



STATE OF MISSOURI
OFFICE OF SECRETARY OF STATE

IN THE MATTER OF:)	
)	
SYNERGY OIL, LLC, ROBERT FALCO, and)	
TONY PISTILLI,)	
<i>Respondents.</i>)	Case No. AP-15-13
)	
Serve: Synergy Oil, LLC)	
Robert Falco)	
Tony Pistilli)	
Oklahoma Secretary of State, Registered Agent)	
2300 N. Lincoln Blvd., Suite 101)	
Oklahoma City, Oklahoma 73105)	

**ORDER TO CEASE AND DESIST AND ORDER TO SHOW CAUSE WHY
RESTITUTION, CIVIL PENALTIES, AND COSTS SHOULD NOT BE IMPOSED**

On April 17, 2015, the Enforcement Section of the Missouri Securities Division of the Office of Secretary of State (“Enforcement Section”), through Director of Enforcement John Phillips, submitted a Petition for Order to Cease and Desist and Show Cause Why Restitution, Civil Penalties, and Costs Should Not Be Imposed (“Petition”). After reviewing the Petition, the Commissioner of Securities (“Commissioner”) issues the following order:

I. FACTUAL BACKGROUND

The Petition alleges the following facts:

1. Synergy Oil, LLC (“Synergy”) is a limited liability company organized in Oklahoma on July 14, 2009. The registered agent for Synergy is listed as the Oklahoma Secretary of State, 2300 N. Lincoln Blvd., Suite 101, Oklahoma City, Oklahoma 73105.
2. Synergy maintained an address at 328 Old Newport Boulevard, Suite B, Newport Beach, California 92633. It also maintained an address at 20371 Irvine Avenue, Suite 170, Newport Beach, California 92633. In 2009 and 2010 Synergy filed a new and amended Form D offering with the Securities and Exchange Commission (“SEC”). In that offering Robert Falco (“Falco”) and Tony Pistilli (“Pistilli”) identified themselves as “Executives” of Synergy. Synergy, Falco, and Pistilli are collectively referred to herein as “Respondents.”

3. Neither Falco nor Pistilli were registered in Missouri as broker-dealer agents or investment adviser representatives.
4. Synergy was not registered in Missouri as a broker-dealer.
5. Synergy did not notice file the 2009 Form D offering with the State of Missouri Securities Division.
6. Infinity Healthcare Services, Inc. (“Infinity”) was a corporation formed in Florida on June 6, 1997, with a principal address of 3333 West Commercial Blvd., Suite 203, Ft. Lauderdale, Florida 33309. The registered agent for Infinity was Joseph Y. Zumwalt (“Zumwalt”). Since October 16, 1998, Infinity’s business status has been inactive due to an administrative dissolution.
7. From November 1997 until March 1998, Zumwalt was registered in Florida as a broker-dealer agent with CRD number 1219907. Zumwalt was discharged by his broker-dealer in March 1998 for abandonment of his position and nonproduction.
8. At all times relevant to this matter, there was no registration, granted exemption or notice filing indicating status as a “federal covered security” for any securities issued by Infinity.

Missouri Investor (MR)

9. In or around October 2011, a 53-year-old Missouri resident (“MR”) received a cold call from an individual purporting to be Jason Foxe (“Foxe”) and purporting to represent Synergy.
10. At all times relevant to this Petition, Foxe was not registered in Missouri as a broker-dealer agent or investment adviser representative.
11. Foxe told MR, among other things:
 - a. Synergy was soliciting potential investors for a “private investment opportunity”;
 - b. the investment funds would be used for an oil drilling operation;
 - c. MR could expect distribution checks every three months and the distribution amount would depend on the success of the drilling operation;
 - d. MR could expect to receive MR’s initial investment back within one-and-a-half years; and
 - e. After receiving the initial investment back, MR would receive distribution checks for an unspecified period of time.

