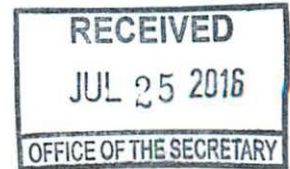


UNITED STATES OF AMERICA  
Before the  
SECURITIES AND EXCHANGE COMMISSION



ADMINISTRATIVE PROCEEDING  
File No. 3-17253

In the Matter of

JAMES A. WINKELMANN, SR.,  
and BLUE OCEAN PORTFOLIOS,  
LLC,

Respondents.

THE DIVISION OF ENFORCEMENT'S  
LIST OF ADDITIONAL FALSE AND  
MISLEADING STATEMENTS MADE BY  
RESPONDENTS

Pursuant to the Court's July 20, 2016 Order, the Division of Enforcement hereby alleges the following false and misleading statements made by Respondents, beyond those alleged with particularity in the Order Instituting Proceedings. While reserving its rights as to the specific evidence it may ultimately present, the Division may seek to introduce evidence of some or all of the below statements at the evidentiary hearing in this matter:

1. In a February 16, 2011 letter to Roger Riney, Respondent James A. Winkelmann, Sr. ("Winkelmann") falsely represented that Blue Ocean Portfolios, LLC ("Blue Ocean") was spending \$2,200 on advertising in order to generate \$9,000 in recurring annual revenue.
2. In an April 25, 2011 email to Dan Bean, Winkelmann falsely represented that in the previous quarter, Blue Ocean spent \$22,000 on advertising and obtained \$100,000 in recurring annual revenue.
3. In a May 3, 2011 letter to Mark Funfsinn, Winkelmann falsely represented that Blue Ocean was spending \$2,500 in advertising to generate \$8,000 in recurring annual revenue.
4. In a January 20, 2012 email to James Zenner, Winkelmann falsely represented that in 2011, for each \$0.89 Blue Ocean spent on advertising it generated \$1.00 in new recurring annual revenue.

5. In a February 8, 2012 email to Edward Mahoney, Winkelmann falsely represented that in 2011, for each \$0.78 Blue Ocean spent on advertising it generated \$1.00 in new recurring annual revenue. In that email, Winkelmann additionally falsely represented that in 2012 Blue Ocean had spent \$0.56 in advertising to obtain \$1.00 in new annually recurring revenue.
6. In a February 22, 2012 email to James Zenner, Winkelmann falsely represented that in 2011, Blue Ocean spent an average of \$0.78 on advertising to generate \$1.00 in new recurring revenue.
7. In an August 1, 2012 email to Mark Funfsinn, Winkelmann falsely represented that Blue Ocean's royalty holders had been repaid \$4,961.85.<sup>1</sup>
8. In an October 2, 2012 email to Arthur Buckowitz, Winkelmann falsely represented that Blue Ocean had raised \$325,000 in its third round royalty unit offering.
9. In an October 2, 2012 email to James Zenner, Winkelmann falsely represented that Blue Ocean had raised \$325,000 in its third round royalty unit offering.
10. In an October 2, 2012 email to Richard and Jean Holmes, Winkelmann falsely represented that Blue Ocean had raised \$325,000 in its third round royalty unit offering.
11. In an October 10, 2012 letter to William Jennings, Winkelmann falsely represented that Blue Ocean had raised \$400,000 in its third round royalty unit offering.
12. Prior to Thomas Swardson's October 2012 purchase of a Blue Ocean royalty unit, Winkelmann falsely represented to Mr. Swardson that previous Blue Ocean royalty unit investors had been repaid.

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<sup>1</sup> This email is the document supporting the allegation in Paragraph 16 of the OIP that: "Winkelmann misrepresented the success of the Royalty Units offerings to prospective investors, including by sending an email to an advisory client in which Winkelmann materially overstated, by over 85%, the amounts earlier Royalty Unit investors had been repaid."

Dated: July 22, 2016

Respectfully submitted:



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Benjamin J. Hanauer  
David F. Benson  
Division of Enforcement  
U.S. Securities and Exchange Commission  
175 West Jackson Blvd, Suite 900  
Chicago, IL 60604  
Phone: 312-353-8642  
Fax: 312-353-7398  
Email: [hanauerb@sec.gov](mailto:hanauerb@sec.gov)

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File No. 3-17253

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CERTIFICATE OF SERVICE

Benjamin J. Hanauer, an attorney, certifies that on July 22, 2016, he caused a true and correct copy of The Division of Enforcement's List of Additional False and Misleading Statements

Made by Respondents to be served on the following by overnight delivery and email:

Honorable Carol Fox Foelak  
Administrative Law Judge  
Securities and Exchange Commission  
100 F Street, N.E.  
Washington, DC 20549-2557

Heidi E. VonderHeide, Esq.  
Michael A. Gross, Esq. (email service only)  
Ulmer & Berne, LLP  
500 W. Madison St., Suite 3600  
Chicago, IL 60661-4587  
Counsel for Respondents

Dated: July 22, 2016

A handwritten signature in blue ink, appearing to be "B. Hanauer", written over a horizontal line.

Benjamin J. Hanauer  
Division of Enforcement  
U.S. Securities and Exchange Commission  
175 West Jackson Blvd, Suite 900  
Chicago, IL 60604  
Phone: 312-353-8642  
Fax: 312-353-7398  
Email: [hanauerb@sec.gov](mailto:hanauerb@sec.gov)