

UNITED STATES OF AMERICA  
Before the  
SECURITIES AND EXCHANGE COMMISSION

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SECURITIES ACT OF 1933  
Release No. 10264/December 8, 2016

SECURITIES EXCHANGE ACT OF 1934  
Release No. 79507/December 8, 2016

INVESTMENT COMPANY ACT OF 1940  
Release No. 32383/December 8, 2016

ADMINISTRATIVE PROCEEDING  
File No. 3-17716

In the Matter of

ROBERT L. BAKER,  
JACOB B. HERRERA,  
MICHAEL D. BOWEN and  
TERRENCE A. BALLARD,

Respondents.

ANSWER OF RESPONDENT  
JACOB B. HERRERA

Jacob B. Herrera, one of the Respondents herein, files this his answer to the Order Instituting Administrative and Cease-and Desist Proceedings (the "Order") filed herein, as follows:

I.

**Preservation of Constitutional Challenge**

Under the precedent of *Freytag v. Commissioner of Internal Revenue*, 501 U.S. 868 (1991) and *Bandimere v. S.E.C.*, \_\_\_ F.3d \_\_\_, 2016 WL 7439007 (10<sup>th</sup> Cir., December 27, 2016), Respondent challenges the authority of the Administrative Law Judge to hear this matter under the Appointments Clause of the United States Constitution, U.S. Const. Art. III, §2.

II.

**Exemptions from Registration Requirements**

Respondent Herrera alleges that the investment products at issue in this matter were exempt from registration under Regulation D, 17 C.F.R. § 230.501 et seq.

**III.**  
**Specific Admissions and Denials**

1. Herrera denies Paragraph 1 of the Order insofar as it pertains to him.
2. Herrera denies Paragraph 2 of the Order insofar as it pertains to him.
3. Herrera does not have sufficient information to admit or deny Paragraph 3 of the Order and therefore it is denied.
4. Herrera does not have sufficient information to admit or deny Paragraph 4 of the Order and therefore it is denied.
5. Herrera admits Paragraph 4 of the Order.
6. Herrera does not have sufficient information to admit or deny Paragraph 5 of the Order and therefore it is denied.
7. Herrera does not have sufficient information to admit or deny Paragraph 6 of the Order and therefore it is denied.
8. Herrera does not have sufficient information to admit or deny Paragraph 7 of the Order and therefore it is denied.
9. Herrera does not have sufficient information to admit or deny Paragraph 8 of the Order and therefore it is denied.
10. Herrera does not have sufficient information to admit or deny Paragraph 9 of the Order and therefore it is denied.
11. Herrera does not have sufficient information to admit or deny Paragraph 10 of the Order and therefore it is denied.
12. Herrera does not have sufficient information to admit or deny Paragraph 11 of the Order and therefore it is denied.
13. Herrera does not have sufficient information to admit or deny Paragraph 12 of the Order and therefore it is denied.
14. Herrera does not have sufficient information to admit or deny Paragraph 13 of the Order and therefore it is denied.
15. Herrera denies Paragraph 14 of the Order.
16. Herrera denies Paragraph 15 of the Order.
17. Herrera denies Paragraph 16 of the Order.
18. Herrera admits that between 2011 and 2016 he participated in sales of working interests for BOG, Crude, and Patriot, and royalty interests in oil and gas prospects for BRC, CR, and PR; otherwise, Herrera denies Paragraph 17 of the Order.
19. Herrera denies Paragraph 18 of the Order.
20. Herrera admits Paragraph 19 of the Order insofar as it pertains to him, but he denies the allegation that he was engaged in cold-calling.
21. Herrera denies Paragraph 20 of the Order insofar as it pertains to him except that he admits that he received a fixed salary of [REDACTED] every two weeks.
22. Herrera denies Paragraph 21 of the Order insofar as it pertains to him except that he admits he received additional compensation paid to Boardwalk Consulting or JH Field Services. Herrera lacks sufficient information at this time to either admit or deny the exact amount allegedly paid to him and therefore denies such allegation.
23. Herrera admits Paragraph 22 of the Order insofar as it pertains to him.

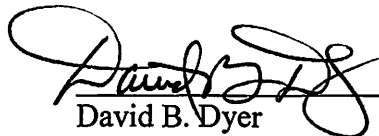
24. Herrera lacks sufficient information to either admit or deny Paragraph 23 of the Order and therefore it is denied.
25. Herrera denies Paragraph 24 of the Order insofar as it pertains to him.
26. Herrera denies Paragraph 25 of the Order insofar as it pertains to him.
27. Section III of the Order describes the matters requested to be determined in this proceeding and does not make allegations of fact or law requiring admission or denial.
28. Section IV of the Order contains administrative matters and instructions and does not make allegations of fact or law requiring admission or denial.

**IV.**  
**Affirmative Defenses**

1. Respondent Herrera pleads that some or all of the requests for relief are barred by limitations.
2. Respondent Herrera pleads that he relied on the advice of his supervisors and their retained professionals.
3. Pursuant to Section 201.630, Respondent Herrera gives notice of his intent to present evidence of his inability to pay disgorgement, interest or a penalty.

Wherefore, Respondent Herrera requests an evidentiary hearing and thereafter this matter be dismissed for lack of jurisdiction or alternatively that it be dismissed on the merits.

Respectfully submitted,



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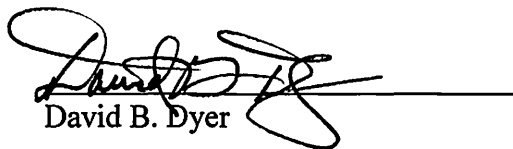
**CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of the foregoing has been served on the 3<sup>rd</sup> day of March, 2017, on the following counsel of record:

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