

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 65848 / November 29, 2011

ADMINISTRATIVE PROCEEDING
File No. 3-14647

In the Matter of

JOSEPH VALKO,

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 Valko (“Respondent” or “Valko”).

II.

After an investigation, the Division of Enforcement alleges that:

A. RESPONDENT

1. From March through July 2008, Petroleum Unlimited, LLC and Petroleum Unlimited II, LLC (collectively “Petroleum”) raised approximately \$2.9 million through offerings of limited liability company membership interests to investors. Valko conducted the private placement offerings in Florida and New Jersey through sales offices of a related company, GPS Management, Inc. GPS Management has never been registered with the Commission in any capacity. Valko was responsible for hiring, training, and monitoring GPS Management’s sales

agents. Valko, through telemarketers he managed, solicited investors to purchase securities in exchange for transaction-based compensation in the form of sales commissions. During this period, Valko was neither registered as a broker-dealer nor associated with a registered broker-dealer. Valko, 42 years old, is a resident of Margate, Florida.

B. ENTRY OF THE INJUNCTION

2. On November 8, 2011, a default judgment was entered against Valko, permanently enjoining him from future violations of Section 17(a) of the Securities Act of 1933, Sections 15(a) and 10(b) of the Exchange Act and Rule 10b-5 thereunder, in the civil action entitled Securities and Exchange Commission v. Joseph Valko, et al., Civil Action Number 11-80038-CV-Marra/Johnson, in the United States District Court for the Southern District of Florida.

3. The Commission's complaint alleged that from March through July 2008, Petroleum raised approximately \$2.9 million through offerings of limited liability company membership interests to investors. Valko drafted, reviewed or distributed private placement memoranda and other offering materials for Petroleum. These materials misrepresented the use of the offering proceeds by stating the two companies would use investor funds primarily for oil and gas development and production, when, in fact, the companies paid 49% to 74% of investors' funds as commissions to sales agents. Valko conducted the private placement offerings through sales offices in Florida and New Jersey of GPS Management. Valko managed and operated the sales offices and knew sales agents and the offering materials were not advising investors about the sales commissions of 49% to 74%. Valko was responsible for hiring, training, and monitoring GPS Management's sales agents. He recruited GPS Management's sales agents through newspaper and internet advertisements. Valko trained and instructed the sales agents on how to sell the Petroleum investment and failed to take any action to ensure sales agents informed investors of the sales commissions. Valko prepared scripts for the sales agents to use when pitching the Petroleum investment. Valko observed and listened to the sales agents as they sold the investment and did not instruct the sales force to advise investors of the sales commissions. Ultimately, Valko received a portion of the receipts, which were based solely on the offering proceeds and sales of the Petroleum offering. Valko, through telemarketers he managed, solicited investors to purchase securities in exchange for transaction-based compensation in the form of sales commissions.

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;

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.

For the Commission, by its Secretary, pursuant to delegated authority.

Elizabeth M. Murphy
Secretary