UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 66424 / February 17, 2012

ADMINISTRATIVE PROCEEDING
File No. 3-14648

In the Matter of	:	ORDER MAKING FINDINGS AND
	:	IMPOSING REMEDIAL SANCTIONS BY
ROBERT ROSSI	:	DEFAULT

The Securities and Exchange Commission (Commission) issued an Order Instituting Proceedings (OIP) on November 29, 2011, pursuant to Section 15(b) of the Securities Exchange Act of 1934 (Exchange Act). The OIP alleges that Respondent Robert Rossi (Rossi) was permanently enjoined from future violations of Section 17(a) of the Securities Act of 1933 (Securities Act), Sections 10(b) and 15(a) of the Exchange Act, and Exchange Act Rule 10b-5 in SEC v. Petroleum Unlimited, LLC, 9:11-cv-80038-KAM (S.D. Fla. Nov. 9, 2011).

I held a prehearing conference on December 29, 2011, at which Rossi did not appear. At the prehearing conference, I found that Rossi was served with the OIP on December 3, 2011, in accordance with Rule 141(a)(2)(i) of the Commission's Rules of Practice. Prehearing Tr. 7-8. See 17 C.F.R. § 201.141(a)(2)(i). To date, Rossi has not filed an Answer, which was due on December 27, 2011. See OIP at 3; 17 C.F.R. §§ 201.160(b), .220(b).

On January 23, 2012, the Division of Enforcement (Division) filed a Motion for Entry of Default and Imposition of Sanctions Against Rossi (Motion), with four exhibits attached. Exhibit 1 is the United States Postal Service return receipt for the OIP, signed by L. Rose Lewis on December 3, 2011. Exhibit 2 is the Order Postponing Hearing and Setting Prehearing Conference, dated December 22, 2011, and delivered on December 23, 2011, with a cover letter from the Division, which includes instructions for dialing in to the December 29, 2011, prehearing conference. Exhibit 3 is the Order Granting Plaintiff's Motion for Default Judgment Against Defendant Rossi and Entering Judgment of Permanent Injunction and Other Relief in Petroleum Unlimited (Judgment). Exhibit 4 is the Complaint for Injunctive and Other Relief in Petroleum Unlimited (Complaint).

Rossi has not filed an Answer, did not appear at the prehearing conference, and has not otherwise defended this proceeding. He is therefore in default, and this proceeding will be determined upon consideration of the record, including the OIP, whose allegations are deemed to be true. See 17 C.F.R. §§ 201.155(a), .220(f), .221(f). Rossi, by his default, admitted the

allegations of the Complaint, which were the bases of the Judgment in Petroleum Unlimited.[1] See Buchanan v. Bowman, 820 F.2d 359, 361 (11th Cir. 1987); Nishimatsu Const. Co., Ltd. v. Houston Nat'l. Bank, 515 F.2d 1200, 1206 (5th Cir. 1975).

Findings of Fact

The district court's Judgment permanently enjoined Rossi, a 66-year-old resident of Pompano Beach, Florida, from violating Sections 17(a)(1), 17(a)(2), and 17(a)(3) of the Securities Act, Sections 10(b) and 15(a) of the Exchange Act, and Exchange Act Rule 10b-5, as a result of the conduct described below. OIP at 2; Judgment at 2-4. The district court also ordered Rossi to disgorge $36,400 in illegally-obtained profits, plus prejudgment interest in the amount of $4,751.22, and ordered him to pay a civil money penalty in an amount to be determined. Judgment at 4-5.

From March through July 2008, Petroleum Unlimited, LLC, and Petroleum Unlimited II, LLC, (collectively, Petroleum)[2] raised approximately $2.9 million through offerings of limited liability company membership interests to investors. OIP at 1, 2; Complaint at 1. Rossi, along with several others, conducted the private placement offerings through the sales offices of GPS Management, Inc. (GPS Management), a related company. OIP at 1, 2; Complaint at 2. GPS Management has never been registered with the Commission in any capacity. OIP at 1. The purported purpose of the offerings was to fund oil and gas exploration and drilling projects in Texas and Oklahoma. Complaint at 1.

Rossi drafted, reviewed, or distributed private placement memoranda and other offering materials for Petroleum. OIP at 2; Complaint at 2. These materials falsely represented that the offering proceeds would be used by the two companies primarily for oil and gas development, production, accounting, organization, etc., when, in fact, the companies paid 49% to 74% of the investors' funds as commissions to sales agents, and only $534,000 of the offering proceeds was used for oil drilling. OIP at 2; Complaint at 2, 8-9.

