

UNITED STATES OF AMERICA  
Before the  
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934  
Release No. 55291/ February 14, 2007

ADMINISTRATIVE PROCEEDING  
File No. 3-12494

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In the Matter of	:	
	:	
LARRY WEBMAN and	:	ORDER MAKING FINDINGS AND
MELVIN WEBMAN	:	IMPOSING SANCTIONS BY DEFAULT
	:	

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The Securities and Exchange Commission (Commission) issued its Order Instituting Proceedings (OIP) on December 1, 2006, pursuant to Section 15(b) of the Securities Exchange Act of 1934 (Exchange Act). Evidence furnished by the Division of Enforcement (Division) and the Commission's Office of the Secretary establishes that Respondents Melvin Webman and Larry Webman were served with the OIP on December 8, 2006, and January 11, 2007, respectively, pursuant to Rule 141(a)(2) of the Commission's Rules of Practice. To date, neither has filed an Answer to the OIP, due twenty days after service. 17 C.F.R. § 201.220(b); OIP at 2. A prehearing conference was held on January 18, 2007, at which only the Division attended.

On February 5, 2007, the Division filed a motion for entry of default against both Respondents for their failure to file Answers to the OIP and attend a prehearing conference. As relief, the Division requests that both Respondents be barred from association with any broker or dealer. To date, neither Respondent has opposed the Division's motion.

Accordingly, Respondents Larry Webman and Melvin Webman are in default for failing to answer the OIP, appear at a prehearing conference, respond to a dispositive motion, or otherwise defend the proceeding. See 17 C.F.R. §§ 201.155(a), .220(f), .221(f). As authorized by Rule 155(a) of the Commission's Rules of Practice, 17 C.F.R. § 201.155(a), I find the following allegations in the OIP to be true.

During the relevant period, Respondents acted as unregistered broker-dealers in connection with the offer and sale of U.S Gas & Electric, Inc. (U.S. Gas), securities and securities belonging to U.S. Gas's affiliated companies, USG&E Drilling I, LLC, USG&E Drilling II, LLC, and USG&E Gas Drilling III, LLC (collectively, Drilling LLCs), for which each received transaction-based compensation.

On November 16, 2006, the United States District Court for the Southern District of Florida entered an Amended Order of Default Judgment of Permanent Injunction and Other

Relief against the Respondents, permanently enjoining each from future violations of Sections 5(a), 5(c), and 17(a) of the Securities Act of 1933 and Sections 10(b) and 15(a)(1) of the Exchange Act and Rule 10b-5 thereunder. SEC v. U.S Gas & Elec. Inc., No. 06-22440-CIV-LLENARD/TORRES.

The Commission's complaint in the civil action alleged that between March 2002 and August 2003, U.S. Gas and the Drilling LLCs raised approximately \$6.8 million through a series of fraudulent offerings in unregistered transactions to more than 180 investors, many of whom were senior citizens. The purported purpose of these offerings was to start up and operate natural gas businesses in the New York metropolitan area and in Pennsylvania. The complaint alleged that U.S. Gas, through Respondents and others, made material misstatements and omissions to investors in the various offerings concerning, among other things, the returns on the investments and the use of proceeds. In addition, the complaint alleged that Respondents and others falsely represented to investors in the Drilling LLCs offerings that they should expect to receive annual returns ranging from 25% to 50% for decades. The complaint charged Respondents, and their co-defendants, with violations of the registration, broker-dealer registration, and antifraud provisions of the federal securities laws in connection with the offer and sale of U.S. Gas and Drilling LLC securities.

In view of the foregoing, I find it in the public interest to bar both Respondents from associating with any broker or dealer.

### **ORDER**

IT IS ORDERED THAT, pursuant to Section 15(b) of the Securities Exchange Act of 1934, Larry Webman and Melvin Webman are hereby barred from associating with any broker or dealer.

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Robert G. Mahony  
Administrative Law Judge