

STATE OF OHIO
DEPARTMENT OF COMMERCE
DIVISION OF SECURITIES
COLUMBUS, OHIO 43215-6131

Order No. 14-016

**IN THE MATTER OF: JEWELL JACKSON OIL AND GAS, LLC;
WILLIAM JEWELL, JR.;
CHARLEY ANTHONY JACKSON III;
WILLIAM JEWELL IV**

CEASE AND DESIST ORDER

DIVISION ORDER

WHEREAS, the Ohio Division of Securities (hereinafter "the Division") is charged with the responsibility of protecting investors and finds that this Order is in the best interest of the public and necessary for the protection of investors, and is consistent with the purposes of the Ohio Securities Act, Chapter 1707 of the Ohio Revised Code (hereinafter "O.R.C.");

WHEREAS, the Division has conducted an investigation into the activities of Jewell Jackson Oil and Gas, LLC, William Jewell, Jr., Charley Anthony Jackson III, and William Jewell IV (hereinafter collectively "Respondents"); whose last known business address is 272 Preston Estate, Paintsville, KY 41240-8681;

WHEREAS, as a result of the investigation, the Division issued a Notice of Opportunity for Hearing and Notice of Intent to Issue a Cease and Desist Order ("Notice Order") on February 10, 2014, under Division Order Number 14-005;

WHEREAS, on February 11, 2014, the Division served the Notice Order via certified mail to the last known address for each of the Respondents, which were claimed for Respondents William Jewell, Jr., William Jewell IV and Charley Anthony Jackson III, on February 15, 2014;

WHEREAS, the Notice Order for Respondent Jewell Jackson Oil and Gas, LLC was returned unclaimed;

WHEREAS, the Division sent the Notice Order via U.S. Mail with Certificate of Mailing on April 11, 2014, in accordance with R.C. 119.07;

WHEREAS, more than thirty days has passed since the date service was perfected in accordance with R.C. 119.07 and the Respondents have not requested a hearing in this matter; and

WHEREAS, as a result of said investigation, the Division finds as follows:

- (1) Respondent Jewell Jackson Oil and Gas, LLC ("JJOG") is a limited liability company organized on February 14, 2012 under the laws of the Commonwealth of Kentucky and lists its principal place of business as 272 Preston Estate Paintsville, KY, 41240-8681;
- (2) Respondent William Jewell, Jr. ("Jewell") is a natural person and is the President and Chief Executive Officer of JJOG;
- (3) Respondent Charley Anthony Jackson III ("Jackson") is a natural person and is the Vice President and Chief Operating Officer of JJOG;
- (4) Respondent William Jewell IV ("Jewell IV") is a natural person and is the Vice President, Drilling and Production for JJOG;
- (5) On June 19, 2012, JJOG filed a Form D Notice of Exempt Offering of Securities with the Securities and Exchange Commission claiming exemption from federal registration requirements under Section 504 of Regulation D, more formally cited as 17 CFR 230.504;
- (6) 17 CFR 230.504 does not contain state preemption language, therefore issuers claiming an exemption under this federal regulation must also comply with state registration requirements;
- (7) The Form D was electronically signed by Respondent Charley Jackson III as Co-Owner/VP on June 19, 2012;
- (8) The Form D Notice stated that JJOG had sold and intended to offer for sale mineral property securities;
- (9) The mineral property securities issued by JJOG were titled "General Service Agreements";
- (10) The Form D Notice stated that JJOG had already sold General Service Agreements in the amount of \$17,000.00, and further stated that the total amount remaining to be sold was indefinite;
- (11) The Form D Notice stated that the first date of sale was June 5, 2013;
- (12) The Form D Notice stated that sales compensation would be paid to Owen Ratliff, residing at 1314 S. Weyant Avenue, Columbus, Ohio in the amount of 10% of the principal amount of General Service Agreements sold;

