

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

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In the Matter of

LAWRENCE ENERGY, LLC,  
KENNETH P. LAWRENCE,  
ROBERT SHADDIX.

Respondents.

SUMMARY ORDER TO CEASE AND  
DESIST

File No. S-222744(EX)

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The Administrator of the State of Wisconsin, Department of Financial Institutions, Division of Securities ("the Division"), having authority to administer and provide for enforcement of the Wisconsin Uniform Securities Law, Chapter 551, Wis. Stats. ("WUSL"), and having determined that this action is necessary and appropriate in the public interest and for the protection of investors, hereby enters this Order directing Respondents to immediately Cease and Desist from violating the WUSL and show cause why a final order should not be entered against them.

The Staff of the Division's Bureau of Enforcement has presented evidence sufficient for the Administrator to make the following findings of fact and conclusions of law:

**RESPONDENTS**

1. Lawrence Energy, LLC ("Lawrence Energy") is a Texas limited-liability company with last known business addresses of 17772 Preston Rd. Ste. 101, Dallas, TX 75252.
2. Kenneth Paul Lawrence ("Lawrence") is an adult resident of Allen, TX, born in June 1976, who at all times material hereto has been an owner, officer, and/or controlling person of Lawrence Energy, LLC with last known residential address of 1706 Turnberry Lane, Allen, TX 75002.
3. Robert Shaddix ("Shaddix") is believed to be an adult resident of the State of Texas whose residential address is unknown but with a last known business address of 17772 Preston Rd. Ste. 101, Dallas, TX 75252.

**FINDINGS OF FACT**

4. On October 28, 2003, the Texas State Securities Board issued a Cease and Desist order against Kenneth Lawrence for violations of the Texas Securities Act. (See Exhibit A attached hereto).
5. On or about January 1, 2009, an individual who identified himself as "Bob Shaddix" placed a telephone call to a person in Wisconsin offering an investment opportunity.
6. Shaddix represented to the Wisconsin resident that Lawrence Energy was soliciting investments on behalf of a purported Texas joint venture called "Mid-Continent Production Acquisition 2008-12 Joint Venture" ("Mid-Continent").
7. Shaddix represented to the Wisconsin resident that Mid-Continent owned oil wells that were already producing oil and that investors in Mid-Continent would receive an interest in the revenue generated by the producing wells as a return on investment.

8. After the initial contact by Shaddix, the Wisconsin resident received additional telephone calls from Kenneth Lawrence, who represented he was the President and Manager of Lawrence Energy, the Managing Venturer of Mid-Continent.
9. Lawrence further solicited the Wisconsin resident to invest in Mid-Continent, representing to the Wisconsin resident that Mid-Continent owned wells that had been completed and were producing oil.
10. Lawrence and/or Lawrence Energy subsequently sent to the Wisconsin resident an Application Agreement and Investor Questionnaire to be executed to become an investor in Mid-Continent. The Application Agreement represents that investment funds would be used for "acquisition and development."
11. On or about January 19, 2009, the Wisconsin resident completed the Investor Questionnaire and the Mid-Continent Application Agreement and mailed the executed documents back to Lawrence Energy along with a personal check in the amount of \$2,735.75 to be invested in Mid-Continent.
12. After sending the documents and investment check back to Lawrence Energy, the Wisconsin resident received back a copy of the Application Agreement signed by Kenneth Lawrence as the President and Manager of Lawrence Energy.
13. The Application Agreement executed by Lawrence and the Wisconsin resident promises that the Wisconsin resident would receive a "1/32 interest" in Mid-Continent, entitling the Wisconsin resident to a share of proceeds from the operation.
14. The Application Agreement executed by Lawrence and the Wisconsin resident states that the Wisconsin resident was a "Joint Venturer" in Mid-Continent and that Lawrence Energy was the "Managing Venturer" of the enterprise.
15. The Application Agreement delegates all of the day-to-day management and control of Mid-Continent's affairs, property, business, and operations to Lawrence Energy, and leaves so little power in the hands of the purported Joint Venturers that the enterprise is structured substantially the same as a limited partnership.
16. The Wisconsin resident who invested in Mid-Continent is inexperienced and unknowledgeable about operating oil wells and relied entirely on Lawrence Energy to manage Mid-Continent.
17. Other than completing the Application Agreement and Investor Questionnaire and providing his investment funds, the Wisconsin resident was never asked to perform any tasks related to Mid-Continent, never performed any tasks, and lacked the knowledge and practical ability to carry out any management functions of Mid-Continent.
18. At no time did anyone disclose to the Wisconsin resident the existence of Texas Securities Commission's Order to Cease and Desist against Lawrence.
19. The Wisconsin resident never received any return on his investment with Mid-Continent or the return of his principal.

#### **CONCLUSIONS OF LAW**

20. The investment interests in Lawrence Energy are securities as defined by Wis. Stat. § 551.102(28).

21. The Lawrence Energy 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 investor.
22. Respondents violated Wis. Stat. § 551.301 by offering and selling unregistered securities in Wisconsin.
23. Lawrence Energy is an “issuer” as defined by Wis. Stat. § 551.102(17).
24. Lawrence and Shaddix are “agents” for the issuer Lawrence Energy as defined by Wis. Stat. § 551.102(2).
25. Lawrence and Shaddix violated Wis. Stat. § 551.402(1) by transacting securities business in Wisconsin as agents for issuer without being registered.
26. 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, including by not disclosing the 2003 Texas State Securities Board Cease and Desist order.

**Therefore, pursuant to Wis. Stat. § 551.604(1),**

**IT IS ORDERED THAT:**

- a. RESPONDENTS, their agents, servants, employees, and every entity and person directly or indirectly controlled or organized by or on any of their behalves, shall cease and desist from making or causing to be made to any person or entity in Wisconsin any further offers or sales of securities unless and until such securities qualify as covered securities or are registered under Wis. Stats. Ch. 551 or successor statute.
- b. All exemptions from registration set forth at Wis. Stats. Ch. 551 or successor statute that might otherwise apply to any offer or sale of any security of or by any RESPONDENTS, their successors, affiliates, controlling persons, and every entity and person directly or indirectly controlled or organized by or on any of their behalves, are hereby revoked.
- c. RESPONDENTS, their successors, affiliates, controlling persons, officers, agents, servants, employees, and every entity and person directly or indirectly controlled or hereafter organized by or on any of their behalves, are prohibited from violating Wis. Stats. Ch. 551 or successor statute that might otherwise apply to any offer or sale of any security of or by RESPONDENTS.

EXECUTED at Madison, Wisconsin, this 12<sup>th</sup> day of March 2015.

(SEAL)

  
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Patricia D. Struck  
Administrator  
Division of Securities