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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

GARY PIERCE, Chairman
BOB STUMP
SANDRA D. KENNEDY
PAUL NEWMAN
BRENDA BURNS

Arizona Corporation Commission

DOCKETED

JUN 22 2011

DOCKETED BY	nr
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In the matter of:)
 Scott Ryan Tischler (CRD# 3248953),)
 individually and doing business as Jericho)
 Capital Group, and Jane Doe Tischler,)
 husband and wife,)
 Jericho Oil & Gas LLC, a Delaware limited)
 liability company,)
 Lake Valley Petroleum LLC, a Delaware)
 limited liability company,)
 Respondents.)

DOCKET NO. S-20780A-10-0518

DECISION NO. 72426

ORDER TO CEASE AND DESIST, ORDER FOR ADMINISTRATIVE PENALTIES AND CONSENT TO SAME BY: RESPONDENTS SCOTT RYAN TISCHLER, JERICO OIL & GAS LLC, AND LAKE VALLEY PETROLEUM LLC

Respondents Scott Ryan Tischler, individually and doing business as Jericho Capital Group; Jericho Oil & Gas LLC, a Delaware limited liability company; and Lake Valley Petroleum LLC, a Delaware limited liability company, ("Respondents") elect to permanently waive any right to a hearing and appeal under Articles 11 and 12 of the Securities Act of Arizona, A.R.S. § 44-1801 *et seq.* ("Securities Act") with respect to this Order To Cease And Desist, Order for Administrative Penalties and Consent to Same ("Order"). Respondents admit the jurisdiction of the Arizona Corporation Commission ("Commission"); neither admit nor deny the Findings of Fact and Conclusions of Law contained in this Order; and consent to the entry of this Order by the Commission.

I.**FINDINGS OF FACT**

1
2
3 1. Scott Ryan Tischler (CRD# 3248953) ("Tischler") is an individual who, since at
4 least December 17 2010, has been conducting business within or from Arizona in his individual
5 capacity, under the unregistered trade name "Jericho Capital Group" ("Jericho Capital"), and on
6 behalf of The Jericho Group, a general partnership; Jericho Oil & Gas LLC, a Delaware limited
7 liability company; and Lake Valley Petroleum LLC, a Delaware limited liability company.

8 2. Tischler was registered by the Commission as a securities salesman from August 2,
9 2005, through December 20, 2005, with UBS Financial Services, Inc. and from December 16, 2005,
10 through December 20, 2006, with Royal Alliance Associates, Inc.

11 3. Jericho Oil & Gas LLC ("Jericho Oil") is a limited liability company which was
12 organized under the laws of the state of Delaware on July 16, 2010. Tischler is the president of
13 Jericho Oil. Since at least December 17, 2010, Jericho Oil has been conducting business within or
14 from Arizona. Jericho Oil has not been registered by the Commission as a securities salesman or
15 dealer.

16 4. Lake Valley Petroleum LLC ("LVP") is a limited liability company which was
17 organized under the laws of the state of Delaware on July 29, 2010. Tischler is the president of
18 LVP. Since at least December 17, 2010, LVP has been conducting business within or from Arizona.
19 LVP has not been registered by the Commission as a securities salesman or dealer.

20 5. At all times relevant, Tischler represented to offerees and investors that Jericho
21 Capital has investment opportunities in oil and gas, real estate, diamonds, and fuel transactions, and
22 that Jericho Capital is:

23 one of the world's premier, alternative asset management firms who currently hold
24 over \$3.5 Billion in assets. We primarily focus on select market segments which
25 have the potential to provide higher than typical returns but demonstrate
26 characteristics which result in lower than average risk.

26 6. As explained on the "home" page of the Jericho Capital Web site at

1 www.jerichocapitalgroup.com¹ ("Web site");

2 We have acquired experts in each of these fields to manage our individual offerings.
3 They have knowledge, experience and the industry relationships necessary to help
4 achieve your personal and financial goals.

5 Our philosophy at The Jericho Group is that **Superior Management Produces**
6 **Superior Results**. That is why we only hire the top experts in their respective
7 fields. We believe or management experience leads to higher than typical returns.
8 Our investment in management has proven to be the superior strategy for servicing
9 our clients.

