



COMMONWEALTH OF PENNSYLVANIA  
BEFORE THE  
PENNSYLVANIA SECURITIES COMMISSION

IN THE MATTER OF	:	
South West-Biofuels, LLC	:	ADMINISTRATIVE PROCEEDING
	:	Docket No. 2011-06-14
RESPONDENT	:	

SUMMARY ORDER TO CEASE AND DESIST

Based upon a preliminary investigation conducted by the staff of the Pennsylvania Securities Commission (Commission), the Commission has determined that evidence exists to support the following findings and conclusions:

1. South West-Biofuels, LLC (Respondent SWBIO) was, at all times material herein, an entity with an address at 1959 S. Power Road, Suites 103-144, Mesa, Arizona 85206. At all times material herein, Respondent SWBIO was an alternative fuel company offering for sale units (Units) consisting of preferred stock (Stock) and warrants in Respondent SWBIO;
2. In or about June 2011, a representative (Representative 1) of Respondent SWBIO cold-called at least one Pennsylvania resident (PA Resident) regarding an investment in Respondent SWBIO. Representative 1 asked whether the PA Resident had \$25,000 to invest and stated that the PA Resident would be contacted by someone else regarding Respondent SWBIO;
3. Subsequently, in or about June 2011, a second representative (Representative 2) of Respondent SWBIO telephoned the PA Resident and offered for sale the Units. Representative 2 stated:

- a. The Stock is selling for \$1.00 per share and could be worth as much as \$10 per share when Respondent SWBIO goes public;
  - b. 7.25 million shares of the Stock have been sold and only 250,000 are left; and
  - c. There is nothing for the PA Resident to do regarding the investment;
4. In or about June 2011, Representative 2 e-mailed offering materials (Materials) to the PA Resident which state that Respondent SWBIO is offering 300 Units, consisting of 7,500,000 shares of Preferred Stock and 1,500,000 Common Stock Purchase Warrants;
  5. The PA Resident had no substantive, pre-existing relationship with Respondent SWBIO, Representative 1, or Representative 2; and
  6. The PA Resident was not an accredited investor under Section 501 of Regulation D nor did the PA Resident have sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of the investment;

WHEREAS, the Units described above are "securities" within the meaning of Section 102(t) of the Pennsylvania Securities Act of 1972 (1972 Act), 70 P.S. § 1-102(t); and

WHEREAS, Respondent SWBIO is the "issuer" of the Units described above within the meaning of Section 102(l) of the 1972 Act, 70 P.S. § 1-102(l); and

WHEREAS, the records of the Commission disclose that the Units are (a) not registered under Section 201 of the 1972 Act, 70 P.S. §1-201; (b) not exempt from registration under Section 202 of the 1972 Act, 70 P.S. §1-202; and (c) are not federally covered securities; and further the securities transactions related to the Units are not exempt under Section 203 of the 1972 Act, 70 P.S. § 1-203; and

WHEREAS, based on the foregoing, the Commission finds that Respondent SWBIO has engaged in and is about to engage in acts and practices which violate Section 201 of the 1972 Act, 70 P.S. §1-201; and

WHEREAS, after due deliberation, the Commission finds that it is necessary and appropriate, in the public interest, for the protection of investors and is consistent with the purposes fairly intended by the policy and provisions of the 1972 Act to issue the following Order:

NOW, THEREFORE, by the authority of Section 606(c.1) of the 1972 Act, 70 P.S. § 1-606(c.1):

IT IS ORDERED that Respondent SouthWest-Biofuels, LLC and every successor, affiliate, control person, agent, servant, and employee of it, and every entity owned, operated, or indirectly or directly controlled or hereinafter organized by or on behalf of it, shall immediately CEASE AND DESIST from offering and selling the Units in the Commonwealth of Pennsylvania, in violation of the 1972 Act, and in particular Section 201 thereof.

Pursuant to Section 607 of the 1972 Act, 70 P.S. §1-607, within thirty (30) days after receipt of written notification that this Order has been issued, any Respondent(s) against whom this Order was issued and entered may file with the Secretary of the Commission a written request for a hearing in respect to any matters determined by the Order. This written request must be filed with the Secretary of the Commission at the Commission's Harrisburg office. Failure to timely file the request for a hearing will result in this Order becoming a final Order.

Upon receipt of such written request for a hearing, the matter will be set down for a hearing to commence within thirty (30) days after receipt unless the person making the request consents to a later date.

If a person making a request for hearing consents to a later date but fails, after notification by first class mail to the person's last known address in the Commission's files, to consent to a hearing date that is within 180 days of the request, the request for a hearing shall be deemed abandoned and the order shall be deemed a final order.

FAILURE TO COMPLY WITH THIS ORDER MAY RESULT IN CRIMINAL PROSECUTION, INJUNCTIVE PROCEEDINGS, CIVIL CONTEMPT PROCEEDINGS, (INCLUDING CIVIL MONETARY PENALTIES) AND, SUBJECT TO THE RIGHT OF HEARING AFFORDED RESPONDENT UNDER THE 1972 ACT, THE IMPOSITION OF ADMINISTRATIVE MONETARY ASSESSMENTS AND STATUTORY BARS.

So ORDERED this 28<sup>th</sup> day of June, 2011.



BY ORDER OF THE COMMISSION

A handwritten signature in cursive script, reading "Simon J. Dengel", is written over a horizontal line.

Simon J. Dengel  
Assistant Secretary

Date Issued & Entered: June 28, 2011

Representation before the Commission shall be in accordance with Sections 31.21, 31.22, 31.23, and 31.24 of the General Rules of Administrative Practice and Procedure, 1 Pa. Code §§ 31.21, 31.22, 31.23, and 31.24. An individual who substantially controls a Respondent may represent the Respondent in an adversary proceeding.