

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934

Release No. 102481 / February 24, 2025

ADMINISTRATIVE PROCEEDING

File No. 3-16000

In the Matter of

**Houston American Energy Corp.,
John F. Terwilliger, Jr.,
Undiscovered Equities Inc., and
Kevin T. McKnight,**

Respondents.

**ORDER APPROVING APPLICATION OF
FUND ADMINISTRATOR FOR
PAYMENT OF FEES AND EXPENSES
AND AUTHORIZING THE APPROVAL
AND PAYMENT OF FEES AND
EXPENSES OF ADMINISTRATION**

On April 23, 2015, the Commission issued two Orders¹ settling previously instituted cease-and-desist proceedings² against Houston American Energy Corp. (“Houston American”), John F. Terwilliger, Jr. (“Terwilliger”), Undiscovered Equities Inc. (“Undiscovered Equities”), and Kevin T. McKnight (“McKnight”) (collectively, the “Respondents”). In the Orders, the Commission found that between November 2009 and April 2010, Houston American, Terwilliger and their agents, promoted Houston American’s interest in a Colombian oil and gas production area known as “CPO-4 block.” Houston American and Terwilliger made a series of fraudulent statements and omissions that materially exaggerated CPO-4 block’s value to Houston American and downplayed any associated risks. In doing so, Houston American entered into an agreement with Undiscovered Equities, a marketing firm owned and operated by McKnight that specialized in small-cap stock promotion, to post on its website and distribute to its subscribers a series of promotion articles about Houston American and its investment in CPO-4 block. Undiscovered Equities disclosed that it was compensated by Houston American, but did not disclose the amount of compensation it received. As a result of this conduct, Houston American’s stock price increased from approximately \$4.00 per share to \$20.00 per share, and its market capitalization increased from less than \$150 million to more than \$600 million. As the truth about the CPO-4 block emerged, Houston American’s stock price plummeted.

¹ See Order Making Findings and Imposing Remedial Sanctions and a Cease-and-Desist Order Pursuant to Section 8A of the Securities Act of 1933 and Section 21C of the Securities Exchange Act of 1934 as to Houston American Energy Corp. and John F. Terwilliger, Securities Act Rel. No. 9756 (Apr. 23, 2015) and Order Making Findings and Imposing Remedial Sanctions and a Cease-and-Desist Order Pursuant to Section 8A of the Securities Act of 1933 as to Undiscovered Equities, Inc. and Kevin T. McKnight, Securities Act Rel. No. 9757 (Apr. 23, 2015) (collectively, the “Orders”).

² See Order Instituting Cease-and-Desist Proceedings Pursuant to Section 8A of the Securities Act of 1933 and 21C of the Securities Exchange Act of 1934, Securities Act Rel. No. 9621 (Aug. 4, 2014).

In their respective Orders, the Commission ordered Houston American to pay a civil money penalty of \$400,000, Terwilliger to pay a civil money penalty of \$150,000, and McKnight to pay a civil money penalty of \$22,500, for a total of \$572,500 to the Commission.

The Respondents have paid a total of \$572,500 to the Commission, as ordered.

On July 16, 2018, the Commission issued an order that created a Fair Fund, pursuant to Section 308(a) of the Sarbanes-Oxley Act of 2002, so the penalties collected can be distributed to harmed investors (the “Fair Fund”), appointed Heffler Claims Group as the fund administrator of the Fair Fund, and set the administrator’s bond amount.³

The Fair Fund consists of the \$572,500.00 collected from the Respondents. The Fair Fund has been deposited in a Commission-designated account at the U.S. Department of the Treasury, and any accrued interest will be added to the Fair Fund.

In accordance with Rule 1105(d) of the Commission’s Rules,⁴ the Fund Administrator has submitted to the Commission staff an invoice for services rendered between July 16, 2018, and January 31, 2024, totaling \$85,945.92. The Commission staff has reviewed the Fund Administrator’s invoices, confirmed that the services have been provided, and finds the fees and expenses of \$85,945.92 to be reasonable. The Commission staff has requested that the Commission authorize the Office of Financial Management (“OFM”) to pay the Fund Administrator’s fees and expenses of \$85,945.92 from the Fair Fund in accordance with Rule 1105(e) of the Commission’s Rules.⁵

Additionally, to expedite and streamline the process for future payments, the Commission staff has requested that the Commission authorize OFM, at the direction of an Assistant Director of the Office of Distributions, to pay the Fund Administrator’s fees and expenses from the Fair Fund so long as the total amount paid to the Fund Administrator, including the invoice to be paid, does not exceed the total amount of an approved cost proposal submitted by the Fund Administrator.

Accordingly, it is hereby ORDERED, pursuant to Rule 1105(d) of the Commission’s Rules,⁶ that OFM pay the Fund Administrator’s fees and expenses of \$85,945.92 from the Fair Fund in accordance with Rule 1105(e) of the Commission’s Rules.⁷ Further, OFM is authorized to pay, at the direction of an Assistant Director of the Office of Distributions, any fees and expenses of the Fund Administrator from the Fair Fund in accordance with Rule 1105(e) of the Commission’s Rules,⁸ so long as the total amount paid to the Fund Administrator, including the

³ Order Establishing a Fair Fund, Appointing Fund Administrator, and Setting the Administrator’s Bond Amount, Exchange Act Rel. No. 83636 (July 16, 2018).

⁴ 17 C.F.R. § 201.1105(d).

⁵ 17 C.F.R. § 201.1105(e).

⁶ 17 C.F.R. § 201.1105(d).

⁷ 17 C.F.R. § 201.1105(e).

⁸ 17 C.F.R. § 201.1105(e).

invoice to be paid, does not exceed the total amount of an approved cost proposal submitted by the Fund Administrator.

For the Commission, by the Division of Enforcement, pursuant to delegated authority.⁹

Vanessa A. Countryman
Secretary

⁹ 17 C.F.R. § 200.30-4(a)(21)(vi).