

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

In the matter of,

AEGIS OIL, LLC,
STEVEN A. SEFFREN, and
PATRICK R. BEASON,

SUMMARY ORDER TO
CEASE AND DESIST

DFI Case No. S-231063 (EX)

Respondents.

I.

The Administrator of the State of Wisconsin, Department of Financial Institutions, Division of Securities (“Division”), having legal authority and jurisdiction to administer and enforce the Wisconsin Uniform Securities Law, Wis. Stats. Ch. 551 (“Ch. 551”) and rules and orders promulgated thereunder, and having determined that this action is necessary and appropriate in the public interest and for the protection of investors, hereby enters this Order as follows:

II.

Division staff have presented evidence sufficient for the Administrator to make the following findings of fact and conclusions of law:

A. Findings of Fact

Respondents

1. Aegis Oil, LLC (“Aegis”) is a Texas manager-managed limited liability company organized on August 26, 2009, with a last known business address of 812 Lexington Drive, Suite 100, Plano, Texas 75075. Its registered agent for service is Pamela G. Beason, 6101 Long Prairie Road, #744-111, Flower Mound, Texas 75028.
2. Patrick Reagan Beason (“Beason”) is an adult born in June 1953, who at all material times has been an owner, officer, and/or controlling person of Aegis, with a last known business address of 812 Lexington Drive, Suite 100, Plano, Texas 75075.
3. Steven Arnold Seffren (“Seffren”) is an adult male resident of Fort Lauderdale, Florida born in February, 1942, who at all material times has been an agent of Aegis.

Conduct

4. On January 26, 1996, Beason consented to an Order of Prohibition issued by the Wisconsin Securities Commissioner against Beason and Sabre Energy, Inc. for violations of Ch. 551. Beason ran Sabre Energy, Inc. as its president. The order prohibited Beason from selling any unregistered securities in Wisconsin unless they were properly exempted from Ch. 551 or a successor statute. A true and accurate copy of the Order is attached hereto and incorporated by reference herein as Exhibit 1.
5. On April 19, 2007, the Illinois Secretary of State, Securities Department, issued a final Order of Prohibition against Beason and North American Pipeline Corporation, another company run by Beason, for violation of the anti-fraud provisions of the Illinois Securities Law of 1953. A true and accurate copy of the Order is attached hereto and incorporated by reference herein as Exhibit 2.
6. On or about November 3, 2014, Seffren placed an unsolicited telephone call to a person in Wisconsin, with whom he had no preexisting relationship, to offer the opportunity to invest in "Yates Field Joint Venture I," a joint venture involving oil and gas wells owned and operated by Aegis. Seffren told the Wisconsin resident that he would send information about the investment to the Wisconsin resident's email account. The same day, Seffren sent the Wisconsin resident an email promoting the Yates joint venture investment opportunity, which included a username and password to log into a portion of the Aegis Oil website and obtain more information about the company, including an executive summary of the company. A copy of the email is attached hereto and incorporated by referenced herein as Exhibit 3.
7. On or about November 3, 2014, the Wisconsin resident received a copy of a promotional brochure for the Yates joint venture and a letter from Beason to prospective participants describing the Yates joint venture via Federal Express mail from Aegis Oil, LLC. A copy of the letter from Beason and the promotional offering materials are attached hereto and incorporated by reference herein as Exhibits 4 and 5 respectively.
8. On or about November 4, 2014, Seffren placed another call to the Wisconsin resident and represented that the Wisconsin resident was able to invest in the Yates joint venture despite the fact that the Wisconsin resident told Seffren that he was not an accredited investor.
9. When asked by the Wisconsin resident what the risk factors were involved in investing in the Yates joint venture, Seffren told him there were no risks involved in the investment.
10. At no time did Seffren, Beason, or anyone at Aegis disclose to the Wisconsin resident that Orders of Prohibition had been issued by the Wisconsin Securities Commissioner and the Illinois Securities Department against Beason and his prior companies.