12. During this same phone call, Foxe also solicited MR to invest in Infinity. MR was told, among other things, that Infinity was about to go public and the stock price was guaranteed to double at that time.
13. On or around October 19, 2011, MR invested \$25,000 in Synergy via a check payable to Synergy.
14. On or around October 20, 2011, MR executed a subscription agreement with Synergy, which was accepted and signed by Falco as manager of Synergy on October 20, 2011. The subscription agreement stated, among other things:
 - a. MR purchased one-fourth “units of working interest” in Synergy for \$25,000;
 - b. MR had retained Foxe, 20371 Irvine Avenue Suite A170, Newport Beach, California 92660, as a Purchaser Representative; and
 - c. MR was not indicated as an accredited investor.
15. On or around March 19, 2012, MR invested \$10,000 in Infinity via a check payable to Infinity.
16. On or around April 2, 2012, MR invested an additional \$4,800 in Infinity via a check payable to Infinity.
17. On or around early April 2012, MR received a stock certificate from Infinity indicating MR owned 567 shares in Infinity. This certificate is dated April 5, 2012.
18. The only return MR received on MR’s investments was a check in the amount of \$194.66 from Big Oil, LLC Distribution Account, Suite 114, Jenks, Oklahoma 74037, dated May 9, 2012.

Court Actions

19. On or around October 29, 1996, Pistilli, one of the Executives for Synergy, pleaded guilty to felony conspiracy to commit wire fraud and was sentenced to 18 months in federal prison.
20. On or around February 23, 1998, Pistilli pleaded guilty to felony mail fraud and aiding and abetting and causing an act to be done and was sentenced to nine months in prison
21. On or around September 18, 2006, the SEC filed a civil action against Zumwalt, the registered agent for Infinity, alleging hedge fund fraud and market manipulation.
22. On or around October 3, 2006, Zumwalt was sentenced to five years in federal prison after pleading guilty to mail fraud in connection with Zumwalt’s role in a fraudulent hedge fund and stock manipulation scheme.

23. On March 17, 2011, the California Corporations Commissioner issued a Desist and Refrain Order against Pistilli, Falco, and Synergy that prohibited Pistilli, Falco, and Synergy from offering or selling unregistered or non-exempt securities in the form of units of working interests in oil drilling operations in the State of California. Pistilli, Falco, and Synergy were served with the order on March 24, 2011. Pistilli and Falco did not request a hearing or otherwise challenge the order. As a result, the order became final.
24. On or about June 24, 2014, the Superior Court of the State of California for the County of Orange issued a judgment against Synergy and Falco for, among other things, violating the Desist and Refrain Order by selling unregistered securities. Falco and Synergy were ordered to pay \$13,775,047.86 in restitution to investors and \$6,625,000.00 in civil penalties. The judgment lists all investors in Synergy and the amounts invested. MR is listed as investing \$25,000.

Additional Facts

25. Synergy has not made any payments for restitution under the court order referenced in paragraph 24 above and the matter is currently in a collections process.
26. It is unknown if Synergy has any assets left to seize in order to pay back investors.
27. Prior to making the investments with Synergy and Infinity, the individual representing Synergy and Infinity failed to inform MR about, among other things:
 - a. The March 17, 2011 California Corporations Commissioner's Desist and Refrain Order against Pistilli, Falco, and Synergy;
 - b. Pistilli's convictions for mail and wire fraud;
 - c. That Infinity's business registration becoming inactive in 1998;
 - d. The September 18, 2006 SEC civil action against Zumwalt; and
 - e. Zumwalt's conviction and sentencing after pleading guilty to mail fraud as described above.

II. COMMISSIONER'S DETERMINATION AND FINDING

Multiple Violations of Offering and Selling Unregistered, Non-Exempt Securities

28. The **COMMISSIONER DETERMINES** that:
 - a. Respondents offered and sold a security to MR1; and

- b. at all times relevant to this matter, there was no registration, granted exemption, or notice filing indicating status as a “federal covered security” for the securities offered and sold by Respondents.
29. Respondents offered and sold securities in Missouri without these securities being (1) a federal covered security, (2) exempt from registration under Sections 409.2-201 or 409.2-203, RSMo. (Cum. Supp. 2013),¹ or (3) registered under the Missouri Securities Act of 2003.
30. Respondents offered and sold unregistered securities in violation of Section 409.3-301, and therefore engaged in an illegal act, practice, or course of business and such conduct is subject to the Commissioner’s authority under Section 409.6-604.

