

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 86739 / August 22, 2019

ADMINISTRATIVE PROCEEDING
File No. 3-19372

In the Matter of

BRIAN J. POLITO,

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 Brian J. Polito (“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. Polito was the sole owner and operator of GC Resources, LLC (“GCR”) during all relevant periods. GCR was a Texas limited liability company with its principal place of business in Dallas, Texas, which offered and sold unregistered securities to the public in the form of working

interests in oil and gas wells. Polito, 37 years old, is a resident of Dallas, Texas, but is currently serving a prison sentence in Forrest City, Arkansas.

2. On May 7, 2018, a final judgment was entered by consent against Polito, permanently enjoining him from future violations of Sections 5(a), 5(c), and 17(a) of the Securities Act of 1933 (“Securities Act”), Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, in the civil action entitled *SEC v. GC Resources, LLC, et al.*, civil action No. 3:15-cv-1048, in the United States District Court for the Northern District of Texas, Dallas Division.

3. The Commission’s complaint alleged that, in connection with the sale of working interests in oil and gas wells, Polito misused and misappropriated investor funds, falsely stated to investors that their funds were invested in wells he did not own, created false documents to support his lies, and otherwise engaged in a variety of conduct which operated as a fraud and deceit on investors. The complaint also alleged that Polito offered and sold unregistered securities.

4. On April 6, 2015, Polito pled guilty to one count of mail fraud in violation of Title 18 United States Code, Section 1341 before the United States District Court for the Northern District of Texas, Dallas Division, in *United States v. Brian J. Polito*, Case No. 3:15-cr-124. On December 14, 2015, a judgment in the criminal case was entered against Polito. He was sentenced to a prison term of 84 months followed by three years of supervised release and ordered to make restitution in the amount of \$8,768,351.70.

5. In connection with that plea, Respondent admitted that:

- (a) he knowingly devised or intended to devise a scheme to defraud;
- (b) the scheme to defraud employed false material representations;
- (c) he mailed something or caused something to be sent through the United States Postal Service or a private or commercial interstate carrier for the purpose of executing such scheme; and
- (d) he acted with the specific intent to defraud.

IV.

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

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

Pursuant to Section 15(b)(6) of the Exchange Act Respondent Polito be, and hereby is 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.

Vanessa A. Countryman
Secretary