11. On November 11, 2014, Division staff sent letters requesting information to Aegis, Beason and Seffren with a response deadline of November 25, 2014. None of the Respondents sent any response to the Division's request for information. True and accurate copies of the letters are attached and referenced herein as Exhibit 6.
12. The Yates joint venture securities were never registered for offer or sale in Wisconsin pursuant to Ch. 551.
13. Seffren was not registered with the Division as an agent pursuant to Ch. 551 at the time of the offer of the unregistered Yates joint venture securities to the Wisconsin investor.

B. Conclusions of Law

Legal Authority and Jurisdiction

14. The Administrator has legal authority and jurisdiction over the conduct described above, pursuant to Ch. 551 and the rules and orders promulgated thereunder.
15. The interests in the Yates joint venture were investments into a common enterprise with the expectation of profits to be derived through the essential managerial efforts of persons other than the investor, and are "investment contracts" as defined under Wis. Stat. § 551.102(28)(d)(1). Investment contracts are included in the definition of a security pursuant to Wis. Stat. § 551.102(28).
16. Pursuant to Wis. Stat. § 551.301, it is unlawful for a person to offer or sell securities in Wisconsin unless the securities are federally covered, exempted from registration under Ch. 551, or registered under Ch. 551.
17. Aegis is an "issuer" as defined by Wis. Stat. § 551.102(17).
18. Seffren is an "agent" for the issuer Aegis as defined by Wis. Stat. § 551.102(2).
19. Pursuant to Wis. Stat. § 551.402(1), it is unlawful for a person to transact business as an agent for an issuer in Wisconsin without being registered with the Division or exempted from registration under Wis. Stat. § 551.402(2).
20. Pursuant to Wis. Stat. § 551.402(4), it is unlawful for an issuer engaged in offering, selling, or purchasing securities in Wisconsin to employ or associate with an agent who transacts business in Wisconsin on behalf of issuer unless the agent is registered under Wis. Stat. § 551.402(1) or exempt from registration under Wis. Stat. § 551.402(2).

21. Pursuant to Wis. Stat. § 551.501(2), it is unlawful for a person, in connection with the offer or sale of securities, directly or indirectly, to make an untrue statement of material fact or to omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

Violations

22. Respondents violated Wis. Stat. § 551.301 by offering unregistered securities to a person in Wisconsin.

23. Seffren violated Wis. Stat. § 551.402(1) by transacting securities business in Wisconsin as agent for Aegis without being registered.

24. Aegis and Beason violated Wis. Stat. § 551.402(4) when they associated with Seffren as an agent transacting business in Wisconsin on behalf of Aegis without being registered pursuant to Wis. Stat. § 551.402(1) or exempted from registration under Wis. Stat. § 551.402(2).

25. Respondents violated Wis. Stat. § 551.501(2) when, in connection with the offer of securities to persons in Wisconsin, they omitted 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 the failure to disclose the Orders of Prohibition issued by securities regulators in Wisconsin and Illinois against Beason.

26. Beason violated the terms of the Order of Prohibition issued against him by the Wisconsin Securities Commissioner in 1996 by offering the Yates joint venture interest to a person in Wisconsin through Aegis, a company controlled by Beason, by Seffren, its agent, without the securities being registered or exempted from registration.

III.

In view of the above findings of fact and conclusions of law, the Administrator deems it necessary and appropriate in the public interest and for the protection of investors, and pursuant to its legal authority and jurisdiction under Ch. 551, to-wit Wis. Stat. § 551.604, to issue the following orders and notices:

A. Summary Orders issued pursuant to Wis. Stat. § 551.604(2)

(a) IT IS ORDERED that Respondents, their agents, servants, employees, and every entity and person directly or indirectly controlled or organized by or on behalf of any Respondent, 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 Ch. 551 or successor statute, pursuant to Wis. Stat. §§ 551.604(1)(a) and (2).

- (b) IT IS FURTHER ORDERED that all exemptions from registration set forth at Ch. 551 or successor statute that might otherwise apply to any offer or sale of any security of or by any of the Respondents, their successors, affiliates, controlling persons, and every entity and person directly or indirectly controlled or organized by or on behalf of any Respondents, are hereby revoked pursuant to Wis. Stat. §§ 551.604(1)(b) and (2).
- (c) IT IS FURTHER ORDERED that 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 behalf of any Respondents, are prohibited from violating Ch. 551 or successor statute that might otherwise apply to any offer or sale of any security of or by any Respondent pursuant to Wis. Stat. §§ 551.604(1)(a) and(2).
- (d) PLEASE TAKE NOTICE that the summary orders of the Administrator are effective as of the issuance of this order, pursuant to Wis. Stat. § 551.604(2).

