UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

ADMINISTRATIVE PROCEEDING
File No. 3-20807

In the Matter of **RONNIE LEE MOSS, JR.,** **Respondent.**	**DIVISION OF ENFORCEMENT'S MOTION FOR DEFAULT JUDGMENT**

Pursuant to Rule 155 of the Securities and Exchange Commission's ("Commission") Rules of Practice, the Division of Enforcement ("Division") moves for default judgment against Respondent Ronnie Lee Moss, Jr. ("Moss").

I. BACKGROUND

On December 23, 2020, the Commission filed its complaint in *Securities and Exchange Commission v. Ronnie Lee Moss, Jr., Genesis E&P, Inc., Royal Oil, LLC, and Catalyst Operating, LLC,* Civil Action Number 4:20-CV-972 (E.D. Tex. Sherman Division). *See* Exhibit 1, Complaint (**APP. 0001-0016**). On March 11, 2022, U.S. District Judge Sean D. Jordan issued a Memorandum and Order granting the SEC's motion for final judgment by default against Moss. *See* Exhibit 2, District Court Memorandum and Order (**APP. 0026**). On April 1, 2022, the Commission instituted this proceeding against Moss through the issuance of an Order Instituting Administrative Proceedings Pursuant to Section 15(b) of the Securities Exchange Act of 1934 and Notice of Hearing (the "OIP"). *See* Exhibit 3, OIP (**APP. 0048**).

The Complaint and OIP alleged, and Judge Jordan found, that between February 2014 and March 2018, Moss and his companies, Genesis E&P, Inc. ("Genesis"), Royal Oil, LLC ("Royal"),

OS Received 10/06/2022

and Catalyst Operating, LLC ("Catalyst") raised more than $5.7 million from investors through fraudulent means. Exhibit 1, **APP. 0001**; Exhibit 2, **APP. 0026, 0029** (the district court also noted that by defaulting, Moss had admitted to plaintiff's well-pleaded facts); Exhibit 3, **APP. 0048**. Further, the Complaint and OIP alleged, and Judge Jordan found, that Moss regularly solicited investors and closed sales between them and issuers; recommended to investors that they invest in partnership and bridge-loan securities; drafted sales materials for distribution to investors that made representations about the merits of the investments; controlled the bank accounts into which offering proceeds were received; and compensated himself through investor funds. Exhibit 1, **APP. 0006-0013**; Exhibit 2, **APP. 0037-0039**; Exhibit 3, **APP. 0049**. The Court further found that Moss personally misappropriated $3,241,889 in investor funds. Exhibit 2, **APP. 0043**. The Court also made a number of conclusions of law, comporting with the allegations in the Complaint and the OIP, including:

- The partnership and bridge loan interests offered and sold by Moss and his companies were securities as that term is defined by the Securities Act of 1933 (the "Securities Act") and the Securities Exchange Act of 1934 (the "Exchange Act"). Exhibit 2, **APP. 0032-0033**.

- Moss violated Section 17(a) of the Securities Act and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder because he "made misstatements and omitted information to unwitting investors," including "claims that prior wells had been commercial successes when, in fact, none had been profitable" and unfounded promises of guaranteed returns. *Id*. at **APP. 0033-0037**. Judge Jordan concluded that Moss's course of business "operated as a fraud designed to siphon investors' funds from the companies and into Moss's own pocket." *Id*. at **APP. 0036-0037**.

- Moss engaged in his misconduct with scienter, because he "repeated known untruths and omitted critical information about the investments." *Id*. at **APP. 0036**. Moss also misrepresented basic facts about Moss's involvement with the projects and knowingly concealed his criminal history. *Id*.

- Moss also violated Section 15(a) of the Exchange Act by acting as an unregistered broker based on the factual findings detailed above. Exhibit 2, **APP. 0037-0039**.

- Permanent injunctions were appropriate because Moss's conduct was egregious, repeated, and committed knowingly or at least with severe recklessness. *Id*. at **APP. 0040**. The Court also concluded that Moss had failed to demonstrate any recognition of the wrongfulness of his conduct and that he is a repeat offender likely to commit future violations. *Id* at **APP. 0041**.

- Moss fraudulently obtained $3,241,889 from his clients, which should be disgorged along with prejudgment interest of $524,526.53. *Id*. at **APP. 0043**.

- Moss's conduct warranted a third-tier penalty because his violations "involved fraud, deceit, and deliberate or reckless disregard of regulatory requirements that directly or indirectly resulted in substantial losses to investors . . . ." *Id*. at **APP. 0043-0045**.

- Pointing to "the impropriety of his recidivist conduct," the Court imposed again Moss a civil penalty commensurate with the amount of his pecuniary gain: $3,241,889. *Id*.

On March 11, 2022, Judge Jordan issued a Final Judgment as to Defendant Ronnie Lee Moss, Jr. *See* Exhibit 4, District Court Final Judgment (**APP. 0053-0060**). The Final Judgment: (a) permanently enjoined Moss from future violations of Sections 10(b) and 15(a) of the Exchange Act and Rule 10b-5 thereunder; Section 17(a) of the Securities Act, and (b) ordered Moss to pay disgorgement of $3,241,889, representing profits gained as a result of the conduct alleged in the Complaint, together with prejudgment interest thereon in the amount of $524,526.53, and a civil penalty in the amount of $3,241,889 pursuant to Section 20(d) of the Securities Act and Section 21(d)(3) of the Exchange Act. *Id*.

After the Commission initiated the OIP, the Commission issued an Order Regarding Service, ordering the Division to file a status report concerning service of the OIP by August 31, 2022. *See* Exhibit 5, Order Regarding Service **(APP. 0062-0063)**. On August 24, 2022, the Division filed a Notice Regarding Status of Service, attaching the declaration of its process server explaining how he had (1) determined that Moss resided with his father in Georgia and (2)

confirmed that Moss's father accepted service of the OIP on Moss's behalf. *See* Exhibit 6, Aug. 24, 2022 Notice **(APP. 0065-0069)**.

On August 29, 2022, the Commission issued an Order to Show Cause. *See* Exhibit 7, Order to Show Cause (**APP. 0071-0073**). The Commission identified that service of the OIP was made on Moss on June 30, 2022, pursuant to Rule 141(a)(2)(i) of the Rules of Practice. *Id*. Further, the Order stated that Moss's answer to the OIP was required to be filed within 20 days of service of the OIP and, as of August 29, 2022, Moss had not filed an answer. *Id*. Accordingly, the Commission ordered Moss to show cause by September 12, 2022 why he should not be deemed in default due to his failure to file an answer and to otherwise defend this proceeding. *Id*. The Commission identified that, "[w]hen a party defaults, the allegations in the OIP will be deemed to be true and the Commission may determine the proceeding against that party upon consideration of the record without holding a public hearing." Exhibit 7, **APP. 0071-0072**.

To date, Moss has neither filed an answer to the OIP nor responded to the Commission's Order to Show Cause nor communicated with counsel for the Division.

