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Robert Khuzami, Esq.
DIRECTOR, DIVISION OF
ENFORCEMENT

June 17, 2009

UNITED STATES SECURITIES AND
EXCHANGE COMMISSION
100 F Street NE
Washington, DC 20549-0213

Re: InterOil Corp; IOC (NYSE)

Dear Mr. Khuzami:

First, please accept my congratulations on your appointment as Director of the Division of Enforcement. I have worked with many of your predecessors, including but not limited to John Fedders, Gary Lynch and others, so I applaud you for your return to public service. Having served as a Trial Attorney for the Division of Enforcement, I share your commitment.

The referenced company is a foreign company recently gaining trading privileges on the New York Stock Exchange. It is an oil and gas exploration company concentrating on properties in Papua New Guinea. It's DMM is LaBranch & Co., Inc.

The matters set forth in this letter were originally brought to me by Barry Minkow of the Fraud Discovery Institute. I share his concerns.

According to the NYSE, IOC recent EPS was -1.60. It appears that IOC is greatly, if not entirely, dependent on the capital raised from a series of private placements that offer equity incentives.

On that point, it appears that IOC may have failed to disclose payments made in connection to raising funds from investors through its private placement in May, 2008. From Court records and from filings made with the SEC, the following appears clear.

IOC filed a Form Red D with the SEC on May 28, 2008 regarding the above mentioned private placement. It appears that IOC did not disclose its agreement to pay commissions or finders fees of, at least, 5.5% to those who brought them investors' money through that private placement. Clarion Finanz AG was the placement agent for that offering.

Of critical importance to this issue are several affidavits filed in the Civil Action No. 08-602213 before the Supreme Court of the State of New York, County of New York dated September 15, 2008.

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Each of the affidavits referred to below refer to an apparently undisclosed contract entered into by IOC to pay finders fees regarding the above mentioned private placement.

Specifically, the affidavit of Mr. Neil Dolinsky, a project manager of IOC, dated January 19, 2009 states that IOC entered into a contract with Clarion Finanz AG to pay 5.5% for the raise contemplated by the above referenced private placement. Mr. Dolinsky further states that the finders fee was paid in shares by IOC and were "finders fees" valued at \$25 per share. According to that affidavit, twenty (20%) of all fees earned by Clarion would be paid to John Thomas Financial (see below). Mr. Dolinsky's affidavit is attached as Exhibit 1.

Moreover, Mr. Thomas Belesis, a principal of John Thomas Financial submitted an affidavit in that civil action dated January 20, 2009. He acknowledges the above mentioned finders agreement and further swears that, as a result of that agreement, John Thomas Financial was indeed issued 8,800 of the common shares of IOC by IOC "in satisfaction of Clarion's obligations under the Clarion/Carey International agreement, and not for any other reason or as compensation for any other services." These shares appear to be restricted IOC shares. Mr. Belesis' affidavit is attached as Exhibit 2.

Subsequently, in April of 2009, Mr. Wayne Kaufman of John Thomas Financial appeared on CNBC. In response to the interviewer's inquiry, he states that his favorite energy stock is IOC. In response to CNBC's disclosure request, Mr. Kaufman states that he has no disclosures regarding IOC. Unless John Thomas Financial sold its shares received from IOC (see above) prior to that statement, Mr. Kaufman's representation, in touting IOC stock, appears to be misleading. At a minimum, he should have disclosed his firm's arrangement with IOC as set forth in the attached affidavits.

Mr. Khuzami, while private placements are exempt from the registration requirements of the federal securities laws, they are not exempt from the antifraud provisions of those laws (see the Preliminary note to Regulation D, by way of example).

To briefly summarize, it appears from the attached affidavits and filings with the SEC relating to the \$95 million IOC private placement that (1) IOC's obligation to pay a finders fee to a placement agent apparently was never disclosed, specifically the Form Reg D Notice filed with the SEC by IOC states that there were no finders fees or placement agent payments; (2) that IOC knew about its obligation to pay such fees no less than one month prior to that filing; (3) Mr. Kaufman of John Thomas Financial touted IOC stock on CNBC yet failed to make proper disclosures about his company's involvement with IOC; and (4) no placement agent contract between IOC and any placement agent, including the one referenced in the attached affidavits, is included in any SEC filing that we could find.