10 Current investment opportunities highlighted in this investment include:

- 11 1. Jericho Real Estate Investments
- 12 2. Fuel Investments
- 13 3. Jericho Diamond Venture
- 14 4. Jericho Oil Company
- 15 5. Lake Valley Oil

16 Each of these investment opportunities include a world class management team an
17 approach to investment that greatly mitigates risk and yield higher profit potential.
18 For example, the Jericho Oil Company 1 offers investors the possibility of
19 experiencing the potentially extraordinary returns associated with oil exploration,
20 while hedging the investment with solid oil producing properties which provide
21 consistent returns on investment while limiting the risk.

22 We are convinced that when you see the incredible private equity offerings we have
23 designed to meet you investment goals, you will choose Jericho Capital Group as
24 your preferred investment firm.

25 (Emphasis in original.)

26 7. With respect to the business background of Tischler, the Web site stated:

Scott is the founder of Jericho Funding Group, prior to that Scott had extensive
background at three of the premier firms in the industry; UBS, MetLife, and
American Express. At his most recent firm, UBS, Scott worked with high net-worth
clients to create customized financial plans and portfolios to help grow and preserve
their assets. Accomplishments in this position included being ranked as the number
13 manager in the nation, managing advisors from Fredericksburg, Virginia, to Boca
Raton, Florida, and was named the top recruiter and retention manager for the
Atlantic Zone. Scott was one of the top producers and managers for American

¹ The Web site no longer exists.

1 Express Financial Advisors. Scott was awarded the company's Mercury Award in
2 his first year (which is given to the top 10% of producers) and the prestigious
3 President's Award. Scott has taught financial planning in CFP courses at MetLife
4 and has served as an adjunct professor of financial planning at Virginia Tech.

5 8. The Web site encouraged potential investors to contact Jericho Capital regarding
6 "its" investment opportunities.

7 9. On December 15, 2010, a potential Arizona investor ("PAI") viewed the Web site
8 from Arizona, and requested additional information regarding the investment opportunities by
9 sending an email to Jericho Capital at its email address posted on the Web site,
10 info@jerichocapitalgroup.com.

11 10. In response, on December 16, 2010, Tischler sent a series of emails to the PAI
12 stating, in part, that "we" have eight investment opportunities and in which Tischler requested that
13 a telephonic conference be held on December 17, 2010. In the emails, Tischler represents himself
14 to be the president of Jericho Capital.

15 11. On December 17, 2010, during the telephonic conference between Tischler and the
16 PAI, Tischler sent an email to the PAI regarding an investment opportunity in Jericho Oil ("Jericho
17 Oil Investment") which included an attached "Jericho Oil & Gas Business Plan and Private
18 Placement Memorandum" dated March 2010 ("Jericho Oil PPM").

19 12. The Jericho Oil PPM states that: (a) Tischler and Jericho Oil are offering and/or
20 selling 360,000 separate ownership units ("Units") in Jericho Oil at the cost of \$100 per unit, for a
21 total investment offering of \$36 million; (b) at the conclusion of the sale of the Units, 92% of the
22 entity will be owned and controlled by its directors and executive officers; (c) the directors and
23 executive officers of Jericho Oil are Tischler, as its president and chief executive officer, and
24 Robert Kirk, as its secretary and treasurer ("Managers"); (d) the proceeds from the sale of Units
25 will be used to fund the entity's business "operations, acquisition costs, working capital, and
26 business development" at the sole discretion of the Managers; and (e) the Unit holders will be paid
dividends at the sole discretion of the Managers.

1 13. The Jericho Oil PPM states that:

2 Jericho Capital, along with its partner, is offering equity in an oil exploration project
3 of over 1900 mineral acres on lease Nvn086810, in Lincoln County, Nevada for oil
4 and gas exploration. Nevada (Nye County) has had the two largest consistent (not
5 declining except when held back on one well) producing oil wells in the entire
6 United States in forty years, larger than any sustained flow rates in Texas,
7 California, and Louisiana, Oklahoma or other states. This is due to very rich source
8 rock similar to the field in Saudi Arabia or Iran. It is estimated that the return on
9 investment net over five years will be 2000% or more not including substantial tax
10 deductions within a six year period. The flow rates averaged 4000 to 6000 barrels
11 per day from a depth of less than 4400 feet.

