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

In the Matter of	SUMMARY ORDER TO CEASE AND DESIST INCLUDING CIVIL PENALTIES
JAMES BENJAMIN HOBBINS	DFI Case No. S-221606 (EX)
and	
LAKE RESOURCES GROUP INC	
Respondents.	

The Administrator of the State of Wisconsin, Department of Financial Institutions, Division of Securities (the "Division"), having legal authority and jurisdiction to administer and enforce Wisconsin Statutes Chapter 551 and the rules and forms adopted under this chapter (together the "Wisconsin Uniform Securities Law"), and having determined that this action is necessary and appropriate in the public interest and for the protection of investors, hereby enters this summary order as follows:

FINDINGS OF FACT

1. The Administrator determines that Division's staff presented sufficient evidence to adopt its findings of fact as the Administrator's own findings of fact and conclusions of law.

2. James Benjamin Hobbins, DOB February 29, 1960, is an adult male who previously resided at 1007 Eric Lane, Waunakee, Wisconsin 53597, last known address PO Box 7011, La Quinta, California 92248-7011. Hobbins was never registered in any capacity with the Division.

3. Lake Resources Group Inc (LRG Inc) was incorporated in Wisconsin on or about May 4, 2007, and with a current principal office address 8020 Excelsior Drive, Suite 200,

Madison, Wisconsin, 53717. LRG Inc was never registered in any capacity with the Division. At all times material, Hobbins controlled the majority shares, was the President, the CEO, and a board member of LRG Inc.

4. At all times material, Investors JS and VS were a married couple and residents of Duncanville, Texas. Investor JS was a friend of Hobbins's father.

5. LRG Inc was formed by Hobbins and was involved in the sports fishing business through patenting and marketing fishing lure platform brands under such names as "IronClad", "ChamberLock", "DuraBraid", and "MILMS" (Micro-insert Lure Media Systems).

6. On or about May 8, 2009, LRG Inc and Hobbins emailed to Investors JS and VS a "Confidential Investment Letter" dated August 24, 2007 (the "Offering"). The Offering stated that LRG Inc was offering to "accredited investors" the opportunity to purchase up to 250,000 shares at $1.50 per share. The Offering stated that it would terminate on October 31, 2007 unless extended by the Company with or without notice. The Offering stated that Hobbins would own 72 percent of LRG Inc's fully subscribed shares.

7. On or about May 15, 2009, Investors JS and VS signed and returned to LRG Inc and Hobbins a subscription agreement to purchase 27,000 shares of LRG Inc at a total subscription amount of $40,500, along with a check for $21,000 (the "subscription agreement"). On or about June 13, 2009, Investors JS and VS mailed to LRG Inc and Hobbins another check for $19,500.

8. The subscription agreements were never registered as a security with the Division.

9. The offer, sale or purchase of the subscription agreement occurred between May and June, 2009.

10. The offer, sale or purchase of the subscription agreement occurred in the State of Wisconsin.

11. On or about May 20, 2008, Hobbins and LRG Inc terminated John B. Mathews, the Vice President for Public Relations, a board member since June 20, 2007, and 3 percent shareholder of LRG Inc. Mathews was listed as a member of management in the Offering documents. Hobbins omitted to state the above material fact to Investors JS and VS in connection with the offer, sale or purchase of the subscription agreement.

12. On or about February 28, 2007, Hobbins applied to the U.S. Patent and Trademark Office (USPTO) for a patent covering a "Modular Reinforced Soft Bait Lure System" (Application Number 11/680,408). Hobbins was notified by USPTO of a non-final rejection requiring numerous revisions to his patent application, on or about June 23, 2008 and on or about December 18, 2008, before a final rejection on or about July 31, 2009. Hobbins omitted to state the above material facts to Investors JS and VS in connection with the offer, sale or purchase of the subscription agreement.

13. On or about September 1, 2008, LRG Inc's banking institution, River Valley Bank had frozen their line of credit. Hobbins omitted to state the above material fact to Investors JS and VS in connection with the offer, sale or purchase of the subscription agreement.

CONCLUSIONS OF LAW

14. Wis. Stat. § 551.501 states: "It is unlawful for a person, in connection with the offer, sale, or purchase of a security, directly or indirectly, to do any of the following:

(1) To employ a device, scheme, or artifice to defraud.

(2) To make an untrue statement of a 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.

(3) To engage in an act, practice, or course of business that operates or would operate as a fraud or deceit upon another person."

