

BEFORE THE  
STATE OF WISCONSIN  
DEPARTMENT OF FINANCIAL INSTITUTIONS  
DIVISION OF SECURITIES

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In the Matter of

SUMMARY ORDER TO CEASE AND  
DESIST

ROBERT E. FIESLER,  
LANCE P. TRANTUM,  
JRM ENERGY, INC.,  
JNA ENERGY, INC., and  
JNA ENERGY I, INC.

File No. S-227541(EX)

Respondents.

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The Administrator of the State of Wisconsin, Department of Financial Institutions, Division of Securities (“the Division”), having authority to administer and provide for enforcement of the Wisconsin Uniform Securities Law, Chapter 551, Wis. Stats. (“WUSL”), and having determined that this action is necessary and appropriate in the public interest and for the protection of investors, hereby enters this Order directing Respondents to immediately Cease and Desist from violating the WUSL and show cause why a final order should not be entered against them.

The Staff of the Division’s Bureau of Enforcement has presented evidence sufficient for the Administrator to make the following findings of fact and conclusions of law:

**RESPONDENTS**

1. Robert E. Fiesler (“Fiesler”) is an individual born in May 1974 who was an owner, officer and/or controlling person of JRM Energy, Inc., JRM Energy, LLC, JNA Energy, Inc., and JNA Energy I, Inc. Fiesler’s last known address is 1577 Ponderosa St., Mesa, California 92626.
2. Lance P. Trantum (“Trantum”) is an individual born in December 1965, who at all relevant times was an agent of JRM Energy, Inc. and/or Fiesler with a last known address of 21 Muirfield, Trabuco Canyon, California 92679.
3. JRM Energy, Inc. (“JRM”) is, upon information and belief, a fictitious business entity with no principal place of business or state of incorporation but who has been represented by Fiesler and Trantum as being a legitimate incorporated entity having a principal place of business at both 864 W. 19<sup>th</sup> Street, Costa Mesa, California 92627 and 2240 University Drive, Suite 120, Newport Beach, California 92660.
4. JNA Energy, Inc. (“JNA”) is a Nevada corporation with a last known place of business at 2101 Business Center Drive, Suite 100, Irvine, California 92612. According to records on file with the Nevada Secretary of State, JNA was incorporated in or about March 2011 by Fiesler, and Fiesler was the sole officer and director of the entity.
5. JNA Energy I, Inc. (“JNA I”) is a Nevada corporation incorporated in or about April 2011 with a last known place of business at 864 W. 19<sup>th</sup> Street, Costa Mesa, California 92627.

## FINDINGS OF FACT

6. In or about June 2011, a representative of JNA made an unsolicited phone call to a person in Wisconsin ("Investor 1") offering to sell working interests in oil and gas wells. The JNA representative stated to Investor 1 that the oil well would produce for five to ten years and that Investor 1 would receive back his principal investment in seven months.
7. In or about June 2011, after the unsolicited phone call, Investor 1 received from JNA a purchase agreement and Investor Questionnaire to be executed to initiate the investment in the oil well.
8. The Investor Questionnaire specifies that Investor 1 would be investing in units of "Direct Participation Interest" in the "JM Bloodworth Well '5A' Prospect", an investment scheme that was the subject of a Pennsylvania Cease and Desist Order issued in May 2011.
9. The purchase agreement sent by JNA to Investor 1 memorializes an agreement calling for JNA to sell Investor 1 a 1% working interest in the "J.M. Bloodworth #5 Well Prospect, 20 acre lease in Young County, Texas" in return for an investment of \$20,000. The investment entitled Investor 1 to a 0.7% Net Revenue Interest in the well.
10. In or about June 2011, Investor 1 executed the Investor Questionnaire and the purchase agreement and remitted the same back to JNA along with personal checks totaling \$20,000 to be invested.
11. After remitting his investment to JNA, Investor 1 spoke on the telephone with Fiesler, who represented that he was waiting for all of the units in the investment offering to be sold before he would file with the Recorder for Young County, Texas the assignment of the working interest in the well from JNA to Investor 1. Fiesler also represented to Investor 1 that Fiesler owned as much as a five percent interest in the well.
12. In or about November 2012, Investor 1 received by mail a copy of a document entitled "Assignment of Oil and Gas Lease" from Fiesler. The document purports to memorialize the assignment to Investor 1 of a 1% working interest and 0.7% net revenue interest in oil and gas production from a parcel of land in Young County, Texas. However, contrary to the purchase agreement, Investor Questionnaire and other representations made to Investor 1, the assignor of the interest was not JNA as was represented to Investor 1 but was instead the completely separate entity JNA I.
13. The "Assignment of Oil and Gas Lease" was executed by Fiesler as the purported "President" of "JNA Energy I, Inc."
14. Investor 1 never received any return on his investment nor the repayment of the \$20,000 principal that he invested.
15. In or about January 2011, Fiesler pled guilty to and was convicted in the United States District Court for the Central District of California of a felony count of knowingly and with intent to defraud possessing at least fifteen unauthorized access devices, namely, forty-three social security numbers assigned to other persons.
16. In or about May 2011, the Pennsylvania Securities Commission issued a Summary Order to Cease and Desist against JNA Energy, Inc., Flintrock Resources Management, Inc.

