

## BrokerCheck Report

**TERRENCE BALLARD**

CRD# 4226733

<u>Section Title</u>	<u>Page(s)</u>
Report Summary	1
Broker Qualifications	2 - 3
Registration and Employment History	5
Disclosure Events	6



When communicating online or investing with any professional, make sure you know who you're dealing with. [Imposters](#) might link to sites like BrokerCheck from [phishing](#) or similar scam websites, or through [social media](#), trying to steal your personal information or your money.

Please contact FINRA with any concerns.

## About BrokerCheck®



BrokerCheck offers information on all current, and many former, registered securities brokers, and all current and former registered securities firms. FINRA strongly encourages investors to use BrokerCheck to check the background of securities brokers and brokerage firms before deciding to conduct, or continue to conduct, business with them.

- **What is included in a BrokerCheck report?**

- BrokerCheck reports for individual brokers include information such as employment history, professional qualifications, disciplinary actions, criminal convictions, civil judgments and arbitration awards. BrokerCheck reports for brokerage firms include information on a firm's profile, history, and operations, as well as many of the same disclosure events mentioned above.
- Please note that the information contained in a BrokerCheck report may include pending actions or allegations that may be contested, unresolved or unproven. In the end, these actions or allegations may be resolved in favor of the broker or brokerage firm, or concluded through a negotiated settlement with no admission or finding of wrongdoing.

- **Where did this information come from?**

- The information contained in BrokerCheck comes from FINRA's Central Registration Depository, or CRD® and is a combination of:
  - information FINRA and/or the Securities and Exchange Commission (SEC) require brokers and brokerage firms to submit as part of the registration and licensing process, and
  - information that regulators report regarding disciplinary actions or allegations against firms or brokers.

- **How current is this information?**

- Generally, active brokerage firms and brokers are required to update their professional and disciplinary information in CRD within 30 days. Under most circumstances, information reported by brokerage firms, brokers and regulators is available in BrokerCheck the next business day.

- **What if I want to check the background of an investment adviser firm or investment adviser representative?**

- To check the background of an investment adviser firm or representative, you can search for the firm or individual in BrokerCheck. If your search is successful, click on the link provided to view the available licensing and registration information in the SEC's Investment Adviser Public Disclosure (IAPD) website at <https://www.adviserinfo.sec.gov>. In the alternative, you may search the IAPD website directly or contact your state securities regulator at <http://www.finra.org/Investors/ToolsCalculators/BrokerCheck/P455414>.

- **Are there other resources I can use to check the background of investment professionals?**

- FINRA recommends that you learn as much as possible about an investment professional before deciding to work with them. Your state securities regulator can help you research brokers and investment adviser representatives doing business in your state.

**Thank you for using FINRA BrokerCheck.**



Using this site/information means that you accept the FINRA BrokerCheck Terms and Conditions. A complete list of Terms and Conditions can be found at [brokercheck.finra.org](http://brokercheck.finra.org)



For additional information about the contents of this report, please refer to the User Guidance or [www.finra.org/brokercheck](http://www.finra.org/brokercheck). It provides a glossary of terms and a list of frequently asked questions, as well as additional resources. For more information about FINRA, visit [www.finra.org](http://www.finra.org).



**TERRENCE BALLARD**  
CRD# 4226733

This broker is not currently registered.

**Report Summary for this Broker**

This report summary provides an overview of the broker's professional background and conduct. Additional information can be found in the detailed report.

**Broker Qualifications**

**This broker is not currently registered.**

**This broker has passed:**

- 0 Principal/Supervisory Exams
- 1 General Industry/Product Exam
- 0 State Securities Law Exams

**Registration History**

**This broker was previously registered with the following securities firm(s):**

- B MORGAN SPAULDING, INC.**  
CRD# 44604  
DALLAS, TX  
05/2001 - 06/2001
- B FIDELITY BROKERAGE SERVICES LLC**  
CRD# 7784  
SMITHFIELD, RI  
09/2000 - 05/2001

**Disclosure Events**

This broker has been involved in one or more disclosure events involving certain final criminal matters, regulatory actions, civil judicial proceedings, or arbitrations or civil litigations.