II. ARGUMENT

A. Respondent is in default.

Moss was properly served on June 30, 2022, pursuant to Rule 141(a)(2)(i) of the Rules of Practice, as reflected by the Commission's August 29, 2022 Order to Show Cause. *See* **APP. 0065-0069, 0071**. Having been properly served, Moss was required by Rule 220 of the Rules of Practice to file an answer within 20 days of June 30, 2022. *See* **APP. 0071**. To date, Moss has not filed an answer.

B. The allegations in the OIP are deemed true.

Because Moss has failed to answer the OIP, Rule 155 of the Rules of Practice provides that Moss may be deemed to be in default and the Commission may determine the proceeding against him upon consideration of the record, including the OIP, *the allegations of which may be deemed to be true*. *See* 17 C.F.R. § 201.155(a)(2) (emphasis added). As Rule 155(a) and the Commission's August 29, 2022 Order to Show Cause make clear, when a party defaults, the allegations in the OIP may be deemed true. *Id*.; **APP.0071-0072** (citing Rules 155 and 180 of the Rules of Practice).

Among other things, the OIP alleges:

- Moss is 52 years old and resides in [redacted]. *See* **APP. 0049**.
- From February 2014 through approximately March 2018, Moss and the companies he controlled raised $5,774,026 from approximately 95 investors in multiple states through the sale of partnership unit investments. *Id*.
- In conjunction with his offerings, Moss prepared offering documents and oversaw cold-calling efforts to solicit investors. *Id*.
- The offering documents concealed Moss's 2004 conviction for securities law violations and misrepresented Moss's history of failure in the oil-and-gas industry. *Id*.
- Moss employed nominee officers to conceal his control over the companies, misappropriated offering proceeds to pay unrelated business and personal expenses, and provided investors inflated production and revenue projections. *See* **APP. 0049**.
- Throughout these offerings, Moss acted as a broker, soliciting potential investors as part of a nationwide sales program and closing sales between them and securities issuers, recommending and opining on the merits of the investments, and controlling bank accounts receiving investors' funds. *Id*.
- On March 11, 2022, a final judgment by default was entered against Moss, permanently enjoining him from future violations of Section 17(a) of the Securities Act and Sections 10(b) and 15(a) of the Exchange Act and Rule 10b-5 thereunder, in the civil action entitled *Securities and Exchange Commission v.*

Ronnie Lee Moss, Jr., Genesis E&P, Inc., Royal Oil, LLC, and Catalyst Operating, LLC, Civil Action Number 4:20-CV-972 (E.D. Tex. Sherman Division). *See* **APP. 0053**; *see also* **APP. 0026-0046**.

C. The Commission Should Impose Remedial Sanction Against Moss.

Section III.B. of the OIP sets out that this proceeding was instituted to determine, "what, if any remedial action is appropriate in the public interest against Respondent pursuant to Section 15(b) of the Exchange Act." **APP. 0049**. Exchange Act Section 15(b)(6)(A)(iii) authorizes the Commission to impose an associational bar against a respondent if (i) the individual was associated with a broker-dealer at the time of the alleged misconduct, (ii) the individual has been the subject of an injunction against acting as a broker-dealer or engaging in any conduct in connection with the purchase or sale of a security, and (iii) the bar is in the public interest. *See* 15 U.S.C. § 78o(b)(6)(A)(iii). Here, Moss meets all the elements required for an associational bar.

1. Moss Acted as an Unregistered Broker and Was and "Associated Person."

For the purposes of Section 15(b), an "associated person" includes persons who act as an unregistered broker. *See Edward J. Driving Hawk*, 2010 WL 2685821, at *5 n.4 (Jul. 7, 2010), Notice of Finality, 2010 WL 3071381 (Aug. 5, 2010). As alleged in the Complaint and the OIP, and as determined in the district court's opinion, Moss acted as an unregistered broker in the offer and sale of securities in the form of oil-and-gas partnership units. **APP. 0014, 0037-0039, 0048-0049**.

2. The District Court Enjoined Moss

As reflected in the final judgment entered against Moss, the District Court has enjoined him from acting as an unregistered broker-dealer, in violation of Exchange Act Section 15(a), and from engaging in any further fraudulent conduct in connection with the offer, purchase or

sale of securities, in violation of Section 10(b) of the Exchange Act or Section 17(a) of the Securities Act. **APP. 0053-56**.

3. It Is in the Public Interest to Bar Moss.

In determining whether remedial sanctions are in the public interest, the Commission considers the factors set forth in *Steadman v. SEC*, 603 F.2d 1126, 1140 (5th Cir. 1979), *aff'd on other grounds*, 450 U.S. 91 (1981). *See David R. Wulf*, Exchange Act Release No. 77411, 2016 SEC LEXIS 1074, at *13-14 (March 21, 2016), *vacated in part on other grounds*, Exchange Act Release No. 86309, 2019 SEC LEXIS 1665 (July 5, 2019); *Brendan E. Murray*, Advisers Act Release No. 2809, 2008 SEC LEXIS 2924, at *34-35 (Nov. 21, 2008). These factors include: (1) the egregiousness of a respondent's actions; (2) the degree of scienter involved; (3) the isolated or recurrent nature of the infraction; (4) the recognition of the wrongful nature of the conduct; (5) the sincerity of any assurances against future violations; and (6) the likelihood that the respondent's occupation will present opportunities for future violations. *Steadman*, 603 F.2d at 1140. No single factor is dispositive. *Id*.

Moss's conduct was egregious, recurred over a period of at least four years, and was intentional. *See* **APP. 0049**. Further, Moss has never acknowledged his wrongful conduct or provided any assurances against future violations. Rather, Moss has chosen to ignore two separate legal proceedings instituted against him to hold him responsible for his conduct.

a. Moss's conduct was egregious.

Moss is a securities fraud recidivist. *Id*. Not only was he convicted of criminal violations of securities laws in 2004, but he also omitted the fact of his conviction while falsely touting the non-existent success of prior projects. *Id.* Raising more than $5.7 million from unsuspecting investors in this manner is egregious conduct.

b. Moss acted with a high degree of scienter.

Moss intentionally defrauded his investors out of more than $5.7 million, acting with scienter. Occupying the ambiguous space of unregistered broker, Moss repeated known untruths and omitted critical information about the investments. *Id*. at **APP. 0049**. Moss also misrepresented basic facts about his involvement with the projects and knowingly concealed his criminal history from investors. *Id*. Moss's misconduct was not merely negligent, but knowing and intentional.

c. Moss's misconduct recurred over a period of four years.

In the conduct described in the OIP, Moss defrauded scores of investors out of more than $5.7 million over the course of four years. *Id.* Additionally, this was merely a resumption of securities-related misconduct for Moss, who is a criminal recidivist. *Id.* There is no question that Moss's misconduct was extended and recurrent.

d. Moss has neither recognized the wrongful nature of his conduct nor provided any assurances against future violations.

