

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

In the Matter of

PETITION FOR ORDER

LELAND ENERGY, INC., LELAND
TENNESSEE HOLDINGS, INC.,
LELAND ENERGY FUND II, LLP,
STEPHEN M. THOMPSON, and
MICHAEL A. RAVA,

File No. S-225797 (EX)

Respondents.

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

1. Leland Energy, Inc. (“Leland”) is a Nevada corporation formed on June 7, 2001 with last known addresses at 11812 San Vicente Boulevard #1, Los Angeles, CA 90049, 251 South Robertson Boulevard, Suite 200, Beverly Hills, CA 90211, 3041 West Horizon Ridge #135, Henderson, NV 89052, and 2360 Corporate Circle, Suite 400, Henderson, NV 89074-7722.
2. Leland Energy Fund II, LLP (“the Fund”) is a Nevada limited liability partnership formed on July 27, 2012 and withdrawn on January 5, 2015, managed by its managing partner, Leland Tennessee Holdings, Inc., and with last known addresses at the Leland offices at 3041 West Horizon Ridge #135, Henderson, NV 89052 and 2360 Corporate Circle, Suite 400, Henderson, NV 89074-7722.
3. Leland Tennessee Holdings, Inc. (“Leland-TN”) is a Nevada corporation created on December 12, 2011 and currently in default according to the Nevada Secretary of State records, controlled by Stephen M. Thompson as its only officer and director. Its last known address is the same address as Leland at 2360 Corporate Circle, Suite 400, Henderson, NV 89074-7722. It is the managing partner of the Fund.
4. Stephen M. Thompson (“Thompson”) is an individual born in August 1948, who at all relevant times was the sole owner, officer, director and/or controlling person of Leland, Leland-TN, the Fund, and several other entities who share last known business addresses with Leland.
5. Michael A. Rava (“Rava”) is an individual born in June 1964, who at all relevant times was an agent and Senior Fund Manager of Leland, and whose last known business address is 11812 San Vicente Boulevard #1, Los Angeles, CA 90049.
6. During August 2012, on behalf of Leland and Leland-TN, Rava offered interests in the Fund originating with an unsolicited cold telephone call to a person in Wisconsin with which Rava had no pre-existing relationship.
7. Acting on behalf of Leland, its principal and the Fund in connection with offering an interest in the Fund to the person in Wisconsin, Rava sent offering materials to the person in

Wisconsin including the Fund's limited liability partnership agreement and an "Executive Summary" for the Fund, which stated as follows:

The development project is a 350 (+/-) acre lease in Pickett County, Tennessee. The Larry Storie Lease, which is in the Parker Etter Field, sits in the very prolific Moodyville Quadrangle. This lease currently has 6 wells on the property; 2 producing, 4 shut-in, all to be treated and brought online.

8. According to an August 15, 2012 letter accompanying the offering materials sent to the person in Wisconsin in connection with the Fund offering, the Program Structure consisted of 30 units at \$100,000 per unit, with fractional 1/8 units available for \$12,500.
9. The limited liability partnership risk disclosure document acknowledges that as a practical matter it would be difficult for the partnership to be managed by dozens of partners, and the limited liability partnership agreement anticipates that Leland-TN would be the managing partner of the partnership for practical purposes.
10. The limited liability partnership interests in the Fund offered by Leland and the Fund through Rava were investment contract securities as defined in Wis. Stat. § 551.10(2)(28)(d).
11. The Fund investment contract securities have never been registered for offer and sale in Wisconsin pursuant to Wis. Stats. Ch. 551.
12. All Respondents have violated Wis. Stat. § 551.301 by directly or indirectly offering unregistered securities to at least one person in Wisconsin as described above.
13. In connection with the offers of the securities to the person in Wisconsin described above, Rava transacted business in Wisconsin as an "agent" for Leland and the Fund as that term is defined by Wis. Stat. § 551.102(2).
14. Rava has never been registered as a securities agent pursuant to Wis. Stats. Ch. 551.
15. Rava violated Wis. Stat. § 551.402(1) by transacting business in Wisconsin as a securities agent without registration.
16. Leland, Leland-TN, Thompson and the Fund violated Wis. Stat. § 551.402(4) by employing an unregistered agent to represent them in Wisconsin.
17. In connection with the offers of the securities to the person in Wisconsin described above, Leland transacted business in Wisconsin as an unregistered broker dealer in violation of Wis. Stat. § 551.401.
18. Page 11, item number (5) of the Subscription Agreement received in the offer by the person in Wisconsin stated as follows:

THIS OFFER IS NOT MADE TO RESIDENTS OF THE FOLLOWING STATES: RHODE ISLAND, WISCONSIN: (On August 11, 1981, the Wisconsin Commissioner of Securities issued an Order of Prohibition against

Stephen M. Thompson for the offer and sale of unregistered, non-exempt securities in Wisconsin. On September 5th 2002, the Wisconsin Department of Financial Institutions issued an order prohibiting Leland and Thompson from offering and selling unregistered, non-exempt securities to persons in Wisconsin.)

19. On August 11, 1981, the Wisconsin Commissioner of Securities¹ issued an Order of Prohibition (“the 1981 Order”) against several limited partnerships controlled by Thompson, who signed the stipulation for the 1981 Order as their general partner. The 1981 Order prohibited the limited partnerships, as well as their agents and controlling persons from making further offers and sales of securities in Wisconsin unless the securities are registered or exempt, and from employing unregistered agents from selling securities in Wisconsin.

20. The 1981 Order contained a Notice advising the respondents that “any willful violation of an Order duly issued by the Commissioner of Securities is a criminal offense punishable as a felony under the provisions of sec. 551.58(1), Wis. Stats.”

21. On October 7, 2002, the Division issued a consent Order of Prohibition and Revocation (“the 2002 Order”) to Leland and Thompson based on allegations of securities law violations, including willfully violating the 1981 Order. Thompson consented to the 2002 Order as the President of Leland.

22. The 2002 Order issued against Leland and Thompson not only prohibited them from offering unregistered securities, but also revoked all exemptions from registration that might otherwise apply to any offer or sale of any security by Leland and Thompson.

23. The 2002 Order also contained a Notice to Leland and Thompson advising that “any willful violation of an Order issued by the Administrator of the Division of Securities ... is a criminal offense punishable under the provisions of sec. 551.58, Wis. Stats.”

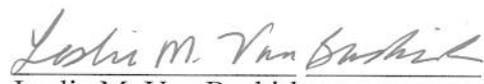
24. By retaining the unregistered agent Rava to offer the unregistered securities in Wisconsin, Leland and Thompson willfully violated the 2002 Order and the 1981 Order, which is subject to the criminal penalties set forth in Wis. Stat. § 551.58 (2005-06).

25. Rava willfully violated Wis. Stat. § 551.301 by offering the securities to a person in Wisconsin despite the language set forth in ¶ 16 above, and by asking the person in Wisconsin if there was an address outside of Wisconsin to which Rava could send the materials

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 5th day of February, 2015.


Mark E. Dorman
Examiner


Leslie M. Van Buskirk
Attorney Supervisor

¹ 1995 Wisconsin Act 27 merged the Office of the Wisconsin Commissioner of Securities into the Department of Financial Institutions as the Division of Securities (“the Division”).