UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES ACT OF 1933
Release No. 10856 / September 28, 2020

SECURITIES EXCHANGE ACT OF 1934
Release No. 90027 / September 28, 2020

ADMINISTRATIVE PROCEEDING
File No. 3-20088

In the Matter of

David Taylor,
Respondent.

ORDER INSTITUTING
ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS PURSUANT TO
SECTION 8A OF THE SECURITIES ACT
OF 1933 AND SECTIONS 15(b) AND 21C
OF THE SECURITIES EXCHANGE ACT
OF 1934, MAKING FINDINGS, AND
IMPOSING A CEASE-AND-DESIST
ORDER

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate that
administrative and cease-and-desist proceedings be, and hereby are, instituted pursuant to Section
8A of the Securities Act of 1933 (“Securities Act”) and Sections 15(b) and 21C of the Securities

II.

In anticipation of the institution of these proceedings, Taylor 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, which are
admitted, and except as provided herein in Section V, Taylor consents to the entry of this Order
Instituting Administrative and Cease-and-Desist Proceedings Pursuant To Section 8A of the
Securities Act of 1933 and Sections 15(b) and 21C of the Securities Exchange Act of 1934,
Making Findings, and Imposing a Cease-and-Desist Order (“Order”), as set forth below.
III.

On the basis of this Order and Taylor’s Offer, the Commission finds\(^1\) that:

**Summary**

1. This matter concerns violations of the federal securities laws by Taylor in connection with an oil drilling project conducted by Crudefunders, LLC (“Crudefunders”), an unregistered, online equity crowdfunding portal. Between July 2014 and December 2017, Taylor was one of the owners and managers of Crudefunders, which conducted several securities offerings through telephone solicitations and its website, www.crudefunders.com. Taylor violated Sections 17(a)(2) and 17(a)(3) of the Securities Act by making undisclosed withdrawals from investor funds in order to pay for Crudefunders’ business operations and provide compensation for himself and other Crudefunders employees. Taylor also violated Securities Act Sections 5(a) and 5(c) by offering and selling unregistered securities that did not qualify for an exemption, and violated Exchange Act Section 15(a) by acting as an unregistered broker-dealer.

**Respondent**

2. **David Taylor**, age 46, resides in Dallas, Texas. Taylor has never held any securities licenses and has never been registered with the Commission in any capacity.

**Other Relevant Entity**

3. **Crudefunders**, LLC is a privately owned, Texas-based limited liability company that was incorporated in Texas on July 17, 2014. From early 2015 until early 2019, Crudefunders operated www.crudefunders.com through which it collected information about potential investors and sold securities related to oil-drilling projects. Crudefunders has never been registered with the Commission in any capacity. Crudefunders substantially ceased its operations and took down its website in or about early 2019.

**The Morbitzer #1 Offering**

4. Between April 2015 and June 2017, Crudefunders raised approximately $525,000 from fifteen investors through the unregistered sale of securities for an oil drilling project called “Morbitzer #1.” In connection with this project, Taylor offered securities to at least three individuals, two of whom invested in the offering. Prior to his role with Crudefunders, Taylor did not have any experience in the oil and gas industry.

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\(^1\) The findings herein are made pursuant to Taylor’s Offer of Settlement and are not binding on any other person or entity in this or any other proceeding.
5. As part of his role as Crudefunders’ Chief Marketing Officer, Taylor created promotional materials about Morbitzer #1 that were distributed to potential investors. These materials did not disclose that Crudefunders and its employees would receive commissions from investor funds. Neither Taylor nor anyone else at Crudefunders submitted filings to the Commission related to Morbitzer #1.

6. Between April 2015 and October 2015, Taylor was a signatory to the bank account which held the funds submitted by Morbitzer #1 investors, and withdrew approximately $60,000 from that account to pay for Crudefunders’ business expenses unrelated to Morbitzer #1 and to issue commissions to himself and other Crudefunders employees based on the solicitation of investors. These payments and commissions were not disclosed in the Morbitzer #1 offering materials. The Morbitzer #1 well was ultimately drilled, but the project was abandoned after an oil exploration company determined that the well did not contain commercially viable quantities of hydrocarbons.

Taylor’s Cooperation

7. The Commission considered Taylor’s cooperation in determining to accept the Offer. Taylor voluntarily provided information that accelerated the investigation by the Commission’s staff in connection with this matter.