- (13) On or about March of 2012, Owen Ratliff became the Director of Investor Relations for JJOG;
- (14) JJOG has not filed for registration or exemption from registration in Ohio and did not make any filings with the Division, including the Form D mentioned in the foregoing paragraphs;
- (15) Between April 30, 2012 and January 7, 2013, JJOG sold General Service Agreements for an aggregate amount exceeding \$128,000.00 to 15 investors, with 10 of those investors residing in Ohio;
- (16) Prior to purchasing the General Service Agreements, investors were provided a document entitled THE RIM ROCK OIL & GAS WELL PROJECT A Jewell Jackson Oil & Gas Investment Presentation ("Investment Presentation");
- (17) The Investment Presentation noted under the subheading INVESTMENT PER SHARE that "Investor will receive dividends from oil and gas sales based on the total amount of shares purchased";
- (18) The Investment Presentation also noted under the subheading RETURN OF INVESTMENT (ROI) that, "Investor will assume first position in any and all revenue streams generated from the Ferguson Well #1, including but not limited to the discovery, extraction, production, distribution and/or sale of oil and natural gas";
- (19) The General Service Agreements issued by JJOG are securities as that term is defined by R.C. 1707.01(B);
- (20) The General Service Agreements did not disclose that 10% of the principle investment amount would be paid to third parties in exchange for solicitation of the sale;
- (21) Respondent William Jewell, Jr. executed General Service Agreements on behalf of JJOG which were sold to at least 2 investors in the State of Ohio;
- (22) Respondent Charley Anthony Jackson III executed General Service Agreements on behalf of JJOG which were sold to at least 9 investors in the State of Ohio;
- (23) Respondent JJOG is not licensed as a securities dealer in the State of Ohio;
- (24) At all times relevant, Owen Ratliff was the Director of Investor Relations for Respondent JJOG;

- (25) The last known principle business address for Owen Ratliff is 1314 S. Weyant Avenue, Columbus, Ohio 43227;
- (26) As Director of Investor Relations for Respondent JJOG, Owen Ratliff executed Finder's Fee Agreements with at least two additional residents of Ohio, namely Curtis Lockett III and Holland Turner, to assist in the solicitation and sale of General Service Agreements in exchange for a share in the 10% commission paid by Respondent JJOG;
- (27) At all times relevant, Owen Ratliff did not maintain an Ohio securities salesperson or securities dealer license;
- (28) At all times relevant, Curtis Lockett III did not maintain an Ohio securities salesperson or securities dealer license;
- (29) At all times relevant, Holland Turner did not maintain an Ohio securities salesperson or securities dealer license;
- (30) The Finder's Fee Agreements stated that the original salesperson would be paid the full 10% commission and, if the original salesperson recruited another salesperson who transacted a sale, then the commission from the subsequent sale would be paid in equal portions depending on what tier the salesperson held pursuant to the Finder's Fee Agreement;
- (31) Respondent JJOG offered additional remuneration to salespersons referred to as "back end participation" in which the salesperson would receive an additional share or split of a share in proportions that were equal to the compensation paid if they sold a required number of shares in the well;
- (32) Respondent JJOG agreed to provide back end participation to each solicitor of 1 share to any well of choice if more than the selling well was available for every 16 shares sold to non-accredited investors;
- (33) Respondent JJOG agreed to provide back end participation to each solicitor of 2 shares to any well of choice if more than the selling well was available if the solicitor sold shares to an accredited investor per well for one hundred and sixty thousand U.S. Dollars (\$160,000.00 USD);
- (34) Respondent JJOG paid, in aggregate, to Owen Ratliff, Curtis Lockett III and Holland Turner, commissions equal to 10% for each General Service Agreement issued by JJOG pursuant to the terms of the Finder's Fee Agreements;

- (35) Respondent JJOG paid commissions to Ratliff based on the sale of securities at least three times, including check number 1018 on January 9, 2013 in the amount of \$1,400.00; check number 1031 on February 21, 2013 in the amount of \$1,755.00; and check number 1036 on February 24, 2013 in the amount of \$333.00;
- (36) All three checks were written on the bank account of Respondent JJOG, signed by Respondent Charley Jackson III, and included the word "commission" on the memo line;
- (37) Respondent JJOG paid commissions to Holland Turner, based on the sale of securities on at least two occasions; namely, a starter check on November 1, 2012 in the amount of \$500.00 and check number 1032 on February 21, 2013 in the amount of \$147.00;
- (38) The checks were written on the bank account of Respondent JJOG, signed by Respondent Charley Jackson III, and included the word "commission" on the memo line;
- (39) Respondent JJOG paid commissions to Curtis Luckett III based on the sale of securities on at least five occasions; namely, a starter check on November 8, 2012 in the amount of \$1,833.00 and four wire transfers between January 10, 2013 and March 28, 2013;
- (40) Both the check and wires were issued from the bank account of Respondent JJOG;
- (41) Respondent JJOG received remuneration from the sale of the General Service Agreements in the amount of the investment proceeds received from investors in Ohio;
- (42) Respondent William Jewell Jr. used investor funds for purposes other than oil and gas production, such as dining at McDonald's, Hardees, Louisa Seafoods, Long John Silver's as well as purchases at Gamestop, Dollar General, and Apple I tunes;
- (43) On April 30, 2012, an investment payment in the amount of \$1,000.00 was wired directly to the personal account of William Jewell IV based on wiring instructions provided by William Jewell IV to an investor in Ohio;
- (44) On May 2, 2012, William Jewell IV wrote a check to JJOG for \$990.00;
- (45) The General Service Agreement issued by JJOG is a security as defined in Ohio Revised Code 1707.01(B);

