

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 80170 / March 7, 2017

ADMINISTRATIVE PROCEEDING
File No. 3-17867

In the Matter of

HARRISON W.
SCHUMACHER, II,

Respondent.

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

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative proceedings be, and hereby are, instituted pursuant to Section 15(b) of the Securities Exchange Act of 1934 (“Exchange Act”) against Harrison W. Schumacher, II (“Respondent”).

II.

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (“Offer”) that the Commission has determined to accept. Respondent admits the facts set forth in Section III, below, acknowledges that his conduct violated the federal securities laws, admits the Commission’s jurisdiction over him and the subject matter of these proceedings, and consents to the entry of this Order Instituting Administrative Proceedings Pursuant to Section 15(b) of the Securities Exchange Act of 1934 Making Findings, and Imposing Remedial Sanctions (“Order”), as set forth below.

III.

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

1. Harrison W. Schumacher, II (age 61), is a resident of California. He was the co-founder, sole principal, and managing member of Quaneco LLC and Quantum Energy, LLC ("Quantum"). He and Paul Mysyk founded Quantum, Quaneco, LLC ("Quaneco"), and Quaneco Energy Holdings, LLC (collectively the "Quantum Entities") in 1996.

2. On February 21, 2017, a final judgment was entered by consent against Schumacher that, among other things, permanently enjoined him from future violations of Sections 5 and 17(a) of the Securities Act of 1933 ("Securities Act"), and Sections 10(b) and 15(a) of the Exchange Act and Rule 10b-5 thereunder ("Final Judgment"), in the civil action entitled Securities and Exchange Commission v. Harrison Schumacher, et al., Civil Action Number 2:15-cv-06388-DDP-RAO, in the United States District Court for the Central District of California, Western Division ("Civil Action").

3. The Commission's complaint alleged that, in connection with the sale of private unregistered offerings and investment contracts, including interests specifically pertaining to overriding royalty interests and working interests in oil and gas properties, Schumacher misused and misappropriated investor funds, falsely stated to investors how their funds would be invested, and otherwise engaged in a variety of conduct that operated as a fraud and deceit on investors. The complaint further alleged that Schumacher sold unregistered securities and engaged in the business of effecting transactions in securities for the account of others in interstate commerce without being registered with the Commission as a broker-dealer.

4. In connection with the Final Judgment entered by Court, Respondent admitted to facts amounting to violations of Sections 5 and 17(a) of the Securities Act and Sections 10(b) and 15(a) and Rule 10b-5 thereunder of the Exchange Act. Respondent's factual admissions are contained in Annex A to his Consent (*See* Civil Action, Dkt. No. 76), were incorporated by reference in the Final Judgment, and are fully incorporated herein.

IV.

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

Accordingly, it is hereby ORDERED pursuant to Section 15(b)(6) of the Exchange Act, that Respondent Schumacher be, and hereby is barred from association with a broker, dealer, investment adviser, transfer agent, municipal securities dealer, municipal advisor, and nationally recognized statistical rating organization.

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.

By the Commission.

Brent J. Fields
Secretary