

STATE OF ALABAMA
ALABAMA SECURITIES COMMISSION

IN THE MATTER OF:

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|----------------------|---|----------------------|
| PETRON ENERGY II INC |) | ADMINISTRATIVE ORDER |
| FLOYD L SMITH |) | NO. CD-2015- 0012 |
| <u>RESPONDENTS</u> |) | |

CEASE AND DESIST ORDER

The Alabama Securities Commission ("Commission"), having authority to administer and provide for the enforcement of all provisions of Title 8, Chapter 6, Code of Alabama 1975, the Alabama Securities Act ("Act"), upon due consideration of the subject matter hereof, and having confirmed information of the offers for sale and/or sale of securities, into, within or from the state of Alabama, has determined as follows:

RESPONDENTS

1. **PETRON ENERGY II, INC.**, ("PE II") is a Nevada Corporation, with its principal place of business located at 17950 Preston Road, Suite 960, Dallas, Texas 75252.
2. **FLOYD L. SMITH**, ("SMITH") is the President / Chief Executive Officer of PE II, with a principal place of business located at 17950 Preston Road, Suite 960, Dallas, Texas 75252.

STATEMENT OF FACTS

3. On April 30, 2014, the Alabama Securities Commission received a complaint alleging **SMITH** solicited an Alabama resident to purchase shares of **PE II** stock.
4. As a result of the aforementioned solicitation by **SMITH**, the Alabama resident purchased a total of 275,000 shares of **PE II** stock, between April 12, 2011, and June 6, 2011, totaling \$92,500.00. In each transaction, the Alabama resident was issued stock certificates as evidence of the purchase.

5. On May 16, 2014, a review of the registration files of the Alabama Securities Commission revealed no record of registration for the stock of **PE II**, nor for the entity as a Securities Dealer, or Agent in the state of Alabama.

6. On May 16, 2014, a review of the Commission's registration files disclosed no record of a notice filing, or any perfected exemption from registration for the "P E II" shares offered and sold to the Alabama resident by **SMITH**. The Securities and Exchange Commission SEC Edgar database does show that **PE II** has a Rule 506-D registration on file.

CONCLUSIONS OF LAW

7. Pursuant to Section 8-6-2(10), Code of Alabama 1975, defines stock as a security. The Stock offered by the **RESPONDENTS** are securities as defined in the Act.

8. Pursuant to Section 8-6-4, Code of Alabama 1975, it is unlawful for any person to offer or sell any security in this state unless: it is registered under the Act; the security is exempt from registration under Section 8-6-10 of the Act; or the transaction is exempt under Section 8-6-11 of the Act. The securities offered and/or sold by **SMITH**, to wit: the Stock, issued by **PE II** is neither registered nor exempt from registration in violation of the Act.

This Order does not prevent the Commission from seeking such other civil or criminal remedies that are available to it under the Act.

This Order is appropriate in the public interest for the protection of investors and is consistent with the purposes of the Act.

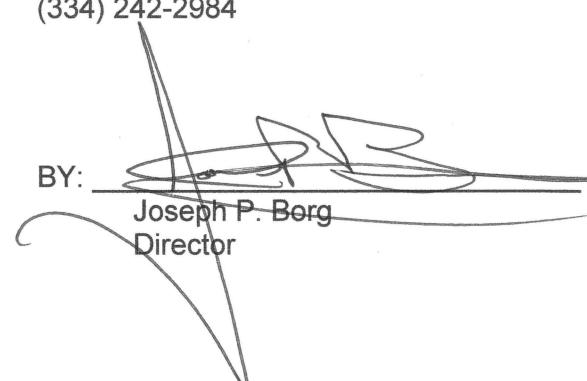
Additionally, if the allegations set forth herein are found to be true, through either administrative adjudication, failure of the **RESPONDENTS** to make a timely request for hearing, or default of the **RESPONDENTS**, it is the intention of the Commission to impose sanctions upon the **RESPONDENTS**. Such sanctions may include, *inter alia*, an administrative assessment imposed on **RESPONDENTS**, an additional administrative assessment for investigative cost arising from the investigation of the violation(s) described herein against **RESPONDENTS**, and a permanent order to bar **RESPONDENTS** from participation in any securities related industry in the state of Alabama.

ACCORDINGLY, IT IS HEREBY ORDERED that RESPONDENTS immediately **CEASE AND DESIST** from further offers or sales of any security into, within or from the state of Alabama.

Entered at Montgomery, Alabama, this 14th day of JULY, 2015.

ALABAMA SECURITIES COMMISSION
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BY: 
Joseph P. Borg
Director