Press Release

SEC Announces $23.8 Million Settlement with the Self-Proclaimed “Frack Master”

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Washington D.C., Oct. 23, 2018 — The Securities and Exchange Commission today announced it has agreed to a settlement with Christopher A. Faulkner—the self-proclaimed “Frack Master”—in connection with his wide-ranging securities-fraud scheme that raised over $80 million from hundreds of investors nationwide. Faulkner has simultaneously entered into a plea agreement relating to the same misconduct under which he will serve 12 years in federal prison for securities fraud, money laundering, and tax evasion.

According to the SEC’s June 2016 complaint, Faulkner systemically deceived investors across the country by disseminating false and misleading offering materials, misappropriating millions of dollars of investor funds, and manipulating the stock of Breitling Energy Corporation (BECC), a publicly traded company Faulkner controlled. Faulkner started the scheme in 2011 through privately held Breitling Oil and Gas Corporation (BOG), which offered and sold “turnkey” oil-and-gas working interests to investors using a team of commissioned cold-callers. As part of these offerings, Faulkner lied to investors about his experience, the drilling-cost estimates for the prospects, and the use of their invested funds. Over time, the scheme evolved to include BOG’s successor, BECC and two affiliated entities that he secretly controlled, Crude Energy LLC and Patriot Energy Inc. Faulkner, with the assistance of others, used these entities to raise more than $80 million and then he misappropriated approximately $23.8 million to fund his lavish personal lifestyle. The SEC also charged 11 other individuals and entities for their roles in the misconduct, reaching settlements with a majority of them.

In August 2017, on an emergency motion filed by the SEC, the court froze Faulkner's assets and placed them, as well as BECC and BOG, under the control of a court-appointed receiver due in part to Faulkner’s continued misappropriation of investor funds. The court also preliminarily enjoined Faulkner and the two companies from violating antifraud provisions of the federal securities laws. A month later, the Commission obtained emergency relief against Faulkner and others for a separate offering fraud in California involving real estate.

“Faulkner first proclaimed himself the ‘Frack Master’ in order to deceive investors about his expertise and steal millions of dollars to fund his lifestyle, and the SEC put an early end to his second effort to defraud investors in a real estate scheme,” said Shamoil T. Shipchandler, Director of the SEC’s Fort Worth Regional Office. “Today’s serious civil and criminal sanctions serve as a warning to anyone who intends to target retail investors.”

Under the agreed final judgment, which is subject to court approval, Faulkner would be ordered to disgorge $23.8 million; permanently enjoined from violating various provisions of the federal securities laws and from participating in any unregistered securities transactions; and barred from serving as an officer or director of any SEC-reporting company and from participating in any offering of a penny stock.

The SEC’s litigation has been handled by B. David Fraser, Scott F. Mascianica and Timothy S. McCole, and supervised by Eric R. Werner. The SEC appreciates the assistance of the U.S. Attorney’s Office for the Northern District of Texas.

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