12 14. On December 21, 2010, Tischler sent an email to the PAI regarding an investment
13 opportunity in LVP (“LVP Investment”) which included an attached: (a) “Lake Valley Petroleum,
14 LLC Business Plan and Private Placement Memorandum” dated August 1, 2010 (“LVP PPM”); (b)
15 “Lake Valley Petroleum, LLC Subscription Agreement;” (c) “Lake Valley Petroleum, LLC
16 Investor Suitability Questionnaire;” and (d) “Lake Valley Petroleum PPM Wiring Instructions”
17 (“LVP Wiring Instructions”).

18 15. The LVP Wiring Instructions direct investors to wire their investment funds to a
19 bank located in Glendale, Arizona for the benefit of LVP.

20 16. The substantive content of the LVP PPM is identical in almost all respects as the
21 Jericho Oil PPM, the key difference being that the LVP Investment involves lease Nvn086809.

22 17. The Jericho Oil PPM and LVP PPM state that the Jericho Oil Investment and LVP
23 Investment are suitable for “accredited investors.” The PAI is not accredited.

24 18. Tischler did not inquire whether the PAI was an accredited investor prior to
25 discussing the Jericho Capital investment opportunities with the PAI or providing the Jericho Oil
26 and LVP offering documents to the PAI.

 19. On May 8, 2009, the Financial Industry Regulatory Authority (“FINRA”) entered an
 order fining Tischler in the amount of \$5,000 and suspending him from association with any
 FINRA member in any capacity effective from November 16, 2009, through November 16, 2010,
 for violating FINRA Conduct Rules 2370 and 2110 by improperly borrowing \$67,000 from a

1 customer and failing to disclose the loan to his employer, Royal Alliance Associates, Inc., while he
2 was registered by FINRA as a securities salesman.² On February 17, 2010, Tischler's securities
3 salesman registration was revoked by FINRA for failure to pay the fine. The Web site does not
4 disclose the FINRA disciplinary action against Tischler to offerees and investors, and Tischler did
5 not disclose it to the PAI.

6 20. On September 4, 2009, the Office of the Secretary of State of Nevada, Securities
7 Division issued a summary order to cease and desist from further violations of the registration and
8 antifraud provisions of the Nevada Uniform Securities Act against Heritage Oil & Gas, LLC, a
9 Nevada limited liability company, ("Heritage Oil"), Heritage Capital Partners Fund, LLC, a
10 Nevada limited liability company, James P. McKeon, and Tischler arising from their offer and sale
11 of unregistered securities in the form of ownership units (i.e., investment contracts) in Heritage Oil,
12 a manager managed limited liability company ("Heritage Oil Investment").³ In addition to
13 promoting the Heritage Oil Investment to offerees and investors, Tischler was a manager of the
14 entity.

15 21. In February, 2010, the respondents, including Tischler, consented to the entry of
16 order permanently enjoining them from further violations of the registration and antifraud
17 provisions of the Nevada Uniform Securities Act and requiring them to pay restitution to investors
18 in the amount of \$88,000 and the costs of the investigation which consent order was entered on
19 February 26, 2010 ("Nevada Consent Order").

20 22. The substantive content of the offering document used by Heritage Oil in
21 conjunction with the Heritage Oil Investment entitled "Heritage Oil & Gas Business Plan & Private
22 Offering Memorandum" dated July 2009 ("Heritage Oil PPM") is identical in almost all respects to
23 the Jericho Oil PPM and the LVP PPM, the key differences being that the Heritage Oil PPM states
24 that: (a) the amount of capital to be raised is \$1,200,000); (b) does not refer to a specific lease; and

25 ² *Department of Enforcement v. Scott R. Tischler*, Disciplinary Proceeding No. 2007008370701.

26 ³ *In re the matter of: Heritage Oil and Gas, LLC, a Nevada limited liability company; Heritage Capital Partners Fun, LLC, a Nevada limited liability company; Scott R. Tischler, CRD# 3248953; and James P. McKeon aka Jim McKeon,* file no. i09-280.

1 (c) identifies James McKeon as the entity's director, secretary and treasurer.

2 23. Tischler did not disclose the existence of the Nevada Consent Order to the PAI.

3 24. The Jericho Oil PPM and LVP PPM do not disclose the existence of the Nevada
4 Consent Order against Tischler to offerees and investors.

