

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 83636 / July 16, 2018

ADMINISTRATIVE PROCEEDING
File No. 3-16000

In the Matter of

**Houston American Energy Corp.,
John F. Terwilliger, Jr.,
Undiscovered Equities Inc., and
Kevin T. McKnight**

Respondents

**ORDER ESTABLISHING A FAIR FUND,
APPOINTING A FUND
ADMINISTRATOR, AND SETTING
ADMINISTRATOR'S BOND AMOUNT**

On August 4, 2014, the Commission instituted cease-and-desist proceedings against Houston American Energy Corp. ("Houston American") and John F. Terwilliger, Jr. ("Terwilliger") (collectively, "Houston American Respondents") and Undiscovered Equities Inc. ("Undiscovered Equities") and Kevin T. McKnight ("McKnight") (collectively, the "Undiscovered Equities Respondents" and together with the Houston American Respondents, "Respondents").¹ On April 23, 2015, this proceeding was settled and the Commission issued two orders, one as to the Houston American Respondents ("Houston American Respondents Order")² and the second as to the Undiscovered Equities Respondents ("Undiscovered Equities

¹ See Order Instituting Cease-and-Desist Proceedings Pursuant to Section 8A of the Securities Act of 1933 and 21C of the Securities Exchange Act of 1934, Securities Act Rel. No. 96211 (Aug. 4, 2014).

² See Order Making Findings and Imposing Remedial Sanctions and a Cease-and-Desist Order Pursuant to Section 8A of the Securities Act of 1933 and Section 21C of the Securities Exchange Act of 1934 as to Houston American Energy Cop. and John F. Terwilliger, Securities Act Rel. No. 9756 (Apr. 23, 2015.)

Respondents Order”).³ In the orders, the Commission found that the Respondents violated the federal security laws. In the Houston American Respondents Order, the Commission ordered Houston American to pay a civil money penalty of \$400,000 and Terwilliger to pay a civil money penalty of \$150,000. In the Undiscovered Equities Respondents Order, the Commission ordered McKnight to pay a civil penalty of \$22,500. The Respondents have paid a total of \$572,500, as ordered.

The Division of Enforcement now recommends that a Fair Fund be established, pursuant to Section 308(a) of the Sarbanes-Oxley Act of 2002, as amended, for the civil penalties paid by the Respondents for distribution to harmed investors.

The Division of Enforcement also now recommends the appointment of Heffler Claims Group (“Heffler”), pursuant to Rule 1105(a) of the Commission’s Rules on Fair Fund and Disgorgement Plans (“Rules”),⁴ as the fund administrator and recommends, pursuant to Rule 1105(c),⁵ that the fund administrator’s bond be set at \$572,500. Heffler is not included in the Commission’s approved pool of administrators. However, appointing Heffler will result in significant economies of time and expense because Heffler serves as a class administrator in a related class action distribution arising out of the same conduct and similar time period.

Accordingly, IT IS HEREBY ORDERED, that:

- A. pursuant to Section 308(a) of the Sarbanes-Oxley Act of 2002, as amended, a Fair Fund is established for the \$572,500 paid by the Respondents for distribution to harmed investors; and,

³ See Order Making Findings and Imposing Remedial Sanctions and a Cease-and-Desist Order Pursuant to Section 8A of the Securities Act of 1933 as to Undiscovered Equities, Inc. and Kevin T. McKnight, Securities Act Rel. No. 9757 (Apr. 23, 2015).

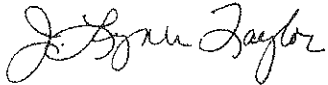
⁴ 17 C.F.R. § 201.1105(a).

⁵ 17 C.F.R. § 201.1105(c).

B. pursuant to Rule 1105(a) of the Rules, 17 C.F.R. § 201.1105(a), Heffler is appointed as fund administrator of the Fair Fund and shall obtain a bond in the amount of \$572,500 in accordance with Rule 1105(c) of the Rules, 17 C.F.R. § 201.1105(c).

By the Commission.

Brent J. Fields
Secretary


By: J. Lynn Taylor
Assistant Secretary

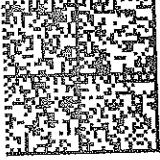
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D. C. 20549

1090

OFFICIAL BUSINESS

CAP DISTRICT

MLJ ZUM
15 JUL 19
PM 4X



PITNEY BOWES
02 1P \$ 000.470
0000914247 JUL 16 2018
MAILED FROM ZIP CODE 20001

3- 16000

Edward Sincavage Partner
1515 Market Street, Ste 1700
Philadelphia, PA 19102

19102-192525