There is no evidence in the record (or otherwise) to reflect that Moss has admitted his wrongdoing, recognized the wrongful nature of his actions, or provided any assurances against future violations. On the contrary, he has chosen to ignore two legal proceedings (this AP and the District Court case) brought against him to hold him responsible for his actions.

Additionally, Moss's status as a criminal securities recidivist further informs this factor. Rather than acknowledge that prior wrongdoing, Moss chose to conceal his criminal history from investors while touting nonexistent success. These actions do not reflect the actions of an individual acknowledging his wrongdoing or providing assurances against future violations.

e. Moss's occupation.

At best, this factor is neutral, because Moss's failure to participate in this proceeding precludes the Division from determining, or presenting evidence of, Moss's current occupation and whether that occupation presents opportunities for future violations.

On balance, the *Steadman* factors weigh heavily in favor of protecting the public interest by imposing remedial sanctions against Moss.

D. The Commission should bar Moss.

The Commission should issue a broad, industrywide bar against Moss, as authorized by the Dodd-Frank Wall Street Reform and Consumer Protection Act., Pub. L. No. 111-203, 123 Stat. 1376 (2010). The Dodd-Frank law amended Exchange Act Section 15(b)(6) to "expand[] the categories of associational bars, allowing the Commission to impose a broad collateral bar on participation throughout the securities industry." *Vladimir Boris Bugarksi*, Exchange Act Rel. No. 66842, 2012 WL 1377357, *3 n.11 (Apr. 20, 2012). The amendments expanding the scope of the associational bar became effective July 21, 2010. *George Charles Cody Price*, Advisers Act Release No. 4631, 2017 WL 405511, at *3 n.14 (Jan. 30, 2017).

Here, Moss's continued and egregious misconduct amply supports an industry-wide bar, particularly in light of his status as an unrepentant recidivist. Accordingly, the Commission should bar Moss from:

- association with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization; and

- participating in any offering of a penny stock, including: acting as a promoter, finder, consultant, agent or other person who engages in activities with a broker, dealer or issuer for purposes of the issuance or trading in any penny stock, or inducing or attempting to induce the purchase or sale of any penny stock.

III. CONCLUSION

For the reasons described above, the Division respectfully requests that the Commission grant this relief pursuant to Section 15(b) of the Exchange Act.

Dated: October 6, 2022.

Respectfully submitted,

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SERVICE LIST

In accordance with Rule 150 of the Commission's Rules of Practice, I hereby certify that a true and correct copy of the foregoing ***DIVISION OF ENFORCEMENT'S MOTION FOR DEFAULT JUDGENT*** was served on the persons listed below on the 6th day of October, 2022, *via* certified mail, return-receipt requested:

CERTIFIED MAIL

[redacted]

Pro Se Respondent

Matthew J. Gulde

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

ADMINISTRATIVE PROCEEDING
File No. 3-20807

In the Matter of

RONNIE LEE MOSS, JR.,

Respondent.

DIVISION OF ENFORCEMENT'S INDEX OF ATTACHMENTS

Attachment	Description
Exhibit 1	Complaint
Exhibit 2	District Court Memorandum and Order
Exhibit 3	Order Instituting Administrative Proceedings
Exhibit 4	District Court Final Judgment
Exhibit 5	Order Regarding Service
Exhibit 6	DOE's Notice Regarding Status of Service
Exhibit 7	Order to Show Cause

EXHIBIT 1

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF TEXAS
SHERMAN DIVISION

SECURITIES AND EXCHANGE COMMISSION,	§	
Plaintiff,	§	
v.	§	**Case No. 4:20-cv-972**
RONNIE LEE MOSS, JR., GENESIS E&P, INC., ROYAL OIL, LLC, and CATALYST OPERATING, LLC,	§	**JURY TRIAL DEMANDED**
Defendants.	§	

COMPLAINT

Plaintiff Securities and Exchange Commission ("SEC" or "Commission") files this Complaint against Defendants Ronnie Lee Moss, Jr. ("Moss"), Genesis E&P, Inc. ("Genesis"), Royal Oil, LLC ("Royal"), and Catalyst Operating, LLC ("Catalyst") (collectively "Defendants") and alleges as follows:

SUMMARY

1. From approximately February 2014 through approximately March 2018, Moss and three companies he controlled—Genesis, Royal, and Catalyst—raised $5,774,026.00 from approximately 95 investors in multiple states through the sale of partnership unit investments.

2. Between February 2014 and February 2016, Moss raised $3,822,103 from 67 investors, selling partnership units in eight oil-and-gas partnerships he managed through Genesis. Moss prepared each partnership's offering documents and oversaw a cold-calling effort to solicit investors. The offering documents contained untrue and misleading statements about Moss's

background—concealing his 2004 securities-fraud conviction—and about his history of failure in the oil-and-gas industry. Moss employed nominee officers at Genesis to conceal his control over the company and misappropriated offering proceeds to pay unrelated business and personal expenses.

3. In the summer of 2015, Moss sold nine Genesis investors so-called "bridge loan" investments issued by Royal, raising $400,000. In oral and written agreements with these investors, Moss promised a 20% return in as little as three months. Moss misappropriated nearly half of the bridge-loan proceeds, which were supposed to cover drilling costs, spending them instead on personal and unrelated business expenses.

4. From February 2016 through March 2018, Moss raised $1,551,923 from 16 investors in eight states, selling units in five oil-and-gas partnerships he managed through Catalyst. Moss made baseless claims to investors that they would double their money in as little as six months, and then improperly used the vast majority of the offering proceeds for personal expenses.

5. By reason of these activities and the conduct described in more detail below, Defendants have violated and, unless enjoined, will continue to violate, the registration and antifraud provisions of the federal securities laws, specifically Section 17(a) of the Securities Act of 1933 ("Securities Act") [15 U.S.C. §§ 77e(a), 77e(c), and 77q(a)] and Section 15(a) and Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. §§ 78o(a), 78j(b)] and Exchange Act Rule 10b-5 [17 C.F.R. § 240.10b-5].

6. In the interest of protecting the public from any further violations, the Commission brings this action against the Defendants seeking permanent injunctions, disgorgement plus prejudgment interest, civil penalties as to each Defendant and all other

equitable and ancillary relief to which the Court determines the Commission is entitled.

JURISDICTION AND VENUE

7. The SEC brings this action under Securities Act Section 20(b) [15 U.S.C. §77t(b)] and Exchange Act Section 21(d) [15 U.S.C. §78u(d)], seeking to restrain and enjoin the Defendants permanently from engaging in such acts and practices as alleged herein.

8. The Court has jurisdiction over this action under Securities Act Section 20(d) and 22(a) [15 U.S.C. §§ 77t(d) and 77v(a)] and Exchange Act Sections 21(d), 21(e), and 27 [15 U.S.C. §§ 78u(d), 78u(e), and 78aa].

9. Each of the units in the limited partnerships as described in this complaint is a "security" as that term is defined under Securities Act Section 2(a)(1) [15 U.S. C. § 77b(a)(1)] and Exchange Act Section 3(a)(10) [5 U.S. C. § 78c(a)(10)].

