

DEPARTMENT OF BUSINESS OVERSIGHT*Ensuring a Fair and Secure Financial Services Marketplace for all Californians*

JAN LYNN OWEN
Commissioner of Business Oversight

MEDIA RELEASE

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California Obtains \$20.4 Million Judgment Against Oil and Gas Company

SACRAMENTO (July 21, 2014) – The California Department of Business Oversight (“Department”) has obtained a \$20.4 million judgment against Synergy Oil, LLC and Robert Falco (“Defendants”) for illegal sales and fraudulent marketing of oil and gas investments.

The judgment requires Defendants to pay \$13.8 million in restitution to investors and \$6.6 million in civil penalties to the State of California. Synergy and Falco are also ordered to cease violations of a 2011 Desist and Refrain Order issued by the Department for the offer and sale of unqualified securities and making misrepresentations or omissions in the offer and sale of securities.

"Synergy Oil defrauded investors with misrepresentations about the true nature of their business dealings," said Commissioner of Business Oversight Jan Lynn Owen. "The judgment upholds the Department's policy of swift and aggressive action against investment scams."

The judgment was entered in Orange County Superior Court on June 24, 2014. The lawsuit, filed in November 2012, alleged that the Newport Beach-based Defendants illegally sold investments in oil and gas projects to a least 265 investors throughout the country, raising more than \$13 million.

Consumers who are considering investments are advised to check the licensing status and enforcement history of such business at the Department's website, www.dbo.ca.gov. Consumers who believe they may have been defrauded can file a complaint through the Department's website as well.

A copy of the judgment and the 2011 order may be viewed at the Department website at <http://www.dbo.ca.gov/ENF/List/S/synergyOil.asp>.

On July 1, 2013, the Department of Corporations and the Department of Financial Institutions merged to become the Department of Business Oversight. California consumers should contact the Department of Business Oversight to check on the licensing and standing of the companies, investments or other financial services they are considering at www.dbo.ca.gov or by calling 1-866-275-2677.

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