("Flintrock"), Christopher Berry and Barry Poe for violations of the Pennsylvania state securities laws. (Attached as Exhibit A).

17. According to the Pennsylvania order, JNA Energy violated securities laws when offering to sell to investors working interests in a natural gas drilling project in Young County, Texas called "JM Bloodworth Well #5-A Prospect" that was being operated by Flintrock and its chief executive officer, Berry.

18. In or about November 2012, Investor 1 spoke about the investment on the telephone with Berry. Berry represented to Investor 1 that the oil well in which he invested was a "dry hole" that produced only about 125 gallons of oil.

19. Neither Fiesler nor any other Respondent ever disclosed to Investor 1 the existence of the Pennsylvania Cease and Desist Order against JNA and Flintrock.

20. Neither Fiesler nor any other Respondent ever disclosed to Investor 1 the fraud-related criminal conviction against Fiesler detailed herein.

21. In or about November 2012, Trantum made an unsolicited telephone call to another person in Wisconsin ("Investor 2"), offering interests in an oil well in Texas purportedly on behalf of an entity called "JRM Energy, Inc."

22. Trantum represented to Investor 2 that JRM Energy, Inc. was offering interests in something called the "Lohn Prospect," which Trantum represented to be a project that would drill twelve new oil wells in McCullough County, Texas and be operated by Flintrock and its CEO, Christopher Berry.

23. Trantum also informed Investor 2 that Fiesler was the president of JRM Energy, Inc.

24. Trantum informed Investor 2 that JRM had purchased the working interest units from Flintrock and was in turn offering those investment units to investors to purchase from JRM.

25. Investor 2 informed Trantum during the initial telephone call in November 2012 that Investor 2 was not an accredited investor, but Trantum continued thereafter to solicit Investor 2 to invest in the Lohn Prospect.

26. After the initial phone call, Trantum sent to Investor 2 written solicitation materials for the Lohn Prospect, including a "Prospect Profile" describing the purported oil wells and a "JRM Energy, Inc. Purchase Agreement" for the sale of a working interest in the Lohn Prospect.

27. Trantum provided the person in Wisconsin with a document for the offering entitled "Prospect Profile", describing the Lohn Prospect as consisting of working interests in 12 new wells to be drilled in McCulloch County Texas, and to be operated by Flintrock.

28. According to the "JRM Energy, Inc. Purchase Agreement," the investment offered to Investor 2 consisted of fractional amounts of a 1% working interest in the oil well project at a cost of \$50,000 for each percent interest.

29. According to information provided by Trantum to Investor 2, investors would receive a net revenue interest of 75% of the oil produced from all of the 12 wells. Trantum also represented to Investor 2 that investors in the Lohn Prospect would have no duties or responsibilities after investing, and no liabilities outside of the amount of their investments.
30. Trantum also represented to Investor 2 that Trantum had been in the industry for 22 years and had been involved in over 400 oil wells.
31. Fiesler and Trantum represented to Investor 2, as detailed herein, that they were soliciting investments on behalf of an entity called "JRM Energy, Inc." However, the Division's review of corporate filings indicates that no such entity existed.
32. Although JRM Energy, Inc. did not exist, Fiesler organized two entities called "JRM Energy, LLC" in two different states.
33. Fiesler first organized "JRM Energy, LLC" in Wyoming ("JRM-Wyoming"). According to records on file with the Wyoming Secretary of State, JRM-Wyoming is a now-dissolved Wyoming limited liability company that was organized by Fiesler in or about December 2011 with a last known place of business at 150 Paularino Ave., Ste D273, Costa Mesa, California 82626.
34. Fiesler next organized "JRM Energy, LLC" in Nevada ("JRM-Nevada"). According to records on file with the Nevada Secretary of State, JRM-Nevada is a now-dissolved Nevada limited liability company that was organized by Fiesler in or about April 2012 with a last known place of business at 3540 W. Sahara Ave. 38, Las Vegas, Nevada 89102. According to records on file with the Nevada Secretary of State, Fiesler was the sole founder, officer, and Managing Member of JRM-Nevada.
35. Neither Trantum nor any other Respondent disclosed to Investor 2 the existence of the Pennsylvania Cease and Desist Order against JNA, Flintrock, and Berry.
36. Neither Trantum nor any other Respondent disclosed to Investor 2 the fraud-related criminal conviction against Fiesler.
37. In 2008, Trantum pled guilty to and was convicted in the United States District Court for the Central District of California of a felony count of knowingly carrying out a scheme or plan to obtain money or property from a financial institution by making false statements or promises.
38. Neither Trantum nor any other Respondent disclosed to Investor 2 Trantum's felony conviction for knowingly defrauding a financial institution.
39. Neither Trantum nor any other Respondent disclosed to Investor 2 that "JRM Energy, Inc." was a fictitious entity.
40. Division staff requested specific information and documents from the Respondents about their securities-related transactions, but to date have not received any information or documents, despite the due date for the response having passed. The Division also contacted Trantum's probation officer who advised Trantum to cooperate with the Division's investigation and provide responses to the Division's requests, but Trantum never responded as instructed.