10. Likewise, each of the "bridge loan" investments as described in this complaint is a "security" as that term is defined under Securities Act Section 2(a)(1) [15 U.S.C. § 77b(a)(1)] and Exchange Act Section 3(a)(10) [5 U.S. C. § 78c(a)(10)].

11. The Defendants, directly and indirectly, made use of the mails or of the means and instrumentalities of interstate commerce in connection with the transactions, acts, practices, and courses of business described in this complaint.

12. Venue is proper because the Defendants reside in and maintain offices in—and a substantial part of the events, acts, and omissions giving rise to the claims occurred in—the Eastern District of Texas.

PARTIES

13. Plaintiff SEC is an agency of the United States government charged with regulating the securities industry and prosecuting civil and administrative cases to enforce the

nation's securities laws.

14. Defendant Moss, age 50, is a natural person residing in [redacted]. Moss controlled Genesis, Royal, and Catalyst. He is the owner and/or managing member of Royal and Catalyst.

15. Defendant Genesis is a Texas corporation with headquarters in Highland Village, Texas.

16. Defendant Royal is a Wyoming limited liability company with headquarters in Flower Mound, Texas.

17. Defendant Catalyst is a Texas limited liability company with headquarters in Flower Mound, Texas.

STATEMENT OF FACTS

Limited Partnerships Sponsored by Genesis

18. From approximately February 2014 through approximately February 2016, Moss, through Genesis, offered and sold securities in the form of partnership units (both limited and general) in eight different limited partnerships. Genesis served as each partnership's managing general partner. Combined, the eight offerings raised $3,822,103, as reflected in the table below:

Partnership Name	Offering Period	Total Raised
Big Creek LA, LP	Feb. 2014 – Feb 2015	$1,314,000
Belmont Project, LP	Aug. 2014 – Mar. 2015	$1,335,850
Delphi Project, LP	Feb. 2015 – Mar. 2015	$238,221
Lonestar Project, LP	Apr. 2015	$217,716
Lonestar Leasebank Project, LP	May 2015 – June 2015	$297,850
Jackpot Project, LP	July 2015 – Sept. 2015	$258,466
Partners Project, LP	Oct. 2015	$50,000
Production Project, LP	Nov. 2015 – Feb. 2016	$110,000
	Total:	**$3,822,103**

a. Moss Formed and Controlled Each Limited Partnership

19. Moss formed and controlled each limited partnership. He identified and determined the number of wells that each partnership would invest in, the amount of working interest and royalty interest to be acquired by each partnership, and the amount of money to be raised for each offering.

20. For each partnership, Moss drafted a confidential information memorandum ("CIM") for distribution to investors that described the project, persons in management and consulting roles, the risks, and the "prior performance" of wells drilled in earlier Genesis programs.

21. Each CIM and each partnership agreement provided that investors had "no authority to act on behalf of the partnership or to participate in its management," reserving to Genesis "exclusive control over the conduct of the partnership's business."

22. Apart from a relatively small management fee retained by Genesis, the CIMs provided that all investment proceeds would be transferred to Moss's company, Royal, which purportedly provided consulting services to Genesis. From these funds, Royal was entitled to an undefined "origination fee" for finding the prospects and was responsible for paying the project expenses, including operator, engineering, seismic, geological, drilling, testing, and well-completion costs.

23. Moss orchestrated the process to offer and sell interests in each partnership. He purchased and furnished lead lists to Genesis's telephone solicitors. Internally, these solicitors, who received commissions based on sales, were referred to as "project managers" or "closers." But their primary responsibility was to cold call investors and to distribute CIMs to them to solicit investments in the partnerships.

24. Moss supervised the cold callers, monitoring their calls and drafting and furnishing them with written details and scripts about the oil-and-gas prospects for use in telephone sales pitches. When prospective investors had questions about the projects, Moss himself often spoke directly with investors to close the sale.

b. Untrue and Misleading Statements in the CIMs

25. The CIMs contained untrue and misleading statements or omissions regarding: (1) Genesis's performance in prior oil-and-gas projects; (2) the identity of the persons managing Genesis; (3) the identity of certain consultants purportedly providing services to Genesis; and (4) Moss's securities-fraud conviction.

26. Each CIM included a section entitled "Prior Performance" that listed the wells that were drilled in earlier Genesis projects. The section designated each well either "dry hole" or "successfully completed." Most of the wells listed in the CIMs were designated as "successfully completed."

27. The CIMs omitted information that would have revealed that all of the so-called successfully completed wells were actually commercial failures. Moss has acknowledged that "completion" of a well is a term of art in the oil-and-gas industry that refers to making a well ready for production after drilling and does not describe a well's performance or commercial success. By describing wells as successfully completed in the "Prior Performance" section, the CIMs conveyed the misleading impression that the wells performed successfully. Although some wells generated nominal revenues following completion, Genesis never had any profitable oil-and-gas operations.

28. The CIMs also contained misleading statements about Genesis's management. For example, the CIMs for the Jackpot Project and the Partners Project listed one of the cold-callers as Genesis's president and Glass as its CEO. In reality, Moss controlled Genesis. According to Glass and other former Genesis sales and administrative employees, Moss controlled Genesis outright and he operated Royal and Catalyst out of Genesis's office. He hired and fired Genesis's sales and administrative staff, who, along with Glass, reported to Moss. Despite Moss's ultimate authority over Genesis, none of the CIMs identified Moss among the company's management.

29. Under a section titled "Consultants and Advisors," the CIMs listed a person named Dan Morrison. The section identified Morrison as a "Director" of Royal and described Morrison's extensive industry experience, including serving as "Halliburton's Western United States manager for well intervention and pin point stimulation." In reality, Morrison was never a director of Royal, and never performed any consulting services for the partnerships.

30. Each CIM also listed Moss's name among Genesis's "Consultants and Advisors," describing him as the "Originator of Partnership's Wells and Consultant." Next to his name appeared the word Royal, but the CIMs did not disclose that he owned and controlled Royal. The CIMs described Moss as working in the oil-and-gas industry for over 22 years, having "extensive knowledge in geology and oil and gas drilling, completion and production operations," and drilling wells with several oil-and-gas companies. But the CIMs did not disclose that, within the same 22 years, Moss was convicted of securities fraud for selling oil-and-gas securities issued by Petromerica, a company he owned and controlled.

c. Baseless Return Guarantees

31. Beginning in January 2015, Moss directed the cold-callers to promise prospective

investors a guaranteed minimum return of 30% in the Genesis projects. At Moss's direction, the cold-callers promised that Genesis would review the investor's investment every six months to ensure that the investor was making at least 30% returns, until the investor recouped the principal invested. In reality, Genesis never had sufficient production revenue or other assets to cover any such guarantees. Far from realizing a 30% return, no investor profited from any of the projects.

d. Misuse of the Partnership Offering Proceeds

32. The partnerships' bank accounts, managed by Genesis, received $3,822,103 raised in the eight partnership offerings. Moss, through his control of Genesis and its personnel, dissipated $2,048,556 of the proceeds on expenses unconnected to drilling or operating partnership wells, including car payments, housing and living expenses, travel costs, pool service, church donations, and unrelated business expenses of Royal and Genesis. For example, the last three partnerships drilled no wells, but Moss exhausted the $418,466 raised for the three partnerships on office rent, well-service expenses for earlier partnerships, and other expenses unrelated to the three partnerships.