Multiple Violations of Transacting Business as an Unregistered Broker-Dealer

31. The **COMMISSIONER FURTHER DETERMINES** that:
- a. Respondents offered and sold more than one security to MR in Missouri, including securities in a company unrelated to Synergy;
 - b. These activities constitute transacting business in the State of Missouri; and
 - c. At all times relevant to this matter, Respondents were not registered as a broker-dealer in the State of Missouri and no exemption for registration applies.
32. Respondents offered or sold securities to an investor in Missouri without being registered or exempt from registration as a broker-dealer in violation of Section 409.4-401(a), and therefore engaged in an illegal act, practice, or course of business, and such conducts is subject to the Commissioner’s authority under Section 409.6-604.

Multiple Violations of Employing or Associating with an Unregistered Agent

33. The **COMMISSIONER FURTHER DETERMINES** that:
- a. Respondents employed or associated with at least one agent who offered or sold securities to MR in Missouri on behalf of Synergy;
 - b. These activities constitute transacting business in the State of Missouri;
 - c. Respondents’ activities constitute employing or associating with an agent in the State of Missouri under Section 409.4-402(d);

¹ Unless otherwise noted, all statutory references are to the 2013 cumulative supplement of the Revised Statutes of Missouri.

- d. At all times relevant to this matter, the agents whom Respondents employed or associated were not registered as broker-dealer or issuer agents in the State of Missouri; and
 - e. At all times relevant to this matter, Respondents had no registration or granted exemption from registration for any agents of Respondents to transact business in the State of Missouri.
34. Respondents employed or associated with agents who offered or sold securities to an investor in Missouri without being registered or exempt from registration as an agent in violation of Section 409.4-402(d), and therefore engaged in an illegal act, practice, or course of business, and such conduct is subject to the Commissioner's authority under Section 409.6-604.

Multiple Violations of Omitting to State Material Facts or Engaging in An Act, Practice, or Course of Business that Would Operate as a Fraud or Deceit Upon Another Person in Connection with the Offer or Sale of a Security

35. The **COMMISSIONER FURTHER DETERMINES** that, in connection with the offer, sale or purchase of a security, Respondents made untrue statements and omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading, including, but not limited to, the following:
- a. Stating to MR that Synergy was soliciting potential investors for a "private investment opportunity";
 - b. Stating that MR could expect distribution checks every three months and the distribution amount would depend on the success of the drilling operation;
 - c. Stating that MR could expect to receive MR's initial investment back within one-and-a-half years;
 - d. Stating that, after the initial investment, MR would receive distribution checks for an unspecified period of time; and
 - e. Representing that Infinity was about to go public and that the stock would thereafter double.
36. Any and all of the above statements are either untrue or misleading because of omissions of material fact. To wit:

- a. At the time of soliciting MR for investment in Synergy, Respondents were already subject to a Desist and Refrain Order from the California Corporations Commissioner precluding Respondents from offering or selling unregistered or non-exempt securities in the form of units of working interests in oil drilling operations in the State of California;
 - b. Respondents also failed to disclose that Synergy's executive, Pistilli, pleaded guilty to conspiracy to commit wire fraud, mail fraud, and aiding and abetting mail fraud in two separate criminal prosecutions;
 - c. That the securities were not registered, nor subject to any exemption from registration; and
 - d. At the time MR purchased Infinity stock, Infinity was not poised to become a public corporation.
37. Respondents' above acts, practices, or courses of business in connection with the offer or sale of a security operated as a fraud on MR, and would operate as a fraud or deceit upon another person.
38. Respondents made multiple untrue statements of material fact, made material omissions of fact, and engaged in an act, practice, or course of business that would operate as a fraud or deceit upon another person in violation of Section 409.5-501, and therefore engaged in an illegal act, practice, or course of business, and such conduct is subject to the Commissioner's authority under Section 409.6-604.
39. This order is in the public interest and is consistent with the purposes of the Missouri Securities Act of 2003. See Section 409.6-605(b).