## CONCLUSIONS OF LAW

41. The investments units offered by Respondents to Investor 1 and Investor 2 are securities as defined by Wis. Stat. § 551.102(28).
42. The securities offered and sold by Respondents have never been registered for offer and sale in Wisconsin pursuant to Wis. Stats. Ch. 551.
43. Respondents violated Wis. Stat. § 551.301 by offering and/or selling unregistered securities to persons in Wisconsin.
44. JRM Energy, Inc., JNA, and JNA I were each an "issuer" as that term is defined by Wis. Stat. § 551.102(17).
45. Trantum transacted business in Wisconsin as an "agent" for JRM as that term is defined by Wis. Stat. § 551.102(2).
46. Trantum has never been registered as a securities agent pursuant to Wis. Stats. Ch. 551.
47. Trantum violated Wis. Stat. § 551.402(1) by transacting business in Wisconsin as a securities agent without registration.
48. JRM and Fiesler violated Wis. Stat. § 551.402(4) by employing an unregistered agent to sell securities in Wisconsin on behalf of JRM.
49. Fiesler transacted business in Wisconsin as an "agent" for JNA and JNA I as that term is defined by Wis. Stat. § 551.102(2).
50. Fiesler has never been registered as a securities agent pursuant to Wis. Stats. Ch. 551.
51. Fiesler violated Wis. Stat. § 551.402(1) by transacting business in Wisconsin as a securities agent without registration.
52. JNA and JNA I violated Wis. Stat. § 551.402(4) by employing an unregistered agent to sell securities in Wisconsin on their behalf.
53. As described herein, JNA, JNA I, and Fiesler violated Wis. Stat. § 551.501(2) by making untrue statements of fact to Investor 1 and omitting to disclose material facts necessary in order to make the statements made by them to Investor 1, in the light of the circumstances under which they are made, not misleading, including by:
  - a. Omitting to disclose the Pennsylvania Cease and Desist Order;
  - b. Omitting to disclose Fiesler's fraud-related felony conviction;
  - c. Falsely representing that Investor 1 would receive an assignment of interest from JNA;
  - d. Omitting to disclose any risks associated with the investment.
54. As described herein, JNA, JNA I, and Fiesler violated Wis. Stat. § 551.501(3) by engaging in an act, practice or course of business that operates or would operate as a fraud or deceit upon another person.

55. As described herein, JRM, Fiesler, and Trantum violated Wis. Stat. § 551.501(2) by making untrue statements of fact to Investor 2 and omitting to disclose material facts necessary in order to make the statements made by them to Investor 2, in the light of the circumstances under which they are made, not misleading, including by:

- a. Omitting to disclose the Pennsylvania Cease and Desist Order;
- b. Falsely representing JRM to be a legitimate corporate entity;
- c. Omitting to disclose Fiesler's fraud-related felony conviction;
- d. Omitting to disclose Trantum's fraud-related felony conviction;
- e. Omitting to disclose any risks associated with the investment.

56. As described herein, JRM, Fiesler, and Trantum violated Wis. Stat. § 551.501(3) by engaging in an act, practice or course of business that operates or would operate as a fraud or deceit upon another person.

**Therefore, pursuant to Wis. Stat. § 551.604(1),**

**IT IS ORDERED THAT:**

- a. RESPONDENTS, their agents, servants, employees, and every entity and person directly or indirectly controlled or organized by or on any of their behalves, shall cease and desist from making or causing to be made to any person or entity in Wisconsin any further offers or sales of securities unless and until such securities qualify as covered securities or are registered under Wis. Stats. Ch. 551 or successor statute.
- b. All exemptions from registration set forth at Wis. Stats. Ch. 551 or successor statute that might otherwise apply to any offer or sale of any security of or by any RESPONDENTS, their successors, affiliates, controlling persons, and every entity and person directly or indirectly controlled or organized by or on any of their behalves, are hereby revoked.
- c. RESPONDENTS, their successors, affiliates, controlling persons, officers, agents, servants, employees, and every entity and person directly or indirectly controlled or hereafter organized by or on any of their behalves, are prohibited from violating Wis. Stats. Ch. 551 or successor statute that might otherwise apply to any offer or sale of any security of or by RESPONDENTS.

EXECUTED at Madison, Wisconsin, this 12<sup>th</sup> day of March 2015.

(SEAL)



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Patricia D. Struck  
Administrator  
Division of Securities