Violations

8. As a result of his conduct in the Morbitzer #1 offering, Taylor:

violated Section 17(a)(2) of the Securities Act, which makes it unlawful in the offer or sale of securities to obtain money or property by means of any untrue statement of a material fact or any omission to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading;

violated Section 17(a)(3) of the Securities Act, which proscribes, in the offer or sale of securities, any transaction, practice or course of business which operates or would operate as a fraud or deceit upon a purchaser of securities;

willfully violated Section 5(a) of the Securities Act, which prohibits the sale of securities through interstate commerce or the mails unless a registration statement is in effect;

willfully violated Section 5(c) of the Securities Act, which prohibits any offer to sell any security through interstate commerce or the mails unless a registration statement has been filed as to such security with the Commission; and

willfully violated Section 15(a)(1) of the Exchange Act, which provides that, absent an exception or exemption, it is unlawful for any broker or dealer “to make use of
the mails or any means or instrumentality of interstate commerce to effect any transactions in, or to induce or attempt to induce the purchase or sale, of any security . . . unless such broker or dealer is registered in accordance” with Section 15(b) of the Exchange Act.

Disgorgement

9. Taylor has submitted a sworn Statement of Financial Condition dated May 6, 2020, and other evidence and has asserted his inability to pay disgorgement and prejudgment interest.

IV.

In view of the foregoing, the Commission deems it appropriate to impose the sanctions agreed to in Taylor’s Offer.

Accordingly, it is hereby ORDERED that:

A. Pursuant to Section 8A of the Exchange Act and Section 21C of the Exchange Act, Taylor cease and desist from committing or causing any violations and any future violations of Sections 17(a)(2), 17(a)(3), 5(a), or 5(c) of the Securities Act, or Section 15(a)(1) of the Exchange Act.

B. Pursuant to Section 15(b)(6), Taylor 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, or from participating in an offering of penny stock.

C. Taylor shall pay disgorgement of $60,000 and prejudgment interest of $14,111.06, but payment of such amount except for $15,000 is waived based upon Taylor’s sworn representations in his Statement of Financial Condition dated May 6, 2020, and other documents submitted to the Commission. Payment shall be made in the following installments: $1,000 within 14 days of the entry of this Order; $3,500 within 180 days of the entry of this Order; $3,500 within 365 days of the entry of this Order; $3,500 within 545 days of the entry of this Order; and $3,500 within 730 days of the entry of this Order. Payments shall be applied first to post-order interest, which accrues pursuant to SEC Rule of Practice 600. Prior to making the final payment set forth herein, Taylor shall contact the staff of the Commission for the amount due. If Taylor fails to make any payment by the date agreed and/or in the amount agreed according to the schedule set forth above, all outstanding installment payments under this Order, including post-order interest, minus any payments made, shall become due and payable immediately at the discretion of the staff of the Commission without further application to the Commission.

D. A Distribution Fund shall be created for the funds paid as referenced in IV.C. This Distribution Fund may be added to or combined with the distribution fund created in In the Matter of Raymond Allan Fine (AP File No. 3-20087) in order for the combined distribution funds to be distributed to harmed investors affected by the same violative conduct at issue in this proceeding.
E. The Division of Enforcement (“Division”) may, at any time following the entry of
this Order, petition the Commission to: (1) reopen this matter to consider whether Taylor
provided accurate and complete financial information at the time such representations were
made; and (2) seek an order directing payment of disgorgement and pre-judgment interest. No
other issue shall be considered in connection with this petition other than whether the financial
information provided by Taylor was fraudulent, misleading, inaccurate, or incomplete in any
material respect. Taylor may not, by way of defense to any such petition: (1) contest the findings
in this Order; (2) assert that payment of disgorgement and interest should not be ordered; (3)
contest the amount of disgorgement and interest to be ordered; or (4) assert any defense to
liability or remedy, including, but not limited to, any statute of limitations defense.

Payment must be made in one of the following ways:

(1) Respondent may transmit payment electronically to the Commission, which
will provide detailed ACH transfer/Fedwire instructions upon request;

(2) Respondent may make direct payment from a bank account via Pay.gov
through the SEC website at http://www.sec.gov/about/offices/ofm.htm; or

(3) Respondent may pay by certified check, bank cashier’s check, or United
States postal money order, made payable to the Securities and Exchange
Commission and hand-delivered or mailed to:

Enterprise Services Center
Accounts Receivable Branch
HQ Bldg., Room 181, AMZ-341
6500 South MacArthur Boulevard
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter
identifying David Taylor as a respondent in these proceedings, and the file number
of these proceedings; a copy of the cover letter and check or money order must be
sent to Anita Bandy, Associate Director, Division of Enforcement, Securities and
Exchange Commission, 100 F St., NE, Washington, DC 20549.
V.

It is further Ordered that, solely for purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy Code, 11 U.S.C. § 523, the findings in this Order are true and admitted by Respondent, and further, any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Respondent under this Order or any other judgment, order, consent order, decree or settlement agreement entered in connection with this proceeding, is a debt for the violation by Respondent of the federal securities laws or any regulation or order issued under such laws, as set forth in Section 523(a)(19) of the Bankruptcy Code, 11 U.S.C. §523(a)(19).

By the Commission.

Vanessa A. Countryman
Secretary