UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934

ADMINISTRATIVE PROCEEDING
File No. 3-17632

In the Matter of
JOHN M. LEONARD,
Respondent.

ORDER MAKING FINDINGS AND
IMPOSING REMEDIAL SANCTIONS
PURSUANT TO SECTION 15(b) OF THE
SECURITIES EXCHANGE ACT OF 1934

I.

On October 19, 2016, the Securities and Exchange Commission (“Commission”) issued an
Order Instituting Administrative Proceedings Pursuant to Section 15(b) of the Securities Exchange

II.

In connection with these proceedings, Leonard 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 and the findings
contained in Section III.2 below, which are admitted, Respondent consents to the entry of this
Order Making Findings and Imposing Remedial Sanctions Pursuant to Section 15(b) of the

III.

On the basis of this Order and Respondent’s Offer, the Commission finds that:

1. From March 2010 through June 2011, Leonard offered and sold securities in the
   form of limited-partnership units (“LP units”) issued by Quest Energy Management Group, Inc.
   (“Quest”) in a limited partnership called Permian Advanced Oil Recovery Investment Fund I, L.P.
Leonard served as a broker in these transactions, but he was neither registered with the Commission as a broker nor associated with a Commission-registered broker.


3. The Commission alleged, and the Court specifically found, that from January 2010 through June 2011, Leonard: (i) solicited prospective investors in person, by phone, and by email; (ii) recommended the PAOR investment to investors; (iii) negotiated transactions in PAOR LP units and closed the sales; (iv) distributed, directly and indirectly, a PAOR private placement memoranda and other offering materials; and (v) received a 10-percent commission from Quest on each PAOR LP unit sale. No registration statement was filed with the Commission regarding the PAOR LP units.

4. The Court found that Leonard acted as a broker in sales of PAOR LP units (or fractions thereof) to 13 investors who collectively invested more than $4 million. Leonard received $405,698 in commissions on those sales. The Court found that Leonard – while not being registered as a broker – used means of interstate commerce to effect transactions in PAOR LP units in violation of Exchange Act Section 15(a). The Court further found that $405,698 was a reasonable approximation of the ill-gotten gains causally connected to Leonard’s violations, and ordered Leonard to disgorge that amount.

IV.

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

Accordingly, it is hereby ORDERED pursuant to Section 15(b)(6) of the Exchange Act, that Respondent Leonard be, and hereby is:

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

barred 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.

Any reapplication for association by the Respondent will be subject to the applicable laws and regulations governing the reentry process, and reentry may be conditioned upon a number of
factors, including, but not limited to, the satisfaction of any or all of the following: (a) any disgorgement ordered against the Respondent, whether or not the Commission has fully or partially waived payment of such disgorgement; (b) any arbitration award related to the conduct that served as the basis for the Commission order; (c) any self-regulatory organization arbitration award to a customer, whether or not related to the conduct that served as the basis for the Commission order; and (d) any restitution order by a self-regulatory organization, whether or not related to the conduct that served as the basis for the Commission order.

For the Commission, by its Secretary, pursuant to delegated authority.

Brent J. Fields
Secretary