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ORIGINAL

FILED
CLERK, U.S. DISTRICT COURT
AUG 21 2015
CENTRAL DISTRICT OF CALIFORNIA
BY

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BY

Attorneys for Plaintiff

Securities and Exchange Commission

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
WESTERN DIVISION

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

vs.

HARRISON SCHUMACHER; PAUL
MYSYK; QUANECO, LLC; and
QUANTUM ENERGY, LLC,

Defendants, and

QUANECO ENERGY HOLDINGS,
LLC; FAT CHANCE OIL & GAS,
LLC; ANV, LLC; and TARA
SCHUMACHER,

Relief Defendants.

Case No. **CV 15-6388** DDP RHC

PLAINTIFF SECURITIES AND
EXCHANGE COMMISSION'S *EX
PARTE* APPLICATION FOR A
TEMPORARY RESTRAINING
ORDER AND ORDER TO SHOW
CAUSE WHY A PRELIMINARY
INJUNCTION SHOULD NOT BE
GRANTED

(FILED UNDER SEAL)

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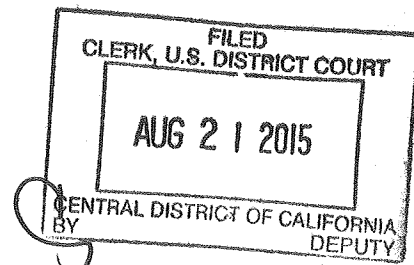
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11 Tel: (323) 965-2673

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13 Securities and Exchange Commission

14 **UNITED STATES DISTRICT COURT**
15 **CENTRAL DISTRICT OF CALIFORNIA**
16 **WESTERN DIVISION**



17
18 SECURITIES AND EXCHANGE
COMMISSION,

19 Plaintiff,

20 vs.

21 HARRISON SCHUMACHER; PAUL
22 MYSYK; QUANECO, LLC; and
QUANTUM ENERGY, LLC,

23 Defendants, and

24 QUANECO ENERGY HOLDINGS,
25 LLC; FAT CHANCE OIL & GAS,
26 LLC; ANV, LLC; and TARA
SCHUMACHER,

27 Relief Defendants.
28

CV 15-6388 DDP RAO

**PLAINTIFF SECURITIES AND
EXCHANGE COMMISSION'S EX
PARTE APPLICATION FOR A
TEMPORARY RESTRAINING
ORDER AND ORDER TO SHOW
CAUSE WHY A PRELIMINARY
INJUNCTION SHOULD NOT BE
GRANTED**

(FILED UNDER SEAL)

1 Pursuant to Rule 65(b) of the Federal Rules of Civil Procedure, Plaintiff
2 Securities and Exchange Commission (“SEC”) applies, *ex parte* and without notice,
3 for a temporary restraining order (“TRO Application”) to stop a likely ongoing
4 fraudulent scheme perpetrated by Defendants Harrison Schumacher, Quantum
5 Energy, LLC (“Quantum”), and Queneco, LLC (“Queneco;” collectively, “TRO
6 Defendants”). This TRO Application further asks the Court, among other things, to
7 freeze Defendants’ assets wherever they are located in order to preserve the *status*
8 *quo* pending a preliminary injunction hearing.

9 The TRO Application is based on the SEC’s Complaint, as well as the
10 accompanying Memorandum of Points and Authorities, the supporting declarations
11 and exhibits, and such other evidence and argument as the Court may receive and
12 permit.

13 Counsel for the SEC has not advised the TRO Defendants or their counsel of
14 the date, time or substance of the TRO Application.

15 **Basis for waiver of notice under Rule 65(b):** The SEC requests that the
16 Court relieve the SEC of its obligation to notify the TRO Defendants of the TRO
17 Application. Waiver of notice to the TRO Defendants is appropriate pursuant to Rule
18 65(b) of the Federal Rules of Civil Procedure and Local Rule 7-19.2 because specific
19 facts show that “immediate and irreparable injury, loss, or damage will result” if the
20 TRO Defendants are notified of the TRO Application before it is heard. F. R. CIV. P.
21 65(b); L.R. 7-19.2.