Are there events disclosed about this broker? **Yes**

**The following types of disclosures have been reported:**

Type	Count
Regulatory Event	1

## Broker Qualifications



### Registrations

This section provides the self-regulatory organizations (SROs), states and U.S. territories the broker is currently registered and licensed with, the category of each registration, and the date on which the registration became effective. This section also provides, for each firm with which the broker is currently employed, the address of each branch where the broker works.

This broker is not currently registered.



Broker Qualifications

Industry Exams this Broker has Passed

This section includes all securities industry exams that the broker has passed. Under limited circumstances, a broker may attain a registration after receiving an exam waiver based on exams the broker has passed and/or qualifying work experience. Any exam waivers that the broker has received are not included below. A passed exam or exam waiver does not permit a broker to do business without an active SRO or state registration.

This individual has passed 0 principal/supervisory exams, 1 general industry/product exam, and 0 state securities law exams.

Principal/Supervisory Exams

Exam	Category	Date
No information reported.		

General Industry/Product Exams

Exam	Category	Date
<div>B</div> General Securities Representative Examination	Series 7	09/25/2000

State Securities Law Exams

Exam	Category	Date
No information reported.		

Additional information about the above exams or other exams FINRA administers to brokers and other securities professionals can be found at [www.finra.org/brokerqualifications/registeredrep/](http://www.finra.org/brokerqualifications/registeredrep/).

## Broker Qualifications



## Professional Designations

This section details that the representative has reported **0** professional designation(s).

No information reported.



# Registration and Employment History

## Registration History

The broker previously was registered with the following securities firms:

Registration Dates	Firm Name	CRD#	Branch Location
<div>B</div> 05/2001 - 06/2001	MORGAN SPAULDING, INC.	44604	DALLAS, TX
<div>B</div> 09/2000 - 05/2001	FIDELITY BROKERAGE SERVICES LLC	7784	SMITHFIELD, RI

## Employment History

This section provides up to 10 years of an individual broker's employment history as reported by the individual broker on the most recently filed Form U4.

Please note that the broker is required to provide this information only while registered with FINRA or a national securities exchange and the information is not updated via Form U4 after the broker ceases to be registered. Therefore, an employment end date of "Present" may not reflect the broker's current employment status.

Employment	Employer Name	Position	Investment Related	Employer Location
05/2001 - Present	MORGAN SPAULDING INC	D.P.P. REP.	Y	RICHARDSON, TX, United States

# Disclosure Events



## What you should know about reported disclosure events:

- 1. **Disclosure events in BrokerCheck reports come from different sources:**
  - As mentioned at the beginning of this report, information contained in BrokerCheck comes from brokers, their employing firms, and regulators. When more than one source reports information for the same disclosure event, all versions of the event will appear in the BrokerCheck report. The different versions are separated by a solid line with the reporting source labeled.

For your convenience, below is a matrix of the number and status of regulatory disclosure events involving this broker. Further information regarding these events can be found in the subsequent pages of this report. You also may wish to contact the broker to obtain further information regarding these events.

	Final	On Appeal
Regulatory Event	1	0





## Disclosure Event Details

This report provides the information exactly as it was reported to CRD and therefore some of the specific data fields contained in the report may be blank if the information was not provided to CRD.

### Regulatory - Final

This type of disclosure event involves a final, formal proceeding initiated by a regulatory authority (e.g., a state securities agency, self-regulatory organization, federal regulator such as the Securities and Exchange Commission, foreign financial regulatory body) for a violation of investment-related rules or regulations.