15. Based on the above findings of fact, the Administrator concludes that between May and June 2009, in the State of Wisconsin, the above named Respondents did violate Wis. Stat. §§ 551.501(2) (2007-08).

16. The subscription agreement was a "security" as that term is defined under Wis. Stat. 551.102(28).

17. There was an "offer to sell" or "sale" of the subscription agreement as those terms are defined under Wis. Stat. § 551.102(26).

18. In connection with the offer, sale or purchase of the subscription agreement, Respondents omitted to state the above facts which were material and necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading to Investors JS and VS, violating Wis. Stat. § 551.501(2).

ORDERS AND NOTICES

19. Wis. Stat. § 551.604 (2007-08) states: If the administrator determines a person has engaged, is engaging, or is about to engage in an act, practice, or course of business constituting a violation of this chapter or a rule adopted or order issued under this chapter or that a person has materially aided, is materially aiding, or is about to materially aid an act, practice, or course of business constituting a violation of this chapter or a rule adopted or order issued under this chapter, the Administrator may do any of the following:

(1) Issue an order directing the person to cease and desist from engaging in the act, practice, or course of business or to take other action necessary or appropriate to comply with this chapter.

(2) Issue an order denying, suspending, revoking, or conditioning the exemptions for a broker-dealer under s. 551.401 (2) (d) or (f) or an investment adviser under s. 551.403 (2) (a) 3.

(3) Issue an order under s. 551.204.

(4) In a final order, the Administrator may impose a civil penalty in the form of an administrative assessment up to $5,000 for a single violation or up to $250,000 for more than one violation.

(5) Charge the actual cost of an investigation or proceeding for a violation of this chapter or a rule adopted or order issued under this chapter.

(6) If a petition for judicial review of a final order is not filed in accordance with s. 551.609, the administrator may file a certified copy of the final order with the clerk of a court of competent jurisdiction. The order so filed has the same effect as a judgment of the court and may be recorded, enforced, or satisfied in the same manner as a judgment of the court, the Administrator may file a certified copy of the final order with the clerk of a court of competent jurisdiction. The order so filed has the same effect as a judgment of the court and may be recorded, enforced, or satisfied in the same manner as a judgment of the court.

(7) If a person does not comply with an order under this section, the Administrator may petition a court of competent jurisdiction to enforce the order. The court may not require the administrator to post a bond in an action or proceeding under this

section. If the court finds, after service and opportunity for hearing, that the person was not in compliance with the order, the court may adjudge the person in civil contempt of the order. The court may impose a further civil penalty against the person for contempt in an amount not less than $5,000 but not greater than $100,000 for each violation and may grant any other relief the court determines is just and proper in the circumstances.

20. Based on the above findings of fact and conclusions of law, pursuant to Wis. Stat. § 551.604, the Administrator deems it necessary and appropriate in the public interest and for the protection of investors to issue the following orders:

21. IT IS ORDERED that the Respondents, their agents and successors shall cease and desist from engaging in the act of making or causing to be made to any person in the State of Wisconsin, any offer or sale of securities until such securities are qualified as covered or registered securities under the Wisconsin Uniform Securities Law, effective on the date of issuance of this order.

22. IT IS ORDERED that all exemptions from registration set forth in the Wisconsin Uniform Securities Law that may otherwise apply to any sale or offer to sale of securities by the Respondents, their agents and successors are hereby revoked effective on the date of issuance of this order.

23. IT IS PROPOSED THAT IN A FINAL ORDER a civil penalty in the form of administrative assessment totaling $40,500 be imposed against each Respondent and their successors jointly and severally.

24. IT IS 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. The date of the service of this order is the date it is placed in the mail (which is also the issue and effective date below).

25. You have the right to request a hearing. 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 proceeding. 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 an 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.

(3) Addressed and mailed to:

STATE OF WISCONSIN
DEPARTMENT OF FINANCIAL INSTITUTIONS
DIVISION OF SECURITIES
4822 MADISON YARDS
P.O. BOX 1768
MADISON, WI 53701-1768

26. If you do not request a hearing in writing 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 and proposed final orders, including the imposition of a civil penalty or requirement for payment of restitution, disgorgement, interest, or the costs of investigation sought in a statement in the order, becomes final to you as by operation of law.

By the Administrator.

Issued at Madison, Wisconsin and effective this 21st day of June, 2018.

Leslie M. Van Buskirk
Administrator

State of Wisconsin
Department of Financial Institutions
Division of Securities
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