

BEFORE THE
STATE OF WISCONSIN
DEPARTMENT OF FINANCIAL INSTITUTIONS
DIVISION OF SECURITIES

In the Matter of

PETITION FOR ORDER

MAXIM ENERGY CORPORATION,
JERRY E. ELLIOTT, and
JAMES D. FRENCH,

File No. S-225229(EX)

Respondents.

The staff of the State of Wisconsin, Department of Financial Institutions, Division of Securities ("the Division"), has conducted an investigation in this matter pursuant to Wis. Stat. § 551.602, and as a result thereof alleges as follows:

1. Maxim Energy Corporation ("Maxim") is a Texas business corporation incorporated in the State of Texas on October 6, 2003, with a last known address at 1201 Road to Six Flags, Suite 105, Arlington, Texas 76011-5044.
2. Jerry E. Elliott ("Elliott") is an individual born in March 1945 who is an owner, officer and/or controlling person of Maxim, whose last known home address is 2110 Hillary Trail, Mansfield, Texas 76063-3792, and last known business address is that of Maxim.
3. James D. French ("French") is an individual who at all relevant times was an agent of Maxim and Elliott with a last known address at Maxim.
4. During 2010, on behalf of Maxim and Elliott, French offered and sold fractional undivided working interests in Maxim's oil and gas well venture named the Menard Southwest #1 Prospect, located in Menard, Texas to a person in Wisconsin. The total offering consists of 35 units at \$47,500 per unit. Respondents further fractionalized the unit to sell to the Wisconsin investor.
5. According to page 10 of the offering memorandum of the Menard Southwest #1 Prospect received by the Wisconsin investor:

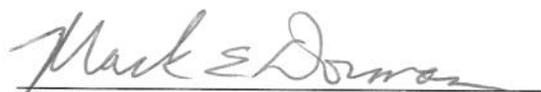
Participants as Co-Owners: Participants will occupy the status of owners of the Working Interest in the Well, although their applicable working interest in the Well will be assigned, for their benefit, to an Affiliate of the Company. See "Proposed Operations – Title and Assignment of Interest." Participants will be non-operators under the Operating Agreement, and as such will have no substantial authority over or involvement in Operations. *Participants will be required to appoint the Company limited agent and attorney-in-fact regarding the Operating Agreement.* (emphasis added).

6. Thus, investors will play a passive role in the company with no duties and responsibilities.

7. Since the investors will be involved in a common enterprise with the expectation of profit to be derived from the essential managerial efforts of others, the fractional undivided working interests of the Menard Southwest #1 Prospect offered and sold by the Respondents are investment contracts as defined by Wis. Stat. § 551.102(28)(d).
8. The Maxim investment contracts have never been registered for offer and sale in Wisconsin pursuant to Wis. Stats. Ch. 551.
9. All Respondents have violated Wis. Stat. § 551.301 by offering and selling unregistered securities to at least one person in Wisconsin.
10. In connection with the offers of the securities described above, French transacted business in Wisconsin as an "agent" for Maxim and Elliott as that term is defined by Wis. Stat. § 551.102(2).
11. French has never been registered as a securities agent pursuant to Wis. Stats. Ch. 551.
12. French violated Wis. Stat. § 551.402(1) by transacting business in Wisconsin as a securities agent without registration.
13. Maxim and Elliott violated Wis. Stat. § 551.402(4) by employing an unregistered agent to represent them in Wisconsin.
14. On April 27, 2006, the State of Texas Securities Board issued an Emergency Cease and Desist Order against Maxim, Elliott and others for the sale of unregistered securities and engaging in fraud in connection with an offer of securities.
15. In connection with the offer and sale of the securities to the Wisconsin investor as described above, the Respondents omitted to disclose to the Wisconsin investor the existence of the Texas State Securities Board Emergency Cease and Desist Order referred to above.
16. All Respondents violated Wis. Stat. § 551.501(2) by omitting to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading, in connection with the offer and sale of securities to a person in Wisconsin.
17. Division staff requested specific information and documents from the Respondents about their securities-related transactions, but to date have received no response, despite the due date for the response having passed.
18. Upon information and belief, the business of Maxim is no longer operating.

Therefore, the staff of the Division petitions the Administrator of the Division of Securities for the issuance of the attached Orders pursuant to Wis. Stats. Ch. 551.

Dated this 15th date of January, 2013.


Mark E. Dorman
Examiner


Leslie M. Van Buskirk
Attorney Supervisor