B. Service of Order

- (e) IT IS FURTHER ORDERED that this order shall be sent promptly by certified mail to each party named in the order at his or her last known address or to the party's attorney of record, or shall be personally served upon the party or the party's attorney of record, pursuant to Wis. Admin. Code § DFI-Sec. 8.06.
- (f) PLEASE TAKE NOTICE that the date of the service of this order is the date it is placed in the mail. You are advised that any willful violation of an Order issued by the Division under Ch. 551 is a criminal offense punishable under the provisions of Wis. Stat. § 551.508.

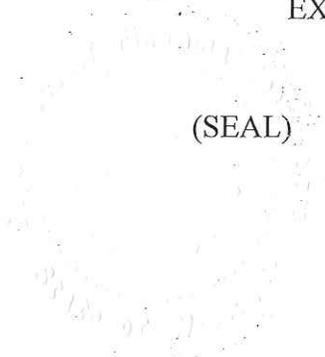
C. Notice of Hearing Rights

- (g) PLEASE TAKE NOTICE that you have the right to request a hearing. Every request for a hearing shall be in the form of a petition filed with the Division, pursuant to Wis. Admin. Code § DFI-Sec. 8.01. A petition for a hearing to review the order shall:
 - (1) Plainly admit or deny each specific allegation, finding or conclusion in the order and incorporated papers. However, if the petitioner lacks sufficient knowledge or information to permit an admission or denial, the petition shall so state, and that statement shall have the effect of a denial; and
 - (2) State all affirmative defenses. Affirmative defenses not raised in the request for hearing may be deemed waived.

- (h) PLEASE TAKE FURTHER NOTICE that, within 15 days after receipt of a request in a record from you, the matter will be scheduled for a hearing or other public administrative proceedings, pursuant to Wis. Stats. §§ 551.604(2) and (3).
- (i) PLEASE TAKE FURTHER NOTICE that if you do not request a hearing and none is ordered by the Administrator within 30 days after the date of service of this order, the findings of fact, conclusions of law, and summary orders become final by operation of law, pursuant to Wis. Stat. §551.604(2).

EXECUTED at Madison, Wisconsin, this 20th day of December, 2016.

(SEAL)



Leslie M. Van Buskirk

Leslie M. Van Buskirk
Administrator, Division of Securities

Wisconsin Department of Financial Institutions
201 West Washington Avenue, Suite 300
Madison, Wisconsin 53703



State of Wisconsin
Department of Financial Institutions

Scott Walker, Governor

Lon E. Roberts, Secretary

AFFIDAVIT OF SERVICE

STATE OF WISCONSIN)
) ss.
COUNTY OF DANE)

I, JAKI WELTER, first being duly sworn, depose and state:

- 1. I am employed as a state civil service employee with the State of Wisconsin, Department of Financial Institutions, Division of Securities.
2. On the date of this Affidavit and in the course of regularly conducted activity, I have caused to be deposited in the U.S. mail: (1) the Administrator's order (attached); and (2) a copy of this Affidavit of Service, to be served by certified mail upon the subject of the order at the subject's last known address; and I have also caused to be served copies of those same documents upon the Administrator for the Division of Securities, pursuant to Wis. Stat. §§ 227.48, 551.611, and 891.46; and Wis. Admin. Code. §§ DFI-Sec 8.06 and 8.07.
3. On the date of this Affidavit and in the course of regularly conducted activity, I have also caused a copy of the Administrator's order and this Affidavit of Service to be posted on the Division of Securities' Administrative Orders section of the State of Wisconsin, Department of Financial Institution's website, www.wdfi.org/newsroom/admin_orders/dos_default.htm.

I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge and belief.

JAKI WELTER (with signature)

State of Wisconsin
Department of Financial Institutions
Division of Securities

Subscribed and sworn to before me
This 20 day of December, 2016.

Lindsay Fedler (Notary Seal)
Lindsay Fedler
Notary Public, State of Wisconsin
My commission is permanent.