33. Moss and Genesis offered and sold these partnership units in these limited partnerships using the means or instruments of interstate commerce, including but not limited to telephones, the Internet, wire transfers, and the mail.

34. Investors in these Genesis-sponsored offerings did not participate or have the ability to participate in the managerial decisions affecting the investment.

35. Investors in these Genesis-sponsored offerings expected to make a significant return on their investment.

The Royal "Bridge Loans" Offering

36. From July 2015 through September 2015, Moss directly, and through the Genesis sales staff, raised $400,000 from nine existing Genesis investors, selling them investments issued by Royal. Internally, Moss called these sales "bridge loan" investments.

37. Under the investment terms, investors contributed capital to Royal in exchange for a promise from Royal to return their principal plus 20% interest within three to twelve months. Moss represented that Royal would use the proceeds to fund drilling operations in a more recent Genesis partnership, which Moss claimed would produce significant returns. He also promised these investors partnership interests in the more recent partnership. Some of the bridge-loan investors received written agreements setting out these terms, while others received oral representations.

38. In the bridge-loan offering, Moss again capitalized on the untrue and misleading statements he previously used to induce the nine investors to initially invest in Genesis partnerships. Six of the bridge-loan investors had purchased partnership units in one of the eight partnerships described above in paragraph 18. The CIMs for these partnerships misrepresented the company's prior performance, management, and consulting experts and omitted to disclose Moss's securities-fraud conviction.

39. Three bridge-loan investors, however, had invested in Genesis partnerships prior to the eight described above. The CIMs for these earlier partnerships, from 2010 and 2011, disclosed Moss's conviction, but they falsely stated that Moss was merely a Genesis employee, not its actual chief executive.

40. During these bridge-loan offerings, Moss corrected none of these previous falsehoods.

41. Moss and Genesis offered and sold these "bridge loans" using the means or instruments of interstate commerce, including but not limited to telephones, the Internet, wire transfers, and the mail.

42. Investors in these "Bridge Loan" offerings did not participate or have the ability to participate in the managerial decisions affecting the investment.

43. Investors in these "Bridge Loan" offerings expected to make a significant return on their investment.

The CATOP Offerings

44. As Genesis's ability to attract new investors declined in early 2016, Moss distanced himself from the company. He began sponsoring oil-and-gas securities offerings through another of his companies, Catalyst.

45. Using a naming convention based on "Catalyst Operating," he created five entities—Catop 167, Catop 171, Catop 175, Catop 183, and Catop 203—each one a purportedly separate oil-and-gas limited partnership.[1] Moss offered and sold units in each partnership, promising that the partnership would participate in new well projects in Oklahoma. From September 2016 to February 2018, Moss raised $1,551,923 from 16 investors in eight states.

46. To identify investors interested in the Catop offerings, Moss paid a third-party service to cold call potential investors using a script he drafted. The script contained statements that production in these wells "can go as high as 800 barrels a day," that the projects would

[1] Moss told investors that the Catop Entities were limited partnerships. In reality, he never filed the required formation documents with any state to create formal limited partnerships. Each entity was actually a sole proprietorship listed in the name of Moss's wife and registered under the Catop name as an assumed business name in Denton County, Texas.

provide "monthly cash flow" and 25-30% annual returns, and that Catalyst was "currently at 157 successful wells out of 167 wells drilled."

47. In a Catop investment brochure that he drafted and disseminated, Moss described Catalyst's "Past Performance" in oil and gas as having a 94% "Hit" rate. Moss made similar statements in telephone calls with interested investors. He predicted that well production would range from 500 to 1,000 barrels per day and that investors would at least double their principal in six to 18 months. After the wells were drilled, he told later prospective investors that the wells were already generating investors "double digit returns."

48. Moss's statements in the Catop offerings were untrue or misleading. Moss failed to disclose that he had never drilled a profitable well in his career, despite touting a 94% "Hit" rate. The Catop wells produced no investor profits.

49. Moss's production projections were also baseless and false. When Moss made the projections, the average active well near the intended Catop wells produced only 10-13 barrels per day. His projections of 500 to 1,000 barrels per day had no reasonable basis.

50. Moss's revenue projections were also baseless and false. He paid $97,597.55 to purchase nine well interests that he apportioned among the five partnerships. Each well interest represented a small fraction of the well's ownership, averaging less than 0.5%. Because the investors' combined principal exceeded $1.5 million, the Catop well interests would have to generate a profit exceeding $3 million to double investors' principal in six to 18 months, as Moss projected. But this projection had no reasonable basis. Assuming that each Catop well produced 13 barrels per day, that each barrel sold for $100 (actual average prices ranged from about $50 to $96 per barrel), and that investors had no taxes or additional well expenses, it would take more than 82 years just to recover their principal.

51. Moss also misled at least one investor about his education, leading him to believe that he had attended the University of Georgia where he played football. In reality, Moss dropped out of high school to join the military, from which he was discharged two years later. He never attended a college or university.

52. Moss used $1,454,325.45—about 94%—of the Catop offering proceeds for personal expenses.

53. Moss and Catalyst offered and sold these "Catop" partnership units using the means or instruments of interstate commerce, including but not limited to telephones, the Internet, wire transfers, and the mail.

54. Investors in the Catop offerings did not participate or have the ability to participate in the managerial decisions affecting the investment.

55. Investors in the Catop offerings expected to make a significant return on their investment.

TOLLING AGREEMENTS

56. Moss, personally and on behalf of Catalyst and Royal, signed in June and September 2020 tolling agreements entered into with the SEC. Genesis also executed a tolling agreement with the SEC in September 2020. Each tolling agreement specifies a period of time (a "tolling period") in which "the running of any statute of limitations applicable to any action or proceeding against [Defendants] authorized, instituted, or brought by . . . the Commission . . . arising out of the [Commission's investigation of Defendants' conduct], including any sanctions or relief that may be imposed therein, is tolled and suspended . . . ." Each tolling agreement further provides that the Defendants and any of their agents or attorneys "shall not include the tolling period in the calculation of the running of any statute of limitations or for any other time-

related defense applicable to any proceeding, including any sanctions or relief that may be imposed therein, in asserting or relying upon any such time-related defenses."

57. The tolling periods in these agreements prevent Moss, Catalyst, and Royal from asserting any statute of limitations or other time-related defense with respect to conduct at least as early as June 24, 2015. These agreements further prevent Genesis from asserting any statute of limitations or other time-related defense with respect to conduct at least as early as January 1, 2014.

FIRST CLAIM
Violations of Exchange Act Section 15(a)
[15 U.S.C. §78o(a)]
Against Defendant Moss

58. Plaintiff Commission re-alleges and incorporates paragraphs 1 through 57 of this Complaint by reference as if set forth verbatim in this Claim.

