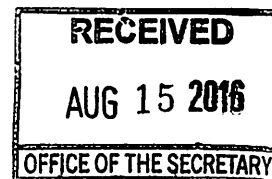


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UNITED STATES OF AMERICA  
Before the  
SECURITIES AND EXCHANGE COMMISSION



ADMINISTRATIVE PROCEEDING  
File No. 3-17253

In the Matter of:

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

Respondents.

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

Respondents, James A. Winkelmann, Sr. ("Mr. Winkelmann") and Blue Ocean Portfolios, LLC (together, "Respondents"), hereby respond to The Division of Enforcement's List of Additional False and Misleading Statements Made by Respondents ("Additional Statements") as follows:

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.

**RESPONSE: Respondents admit that a letter was sent on February 16, 2011 to Roger Riney. The content of that letter speaks for itself and does not require any response from Respondents. Respondents deny the remaining allegations of the first paragraph of the Additional Statements.**

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.

**RESPONSE: Respondents admit that a letter was sent on April 25, 2011 to Dan Bean. The content of that letter speaks for itself and does not require any response from Respondents. Respondents deny the remaining allegations of the second paragraph of the Additional Statements.**

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.

**RESPONSE: Respondents admit that a letter was sent on May 3, 2011 to Mark Funfsinn. The content of that letter speaks for itself and does not require any response from Respondents. Respondents deny the remaining allegations of the third paragraph of the Additional Statements.**

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.

**RESPONSE: Respondents admit that an email was sent on January 20, 2012 to James Zenner. The content of that email speaks for itself and does not require any response from Respondents. Respondents deny the remaining allegations of the fourth paragraph of the Additional Statements.**

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.

**RESPONSE: Respondents admit that an email was sent on February 8, 2012 to Edward Mahoney. The content of that email speaks for itself and does not require any response from Respondents. Respondents deny the remaining allegations of the fifth paragraph of the Additional Statements.**

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.

**RESPONSE: Respondents admit that an email was sent on February 22, 2012 to James Zenner. The content of that email speaks for itself and does not require any response from Respondents. Respondents deny the remaining allegations of the sixth paragraph of the Additional Statements.**

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>

**RESPONSE: Respondents admit that an email was sent on August 1, 2012 to Mark Funfsinn. The content of that email speaks for itself and does not require any response from Respondents. Respondents deny the remaining allegations of the seventh paragraph of the Additional Statements.**

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.

**RESPONSE: Respondents admit that an email was sent on October 2, 2012 to Arthur Buckowitz. The content of that email speaks for itself and does not require any response from Respondents. Respondents deny the remaining allegations of the eighth paragraph of the Additional Statements.**

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.

**RESPONSE: Respondents admit that an email was sent on October 2, 2012 to James Zenner. The content of that email speaks for itself and does not require any response from Respondents. Respondents deny the remaining allegations of the ninth paragraph of the Additional Statements.**

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.

**RESPONSE: Respondents admit that an email was sent on October 2, 2012 to Jean Holmes. The content of that email speaks for itself and does not require any response from Respondents. Respondents deny the remaining allegations of the tenth paragraph of the Additional Statements.**

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.

**RESPONSE: Respondents admit that a letter was sent on October 10, 2012 to William Jennings. The content of that letter speaks for itself and does not require any response from Respondents. Respondents deny the remaining allegations of the eleventh paragraph of the Additional Statements.**

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.

**RESPONSE: Respondents deny the allegations of the twelfth paragraph of the Additional Statements.**

Dated: August 12, 2016

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**CERTIFICATE OF SERVICE**

I hereby certify that on August 12, 2016, I served a copy of the **RESPONDENTS' RESPONSE TO THE DIVISION OF ENFORCEMENT'S LIST OF ADDITIONAL FALSE AND MISLEADING STATEMENTS MADE BY RESPONDENTS**, addressed as follows:

Original and three copies to:  
Via facsimile transmission and overnight mail delivery

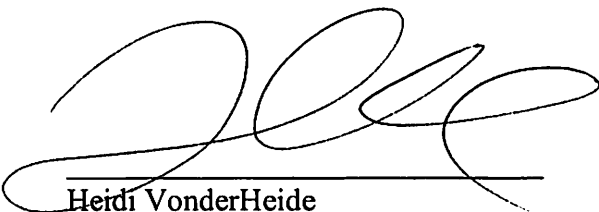
Brent J. Fields, Secretary  
Office of the Secretary  
Securities and Exchange Commission  
100 F. Street, N.E.  
Washington, D.C. 20549  
Fax: (202) 772-9324

One copy to:  
Via e-mail, facsimile transmission and overnight mail delivery

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David F. Benson  
Division of Enforcement  
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175 W. Jackson Blvd., St. 900  
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