

STATE OF ALABAMA
ALABAMA SECURITIES COMMISSION

IN THE MATTER OF:)
)
GENESIS E&P, INC.)
DAVID GLASS) ADMINISTRATIVE ORDER
EDWARD FOSTER) NO. CD-2020-0020
RONNIE LEE MOSS JR.)
)
RESPONDENTS)

CEASE AND DESIST ORDER

The Alabama Securities Commission ("Commission"), having the power 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. **GENESIS E&P, INC.** ("GENESIS") is a Texas corporation, having a business address of 1701 Shoal Creek Suite 231 Highland Village Texas 75077.
2. **DAVID GLASS** ("GLASS") was the President of **GENESIS** from inception until 2014, having a business address of 1701 Shoal Creek Suite 231 Highland Village, Texas 75077.
3. **EDWARD FOSTER** ("FOSTER") was President of **GENESIS** beginning in 2014, having a business address of 1701 Shoal Creek Suite 231 Highland Village, Texas 75077.
4. **RONNIE LEE MOSS, JR.** ("MOSS") at all times relevant, was an agent of **GENESIS** having a business address of 1701 Shoal Creek Suite 231 Highland Village, Texas 75077.

STATEMENT OF FACTS

5. The Commission received information that in July 2010 **MOSS**, an agent of **GENESIS**, solicited an investment from an Alabama resident via cold call. The offer of investment included the acquisition of an oil and gas lease to participate in drilling operations for cash distributions to the ventures. The project was originally called Atlas Lease Bank Joint Venture but was converted to Big Horn Lease Bank Joint Venture, which had a price per unit of \$264,166 with up to 10 units available.

6. The Alabama resident made the following payments for various investments in the Atlas Lease Bank Joint Venture/ Big Horn Lease Bank Joint Venture:

July 7, 2010	\$31,250.00 for 0.125 units
July 12, 2012	\$66,042.00 for 0.25
May 9, 2014	\$4,000.00
May 9, 2014	\$10,000.00

7. The Alabama resident received confirmation letters memorializing their investments in the Big Horn Lease Bank Joint Venture. The **GENESIS** confirmation letters were signed and issued by **GLASS** in 2012 and **FOSTER** in 2014.

8. The Big Horn Lease Bank Joint Venture agreements described the investment offered to the Alabama resident as the participation in units of interest in a joint venture formed under Texas Partnership Act to engage primarily in the business of participation in the drilling of oil and gas wells. The joint venture agreements list **GENESIS** as the managing venture for Big Horn Lease Bank Joint Venture.

9. According to a July 2016 order by the State of Illinois Secretary of State Securities Department, in 2011 representatives of **GENESIS** “cold-called” an Illinois resident on multiple dates and offered the opportunity to invest in oil well ventures. The Illinois resident invested approximately \$44,087.42. The respondents failed to file with the Secretary of State for

registration of the securities sold. The Secretary of state temporarily prohibited respondents, or their agents, affiliates, successors, and employees, from offering or selling securities in the State of Illinois as it were in the public interest and for the protection of the investing public.

10. The U.S. Securities and Exchange Commission's Edgar database disclosed that on November 02, 2011, an SEC filing Form D for Rule 506 exemption was completed by **GLASS** for the Atlas Lease Bank Joint Venture and Big Horn Lease Bank Joint Venture.

11. A review of the files of the Registration Division of the Alabama Securities Commission on March 10, 2020, disclosed no record of registration and/or exemption from registration for **GLASS**, **FOSTER**, or **MOSS** as a broker agent, investment advisor, or investment advisor representative in the State of Alabama.

12. A review of the files of the Registration Division of the Alabama Securities Commission on March 10, 2020 disclosed no record of registration and/or exemption from registration for **GENESIS** as a broker dealer in the State of Alabama.

CONCLUSIONS OF LAW

13. Pursuant to Section 8-6-2(10), Code of Alabama 1975, the definition of a "security" includes any "...participation in an oil, gas, or mining title or lease or in payments out of production under such a title or lease...". The joint venture interests sold by **GENESIS** are based on interests in the returns from the production of oil, gas or other mining interests and are securities under the Act.

14. 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 or exempt under this Act. A review of the Alabama Securities Commission files disclosed no record of registration for the securities offered and sold by **GENESIS**, **GLASS**, **FOSTER**, and **MOSS** offered and sold securities to an Alabama resident without benefit of registration or exemption from registration in violation of the Act.

15. Pursuant to Section 8-6-2(2), Code of Alabama 1975, the definition of “agent” includes any individual who represents a dealer or issuer in effecting or attempting to effect sales of securities. By soliciting and effecting sales of joint venture working interests in **GENESIS** offerings to an Alabama resident, **GLASS**, **FOSTER**, and **MOSS** are securities “agents” as defined by the Act.

16. Pursuant to Section 8-6-2(5), Code of Alabama 1975, the definition of “issuer:” includes “every person who proposes to issue, has issued, or shall hereafter issue any security.” **GENESIS** issued joint venture interests and is an issuer as defined by the Act.

17. Pursuant to Section 8-6-3(a), Code of Alabama 1975, it is unlawful for any person to transact business in the state as a dealer or agent for the offer or sale of securities unless they are registered under the Act. **GENESIS**, **GLASS**, and **FOSTER** employed **MOSS** as an agent who was not registered with the Commission in violation of the ACT.

This Order does not prevent the Alabama Securities 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 a 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 the **RESPONDENTS**, an additional administrative assessment for investigative cost arising from the investigation of the violation(s) described herein against the **RESPONDENTS**, and a permanent order to bar the **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 15th day of December, 2020.



ALABAMA SECURITIES COMMISSION
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(334) 242-2984
BY:



JOSEPH P. BORG
DIRECTOR