22 As set forth in more detail in the SEC’s supporting papers, this case concerns a
23 pattern and practice of offering fraud perpetrated by the TRO Defendants. The TRO
24 Defendants have fraudulently raised over \$12 million in five unregistered securities
25 over the past five years, misappropriating investor funds for personal and other
26 unauthorized use, and making numerous material misrepresentations to investors.

27 The TRO Defendants’ solicitation continues today. Schumacher and Quantum
28 – possibly in conjunction with Queneco – are currently seeking to raise \$2 million for

1 a sixth unregistered offering, and have already received over \$200,000 from
2 investors. Schumacher also sent several solicitation letters urging further investment
3 immediately.

4 The SEC fears that, if the TRO Defendants are given notice of the TRO
5 Application, they will dissipate and misuse funds from new and existing investors,
6 thus placing the stolen funds beyond the reach of the Court. The danger of asset
7 dissipation and continuing unlawful conduct are each independently accepted bases
8 for granting a temporary restraining order without notice under Rule 65(b). *See, e.g.,*
9 *SEC v. Schooler*, No. 12-2164, 2012 WL 4049956, at *2 (S.D. Cal. Sept. 13, 2012);
10 *3BA Int'l v. Lubahn*, No. 10-829, 2010 WL 2105129, at *5 (W.D. Wash. May 20,
11 2010). The Court's immediate intervention would help prevent continuing violations
12 of the federal securities laws and preserve the *status quo* to stop the TRO Defendants'
13 further dissipation of investor funds. *See Granny Goose Foods, Inc. v. Brotherhood*
14 *of Teamsters & Auto Truck Drivers*, 415 U.S. 423, 439 (1974) (purpose of temporary
15 restraining order is "preserving the status quo and preventing irreparable harm just so
16 long as is necessary to hold a [preliminary injunction] hearing, and no longer").

17 **Filing under seal:** Because the TRO Application is made without notice, the
18 SEC has concurrently filed a separate *ex parte* application that the Court seal the TRO
19 Application and supporting documents. The requested sealing order is of limited
20 duration – the SEC asks only that the documents be sealed until two business days
21 after the Court issues its decision. The SEC makes this request to ensure that the
22 TRO Application is not publicly posted on PACER before the Court issues its ruling.
23 If the papers are not filed under seal, posting them on PACER would make the TRO
24 Application and supporting papers publicly available, defeating the purpose of filing
25 the TRO Application without notice. If the TRO Defendants receive notice of the
26 matter before the Court issues its ruling, they may move, dissipate, or conceal assets
27 before the requested asset freeze is put in place.

1 **Relief requested:** Because of the likely ongoing nature of the TRO
2 Defendants' fraudulent offerings and the danger that the TRO Defendants will
3 dissipate investor funds, the SEC seeks to temporarily enjoin the TRO Defendants
4 from violating (1) Sections 5(a) and 5(c) of the Securities Act of 1933, 15 U.S.C.
5 § 77e(a),(c) ("Securities Act"); (2) Section 17(a) of the Securities Act, 15 U.S.C.
6 § 77q(a); and (3) Section 10(b) of the Securities Exchange Act of 1934 ("Exchange
7 Act"), 15 U.S.C. § 78j(b), and Rule 10b-5 thereunder, 17 C.F.R. § 240.10b-5. In
8 addition, the Court should enjoin Schumacher from further violating Section 15(a) of
9 the Exchange Act, 15 U.S.C. § 78o.

10 The SEC also seeks an order temporarily restraining the TRO Defendants from
11 soliciting, accepting, or depositing any monies from actual or prospective investors in
12 connection with any offering of securities, and from selling or encumbering
13 Quantum's or Quaneco's assets. The SEC further seeks a freeze of the TRO
14 Defendants' assets, wherever they are located.

15 In addition, the SEC requests the Court to issue an order prohibiting the
16 destruction of documents, granting expedited discovery, and requiring an accounting
17 from the TRO Defendants.

18 Finally, the SEC requests an order to show cause why a preliminary injunction
19 should not be granted against the TRO Defendants.

1 **Local Rule 7-19 disclosure:** During the SEC's investigation, the TRO
2 Defendants were last represented by:

3 Mark Kooreny, Esquire
4 31882 Saddletree Drive
5 Westlake Village, CA 91361
6 Phone: (805) 3723- 2968

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8 DATED: August 21, 2015

Respectfully submitted,

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