#### Disclosure 1 of 1

<b>Reporting Source:</b>	Regulator
<b>Regulatory Action Initiated By:</b>	UNITED STATES SECURITIES AND EXCHANGE COMMISSION
<b>Sanction(s) Sought:</b>	Cease and Desist Civil and Administrative Penalty(ies)/Fine(s) Disgorgement
<b>Date Initiated:</b>	12/08/2016
<b>Docket/Case Number:</b>	3-17716
<b>Employing firm when activity occurred which led to the regulatory action:</b>	Breitling Oil and Gas Corporation, Breitling Royalties Corporation, Crude Energy, LLC, Crude Royalties, Patriot Energy, Inc., and Patriot Royalties
<b>Product Type:</b>	Oil & Gas
<b>Allegations:</b>	<p>SEC Admin Release 33-10264, 34-79507, Investment Company Act of 1940 Release 32383 / December 8, 2016:</p> <p>The Securities and Exchange Commission ("Commission") deems it appropriate and in the public interest that public administrative and cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 8A of the Securities Act of 1933 ("Securities Act"), Sections 15(b) and 21C of the Securities Exchange Act of 1934 ("Exchange Act"), and Section 9(b) of the Investment Company Act of 1940 ("Investment Company Act") against Terrence A. Ballard and three others (collectively the "Respondents").</p> <p>The Division of Enforcement alleges that between 2011 and 2016, the Respondents willfully violated Sections 5(a) and 5(c) of the Securities Act and Section 15(a) of the Exchange Act by engaging in the unregistered offer and sale of undivided oil and gas interests to hundreds of investors across the country as part of an \$80-million offering fraud (the "Faulkner Scheme").</p> <p>The Respondents participated in the Faulkner Scheme by selling or participating in the sale of securities to hundreds of investors, including cold-calling thousands of investors across the country to solicit investments in dozens of unregistered oil and</p>



gas securities offerings, and providing substantive details about the offerings to prospective investors. For their roles in the Faulkner Scheme, the Respondents collectively received nearly \$9 million in undisclosed transaction-based compensation in the form of commissions. None of the Respondents was registered with the Commission as a broker or associated with a registered broker-dealer during this time.

<b>Current Status:</b>	Final
<b>Resolution:</b>	Decision
<b>Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?</b>	No
<b>Resolution Date:</b>	12/06/2019
<b>Sanctions Ordered:</b>	Bar (Permanent) Cease and Desist Civil and Administrative Penalty(ies)/Fine(s) Disgorgement Prohibition Other: Prejudgment interest on the disgorgement
<b>If the regulator is the SEC, CFTC, or an SRO, did the action result in a finding of a willful violation or failure to supervise?</b>	Yes



**(1) willfully violated any provision of the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Advisers Act of 1940, the Investment Company Act of 1940, the Commodity Exchange Act, or any rule or regulation under any of such Acts, or any of the rules of the Municipal Securities Rulemaking Board, or to have been unable to comply with any provision of such Act, rule or regulation?**

Yes

**(2) willfully aided, abetted, counseled, commanded, induced, or procured the violation by any person of any provision of the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Advisers Act of 1940, the Investment Company Act of 1940, the Commodity Exchange Act, or any rule or regulation under any of such Acts, or any of the rules of the Municipal Securities Rulemaking Board? or**

No



**(3) failed reasonably to supervise another person subject to your supervision, with a view to preventing the violation by such person of any provision of the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Advisers Act of 1940, the Investment Company Act of 1940, the Commodity Exchange Act, or any rule or regulation under any such Acts, or any of the rules of the Municipal Securities Rulemaking Board?**

No

#### Sanction 1 of 2

**Sanction Type:** Bar (Permanent)  
**Capacities Affected:** Offering of penny stock  
**Duration:** Indefinite  
**Start Date:** 12/06/2019

**End Date:**

#### Sanction 2 of 2

**Sanction Type:** Bar (Permanent)  
**Capacities Affected:** Broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or NRSRO  
**Duration:** Indefinite  
**Start Date:** 12/06/2019  
**End Date:**