59. Defendant Moss did not register with the Commission as a broker.

60. Defendant Moss regularly engaged in the business of broker, as he solicited potential investors and closed sales between investors and the issuers he controlled.

61. For these reasons, Defendant Moss has violated, and, unless enjoined, will continue to violate Exchange Act Section 15(a) [15 U.S.C. §78o(a)].

SECOND CLAIM
Violations of Securities Act Section 17(a)
[15 U.S.C. § 77q(a)]

62. Plaintiff Commission re-alleges and incorporates paragraphs 1 through 57 of this Complaint by reference as if set forth verbatim in this Claim.

63. Defendants, directly or indirectly, singly or in concert with others, in the offer or sale of securities, by use of the means and instrumentalities of interstate commerce or by use of the mails have: (a) employed devices, schemes, and artifices to defraud; (b) obtained money or

property by means of untrue statements of a material fact and omitted 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; and (c) engaged in transactions, practices, and courses of business which operate or would operate as a fraud and deceit upon the purchasers.

64. With respect to violations of Securities Act Sections 17(a)(2) and (3), Defendants were negligent in their conduct and in the untrue and misleading statements alleged herein. With respect to violations of Securities Act Section 17(a)(1), Defendants engaged in the referenced conduct and made the referenced untrue and misleading statements with scienter.

65. For these reasons, Defendants have violated and, unless enjoined, will continue to violate Securities Act Section 17(a) [15 U.S.C. § 77q(a)].

THIRD CLAIM
Violations of Exchange Act Section 10(b) and Rule 10b-5
[15 U.S.C. § 78j(b); 17 C.F.R. § 240.10b-5]

66. Plaintiff Commission re-alleges and incorporates paragraphs 1 through 57 of this Complaint by reference as if set forth verbatim in this Claim.

67. Defendants, directly or indirectly, singly or in concert with others, in connection with the purchase or sale of securities, by use of the means and instrumentalities of interstate commerce or by use of the mails have: (a) employed devices, schemes, and artifices to defraud; (b) made untrue statements of a material fact and omitted 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; and (c) engaged in acts, practices, and courses of business which operate or would operate as a fraud and deceit upon purchasers, prospective purchasers, and any other persons.

68. Defendants engaged in the above-referenced conduct and made the above-

referenced untrue and misleading statements with scienter.

69. For these reasons, Defendants violated and, unless enjoined, will continue to violate Exchange Act Section 10(b) [15 U.S.C. § 78j(b)] and Rule 10b-5 [17 C.F.R. § 240.10b-5].

RELIEF REQUESTED

Plaintiff Commission respectfully requests that this Court:

(1) Permanently enjoin each of the Defendants from violating Securities Act Sections 17(a) [15 U.S.C. §§ 77e(a), 77e(c), and 77q(a)], Exchange Act Section 10(b) [15 U.S.C. § 78j(b)], and Exchange Act Rule 10b-5 [17 C.F.R. § 240.10b-5];

(2) Permanently enjoin Moss from violating Exchange Act Section 15(a) [15 U.S.C. §78o(a)];

(3) Permanently enjoin Moss from participating directly or indirectly, including, but not limited to, through any entity owned or controlled by him, in the issuance, purchase, offer, or sale of any unregistered securities, provided however that such injunction shall not prevent him from purchasing or selling securities for his own account;

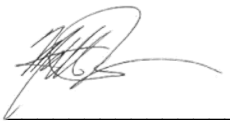
(4) Order Moss, Royal, and Catalyst to disgorge ill-gotten gains and benefits obtained or to which they were not otherwise entitled, as a result of the violations alleged herein, plus prejudgment interest on those amounts;

(5) Order each of the Defendants to pay a civil penalty Securities Act Section 20(d) [15 U.S.C. § 77t(d)] and Exchange Act Section 21(d) [15 U.S.C. § 78u(d)] for the violations alleged herein; and

(6) Order such other relief as this Court may deem just and proper.

DATED: December 23, 2020

Respectfully submitted,



Matthew Gulde
Illinois Bar. No. 6272325
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Fort Worth, Texas 76102
Direct phone:
Fax: (817) 978-4927
guldem@sec.gov

COUNSEL FOR PLAINTIFF
SECURITIES AND EXCHANGE COMMISSION

JS 44 (Rev 10/20)

CIVIL COVER SHEET

The JS 44 civil cover sheet and the information contained herein neither replace nor supplement the filing and service of pleadings or other papers as required by law, except as provided by local rules of court. This form, approved by the Judicial Conference of the United States in September 1974, is required for the use of the Clerk of Court for the purpose of initiating the civil docket sheet. *(SEE INSTRUCTIONS ON NEXT PAGE OF THIS FORM.)*

I. (a) PLAINTIFFS

SECURITIES AND EXCHANGE COMMISSION

(b) County of Residence of First Listed Plaintiff _____
(EXCEPT IN U.S. PLAINTIFF CASES)

(c) Attorneys *(Firm Name, Address, and Telephone Number)*

DEFENDANTS

RONNIE LEE MOSS, JR. ET AL

County of Residence of First Listed Defendant DENTON
(IN U.S. PLAINTIFF CASES ONLY)

NOTE: IN LAND CONDEMNATION CASES, USE THE LOCATION OF THE TRACT OF LAND INVOLVED

Attorneys *(If Known)*

II. BASIS OF JURISDICTION *(Place an "X" in One Box Only)*

- [x] 1 U S Government Plaintiff
- [ ] 3 Federal Question *(U.S. Government Not a Party)*
- [ ] 2 U S Government Defendant
- [ ] 4 Diversity *(Indicate Citizenship of Parties in Item III)*

III. CITIZENSHIP OF PRINCIPAL PARTIES *(Place an "X" in One Box for Plaintiff and One Box for Defendant)*
(For Diversity Cases Only)

	PTF	DEF		PTF	DEF
Citizen of This State	[ ] 1	[ ] 1	Incorporated *or* Principal Place of Business In This State	[ ] 4	[ ] 4
Citizen of Another State	[ ] 2	[ ] 2	Incorporated *and* Principal Place of Business In Another State	[ ] 5	[ ] 5
Citizen or Subject of a Foreign Country	[ ] 3	[ ] 3	Foreign Nation	[ ] 6	[ ] 6

IV. NATURE OF SUIT *(Place an "X" in One Box Only)*

Click here for: Nature of Suit Code Descriptions.

