

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

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In the Matter of

SOUTHWEST BIOFUELS, LLC,  
RICK J. JIMENEZ,  
DAVID M. SIMPSON,  
JOHN GREY, and  
ADAM H. BAKER.

PETITION FOR ORDER

File No. S-222506(EX)

Respondents.

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

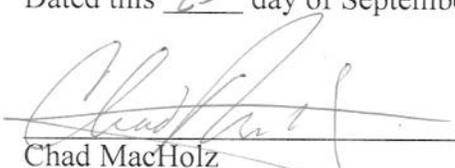
1. Southwest Biofuels, LLC ("Southwest") is a Nevada limited-liability company organized in on January 22, 2010 with last known business addresses of 4856 E. Baseline Road, Suite 104, Mesa, Arizona 85206, 1016 E. Pennsylvania Street, Suite 207, Tucson, Arizona 85714, and 1959 S. Power Road, Ste. 103-144, Mesa, Arizona 85206.
2. Rick J. Jimenez ("Jimenez") is an adult resident of Mesa, Arizona, born in May 1959, who at all times material hereto has been an owner, officer, and/or controlling person of Southwest with last known business addresses of 4856 E. Baseline Road, Suite 104, Mesa, Arizona 85206.
3. David M. Simpson ("Simpson") is an adult resident of Gilbert, Arizona, born in January 1962, who at all times material hereto has been an agent of Southwest with a last known business address of 4856 E. Baseline Road, Suite 104, Mesa, Arizona 85206.
4. John Grey ("Grey") is an individual who at all times material hereto has been a Senior Project Manager of Southwest with a last known business address of 1959 S. Power Road, Ste. 103-144, Mesa, Arizona 85206.
5. Adam H. Baker ("Baker") is an individual who at all times material hereto has acted as an agent of Southwest with a last known business address of 1959 S. Power Road, Ste. 103-144, Mesa, Arizona 85206.
6. On June 28, 2011, the Commonwealth of Pennsylvania Securities Commission issued a Summary Order to Cease and Desist against Southwest for violations of the Pennsylvania Securities Act. (See Exhibit A attached hereto).
7. During July 2011, Baker on behalf of Southwest placed an unsolicited telephone call to a resident of Wisconsin (hereafter "Investor 1") offering the resident the opportunity to invest in Southwest. Grey subsequently placed additional phone calls to Investor 1 in an effort to solicit investment in Southwest.
8. Grey informed Investor 1 that Southwest was a privately owned company which was capable of producing 10,000 gallons of jet fuel per month. This representation was false and misleading, as Southwest had made no sales and did not have the operational capacity to produce 10,000 gallons of jet fuel per month.

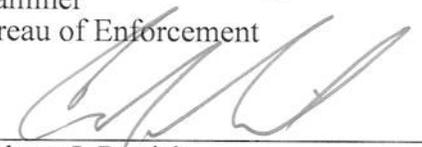
9. Grey also encouraged Investor 1 to invest by telling him that Southwest was on the verge of going public and was in the process of raising capital for the sole purpose of increasing its Biofuels production.
10. Although Southwest had a Confidential Private Placement Memorandum (“PPM”) that described the investment opportunity and material facts related thereto, Investor 1 was never provided with a copy of the PPM.
11. According to information provided by Investor 1, he made an aggregate investment in Southwest in the amount of \$25,000. In return, Southwest issued to Investor 1 four ownership certificates for Shares of Preferred and Common Stock Warrants in Southwest, even though Southwest is a limited liability company with no stock to issue.
12. According to information available on the OTC Markets website, on November 29, 2011, Southwest merged with a company called Sloud, Inc. Sloud is a publicly traded company with a Central Index Key number 1391723. In consideration of the transfer of Southwest’s assets to Sloud, Inc., members of Southwest were issued 15,200,000 shares of common stock in Sloud, Inc., distributed on a pro-rata basis in accordance with each member’s interest in Southwest at the time of the merger.
13. According to information provided by Investor 1, in February of 2012, Simpson sent the investor an email representing that the merger was complete and that Jimenez had issued a resolution converting the investor interest in the LLC to stock in Sloud, Inc. Simpson also represented that Southwest would forward each of its members the conversion document, which would convert the investors’ interest in the limited liability company to common stock of Sloud, Inc. However, no Sloud shares were ever issued to Investor 1.
14. In December 2011, Baker, acting on behalf of Southwest, placed an additional unsolicited telephone call to another resident of Wisconsin (“Investor 2”). Baker represented that he was a sales agent for Southwest and would receive a commission of eight percent (8%) of any investments that he successfully solicited. Baker represented his title as being “Senior Project Manager” of Southwest.
15. Baker offered Investor 2 the opportunity to purchase “accredited investor only” shares of Preferred and Common Stock in Southwest. Baker represented to Investor 2 that he could invest in Southwest, a private company, before it went public. Baker further represented that Southwest had a stock exchange “ticker” symbol and that it had submitted paperwork to the Securities and Exchange Commission (“SEC”) for a public offering. This was false and misleading, as Southwest had no ticker symbol and no documents had ever been filed with the SEC on behalf of Southwest.
16. Investor 2 told Baker that he had limited investment experience and was not an accredited investor. Baker responded by informing Investor 2 that it was not necessary for him to be an accredited investor because Southwest was able to sell the stock in the offering to a limited number of non-accredited individuals.
17. Baker provided the Wisconsin offeree a copy of a subscription agreement and a Southwest PPM dated May 15, 2010. Baker also offered the Wisconsin offeree with access to the Southwest website.
18. At no time did Respondents disclose to the persons in Wisconsin who were offered and/or sold the Southwest securities, in neither the PPM nor by any other means, the existence of the Pennsylvania Securities Commission’s Summary Order to Cease and Desist.

19. From September 2010 through January 2012, Respondents raised \$635,100 from 45 investors. One investor received \$24,250 repayment. No other investors received any return on investment or repayment of their principal.
20. The investment interests in Southwest are securities as defined by Wis. Stat. § 551.102(28).
21. Southwest is an “issuer” as defined by Wis. Stat. § 551.102(17).
22. Baker, Simpson, and Grey were “agents” for the issuer Southwest as defined by Wis. Stat. § 551.102(2).
23. Upon information and belief, the Southwest agents were acting at the direction of Jimenez and/or with his knowledge and approval.
24. The Southwest securities were never registered for offer and sale in Wisconsin pursuant to Ch. 551, Wis. Stats., at the time of the offer to the Wisconsin investors.
25. Respondents violated Wis. Stat. § 551.301 by offering unregistered securities in Wisconsin.
26. Baker, Simpson, and Grey violated Wis. Stat. § 551.402(1) by transacting securities business in Wisconsin without being registered.
27. Southwest violated Wis. Stat. § 551.402(4) by employing unlicensed agents to represent it in Wisconsin.
28. Respondents violated Wis. Stat. § 551.501(2) by making untrue statements of material fact in connection with the offer and sale of securities to persons in Wisconsin.
29. Respondents violated Wis. Stat. § 551.501(2) by, in connection with the offer and sale of securities to persons in Wisconsin, omitting to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading.

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

Dated this 23<sup>rd</sup> day of September, 2013.

  
Chad MacHolz  
Examiner  
Bureau of Enforcement

  
Andrew J. Parrish  
Staff Attorney  
Bureau of Enforcement