#### Monetary Sanction 1 of 2

**Monetary Related Sanction:** Civil and Administrative Penalty(ies)/Fine(s)  
**Total Amount:** \$650,000.00  
**Portion Levied against individual:** \$650,000.00

**Payment Plan:****Is Payment Plan Current:****Date Paid by individual:**

**Was any portion of penalty waived?** No

**Amount Waived:****Monetary Sanction 2 of 2**

**Monetary Related Sanction:** Disgorgement

**Total Amount:** \$1,106,228.64

**Portion Levied against individual:** \$1,106,228.64

**Payment Plan:** prejudgment interest

**Is Payment Plan Current:****Date Paid by individual:**

**Was any portion of penalty waived?** No

**Amount Waived:****Regulator Statement**

The Administrative Law Judge shall issue an initial decision no later than 120 days from the occurrence of one of the following events: (A) The completion of post-hearing briefing in a proceeding where the hearing has been completed; (B) Where the hearing officer has determined that no hearing is necessary, upon completion of briefing on a motion pursuant to Rule 250 of the Commission's Rules of Practice, 17 C.F.R. § 201.250; or (C) The determination by the hearing officer that a party is deemed to be in default under Rule 155 of the Commission's Rules of Practice, 17 C.F.R. § 201.155 and no hearing is necessary.

On December 6, 2019, an Initial Decision on Default as to Terrence A. Ballard issued on August 26, 2019 became final. The SEC issued an order instituting proceedings (OIP) against four Respondents, including Ballard, on December 8, 2016. To date, Ballard has not filed an answer to the OIP, submitted a proposal for the conduct of the proceeding, or otherwise participated in this matter at any time. Therefore, Ballard is in default and the Administrative Law Judge deems the allegations in the OIP to be true as to Ballard. Ballard's conduct arises out of his participation in a scheme masterminded by Christopher A. Faulkner. Faulkner controlled several related companies that sold oil and gas interests as part of unregistered offerings. The scheme began around 2011 and defrauded hundreds



of investors out of at least \$80 million. Although Faulkner's companies represented to investors that they were legitimate enterprises, in reality, Faulkner diverted millions of dollars of investor money for his personal use. In 2018, Faulkner consented to a final judgment in district court enjoining him from violating or aiding and abetting numerous provisions of the federal securities laws and ordering disgorgement of more than \$25 million including prejudgment interest. Ballard acted as a salesperson for the Faulkner companies, selling working and royalty interests in oil and gas properties from at least the beginning of 2011 until early 2016. As a primary salesperson, Ballard was instrumental in convincing prospective investors to invest. For his role in the scheme, Ballard received both salary and commission. He received about \$800 every two weeks as salary. But he also received a lot of other money. Ballard received more than one million dollars in transaction-based compensation for participation in the Faulkner scheme through his cold calling and follow up activity, he actively solicited investors and, although he testified otherwise, he advised those investors on the merits of the investments. Because he did all this without being registered as a broker or associated with a registered broker, he willfully violated Exchange Act Section 15(a). In addition, the working interests Ballard sold by telephone and other means were unregistered securities and as a result, he willfully violated Securities Act Section 5(a) and (c) Section 5(a) and (c).

Accordingly, Ballard is barred from association with a broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization ("NRSRO") and from participating in an offering of penny stock; permanently prohibited from serving or acting as an employee, officer, director, member of an advisory board, investment adviser or depositor of, or principal underwriter for, a registered investment company or affiliated person of such investment adviser, depositor, or principal underwriter; shall cease and desist from committing or causing violations, and any future violations, of Sections 5(a) and 5(c) of the Securities Act of 1933 and Section 15 of the Securities Exchange Act of 1934; shall disgorge \$1,106,228.64, plus prejudgment interest; and shall pay a civil money penalty in the amount of \$650,000.

## End of Report



**This page is intentionally left blank.**