Rossi was responsible for the day-to-day operations of GPS Management. He managed and operated the sales offices in Florida and New Jersey that conducted the private placement offerings. OIP at 2; Complaint at 2, 4, 7. Stated differently, Rossi managed telemarketers in a boiler room operation, who solicited investors to purchase securities, and he received transaction-based compensation in the form of sales commissions. OIP at 2; Complaint at 7. Rossi trained and instructed the sales agents on how to sell the Petroleum investment; he observed and listened to the sales agents as they sold the investment; he knew the sales agents

[1] I take official notice of the underlying civil action, including the Complaint and the Judgment entered against Rossi. See 17 C.F.R. § 201.323.

[2] Petroleum Unlimited, LLC, and Petroleum Unlimited II, LLC, are Wyoming limited liability companies that have never been registered with the Commission and have never registered any offering of securities or a class of securities. Complaint at 3. Between July 2008 and January 2009, Petroleum Unlimited, LLC, was the subject of temporary cease-and-desist orders and other restrictions by securities regulators in Canada. Id.

and offering materials did not advise investors about the sales commissions of 49% to 74%; and he did not instruct the sales force to advise investors of this fact. OIP at 2; Complaint at 2, 7, 8, 10. Rossi received a portion of the $2.9 million offering proceeds. OIP at 2.

While engaged in these activities and acting as a broker-dealer or person associated with a broker-dealer, Rossi was neither registered as a broker-dealer nor associated with a registered broker-dealer. OIP at 2; Complaint at 8, 14.

Conclusions of Law and Sanctions

Under Section 15(b)(6)(A)(iii) of the Exchange Act, the Commission may impose remedial sanctions on an unregistered broker-dealer if it is in the public interest to do so, where the person has been enjoined from engaging in conduct in connection with the purchase or sale of any security. See 15 U.S.C. §§ 78o(b)(4)(C), (6)(A)(iii); see, e.g., Vladislav Steven Zubkis, Exchange Act Release No. 52876 (Dec. 2, 2005), 86 SEC Docket 2618, 2627, recon. denied, Exchange Act Release No. 53651 (Apr. 13, 2006), 87 SEC Docket 2584 (barring an unregistered, associated person of an unregistered broker-dealer from association with a broker or dealer).

The Division would bar Rossi from association with a broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, and nationally recognized statistical rating organization (NSRO), and from participating in any penny stock offering. Motion at 1, 6, 10. Rossi has chosen not to participate in this proceeding.

The Commission considers the following six factors in making a public interest determination: (1) the egregiousness of the respondent's actions; (2) whether the violations were isolated or recurrent; (3) the degree of scienter involved; (4) the sincerity of the respondent's assurances against future violations; (5) the respondent's recognition of the wrongful nature of his or her conduct; and (6) the likelihood that the respondent's occupation will present opportunities for future violations. See Steadman v. SEC, 603 F.2d 1126, 1140 (5th Cir. 1979), aff'd on other grounds, 450 U.S. 91 (1981). Remedial sanctions are not intended to punish a respondent, but to protect the public from future harm. See Leo Glassman, 46 S.E.C. 209, 211-12 (1975).

The Steadman factors indicate that the public should be protected from Rossi's participation in the securities industry. Rossi's violations consisted of blatantly-illegal conduct over a five-month period in which he appears to have managed and instructed others to violate the securities statutes. Rossi has not recognized his wrongdoing or given assurances against future violations. The likelihood of future violations is especially high based on his prior history that includes a 27-month prison sentence in April 2000, based on a conviction of mail fraud, and Commodity Futures Trading Commission (CFTC) bar from trading on CFTC registered entities. Exhibit 4 at 4-5. Finally, the Commission has stated that antifraud violations, such as those at issue here, have especially serious implications for the public interest and merit severe sanctions. See Michael T. Studer, Exchange Act Release No. 50411 (Sept. 20, 2004), 57 S.E.C. 890, 898, recon. denied, Exchange Act Release No. 50600 (Oct. 28, 2004), aff'd, 148 Fed. Appx. 58 (2d

Cir. 2005) (unpublished) (quoting Marshall E. Melton, Advisers Act Release No. 2151 (July 25, 2003), 56 S.E.C. 695, 713).

For all the reasons stated, it is in the interest of the public to bar Rossi from participating in the securities industry as allowed by Section 15(b)(6)(A) of the Exchange Act, except for bars from association with a municipal advisor or NRSO. These collateral bars, added by the Dodd-Frank Wall Street Reform and Consumer Protection Act, signed into law on July 21, 2010, are, in my view, impermissible because they retroactively attach new consequences to conduct that occurred prior to the statute's enactment.[3]

Order

It is ORDERED, pursuant to Section 15(b) of the Securities Exchange Act of 1934, that Robert Rossi is barred from association with a broker, dealer, investment adviser, municipal securities dealer, transfer agent, and from participating in any offering of penny stock.

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Brenda P. Murray
Chief Administrative Law Judge

[3] I disagree that the prospective application of the restriction eliminates the retroactivity concern in this proceeding. See Landgraf v. USI Film Prods., 511 U.S. 244, 273 (1994).