CONTRACT	TORTS		FORFEITURE/PENALTY	BANKRUPTCY	OTHER STATUTES
[ ] 110 Insurance	PERSONAL INJURY	PERSONAL INJURY	[ ] 625 Drug Related Seizure of Property 21 USC 881	[ ] 422 Appeal 28 USC 158	[ ] 375 False Claims Act
[ ] 120 Marine	[ ] 310 Airplane	[ ] 365 Personal Injury - Product Liability	[ ] 690 Other	[ ] 423 Withdrawal 28 USC 157	[ ] 376 Qui Tam (31 USC 3729(a))
[ ] 130 Miller Act	[ ] 315 Airplane Product Liability	[ ] 367 Health Care/ Pharmaceutical Personal Injury Product Liability		PROPERTY RIGHTS	[ ] 400 State Reapportionment
[ ] 140 Negotiable Instrument	[ ] 320 Assault, Libel & Slander			[ ] 820 Copyrights	[ ] 410 Antitrust
[ ] 150 Recovery of Overpayment & Enforcement of Judgment	[ ] 330 Federal Employers' Liability	[ ] 368 Asbestos Personal Injury Product Liability		[ ] 830 Patent	[ ] 430 Banks and Banking
[ ] 151 Medicare Act	[ ] 340 Marine	PERSONAL PROPERTY	LABOR	[ ] 835 Patent - Abbreviated New Drug Application	[ ] 450 Commerce
[ ] 152 Recovery of Defaulted Student Loans (Excludes Veterans)	[ ] 345 Marine Product Liability	[ ] 370 Other Fraud	[ ] 710 Fair Labor Standards Act	[ ] 840 Trademark	[ ] 460 Deportation
[ ] 153 Recovery of Overpayment of Veteran's Benefits	[ ] 350 Motor Vehicle	[ ] 371 Truth in Lending	[ ] 720 Labor/Management Relations	[ ] 880 Defend Trade Secrets Act of 2016	[ ] 470 Racketeer Influenced and Corrupt Organizations
[ ] 160 Stockholders' Suits	[ ] 355 Motor Vehicle Product Liability	[ ] 380 Other Personal Property Damage	[ ] 740 Railway Labor Act	SOCIAL SECURITY	[ ] 480 Consumer Credit (15 USC 1681 or 1692)
[ ] 190 Other Contract	[ ] 360 Other Personal Injury	[ ] 385 Property Damage Product Liability	[ ] 751 Family and Medical Leave Act	[ ] 861 HIA (1395ff)	[ ] 485 Telephone Consumer Protection Act
[ ] 95 Contract Product Liability	[ ] 362 Personal Injury - Medical Malpractice		[ ] 790 Other Labor Litigation	[ ] 862 Black Lung (923)	[ ] 490 Cable/Sat TV
[ ] 196 Franchise			[ ] 791 Employee Retirement Income Security Act	[ ] 863 DIWC/DIWW (405(g))	[x] 850 Securities/Commodities/ Exchange
REAL PROPERTY	CIVIL RIGHTS	PRISONER PETITIONS	IMMIGRATION	[ ] 864 SSID Title XVI	[ ] 890 Other Statutory Actions
[ ] 210 Land Condemnation	[ ] 440 Other Civil Rights	Habeas Corpus:	[ ] 462 Naturalization Application	[ ] 865 RSI (405(g))	[ ] 891 Agricultural Acts
[ ] 220 Foreclosure	[ ] 441 Voting	[ ] 463 Alien Detainee	[ ] 465 Other Immigration Actions	FEDERAL TAX SUITS	[ ] 893 Environmental Matters
[ ] 230 Rent Lease & Ejectment	[ ] 442 Employment	[ ] 510 Motions to Vacate Sentence		[ ] 870 Taxes (U S Plaintiff or Defendant)	[ ] 895 Freedom of Information Act
[ ] 240 Torts to Land	[ ] 443 Housing/ Accommodations	[ ] 530 General		[ ] 871 IRS—Third Party 26 USC 7609	[ ] 896 Arbitration
[ ] 245 Tort Product Liability	[ ] 445 Amer w/Disabilities - Employment	[ ] 535 Death Penalty			[ ] 899 Administrative Procedure Act/Review or Appeal of Agency Decision
[ ] 290 All Other Real Property	[ ] 446 Amer w/Disabilities - Other	Other:			[ ] 950 Constitutionality of State Statutes
	[ ] 448 Education	[ ] 540 Mandamus & Other			
		[ ] 550 Civil Rights			
		[ ] 555 Prison Condition			
		[ ] 560 Civil Detainee - Conditions of Confinement			

V. ORIGIN *(Place an "X" in One Box Only)*

- [ ] 1 Original Proceeding
- [ ] 2 Removed from State Court
- [ ] 3 Remanded from Appellate Court
- [ ] 4 Reinstated or Reopened
- [ ] 5 Transferred from Another District *(specify)*
- [ ] 6 Multidistrict Litigation - Transfer
- [ ] 8 Multidistrict Litigation - Direct File

VI. CAUSE OF ACTION

Cite the U.S. Civil Statute under which you are filing ***(Do not cite jurisdictional statutes unless diversity)***:
Securities Act Section 17(a) [15 U.S.C. § 77q(a)], Exchange Act Sections 10(b) [15 U.S.C. § 78j(b)], 15(a)[15 U.S.C. § 78o(a)]

Brief description of cause:
& Exchange Act Rule 10b-5 [17 C.F.R. § 240.10b-5]

VII. REQUESTED IN COMPLAINT:

[ ] CHECK IF THIS IS A **CLASS ACTION** UNDER RULE 23, F.R.Cv.P.

DEMAND $

CHECK YES only if demanded in complaint:
JURY DEMAND: [x] Yes [ ] No

VIII. RELATED CASE(S) IF ANY *(See instructions):*

JUDGE _____ DOCKET NUMBER _____

DATE
12/23/2020

SIGNATURE OF ATTORNEY OF RECORD

FOR OFFICE USE ONLY

RECEIPT # _____ AMOUNT _____ APPLYING IFP _____ JUDGE _____ MAG JUDGE _____

APP. 0018

OS Received 10/06/2022

INSTRUCTIONS FOR ATTORNEYS COMPLETING CIVIL COVER SHEET FORM JS 44

Authority For Civil Cover Sheet

The JS 44 civil cover sheet and the information contained herein neither replaces nor supplements the filings and service of pleading or other papers as required by law, except as provided by local rules of court. This form, approved by the Judicial Conference of the United States in September 1974, is required for the use of the Clerk of Court for the purpose of initiating the civil docket sheet. Consequently, a civil cover sheet is submitted to the Clerk of Court for each civil complaint filed. The attorney filing a case should complete the form as follows:

I.(a) Plaintiffs-Defendants. Enter names (last, first, middle initial) of plaintiff and defendant. If the plaintiff or defendant is a government agency, use only the full name or standard abbreviations. If the plaintiff or defendant is an official within a government agency, identify first the agency and then the official, giving both name and title.

(b) County of Residence. For each civil case filed, except U.S. plaintiff cases, enter the name of the county where the first listed plaintiff resides at the time of filing. In U.S. plaintiff cases, enter the name of the county in which the first listed defendant resides at the time of filing. (NOTE: In land condemnation cases, the county of residence of the "defendant" is the location of the tract of land involved.)

(c) Attorneys. Enter the firm name, address, telephone number, and attorney of record. If there are several attorneys, list them on an attachment, noting in this section "(see attachment)".