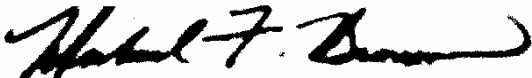
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The matters addressed in this letter are subject to continuing investigation. IOC may have an adequate explanation for these apparent misrepresentations and nondisclosures, one I have yet to see. I invite the Division to investigate as well. Please feel free to call if you have any inquiries.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael F. Brown". The signature is fluid and cursive, with a large, sweeping flourish at the end.

Michael F. Brown, Esq.

CC: Michael Fryar, NYSE

Att: as stated

Exhibit One

Dolinsky Affidavit

Commonwealth of Australia
STATUTORY DECLARATION
Statutory Declarations Act 1959

1 Insert the name,
address and
occupation of
person making
the declaration

I,¹
Neil Dolinsky, Special Projects Manager, InterOil Corporation
305 Bawtree Road
Leopold VIC 3224 (Australia)

make the following declaration under the *Statutory Declarations Act 1959*:

2 Set out matter
declared to in
numbered
paragraphs

²In the matter entitled WILLIAM R. ZIEGLER,

Plaintiffs,

-against-

JOHN DOLAN, CAREY INTERNATIONAL, LTD., and JOHN THOMAS STRUCTURED FINANCE
GROUP, LTD.,

Defendants.

I am Special Projects Manager of non-party InterOil Corporation ("IOC"), a publicly held corporation.

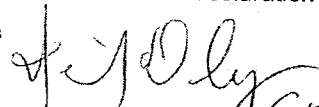
1. On or about April 24, 2008, defendant Carey International, Ltd. ("Carey International"), through its principal, defendant John Dolan, entered into an Investment Banking Consulting Agreement with Clarion Finanz AG ("Clarion") (the "Clarion/Carey Agreement"). IOC was provided with a copy of the Clarion/Carey Agreement. Pursuant to the terms of the Clarion/Carey Agreement, Carey International would assist Clarion in securing debt and/or equity financing from potential investors in IOC. In connection with its services under the Clarion/Carey Agreement, Carey International would be entitled to compensation in the amount equal to five and one half percent (5.5%) of all funds raised by Carey International on behalf of IOC. The Clarion/Carey Agreement further provided that twenty percent (20%) of the amount payable to Carey International pursuant to that agreement would be paid by Carey International to John Thomas Financial.

2. On or about May 9, 2008, IOC closed an offering in which it had raised a total of \$95 million. IOC issued to Clarion 228,000 restricted shares of its common stock, as a finders fee, valued at \$25 per share, equating to a total value of \$5.7 million. Clarion informed IOC of Clarion's obligation to Carey International and John Thomas Financial under the Clarion/Carey Agreement with respect to \$20 million of the funds raised, and requested IOC to issue 44,000 of the 228,000 shares of IOC common stock to Carey International and John Thomas Financial in satisfaction of Clarion's obligation to them pursuant to the Clarion/Carey Agreement. The 44,000 shares was determined by taking 5.5% of the \$20 million raised by Carey International (i.e. \$1,100,000) and dividing that amount by the agreed value per share of \$25. IOC therefore issued 8,800 shares to John Thomas Financial (i.e. 20% of the 44,000 shares) and the remaining 35,200 shares to Carey International. The 44,000 shares of IOC common stock issued to John Thomas Financial and Carey International were issued by IOC at the direction of Clarion in satisfaction of Clarion's obligations under the Clarion/Carey International Agreement, and not for any other reason or as compensation for any other services.

3. On June 27, 2008, defendant Dolan sent me two emails regarding the 44,000 shares of IOC stock which were to be issued to Carey International in connection with the \$20 million investment secured under the Clarion/Carey International Agreement. Within these emails, Dolan directed IOC to issue 60% of the 44,000 shares (26,400) to William R. Ziegler. Copies of the June 27, 2008 emails are annexed hereto as Exhibit A.