5 25. Neither the Jericho Oil Investment nor the LVP Investment has been registered by
6 the Commission.

7 26. Tischler, Jericho Oil, and LVP have not raised any funds from investors.

8 **II.**

9 **CONCLUSIONS OF LAW**

10 1. The Commission has jurisdiction over this matter pursuant to Article XV of the
11 Arizona Constitution and the Securities Act.

12 2. Respondents offered or sold securities within or from Arizona, within the meaning
13 of A.R.S. §§ 44-1801(15), 44-1801(21), and 44-1801(26).

14 3. Respondents violated A.R.S. § 44-1841 by offering or selling securities that were
15 neither registered nor exempt from registration.

16 4. Respondents violated A.R.S. § 44-1842 by offering or selling securities while
17 neither registered as dealers or salesmen nor exempt from registration.

18 5. Respondents violated A.R.S. § 44-1991 by making untrue statements or misleading
19 omissions of material facts. Respondents' conduct includes, but is not limited to, the following:

20 (a) Tischler failing to disclose the disciplinary action taken by FINRA against Tischler
21 for conduct which occurred while he was a registered securities salesman to offerees and
22 investors; and

23 (b) Respondents failing to disclose the existence of the Nevada Consent Order to
24 offerees and investors.

25 6. Respondents' conduct is grounds for a cease and desist order pursuant to A.R.S.
26 § 44-2032.

1 IT IS FURTHER ORDERED that this Order shall become effective immediately.

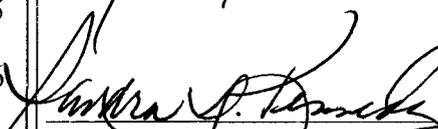
2 BY ORDER OF THE ARIZONA CORPORATION COMMISSION

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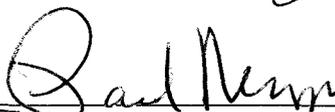
5 CHAIRMAN

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7 COMMISSIONER

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9 COMMISSIONER

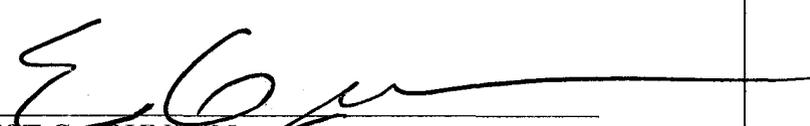
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11 COMMISSIONER

12 

13 COMMISSIONER

14 IN WITNESS WHEREOF, I, ERNEST G. JOHNSON,
15 Executive Director of the Arizona Corporation Commission,
16 have hereunto set my hand and caused the official seal of the
17 Commission to be affixed at the Capitol, in the City of
18 Phoenix, this 22nd day of June, 2011.

19 

20 ERNEST G. JOHNSON
21 EXECUTIVE DIRECTOR

22 _____
23 DISSENT

24 _____
25 DISSENT

26 This document is available in alternative formats by contacting Shaylin A. Bernal, ADA
Coordinator, voice phone number 602-542-3931, e-mail sabernal@azcc.gov.

(JC)

CONSENT TO ENTRY OF ORDER

1
2 1. Respondents Scott Ryan Tischler, individually and doing business as Jericho Capital
3 Group, Jericho Oil & Gas LLC, a Delaware limited liability company, and Lake Valley Petroleum
4 LLC, a Delaware limited liability company, (“Respondents”) admit the jurisdiction of the
5 Commission over the subject matter of this proceeding. Respondents acknowledge that
6 Respondents have been fully advised of their right to a hearing to present evidence and call
7 witnesses and Respondents knowingly and voluntarily waive any and all rights to a hearing before
8 the Commission and all other rights otherwise available under Article 11 of the Securities Act and
9 Title 14 of the Arizona Administrative Code. Respondents acknowledge that this Order to Cease
10 and Desist, Order of Administrative Penalties and Consent to Same (“Order”) constitutes a valid
11 final order of the Commission.

12 2. Respondents knowingly and voluntarily waive any right under Article 12 of the
13 Securities Act to judicial review by any court by way of suit, appeal, or extraordinary relief
14 resulting from the entry of this Order.

