

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 67821 / September 10, 2012

ADMINISTRATIVE PROCEEDING
File No. 3-15016

In the Matter of

JOSEPH S. BLIMLINE,

Respondent.

**ORDER INSTITUTING ADMINISTRATIVE
PROCEEDINGS PURSUANT TO SECTION
15(b) OF THE SECURITIES EXCHANGE
ACT OF 1934 AND NOTICE OF HEARING**

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative proceedings be, and hereby are, instituted pursuant to Section 15(b) of the Securities Exchange Act of 1934 (“Exchange Act”) against Joseph S. Blimline (“Respondent” or “Blimline”).

II.

After an investigation, the Division of Enforcement alleges that:

A. RESPONDENT

1. From June 2006 through January 2009, Respondent acted as an unnamed principal and was known as the “Chief Operating Officer,” and the head of the land management division of Provident Royalties, LLC (“Provident”), a Delaware limited liability company which was not registered with the Commission. Blimline also acted as an undisclosed and unlicensed principal or affiliate of Provident Asset Management, LLC, a Delaware limited liability company which was registered with the Commission as a broker-dealer from March 9, 2004 until March 18, 2010. During this time, Respondent was involved in raising funds through a series of Provident fraudulent offerings which purported to be exempt from registration pursuant to Rule 506 of

Regulation D. In this capacity, Respondent acted as an unregistered broker-dealer in violation of the federal securities laws. Respondent, 37 years old, is incarcerated at the Federal Correctional Institution Big Spring in Texas, after pleading guilty to criminal offenses related to the conduct underlying both the associated civil case and this proceeding.

B. RESPONDENT'S CRIMINAL CONVICTION

1. On July 1, 2009, a complaint was filed against Provident in connection with an offering fraud in which Respondent was involved. This complaint was later amended to include Respondent, seeking to permanently enjoin him from future violations of Section 17(a) of the Securities Act of 1933, and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder in the civil action entitled *SEC v. Provident Royalties, LLC, et al.*, Civil Action Number 3:09CV1238-L, in the United States District Court for the Northern District of Texas.

2. The Commission's complaint alleged that, from at least June 2006 until January 2009, in connection with a series of preferred stock and limited partnership interests, Blimline misappropriated investor funds, falsely stated to investors the use of their invested funds, made misrepresentations to other Provident principals about the value of properties, failed to disclose his interest (through various entities he controlled) in some properties, and otherwise engaged in a variety of conduct that operated as a fraud and deceit on investors. The complaint also alleged that Blimline, directly or indirectly, sold unregistered securities.

3. On August 31, 2010, Blimline pleaded guilty to one count of conspiracy to commit mail fraud in violation of Title 18 United States Code, Section 1349 before the United States District Court for the Eastern District of Texas, in *United States v. Joseph S. Blimline*, Crim. Information No. 4:10CR00137-001. On May 15, 2012, a judgment in the criminal case was entered against Blimline. He was sentenced to two concurrent prison terms of 20 years followed by three years of supervised release and ordered to make restitution in the amount of \$407,552,918.95.

4. The count of the criminal information to which Blimline pleaded guilty alleged, among other things, that Blimline defrauded investors and obtained money and property by means of materially false and misleading statements in connection with the fraudulent sale of limited partnership interests and preferred stock underlying the Commission's complaint described in Paragraph 3 above.

III.

In view of the allegations made by the Division of Enforcement, the Commission deems it necessary and appropriate in the public interest that public administrative proceedings be instituted to determine:

A. Whether the allegations set forth in Section II hereof are true and, in connection therewith, to afford Respondent an opportunity to establish any defenses to such allegations; and

B. What, if any, remedial action is appropriate in the public interest against Respondent pursuant to Section 15(b) of the Exchange Act.

IV.

IT IS ORDERED that a public hearing for the purpose of taking evidence on the questions set forth in Section III hereof shall be convened at a time and place to be fixed, and before an Administrative Law Judge to be designated by further order as provided by Rule 110 of the Commission's Rules of Practice, 17 C.F.R. § 201.110.

IT IS FURTHER ORDERED that Respondent shall file an Answer to the allegations contained in this Order within twenty (20) days after service of this Order, as provided by Rule 220 of the Commission's Rules of Practice, 17 C.F.R. § 201.220.

If Respondent fails to file the directed answer, or fails to appear at a hearing after being duly notified, the Respondent may be deemed in default and the proceedings may be determined against him upon consideration of this Order, the allegations of which may be deemed to be true as provided by Rules 155(a), 220(f), 221(f) and 310 of the Commission's Rules of Practice, 17 C.F.R. §§ 201.155(a), 201.220(f), 201.221(f) and 201.310.

This Order shall be served forthwith upon Respondent personally or by certified mail.

IT IS FURTHER ORDERED that the Administrative Law Judge shall issue an initial decision no later than 210 days from the date of service of this Order, pursuant to Rule 360(a)(2) of the Commission's Rules of Practice.

In the absence of an appropriate waiver, no officer or employee of the Commission engaged in the performance of investigative or prosecuting functions in this or any factually related proceeding will be permitted to participate or advise in the decision of this matter, except as witness or counsel in proceedings held pursuant to notice. Since this proceeding is not "rule making" within the meaning of Section 551 of the Administrative Procedure Act, it is not deemed subject to the provisions of Section 553 delaying the effective date of any final Commission action.

By the Commission.

Elizabeth M. Murphy
Secretary