

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

**SECURITIES ACT OF 1933**  
**Release No. 11281 / April 12, 2024**

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 99947 / April 12, 2024**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-20898**

**In the Matter of**

**Petroteq Energy, Inc., and**  
**Aleksandr Blyumkin**

**Respondents.**

**ORDER MAKING FINDINGS AND**  
**IMPOSING DISGORGEMENT AND**  
**PREJUDGMENT INTEREST**  
**PURSUANT TO SECTION 8A OF THE**  
**SECURITIES ACT OF 1933 AND**  
**SECTION 21C OF THE SECURITIES**  
**EXCHANGE ACT OF 1934 AS TO**  
**ALEKSANDR BLYUMKIN**

**I.**

On June 13, 2022, the Securities and Exchange Commission (“Commission”) issued an Order Instituting Cease-and-Desist Proceedings Pursuant to Section 8A of the Securities Act of 1933 and Section 21C of the Securities Exchange Act of 1934, Making Findings and Imposing a Cease-and-Desist Order, and Notice Of Hearing (the “OIP”) against Respondents Petroteq Energy, Inc. (“Petroteq”) and Aleksandr Blyumkin.

**II.**

In connection with these proceedings, Respondent Aleksandr Blyumkin (“Blyumkin” or “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 Making Findings and Imposing Disgorgement and Prejudgment Interest Pursuant to Section 8A of the Securities Act of 1933 and Sections 15(b) and 21C of the Securities Exchange Act of 1934 as to Aleksandr Blyumkin (the

“Order”) as set forth below:<sup>1</sup>

### III.

On the basis of this Order and Respondent’s Offer, the Commission finds<sup>2</sup> that:

1. Petroteq Energy, Inc., incorporated in Canada, has its principal executive offices in Sherman Oaks, California. Its primary business is developing proprietary tar-sands mining and processing technology. Since June 2017, its common stock has traded on the OTC Pink Market, OTCQX International Market, the TSX Venture Exchange in Canada, and on the Frankfurt Stock Exchange in Germany. On October 11, 2018, Petroteq registered its common stock with the Commission under Exchange Act Section 12(g). On May 5, 2023, Petroteq filed a Form 15 with the Commission to terminate such registration.
2. Blyumkin, age 51, resides in Beverly Hills, California. At various times, Blyumkin served as Petroteq’s chairman of the board, executive chairman, president, and chief executive officer (“CEO”) from November 2006 until his resignation on August 6, 2021.
3. The OIP contained factual findings, including:
  - a. This matter involves violations by Petroteq, a public company based in Sherman Oaks, California, and its former executive chairman, Blyumkin. First, Petroteq raised \$7.39 million in an unregistered securities offering from September 2017 to May 2019. Petroteq filed Form D notices with the Commission, signed by Blyumkin, falsely stating that the company paid no sales commissions in the offering. In reality, Petroteq paid commissions exceeding \$2.89 million. Second, Blyumkin withdrew cash for himself from Petroteq’s bank accounts and directed company money to his companies, to his sister, and to companies owned by his brother-in-law and former domestic partner in transactions not disclosed in Petroteq’s Commission filings. As a result of these transactions, which totaled at least \$3,065,595, Blyumkin received financial benefits from Petroteq exceeding his compensation described in Petroteq’s Commission filings. Third, in a transaction negotiated by Blyumkin, Petroteq reported paying \$23.8 million in cash and stock to purchase certain mineral-lease operating rights, which accounted for 32.6% of the company’s total assets. Petroteq’s Commission filings failed to disclose that Petroteq purchased the assets from a related person, as defined in Exchange Act Regulation S-K, Item 404, and failed to disclose details concerning the lack of impairment analysis of the asset’s value.

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<sup>1</sup> The Securities Act of 1933 is herein referred to as the “Securities Act,” and the Securities Exchange Act of 1934 is herein referred to as the “Exchange Act.”

<sup>2</sup> The findings herein are made pursuant to Respondent’s Offer of Settlement. These findings are 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. The findings herein are not binding on any other person or entity in this or any other proceeding.

b. In addition, from at least 2018 through 2020, Petroteq’s independent auditor identified material weaknesses in Petroteq’s internal control over financial reporting (“ICFR”), including that Blyumkin held single-signature authority over Petroteq’s bank accounts and that a material amount of Petroteq’s expenses were personal to Blyumkin. The auditor noted that these weaknesses increased the risk of misappropriation and financial misstatements. Despite these warnings, Blyumkin failed to implement internal accounting controls to address the material weaknesses that the auditor identified. The company failed to conduct an impairment analysis of Petroteq’s operating-rights assets, and the company’s financial statements failed to disclose certain other related-party transactions as required under generally accepted accounting principles (“GAAP”).

4. The OIP found a number of violations of the federal securities laws, including the following violations against Blyumkin:

As a result of the conduct described above, Blyumkin violated Securities Act Sections 5(a) and (c) and 17(a) and Exchange Act Sections 10(b) and 13(b)(5) and Rules 10b-5, 13a-14, 13b2-1, and 13b2-2, thereunder, and caused Petroteq’s violations of Securities Act Sections 5 and 17(a)(1), (2), and (3) and Exchange Act Sections 10(b), 13(a), 13(b)(2)(A), 13(b)(2)(B) and Rules 10b-5, 12b-20, 13a-1, 13a-11, 13a-13, and 13a-15(a) thereunder.

5. As a result of the findings and violations set out in the OIP, and as summarized in Paragraphs III.3. and III.4. above, Blyumkin received unjust enrichment totaling \$1,791,508.

### **Disgorgement**

6. The disgorgement and prejudgment interest ordered in paragraph IV.A., below, is consistent with equitable principles, does not exceed Respondent’s net profits from his violations and will be distributed to harmed investors, if feasible. The Commission will hold funds paid pursuant to paragraph IV in an account at the United States Treasury pending a decision whether the Commission in its discretion will seek to distribute funds. If a distribution is determined feasible and the Commission makes a 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 transferred to the general fund of the U.S. Treasury, subject to Section 21F(g)(3) of the Exchange Act.

## **IV.**

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

Accordingly, it is hereby ORDERED that:

A. Respondent shall pay disgorgement of \$1,791,508 and prejudgment interest of

\$210,201.26, for a total of \$2,001,709.26, to the Securities and Exchange Commission as directed below. Payment shall be made in the following installments: (1) \$100,000 within 90 days of the entry of the Order; (2) \$100,000 within 180 days of the entry of the Order; (3) \$400,000 within 270 days of the entry of the Order; and (4) the remaining balance within 364 days of the entry of the Order. Payments shall be applied first to post-order interest, which accrues pursuant to SEC Rule of Practice 600. 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 Aleksandr Blyumkin 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 Eric R. Werner, Regional Director, Division of Enforcement, Securities and Exchange Commission, Fort Worth Regional Office, Suite 1900, 801 Cherry Street, Fort Worth, Texas 76102.

## 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