- (46) Ohio Revised Code 1707.44 (C)(1) states:

No person shall knowingly sell, cause to be sold, offer for sale, or cause to be offered for sale, any security which comes under any of the following descriptions:

- (1) Is not exempt under section 1707.02 of the Revised Code, nor the subject matter of one of the transactions exempted in section 1707.03, 1707.04, or 1707.34 of the Revised Code, has not been registered by coordination or qualification, and is not the subject matter of a transaction that has been registered by description;
- (47) Respondents JJOG, Charley Anthony Jackson III, William Jewell, Jr. and William Jewell IV violated O.R.C. 1707.44(C)(1) by knowingly selling or causing to be sold General Service Agreements that were not properly registered for sale in Ohio;
- (48) Ohio Revised Code 1707.14(A) states, in pertinent part, "No person shall act as a dealer, unless the person is licensed as a dealer by the division of securities";
- (49) Ohio Revised Code 1707.44(A)(1) states, "No person shall engage in any act or practice that violates division (A), (B), or (C) of section 1707.14 of the Revised Code, and no salesperson shall sell securities in this state without being licensed pursuant to section 1707.16 of the Revised Code";
- (50) Respondent JJOG violated O.R.C. 1707.44(A)(1) by acting as a securities dealer in Ohio without proper licensure;
- (51) Ohio Revised Code 1707.44 (G) states, "No person in purchasing or selling securities shall knowingly engage in any act or practice that is, in this chapter, declared illegal, defined as fraudulent, or prohibited";
- (52) Respondents JJOG, William Jewell, Jr., Charley Anthony Jackson III and William Jewell IV violated O.R.C. 1707.44(G) by selling General Service Agreements to investors in Ohio without disclosing that 10% of the principal investment would be paid as commission, without disclosing that the General Service Agreements were not properly registered for sale in Ohio, and without disclosing that investment funds would be used for personal expenses; and
- (53) Respondent William Jewell, Jr. further violated O.R.C. 1707.44(G) by using investor funds for personal expenses instead of for the development and production of oil and/or gas from the identified wells as set forth in the General Service Agreements.

WHEREAS, based on Paragraphs (1) through (53), the Division finds that Respondents Jewell Jackson Oil and Gas, LLC, William Jewell Jr., Charley Anthony Jackson III, and William Jewell IV violated O.R.C. 1707.44 (C)(1), and O.R.C. 1707.44(G), and Respondent Jewell Jackson Oil and Gas, LLC violated O.R.C. 1707.44(A)(1).

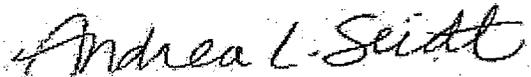
THEREFORE, IT IS ORDERED THAT, pursuant to R.C. 1707.23(G), Respondents Jewell Jackson Oil and Gas, LLC, William Jewell Jr., Charley Anthony Jackson III, and William Jewell IV, are hereby ordered to **CEASE AND DESIST** from the acts and practices described herein which constitute violations of Chapter 1707 of the Ohio Revised Code.

TIME AND METHOD TO PERFECT AN APPEAL

Any party desiring to appeal shall file a Notice of Appeal with the Ohio Division of Securities, 77 South High Street, 22nd Floor, Columbus, Ohio 43215, setting forth the order appealed from and stating that the agency's order is not supported by reliable, probative, and substantial evidence and is not in accordance with law. The notice of appeal may, but need not, set forth the specific grounds of the party's appeal beyond the statement that the agency's order is not supported by reliable, probative, and substantial evidence and is not in accordance with law. The Notice of Appeal shall also be filed by the appellant with the court of common pleas of the county in which the place of business of the licensee is located or the county in which the licensee is a resident. If any party appealing from the order is not a resident of and has no place of business in this state, the party may appeal to the Court of Common Pleas of Franklin County. Such notices of appeal shall be filed within fifteen (15) days after the mailing of the notice of the Ohio Division of Securities' Order as provided in Section 119.12 of the Ohio Revised Code.

RLP/cn

WITNESS MY HAND AND THE OFFICIAL SEAL OF THIS DIVISION at
Columbus, Ohio this 23rd day of May, 2014.



Andrea Seidt, Commissioner of Securities