I understand that a person who intentionally makes a false statement in a statutory declaration is guilty of an offence under section 11 of the *Statutory Declarations Act 1959*, and I believe that the statements in this declaration are true in every particular.

3 Signature of person making the declaration

3 

4 Place
5 Day
6 Month and year

Declared at ⁴

GEELONG on ⁵ 19TH of ⁶ JANUARY 2009

Before me,

7 Signature of person before whom the declaration is made (see over)

7



8 Full name, qualification and address of person before whom the declaration is made (in printed letters)

8 STEVEN TSONIC
B. Pharm

Geelong Soul Pattinson Pharmacy
148 Myers Street. GEELONG 3220
APPROVAL NO. 22352K
Ph: 03 5229 3539 Fax: 03 5221 1506

Note 1 A person who intentionally makes a false statement in a statutory declaration is guilty of an offence, the punishment for which is imprisonment for a term of 4 years — see section 11 of the *Statutory Declarations Act 1959*.

Note 2 Chapter 2 of the *Criminal Code* applies to all offences against the *Statutory Declarations Act 1959* — see section 5A of the *Statutory Declarations Act 1959*.

Exhibit Two

Belesis Affidavit

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NEW YORK

----- X
WILLIAM R. ZIEGLER, :
 : Index No. 602213/2008
 :
 Plaintiffs, :
 :
 -against- :
 :
 JOHN DOLAN, CAREY INTERNATIONAL, LTD., and : **AFFIDAVIT OF**
 JOHN THOMAS STRUCTURED FINANCE GROUP, : **THOMAS BELESIS**
 LTD., :
 :
 Defendants. :
----- X

STATE OF NEW YORK :
)ss:
COUNTY OF NEW YORK :

THOMAS BELESIS, being duly sworn, deposes and says:

1. I am a principal of John Thomas Financial. John Thomas Financial is not affiliated with defendant John Thomas Structured Finance Group, Ltd.
2. Upon information and belief, non-party InterOil Corporation (“IOC”), a publicly held corporation, entered into an agreement with non-party Clarion Finanz AG (“Clarion”) pursuant to which IOC agreed to pay Clarion, in exchange for Clarion’s services in securing investments in IOC, six percent (6%) of all funds raised for IOC by Clarion (the “IOC/Clarion Agreement”)
3. Upon information and belief, thereafter, on or about April 24, 2008, defendant Carey International, Ltd. (“Carey International”), through its principal, defendant John Dolan, entered into an Investment Banking Consulting Agreement with Clarion (the “Clarion/Carey Agreement”). I am the individual who introduced defendant Dolan to Clarion. My understanding is that pursuant to the terms of the Clarion/Carey Agreement, Carey

International would assist Clarion in securing debt and/or equity financing from potential investors in IOC in exchange for five and one half percent (5.5%) of all funds raised by Carey International on behalf of IOC, which were to be paid out of the six percent (6%) to be paid to Clarion by IOC. The Clarion/Carey Agreement further provided that twenty percent (20%) of the amount payable to Carey International pursuant to that agreement would be paid by Carey International to John Thomas Financial, of which I am a principal.


4. On or about (insert month and day), 2008, IOC therefore issued 8,800 shares to John Thomas Financial. The 8,800 shares of IOC common stock issued to John Thomas Financial were issued by IOC in satisfaction of Clarion's obligations under the Clarion/Carey International Agreement, and not for any other reason or as compensation for any other services.

5. My understanding is that Mr. Ziegler was the sole source of the \$20 million in financing procured by Carey International for IOC.



THOMAS BELESIS

Sworn and Subscribed to before
me this 20th day of January 2009



Notary Public

KRISTIN HITSOUS
NOTARY PUBLIC-STATE OF NEW YORK
No. 02HI6185054
Qualified in Richmond County
My Commission Expires April 14, 2012