2015 and became CEO in February 2018. Respondent was not involved in the misrepresentations that took place during Zelnar's time in control of Standard Oil, nor was he aware that the statements were false.

8. From March 2016 to January 2018, Respondent helped raise approximately \$5 million for Standard Oil.

9. Respondent solicited investors through his family, friends, and network of contacts. He often met with prospective investors in person, sometimes over lunch or dinner, and discussed the Company's business and operations with them. The information Respondent presented to investors came from Zelnar and the Company.

10. If an investor was interested in investing, Respondent discussed the amount and timing of their anticipated investment with them. If investors had questions that Respondent could not answer, he often directed them to Zelnar. Respondent also facilitated the Company sending investors additional information and documentation, including subscription agreements for prospective investors to fill out.

11. Standard Oil tracked Respondent's sales so that it could pay him commissions based on the amount of investments he was able to bring into the Company.

12. Respondent received approximately \$197,486 in commissions from Standard Oil for the work described herein.

13. Throughout this period, Respondent was not associated with a registered broker or dealer.

VIOLATIONS

14. As a result of the conduct described above, Respondent willfully violated Section 15(a) of the Exchange Act, which makes it unlawful for any broker or dealer "to effect any transaction in, or to induce or attempt to induce the purchase or sale of, any security" unless such broker or dealer is registered in accordance with Section 15(b) of the Exchange Act.

DISGORGEMENT

15. The disgorgement and prejudgment interest ordered in Section IV is consistent with equitable principles, does not exceed Respondent's net profits from his violations, and is awarded for the benefit of, and will be distributed to, harmed investors to the extent feasible. The Commission will hold funds paid pursuant to Section IV in an account at the United States Treasury pending distribution. Upon approval of the distribution final accounting by the Commission, any amounts remaining that are infeasible to return to investors, and any amounts returned to the Commission in the future that are infeasible to return to investors, may be

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transferred to the general fund of the U.S. Treasury, subject to Section 21F(g)(3) of the Exchange Act.

UNDERTAKING

16. Respondent has undertaken to:
- a. discharge all debts owed to him, directly or indirectly, by Standard Oil relating to compensation for employment and/or consulting work.
 - b. provide to the Commission, within 30 days after the end of the 12 month suspension period described below, an affidavit that he has complied fully with the sanctions described in Section IV.B below.
17. In determining whether to accept the Offer, the Commission has considered these undertakings.

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, pursuant to Sections 15(b) and 21C of the Exchange Act, and Section 9(b) of the Investment Company Act it is hereby ORDERED that:

A. Respondent shall cease and desist from committing or causing any violations and any future violations of Section 15(a) of the Exchange Act.

B. Respondent be, and hereby is,

suspended from association with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization;

prohibited from serving or acting as an employee, officer, director, member of an advisory board, investment adviser or depositor of, or principal underwriter for, a registered investment company or affiliated person of such investment adviser, depositor, or principal underwriter;

suspended from participating in any offering of a penny stock, including: acting as a promoter, finder, consultant, agent or other person who engages 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; and

for a period of 12 months, effective on the second Monday following the entry of this Order.

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C. Respondent shall pay disgorgement of \$197,486, prejudgment interest of \$38,650, and a civil penalty of \$30,000, for a total of \$266,136, to the Securities and Exchange Commission. Payment shall be made in four equal installments, with the first payment made within 14 days of the date of this Order, and with the remaining payments made on or before October 31, 2022, January 30, 2023, and April 30, 2023. Payments shall be applied first to post order interest, which accrues pursuant to SEC Rule of Practice 600 and/or pursuant to 31 U.S.C. § 3717. Prior to making the final payment set forth herein, Respondent shall contact the staff of the Commission for the amount due. If Respondent fails to make any payment by the date agreed and/or in the amount agreed according to the schedule set forth above, all outstanding payments under this Order, including post-order interest, minus any payments made, shall become due and payable immediately at the discretion of the staff of the Commission without further application to the Commission.

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 R. Jacob Steele 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.

D. Pursuant to Section 308(a) of the Sarbanes-Oxley Act of 2002, a Fair Fund is created for the disgorgement, prejudgment interest and penalties referenced in paragraphs C 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.

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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