

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 87494 / November 8, 2019

ADMINISTRATIVE PROCEEDING
File No. 3-19517

In the Matter of

CHET INGLIS,

Respondent.

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

I.

On September 25, 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 Chet Inglis (“Inglis” 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. Inglis, 46, was formerly a resident of Fort Worth, Texas. He was one of two managing members 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. Inglis has never held a securities license and, prior to working for TEM, did not have any experience in the oil and gas industry.

2. On July 6, 2018, a final judgment was entered by consent against Inglis, 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 Inglis served as a public face of TEM, even though co-Defendant James E. VanBlaricum actually directed TEM’s day-to-day business operations. The Complaint further alleged that Inglis marketed and sold unregistered securities to investors without being registered as a broker, managed TEM’s website and marketing efforts, and received transaction-based compensation without being registered as a broker. Additionally, the Complaint alleged that Inglis assisted in drafting the offering materials and in preparing and reviewing TEM’s website. The Complaint also alleged that Inglis knew the offering materials and website contained materially misleading and false 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, and large undisclosed sales commissions. Inglis also 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 13, 2017, Inglis 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. Chet Inglis*, Case No. 4:16-CR-00283-Y(3). On February 2, 2018, a judgment in the criminal case was entered against Inglis, sentencing him to 30 months in prison, followed by three years of supervised release. He was also ordered to make restitution, jointly and severally with his criminal co-defendants, in the amount of \$1,805,480.67.

5. In connection with that plea, Respondent admitted, among other things, that he:
- a. knowingly and willfully conspired with the other defendants to commit mail fraud and illegally enriched themselves by receiving compensation under false pretenses;
 - b. knowingly assisted VanBlaricum in carrying out a scheme to defraud;

- c. was in charge of “marketing and communications” for TEM, which entailed creating the marketing materials, both physical and digital, that were sent to prospective investors to help induce them to invest;
- d. was responsible for TEM’s website design and development;
- 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 with 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 Inglis’s Offer.

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