

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 87439 / November 1, 2019

ADMINISTRATIVE PROCEEDING
File No. 3-19525

In the Matter of

MATTHEW LEAVERTON,

Respondent.

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

I.

On September 26, 2019, the Securities and Exchange Commission (“Commission”) issued an Order Instituting Administrative Proceedings Pursuant to Section 15(b) of the Securities Exchange Act of 1934 (“Exchange Act”) and Notice of Hearing against Respondent Matthew Leaverton (“Leaverton” or “Respondent”).

II.

In connection with 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, Respondent admits the Commission’s jurisdiction over him and the subject matter of these proceedings, and the findings contained in paragraphs III.2 and III.4 below, and consents to the entry of this Order Making Findings and Imposing Remedial Sanctions Pursuant to Section 15(b) of the Securities Exchange Act of 1934 (“Order”), as set forth below.

III.

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

1. Leaverton, 42, was formerly a resident of Garland, Texas. He served as Senior Director of Texas Energy Mutual, LLC ("TEM"), an oil and gas company headquartered in Grapevine, Texas, that, from at least 2013 through August 2016, offered and sold securities to investors in the form of units in oil-and-gas drilling programs—known as "Thunderhead" and the "Mineral Interest Leasing Program" ("MILP")—and in promissory notes purportedly backed by oil and gas assets. Leaverton previously held Series 22 and Series 63 licenses, but those licenses were terminated by 2005.

2. On May 13, 2019, a final judgment was entered by consent against Leaverton, permanently enjoining him from, among other things, future violations of Sections 5(a), 5(c), and 17(a) of the Securities Act of 1933 ("Securities Act") and Sections 10(b) and 15(a)(1) of the Exchange Act and Rule 10b-5 thereunder, in the civil action titled *Securities and Exchange Commission v. James VanBlaricum, et al.*, Civil Action Number 4:18-CV-518-O, in the United States District Court for the Northern District of Texas.

3. The Commission's Complaint alleged that, despite not being registered as a broker, Leaverton offered and sold unregistered securities to investors by cold-calling them, assisting other salespeople with calls, providing investors with sales materials and advice, closing sales, and receiving transaction-based compensation for those sales. Further, the Complaint alleged that the Defendants, including Leaverton, knew the offering materials and website contained materially false and misleading information, including that (1) the securities had a guaranteed return of 10% per year; (2) the drilling programs were productive and profitable, when many of the wells were dry holes; and (3) investor funds would be used for a variety of legitimate oil-and-gas related activities when, in fact, they were being used to pay, among other things, Ponzi payments to other investors, significant personal expenses of VanBlaricum and others, and large undisclosed sales commissions. The Complaint also alleged that Leaverton knew that VanBlaricum controlled TEM, but concealed his involvement and used an alias when dealing with investors to hide his past history as a securities fraud recidivist.

4. On September 20, 2017, Leaverton pled guilty to one count of conspiracy to commit mail fraud in violation of 18 U.S.C. § 371 (18 U.S.C. § 1341) before the United States District Court for the Northern District of Texas, in *United States v. Matthew Leaverton*, Case No. 4:16-CR-00283-Y(4). On April 6, 2018, a judgment in the criminal case was entered against Leaverton, sentencing him to 60 months in prison, followed by three years of supervised release. He was also ordered to make restitution, jointly and severally with criminal co-defendants VanBlaricum, Rodney Pope, and Chet Inglis, in the amount of \$13,547,407.09.

5. In connection with that plea, Respondent admitted, among other things, that he:
 - a. and his criminal co-defendants knowingly and willfully conspired to commit mail fraud to enrich themselves by receiving compensation under false pretenses;
 - b. was listed in the marketing materials as Senior Director of TEM and acted as a sales agent—or “closer”—who was responsible for convincing investors to invest large sums of money with TEM;
 - c. was TEM’s leading sales agent during the course of the conspiracy;
 - d. knowingly assisted VanBlaricum in carrying out the scheme to defraud;
 - e. and others would, and did, falsely represent that: (1) the investments would earn an “assured” annual rate of return of 10% and investors would receive a full refund of their initial investment amount after a defined period of time; (2) TEM would spend investors’ money to purchase mineral leases and oil and gas wells, when, in fact, he knew that TEM intended to spend a substantially smaller percentage of the money on mineral leases and oil and gas well projects, while using a substantial part of the investors’ money for purposes that the investors did not authorize or even know about, namely undisclosed sales commissions; and (3) TEM’s oil and gas well projects were productive and profitable, when, in fact, most were “dry holes,” produced oil for a short period of time, or had not been drilled; and
 - f. knew that VanBlaricum identified himself to investors using a false name.

IV.

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

Accordingly, it is hereby ORDERED pursuant to Section 15(b)(6) of the Exchange Act, that Respondent Leaverton 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 Leaverton 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, compliance with the Commission's order and payment of any or all of the following: (a) any disgorgement or civil penalties ordered by a Court against the Respondent in any action brought by the Commission; (b) any disgorgement amounts ordered against the Respondent for which the Commission waived payment; (c) any arbitration award related to the conduct that served as the basis for the Commission order; (d) 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 (e) 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