15 3. Respondents acknowledge and agree that this Order is entered into freely and
16 voluntarily and that no promise was made or coercion used to induce such entry.

17 4. Respondents understand and acknowledge that each of them has a right to seek
18 counsel regarding this Order, and that Respondents have had the opportunity to seek counsel prior
19 to signing this Order. Respondents acknowledge and agree that, despite the foregoing,
20 Respondents freely and voluntarily waive any and all right to consult or obtain counsel prior to
21 signing this Order.

22 5. Respondents neither admit nor deny the Findings of Fact and Conclusions of Law
23 contained in this Order. Respondents agree that they shall not contest the validity of the Findings
24 of Fact and Conclusions of Law contained in this Order in any present or future proceeding in
25 which the Commission or any other state agency is a party concerning the denial or issuance of any
26 license or registration required by the state to engage in the practice of any business or profession.

1 6. By consenting to the entry of this Order, Respondents agree not to take any action or
2 to make, or permit to be made, any public statement denying, directly or indirectly, any Finding of
3 Fact or Conclusion of Law in this Order or creating the impression that this Order is without factual
4 basis. Respondents will undertake steps necessary to assure that all of Respondents' agents and
5 employees understand and comply with this agreement.

6 7. While this Order settles this administrative matter between Respondents and the
7 Commission, Respondents understand that this Order does not preclude the Commission from
8 instituting other administrative or civil proceedings based on violations that are not addressed by
9 this Order.

10 8. Respondents understand that this Order does not preclude the Commission from
11 referring this matter to any governmental agency for administrative, civil, or criminal proceedings
12 that may be related to the matters addressed by this Order.

13 9. Respondents understand that this Order does not preclude any other agency or
14 officer of the state of Arizona or its subdivisions from instituting administrative, civil, or criminal
15 proceedings that may be related to matters addressed by this Order.

16 10. Respondents agree that they will not apply to the state of Arizona for registration as
17 a securities dealer or salesman or for licensure as an investment adviser or investment adviser
18 representative until such time as all penalties under this Order are paid in full.

19 11. Respondents agrees that they will not exercise any control over any entity that offers
20 or sells securities or provides investment advisory services within or from Arizona until such time
21 as all penalties under this Order are paid in full.

22 12. Respondents consent to the entry of this Order and agree to be fully bound by its
23 terms and conditions.

24 13. Respondents acknowledge and understand that if any Respondent fails to comply
25 with the provisions of the order and this consent, the Commission may bring further legal
26 proceedings against them, including application to the superior court for an order of contempt.

JERICHO OIL & GAS LLC, a Delaware limited liability company

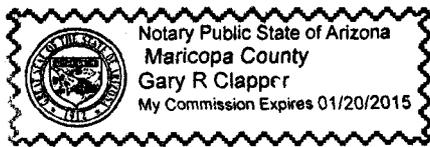
By: Scott Ryan Tischler
Scott Ryan Tischler
Its: President

STATE OF ARIZONA)
) ss
County of Maricopa)

SUBSCRIBED AND SWORN TO BEFORE me this 25th day of April, 2011.

Gary R. Clapper
NOTARY PUBLIC

My commission expires:



LAKE VALLEY PETROLEUM LLC, a Delaware limited liability company

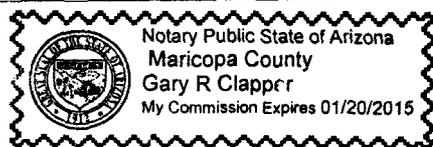
By: Scott Ryan Tischler
Scott Ryan Tischler
Its: President

STATE OF ARIZONA)
) ss
County of Maricopa)

SUBSCRIBED AND SWORN TO BEFORE me this 25th day of April, 2011.

Gary R. Clapper
NOTARY PUBLIC

My commission expires:



1 SERVICE LIST FOR:

2 In the Matter of: Scott Ryan Tischler (CRD# 3248953), individually and doing business as Jericho
3 Capital Group; Jericho Oil & Gas LLC, a Delaware limited liability company; and Lake Valley
4 Petroleum LLC, a Delaware limited liability company, Respondents.

5 Scott Ryan Tischler
6 Jericho Oil & Gas, LLC
7 Lake Valley Petroleum, LLC
8 3645 E. Edna Drive
9 Gilbert, AZ 85296-2857
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