III. ORDER

NOW, THEREFORE, it is hereby ordered that Respondents, their agents, officers, employees and servants, and all other persons participating in or about to participate in the above-described violations with knowledge of this order be prohibited from:

- A. violating or materially aiding in any violation of Section 409.3-301, by offering or selling any securities as defined by Section 409.1-102(28), in the State of Missouri unless those securities are registered with the Securities Division of the Office of the Secretary of State in accordance with the provisions of Section 409.3-301;
- B. violating or materially aiding in any violation of Section 409.4-401(a), by transacting business as an unregistered broker-dealer;
- C. violating or materially aiding in any violation of Section 409.4-402(d), by employing or associating with an unregistered agent; and

- D. violating or materially aiding in any violation of Section 409.5-501, by, in connection with the offer or sale of securities, making an untrue statement of a material fact or omitting to state a material fact necessary in order to make the statement made, in light of the circumstances under which it is made, not misleading or engaging in an act, practice, or course of business that operates or would operate as a fraud or deceit upon another person.

IV. STATEMENT

Pursuant to Section 409.6-604(d), the Commissioner hereby states that he will determine whether to grant the Enforcement Sections requests for:

- A. a \$10,000 civil penalty against each Respondent for more than one violation of Section 409.3-301;
- B. a \$10,000 civil penalty against each Respondent for more than one violation of Section 409.4-401(a);
- C. a \$10,000 civil penalty against each Respondent for more than one violation of Section 409.4-402(d);
- D. a \$10,000 civil penalty against each Respondent for more than one violation of Section 409.5-501;
- E. an order against Synergy to pay restitution for any loss, including the amount of any actual damages that may have been caused by the conduct, and interest at the rate of 8% per year from the date of the violation causing the loss or disgorge any profits arising from the violation of Sections 409.3-301, 409.4-401(a), 409.4-402(d), and 409.5-501; and
- F. an order against Synergy to pay the costs of the investigation in this proceeding, after a review of evidence of the amount submitted by the Enforcement Section.

SO ORDERED:

WITNESS MY HAND AND OFFICIAL SEAL OF MY OFFICE AT JEFFERSON CITY,
MISSOURI THIS TWENTY-FIRST DAY OF APRIL, 2015.



JASON KANDER
SECRETARY OF STATE

Andrew M. Hartnett

ANDREW M. HARTNETT
COMMISSIONER OF SECURITIES



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OFFICE OF SECRETARY OF STATE

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Oklahoma Secretary of State, Registered Agent)	
2300 N. Lincoln Blvd., Suite 101)	
Oklahoma City, Oklahoma 73105)	

NOTICE

TO: Respondent and any unnamed representatives aggrieved by this Order:

You may request a hearing in this matter within thirty (30) days of the receipt of this Order pursuant to Section 409.6-604(b), RSMo. (Cum. Supp. 2013), and 15 CSR 30-55.020.

Within fifteen (15) days after receipt of a request in a record from a person or persons subject to this order, the Commissioner will schedule this matter for a hearing.

A request for a hearing must be mailed or delivered, in writing, to:

**Andrew M. Hartnett, Commissioner of Securities
Office of the Secretary of State, Missouri
600 West Main Street, Room 229
Jefferson City, Missouri, 65102**

CERTIFICATE OF SERVICE

I hereby certify that on this 21st day of April, 2015, a copy of the foregoing Order to Cease and Desist and Order to Show Cause Why Restitution, Civil Penalties, and Costs Should not be Imposed in the above styled case was **mailed by certified U.S. mail to:**

Synergy Oil, LLC
Robert Falco
Tony Pistilli
Oklahoma Secretary of State, Registered Agent
2300 N. Lincoln Blvd., Suite 101
Oklahoma City, Oklahoma 73105



Marsha Presley
Securities Office Manager