

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 64618 / June 7, 2011

ADMINISTRATIVE PROCEEDINGS
File No. 3-14414

In the Matter of

LOUIS W. ZEHIL,

Respondent.

**ORDER INSTITUTING ADMINISTRATIVE
PROCEEDINGS PURSUANT TO RULE
102(e) OF THE COMMISSION’S RULES OF
PRACTICE, MAKING FINDINGS, AND
IMPOSING REMEDIAL SANCTIONS**

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative proceedings be, and hereby are, instituted against Louis W. Zehil (“Respondent” or “Zehil”) pursuant to Rule 102(e)(3)(i) of the Commission’s Rules of Practice.¹

II.

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the “Offer”) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over him and the subject matter of these proceedings, and the findings contained in Section III.2 below, which are admitted, Respondent consents to the entry of this Order Instituting Administrative Proceedings Pursuant to Rule 102(e) of the Commission’s Rules of Practice, Making Findings, and Imposing Remedial Sanctions (“Order”), as set forth below.

¹ Rule 102(e)(3)(i) provides, in relevant part, that:

The Commission, with due regard to the public interest and without preliminary hearing, may, by order, . . . suspend from appearing or practicing before it any attorney . . . who has been by name . . . permanently enjoined by any court of competent jurisdiction, by reason of his or her misconduct in an action brought by the Commission, from violating or aiding and abetting the violation of any provision of the Federal securities laws or of the rules and regulations thereunder.

III.

On the basis of this Order and Respondent's Offer, the Commission finds that:

1. Zehil, age 44, is and has been an attorney licensed to practice in the State of New York.

2. On May 10, 2011, a final judgment was entered against Zehil, permanently enjoining him from future violations of Sections 5(a), 5(c), and 17(a) of the Securities Act and Section 10(b) of the Exchange Act and rule 10b-5 thereunder, in a civil action entitled Securities and Exchange Commission v. Louis W. Zehil, et al., Civil Action Number 07 Civ. 1439 (LAP), in the United States District Court for the Southern District of New York.

3. The Commission's complaint alleged, among other things, that Zehil, a corporate attorney, and two entities he controlled, Strong Branch Ventures IV LP ("Strong") and Chestnut Capital Partners II, LLC ("Chestnut") from approximately January 2006 to February 2007, engaged in a fraudulent scheme to obtain and sell to the investing public millions of shares of securities in violation of the antifraud and registration provisions of the federal securities laws. Between January 2006 and February 2007, Zehil represented seven public companies in issuing their stock in PIPE transactions (private investments in public equity). The seven public companies were Gran Tierra Energy, Inc., Foothills Resources, Inc., MMC Energy, Inc., Alternative Energy Sources, Inc., Ethanex Energy, Inc., GoFish Corp., and Kreido BioFuels, Inc. At all relevant times, their common stock was registered with the Commission and quoted on the OTC-BB. In these PIPE transactions (as in PIPEs generally), the investors purchased restricted stock at a discount to market price. Zehil personally invested in the issuers' PIPE transactions through Strong and Chestnut. In the subscription agreements for each PIPE transaction, Zehil, and Strong and Chestnut, through Zehil, agreed (as all the PIPE subscribers did) that the shares they received would be issued with restrictive legends until such time as the issuers filed registration statements with the Commission and the Commission declared them effective. As counsel for the issuers, Zehil then sent letters to the issuers' transfer agents directing the issuance of shares to the PIPE subscribers. Zehil's letters instructed that all the shares should bear restrictive legends except the shares issued to his entities, Strong and Chestnut. Zehil's letters stated, falsely, that the shares issued to Strong and Chestnut satisfied legal criteria to be issued without restrictive legend. As a result of this fraudulent conduct, Zehil, individually and through Strong and Chestnut, was able to receive shares without restrictive legends, which they quickly sold into the public market, and generated illicit profits of at least \$17 million.

IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanction agreed to in Respondent Zehil's Offer.

Accordingly, it is hereby ORDERED, effective immediately, that Zehil is suspended from appearing or practicing before the Commission as an attorney.

By the Commission.

Elizabeth M. Murphy
Secretary

Service List

Rule 141 of the Commission's Rules of Practice provides that the Secretary, or another duly authorized officer of the Commission, shall serve a copy of the Order Instituting Administrative Proceedings Pursuant to Rule 102(e) of the Commission's Rules of Practice, Making Findings, and Imposing Remedial Sanctions ("Order") on the Respondent and his legal agent.

The attached Order has been sent to the following parties and persons entitled to notice:

Honorable Brenda P. Murray
Chief Administrative Law Judge
Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549-2557

John J. Graubard, Esq.
New York Regional Office
Securities and Exchange Commission
3 World Financial Center, Room 400
New York, NY 10281-1022

Louis W. Zehil, Esq.
c/o Andrew M. Lawler, Esq.
Andrew M. Lawler, P.C.
641 Lexington Avenue, 27th Floor
New York, NY 10022

Andrew M. Lawler, Esq.
Andrew M. Lawler, P.C.
641 Lexington Avenue, 27th Floor
New York, New York 10022