

STATE OF ILLINOIS  
SECRETARY OF STATE  
SECURITIES DEPARTMENT

IN THE MATTER OF: SIGNAL OIL & GAS COMPANY, ITS )  
MANAGERS, OFFICERS AND DIRECTORS, AGENTS, )  
EMPLOYEES, AFFILIATES, SUCCESSORS AND ASSIGNS and ) FILE NO. 1000013  
JAMES E. VAN BLARICUM AND STEVE SCHOEN )  
INDIVIDUALLY, d/b/a SJS INVESTMENTS )

ORDER OF PROHIBITION

TO RESPONDENTS:           Signal Oil and Gas Company  
                                  5208 Airport Freeway, Suite 100  
                                  Fort Worth, Texas 76117

                                  James E. Van Blaricum  
                                  21022 Gathering Oak, Suite 2103  
                                  San Antonio, Texas 78260

                                  Steve Schoen  
                                  410 Mayfair Lane  
                                  Buffalo Grove, Illinois 60089

                                  Steve Schoen d/b/a SJS Investments  
                                  410 Mayfair Lane  
                                  Buffalo Grove, Illinois 60089.

WHEREAS, a Temporary Order of Prohibition was issued by the Illinois Secretary of State, on September 29, 2011, temporarily prohibiting the Respondents from offering or selling securities in the State of Illinois for a maximum period of ninety (90) days.

WHEREAS, pursuant to Section 11.F of the Illinois Securities Law of 1953 [815 ILCS 5/1 *et. seq.*] (the "Act"), the failure to request a hearing within thirty (30) calendar days of the entry of a Temporary Order of Prohibition shall constitute an admission of any facts alleged therein and constitute a sufficient basis to make the Temporary Order final.

WHEREAS, Respondents Signal Oil & Gas Company, James E. Van Blaricum, Steve Schoen and Steve Schoen d/b/a SJS Investments have failed to request a hearing on the matters contained in the Temporary Order of Prohibition within thirty (30) calendar days of the entry of

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said Temporary Order and the Respondents are hereby deemed to have admitted the facts alleged in the said Temporary Order.

WHEREAS, the Secretary of State, by and through his duly authorized representative, has adopted the Findings of Fact contained in the said Temporary Order as the Secretary of State's Findings of Fact as follows:

1. That Respondent Signal Oil & Gas Company, a Texas corporation ("Signal") maintained a last known business address at 5208 Airport Freeway, Suite 100, Fort Worth, Texas 76117.
2. That Respondent James E. Van Blaricum, an individual ("Blaricum") CEO of Signal maintained a last known business address at 5208 Airport Freeway, Suite 100, Fort Worth, Texas 76117.
3. That Respondent Steve Schoen, an individual ("Schoen"), a sales representative for, Signal and Blaricum maintained a last known business address at 410 Mayfair Lane, Buffalo Grove, Illinois 60089.
4. That Respondent Schoen, d/b/a/ SJS Investments ("SJS") collectively with Signal, Blaricum and Schoen ("Respondents") maintained a last known business address at 410 Mayfair Lane, Buffalo Grove, Illinois 60089.
5. That in the Spring of 2007, or thereabouts, a representative of Respondents through Schoen and SJS cold called more than one Illinois Investor ("Investors") at their place of business and pursued the relationship for the purpose of selling to Investor joint venture interests known as "the Land Lease and Exploration Program II ("Land Program II"), and the Industry Partner Drilling Program II ("Industry Program II"), (the "Offering").
6. That Schoen met with Investors on multiple occasions and touted the success and profitability of Signal Oil and Gas Company. Schoen told Investors that Blaricum was an experienced Oil man and that Signal and Blaricum were reliable and trustworthy. Schoen further represented to Investors that Signal was a good investment and assured them that they would have good returns on any investment; he showed Investors old checks and investment returns from his dealings with Signal Oil as back-up to his statements. Schoen then informed the Investors that he had "inside information" from his "Uncle" Blaricum that the first well in the Industry Program II had been dug and was already online and producing.
7. That Signal's offering documents received by the Investors represented that its Land Program II, was its "most exciting and potentially lucrative opportunity to date...to exploit new opportunities in what is the most dynamic period I the history of the oil and gas industry...that this program was designed to capture the changes in the oil and gas industry for the benefit of Signal and its investors to

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“join in what promises to be a very financially successful and rewarding program.”

