

UNITED STATES OF AMERICA
before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 85398 / March 22, 2019

ACCOUNTING AND AUDITING ENFORCEMENT
Release No. 4031 / March 22, 2019

ADMINISTRATIVE PROCEEDING
File No. 3-19115

In the Matter of

**JUDSON F. “RICK”
HOOVER, CPA,**

Respondent.

**ORDER INSTITUTING PUBLIC
ADMINISTRATIVE PROCEEDINGS
PURSUANT TO RULE 102(e) OF THE
COMMISSION’S RULES OF PRACTICE,
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 against Judson F. “Rick” Hoover (“Respondent” or “Hoover”) pursuant to Rule 102(e)(3)(i) of the Commission’s Rules of Practice.¹

II.

In anticipation of the institution of these proceedings, 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, and the findings contained in Section III.3 below, which are admitted, Respondent

¹ Rule 102(e)(3)(i) provides, in relevant part, that:

The Commission, with due regard to the public interest and without preliminary hearing, may, by order, . . . suspend from appearing or practicing before it any . . . accountant . . . who has been by name . . . permanently enjoined by any court of competent jurisdiction, by reason of his or her misconduct in an action brought by the Commission, from violating or aiding and abetting the violation of any provision of the Federal securities laws or of the rules and regulations thereunder.

consents to the entry of this Order Instituting Public Administrative Proceedings Pursuant to Rule 102(e) of the Commission's Rules of Practice, 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. Hoover, age 60, is and has been a certified public accountant licensed to practice in the state of Colorado. He served as Chief Financial Officer of Breitling Energy Corporation ("BECC") from February 2014 until his termination in February 2015. Prior to February 2014, he served as a consultant to BECC and Breitling Oil & Gas Corporation ("BOG").

2. BECC was, at all relevant times, a Nevada corporation with its principal place of business in Dallas, Texas. At all relevant times, BECC purported to be in the business of acquiring and developing oil-and-gas prospects in Texas, Oklahoma and North Dakota. At all relevant times, BECC's stock was registered with the Commission pursuant to 12(g) of the Securities Exchange Act of 1934 ("Exchange Act") and was quoted on OTC Link operated by OTC Markets Group, Inc. ("OTC Link").

3. On June 24, 2016, the Commission filed a complaint, and on August 11, 2016, an amended complaint, against Hoover and others in *SEC v. Christopher A. Faulkner, et al.* (Civil Action No. 3:16-1735-D (N.D. Tex.)). On December 19, 2018, the court entered an order permanently enjoining Hoover, by consent, from violating Sections 10(b) of Exchange Act and Exchange Act Rules 10b-5, 13a-14, 13b2-1, and 13b2-2, and from aiding and abetting violations of Exchange Act Sections 13(a), 13(b)(2)(A), and 13(b)(2)(B) and Exchange Act Rules 13a-1, 13a-11, 13a-13, and 12b-20. Hoover was also ordered to pay a civil penalty of \$160,000.

4. The Commission's complaint, as amended, alleged that between December 2013 and February 2015, Hoover participated with others in a scheme that served to defraud investors who purchased oil-and-gas securities in transactions with four companies: BECC, BOG, Crude Energy, LLC ("Crude"), and Patriot Energy, Inc. Hoover signed several of BECC's public reports filed with the Commission that contained materially false and misleading representations about, among other things, BECC's relationship with Crude, BECC's business model and results and operation, and BECC's internal controls. Hoover also made similar false and misleading statements to the company's auditors. Moreover, Hoover also approved the reimbursement of personal expenses charged by BECC's CEO, Christopher A. Faulkner as if they were legitimate business expenses, without any regard for BECC's reimbursement policy. Furthermore, Hoover also aided-and-abetted BECC's failure to keep and maintain accurate books and records.

IV.

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

Accordingly, it is hereby ORDERED, effective immediately, that:

A. Hoover is suspended from appearing or practicing before the Commission as an accountant for five years from the date of this Order.

B. After five years from the date of this Order, Hoover may request that the Commission consider his reinstatement by submitting an application (attention: Office of the Chief Accountant) to resume appearing or practicing before the Commission as:

1. a preparer or reviewer, or a person responsible for the preparation or review, of any public company's financial statements that are filed with the Commission (other than as a member of an audit committee, as that term is defined in Section 3(a)(58) of the Securities Exchange Act of 1934). Such an application must satisfy the Commission that Hoover's work in his practice before the Commission as an accountant will be reviewed either by the independent audit committee of the public company for which he works or in some other acceptable manner, as long as he practices before the Commission in this capacity; and/or

2. a preparer or reviewer, or a person responsible for the preparation or review, of any public company's financial statements that are filed with the Commission as a member of an audit committee, as that term is defined in Section 3(a)(58) of the Securities Act of 1934. Such an application will be considered on a facts and circumstances basis with respect to such membership, and the applicant's burden of demonstrating good cause for reinstatement will be particularly high given the role of the audit committee in financial and accounting matters; and/or

3. an independent accountant.

Such an application must satisfy the Commission that:

(a) Hoover, or the public accounting firm with which he is associated, is registered with the Public Company Accounting Oversight Board ("Board") in accordance with the Sarbanes-Oxley Act of 2002, and such registration continues to be effective;

(b) Hoover, or the registered public accounting firm with which he is associated, has been inspected by the Board and that inspection did not identify any criticisms of or potential defects in the Hoover's or the firm's quality control system that would indicate that the respondent will not receive appropriate supervision;

(c) Hoover has resolved all disciplinary issues with the Board, and has complied with all terms and conditions of any sanctions imposed by the Board (other than reinstatement by the Commission); and

(d) Hoover acknowledges his responsibility, as long as he appears or practices before the Commission as an independent accountant, to comply with all requirements of the Commission and the Board, including, but not limited to, all requirements relating to registration, inspections, concurring partner reviews and quality control standards.

C. The Commission will consider an application by Hoover to resume appearing or

practicing before the Commission provided that his state CPA license is current and he has resolved all other disciplinary issues with the applicable state boards of accountancy. However, if state licensure is dependent on reinstatement by the Commission, the Commission will consider an application on its other merits. The Commission's review may include consideration of, in addition to the matters referenced above, any other matters relating to Hoover's character, integrity, professional conduct, or qualifications to appear or practice before the Commission as an accountant. Whether an application demonstrates good cause will be considered on a facts and circumstances basis with due regard for protecting the integrity of the Commission's processes.

By the Commission.

Vanessa A. Countryman
Acting Secretary