

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES ACT OF 1933
Release No. 10855 / September 28, 2020

SECURITIES EXCHANGE ACT OF 1934
Release No. 90026 / September 28, 2020

ADMINISTRATIVE PROCEEDING
File No. 3-20087

In the Matter of

Raymond Allan Fine,

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 Exchange Act of 1934 (“Exchange Act”), against Raymond Allan Fine (“Fine” or “Respondent”).

II.

In anticipation of the institution of these proceedings, Fine 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, Fine 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 Fine's Offer, the Commission finds¹ that:

Summary

1. This matter concerns violations of the federal securities laws by Raymond Allan Fine in connection with three oil and gas drilling projects conducted by Crudefundors, LLC ("Crudefundors"), an unregistered, online equity crowdfunding portal. Between July 2014 and July 2017, Fine was one of the owners and managers of Crudefundors, which conducted several securities offerings through telephone solicitations and its web site, www.crudefundors.com.

2. Fine 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 Crudefundors' business operations and provide compensation for himself and other Crudefundors employees. Fine 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 in connection with three of Crudefundors' offerings.

Respondent

3. **Raymond Allan Fine**, age 46, resides in Reading, Massachusetts. Fine has never held any securities licenses and has never been registered with the Commission in any capacity. Fine was a principal of Crudefundors and served as one of its officers and managers from July 17, 2014, until he resigned from the company on July 17, 2017.

Other Relevant Entity

4. **Crudefundors, 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, Crudefundors operated www.crudefundors.com through which it collected information about potential investors and sold securities related to oil-drilling projects. Crudefundors has never been registered with the Commission in any capacity. Crudefundors substantially ceased its operations and terminated its website in or about early 2019.

The Morbitzer #1 Offering

5. Between April 2015 and June 2017, Crudefundors, primarily through two sales agents, raised approximately \$525,000 from fifteen investors through the unregistered sale of securities for an oil drilling project called "Morbitzer #1." The sales agents solicited investments

¹ The findings herein are made pursuant to Fine's Offer of Settlement and are not binding on any other person or entity in this or any other proceeding.

in the project by calling individuals who had provided their contact information to Crudefunders through its website or at in-person marketing events.

6. Under Fine's control, the sales agents distributed an informational circular and subscription agreement about Morbitzer #1 to potential investors. The circular stated that investors in Morbitzer #1 would collectively receive a 75% working interest in the well, and projected that the well would produce 50 to 150 barrels of oil per day. The circular indicated that investors could receive a return ranging from zero (if the well did not produce oil) to \$458,814 per \$50,000 unit, and contained a summary projecting that investors would receive a total return of \$225,625 per unit, representing a 450% return on investment, based on a projected oil price of \$70 per barrel and production of 100 barrels per day. The materials sent to investors did not disclose that Crudefunders and its employees would receive commissions or other payments from investor funds.

7. Though Crudefunders employees requested that some investors answer written questions about their income or net worth, neither Fine nor anyone else at Crudefunders requested documentation to determine whether investors were accredited before permitting them to invest in Morbitzer #1. At least two individuals who invested in Morbitzer #1 did not qualify as accredited investors. Neither Fine nor anyone else at Crudefunders submitted filings to the Commission related to Morbitzer #1.

8. On behalf of Crudefunders, Fine controlled the accounts which held the funds submitted by Morbitzer #1 investors. Fine withdrew approximately \$110,000 from those accounts to pay for Crudefunders' business expenses unrelated to Morbitzer #1 and to issue payments to himself and commissions to other Crudefunders employees. These payments and commissions were not disclosed in the Morbitzer #1 offering circular or subscription agreements. 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.

Online Securities Offerings

9. Between August 2016 and May 2017, Crudefunders, primarily under Fine's direction, carried out two securities offerings through its website, which were referred to as "Aquinas TL-Smith #25" and "Mesa-Marshall #1-2." Crudefunders promoted these projects as offerings pursuant to Regulation Crowdfunding and marketed them to retail investors. Information about these offerings, including offering circulars, brochures, subscription agreements, and informational videos were freely available to anyone who visited Crudefunders' web site. The offering materials for Aquinas TL-Smith #25 predicted total investment returns of 239%, but noted that the projections were not a guarantee of the actual results of the project. The offering materials for Mesa Marshall #1-2 stated that the "expected" returns from the project were 328%, but also noted that investors could lose their full investment if the wells were subsequently found not to contain viable quantities of hydrocarbons.

10. For these offerings, Fine negotiated agreements with oil exploration companies to offer its investors a portion of the working interest of an upcoming oil-drilling project. Fine also directed the creation of the business entities that served as the issuers for the offerings, submitted

relevant filings to the Commission, and oversaw the use of investor funds after target amounts were raised. As compensation, Crudefunders received an up-front “Portal Preparation [and] Listing Fee” from the oil exploration company connected to each project, and also received a working interest in each of the projects after they successfully funded. During this period of time, neither Fine nor any other employee of Crudefunders was registered as a broker-dealer or associated with a registered broker-dealer.

11. Even though Fine and Crudefunders were primarily responsible for creating and promoting the offerings, the offering materials created by Crudefunders identified a registered broker-dealer as the intermediary for each of the offerings. Crudefunders did maintain a service agreement with the broker-dealer, but the broker-dealer’s role in the offerings was limited to investor eligibility verification, review of due diligence and offering materials, holding investor funds before the target offering amounts were raised, and limited compliance support, and it did not play a substantial role in promoting the offerings or soliciting investors. Crudefunders raised \$359,000 collectively for Aquinas TL-Smith #25 and Mesa-Marshall #1-2. In total, the projects generated returns less than \$5,000 for investors in these offerings.

Violations

12. As a result of his conduct in the Morbitzer #1 offering, Fine:

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; and

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.

13. As a result of his conduct in the Morbitzer #1, Aquinas TL-Smith #25, and Mesa-Marshall #1-2 offerings, Fine 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 and Civil Penalties

14. Fine has submitted a sworn Statement of Financial Condition dated April 19, 2020, and other evidence and has asserted his inability to pay disgorgement, prejudgment interest, and a civil monetary penalty.

IV.

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

Accordingly, it is hereby ORDERED that:

A. Pursuant to Section 8A of the Exchange Act and Section 21C of the Exchange Act, Fine 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), Fine 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. Fine shall pay disgorgement of \$110,000 and prejudgment interest of \$17,263.05, but payment of such amount except for \$21,000 is waived based upon Fine's sworn representations in his Statement of Financial Condition dated April 19, 2020, and other documents submitted to the Commission. Payment shall be made in the following installments: \$7,000 within 14 days of the entry of this Order; \$7,000 within 365 days of the entry of this Order; and \$7,000 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, Fine shall contact the staff of the Commission for the amount due. If Fine 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 David Taylor* (AP File No. 3- 20088) 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. Based upon Fine's sworn representations in his Statement of Financial Condition dated April 19, 2020, and other documents submitted to the Commission, the Commission is not imposing a penalty against Fine.

F. 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 Fine 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 Fine was fraudulent, misleading, inaccurate, or incomplete in any material respect. Fine 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 Raymond Allan Fine 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