8. That Signal’s offering documents touted the Industry Program II as “an exceptional opportunity for its participants to realize heretofore unprecedented opportunities for a relatively higher degree of exploration success and potential return on funds invested herein” and “an exceptional oil and gas industry exploration program” with “industry partners representing several hundred years of experience in every aspect of the petroleum industry in Texas.” Signal noted that this was its second program and it was “one of the most diversified and potentially successful Programs that Signal had ever offered.” Signal represented that the wells in the Industry Program II would be drilled in “known areas of oil and gas production, and in every case are in close proximity to existing production, or directly offsetting producing oil and/or gas wells, thus greatly maximizing the probability of geological success.”
9. That Subsequent to the foregoing solicitation, and based upon the foregoing representations in March of 2007, Investors purchased the Offering, and signed a questionnaire, an exploration agreement and a turnkey drilling and completion contract with Respondents and two investors paid \$25,000.00 for an interest in Signal Oil’s Land Program II, and another \$25,000.00 for an interest in Signal Oil’s Industry Program II. A third investor subsequently paid \$25,000.00 for an interest in Signal Oil’s Industry Program II
10. That the Investors back dated the dates of their signatures on agreements they signed and their checks to December 2006 as requested by the Respondents.
11. That the activities described in paragraphs 5 through 9 above constitute the offer and sale of a certificate of participation in a profit-sharing agreement or an investment contract and therefore a security as those terms are defined in Sections 2.1, 2.5 and 2.5a of the Illinois Securities Law of 1953 [815 ILCS 5] (the "Act").
12. That Section 5 of the Act provides, inter alia, that all securities except those exempt under Section 3 or those offered or sold in transactions exempt under Section 4 shall be registered either by coordination or by qualification prior to their offer or sale in the State of Illinois.
13. That Respondents failed to file with the Secretary of State an application for registration of the securities described above as required by the Act and as a result the security was not registered pursuant to Section 5 of the Act prior to its offer and sale in the State of Illinois.
14. That Section 12.A of the Act provides, inter alia, that it shall be a violation for any person to offer or sell any security except in accordance with the provisions of the Act.

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15. That Section 12.D of the Act provides, inter alia, that it shall be a violation for any person to fail to file with the Secretary of State any application, report or document required to be filed under the provisions of the Act or any rule or regulation made by the Secretary of State pursuant to the Act.
16. That by virtue of the foregoing, Respondents have violated Sections 12.A and 12.D of the Act.
17. That Section 12.F of the Act provides that it shall be a violation of the Act to engage in any transaction, practice or course of business in connection with the sale or purchase of securities which work or tends to work a fraud or deceit upon the purchaser.
18. That Pursuant to Section 12.G of the Act, it is a violation of the Act to obtain money or property through the sale of securities by means of any untrue statement of a material fact or any omission to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading.
19. That Respondents knew or should have known their promises and representations referred to in paragraphs 6, 7, and 8 above made to the Investors were false and were made for the purposes of inducing the Investors to invest in their offering.
20. That by virtue of the foregoing, Respondents have violated Sections 12.F and 12.G of the Act.

NOW THEREFORE, IT IS HEREBY ORDERED THAT: pursuant to Section 11.F of the Act, Respondents Signal Oil & Gas Company, James E. Van Blaricum, Steve Schoen and Steve Schoen d/b/a SJS Investments and each of their partners, officers and directors, agents, employees, affiliates, successors and assigns are hereby **PROHIBITED** from offering or selling any securities in or from the State of Illinois

NOTICE: Failure to comply with the terms of this Order shall be a violation of the Act. Any person or entity who fails to comply with the terms of this Order of the Secretary of State, having knowledge of the existence of the Order, shall be guilty of a Class 4 Felony.

This is a final order subject to administrative review pursuant to the Administrative Review Law, {735 ILCS 5/3-101 et seq.} and the Rules and Regulations of the Illinois Securities Act, {14 Ill. Admin. Code Ch. I, Section 130.1123}. Any action for Judicial Review must be commenced within thirty-five (35) days from the date a copy of this Order is served upon the party seeking review.

ENTERED: This 31<sup>st</sup> day of October, 2011.

  
JESSE WHITE  
Secretary of State  
State of Illinois

Attorney for the Secretary of State:

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