II. Jurisdiction. The basis of jurisdiction is set forth under Rule 8(a), F.R.Cv.P., which requires that jurisdictions be shown in pleadings. Place an "X" in one of the boxes. If there is more than one basis of jurisdiction, precedence is given in the order shown below.
United States plaintiff. (1) Jurisdiction based on 28 U.S.C. 1345 and 1348. Suits by agencies and officers of the United States are included here.
United States defendant. (2) When the plaintiff is suing the United States, its officers or agencies, place an "X" in this box.
Federal question. (3) This refers to suits under 28 U.S.C. 1331, where jurisdiction arises under the Constitution of the United States, an amendment to the Constitution, an act of Congress or a treaty of the United States. In cases where the U.S. is a party, the U.S. plaintiff or defendant code takes precedence, and box 1 or 2 should be marked.
Diversity of citizenship. (4) This refers to suits under 28 U.S.C. 1332, where parties are citizens of different states. When Box 4 is checked, the citizenship of the different parties must be checked. (See Section III below; **NOTE: federal question actions take precedence over diversity cases.**)

III. Residence (citizenship) of Principal Parties. This section of the JS 44 is to be completed if diversity of citizenship was indicated above. Mark this section for each principal party.

IV. Nature of Suit. Place an "X" in the appropriate box. If there are multiple nature of suit codes associated with the case, pick the nature of suit code that is most applicable. Click here for: Nature of Suit Code Descriptions.

V. Origin. Place an "X" in one of the seven boxes.
Original Proceedings. (1) Cases which originate in the United States district courts.
Removed from State Court. (2) Proceedings initiated in state courts may be removed to the district courts under Title 28 U.S.C., Section 1441.
Remanded from Appellate Court. (3) Check this box for cases remanded to the district court for further action. Use the date of remand as the filing date.
Reinstated or Reopened. (4) Check this box for cases reinstated or reopened in the district court. Use the reopening date as the filing date.
Transferred from Another District. (5) For cases transferred under Title 28 U.S.C. Section 1404(a). Do not use this for within district transfers or multidistrict litigation transfers.
Multidistrict Litigation – Transfer. (6) Check this box when a multidistrict case is transferred into the district under authority of Title 28 U.S.C. Section 1407.
Multidistrict Litigation – Direct File. (8) Check this box when a multidistrict case is filed in the same district as the Master MDL docket. **PLEASE NOTE THAT THERE IS NOT AN ORIGIN CODE 7.** Origin Code 7 was used for historical records and is no longer relevant due to changes in statute.

VI. Cause of Action. Report the civil statute directly related to the cause of action and give a brief description of the cause. **Do not cite jurisdictional statutes unless diversity.** Example: U.S. Civil Statute: 47 USC 553 Brief Description: Unauthorized reception of cable service.

VII. Requested in Complaint. Class Action. Place an "X" in this box if you are filing a class action under Rule 23, F.R.Cv.P.
Demand. In this space enter the actual dollar amount being demanded or indicate other demand, such as a preliminary injunction.
Jury Demand. Check the appropriate box to indicate whether or not a jury is being demanded.

VIII. Related Cases. This section of the JS 44 is used to reference related pending cases, if any. If there are related pending cases, insert the docket numbers and the corresponding judge names for such cases.

Date and Attorney Signature. Date and sign the civil cover sheet.

Complaints and Other Initiating Documents

4 20 cv 00972 Securities and Exchange Commission v Moss, Jr et al

U.S. District Court

Eastern District of TEXAS [LIVE]

Notice of Electronic Filing

The following transaction was entered by Gulde, Matthew on 12/23/2020 at 12:06 PM CST and filed on 12/23/2020

Case Name: Securities and Exchange Commission v. Moss, Jr. et al
Case Number: 4:20-cv-00972
Filer: Securities and Exchange Commission
Document Number: 1

Docket Text:
COMPLAINT against All Defendants, filed by Securities and Exchange Commission. (Attachments: # (1) Civil Cover Sheet)(Gulde, Matthew)

4:20-cv-00972 Notice has been electronically mailed to:

Matthew Gulde guldem@sec.gov, fairchildr@sec.gov, justicet@sec.gov, minnickd@sec.gov, stewartan@sec.gov

4:20-cv-00972 Notice will not be electronically mailed to:

The following document(s) are associated with this transaction:

Document description: Main Document
Original filename:n/a
Electronic document Stamp:
[STAMP dcecfStamp_ID=1041545818 [Date=12/23/2020] [FileNumber=12759244-0] [5101ce4d55c59920e91512e996d41ccf75e00dd519fde3ee5801937659d54f1c5d6e2dcf92e1c796c0880bd79211eeb5582e8db0cd0b29924d30618b70ca28d9]]
Document description: Civil Cover Sheet
Original filename:n/a
Electronic document Stamp:
[STAMP dcecfStamp_ID=1041545818 [Date=12/23/2020] [FileNumber=12759244-1] [8829c21fc6a43f447ace8ea0e7b0ecb0e9e47d47cca2a9bf922948dfdeed3f3239c0c79eeffbfff207952ceac5d5da149e0adbf78572b579c1d487d66941a338]]

From: UPS Quantum View
To: Minnick, Deborah
Subject: UPS Delivery Notification, Tracking Number 1ZA3781XA298027006
Date: Tuesday, January 05, 2021 9:41:41 AM

UPS My Choice®

Hello, your package has been delivered.

Delivery Date: Tuesday, 01/05/2021
Delivery Time: 09:39 AM
Left At: RESIDENTIAL
Signed by: MOSS

Set Delivery Instructions | Manage Preferences | View My Packages

SEC FORT WORTH REG OFFICE

Tracking Number:	1ZA3781XA298027006
Ship To:	ROYAL OIL, LLC & CATALYST OPERATING [redacted] US
Number of Packages:	1
UPS Service:	UPS Next Day Air®
Package Weight:	3.0 LBS
Reference Number:	FW-4163, INITIAL SERVICE PACKAGE
Reference Number:	AND WAIVERS

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2. **Fold the printed label at the solid line below.** Place the label in a UPS Shipping Pouch. If you do not have a pouch, affix the folded label using clear plastic shipping tape over the entire label.

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   Take your package to any location of The UPS Store®, UPS Access Point(TM) location, UPS Drop Box, UPS Customer Center, Staples® or Authorized Shipping Outlet near you. Items sent via UPS Return Services(SM) (including via Ground) are also accepted at Drop Boxes. To find the location nearest you, please visit the Resources area of CampusShip and select UPS Locations.
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EXHIBIT 2

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF TEXAS
SHERMAN DIVISION

SECURITIES AND EXCHANGE COMMISSION	§	
	§	
v.	§	CIVIL NO. 4:20-CV-972-SDJ
	§	
RONNIE LEE MOSS, ET AL.	§	

MEMORANDUM OPINION AND ORDER

Before the Court is Plaintiff Securities and Exchange Commission's ("Commission") Motion for Default Judgment Against Defendants Ronnie Lee Moss, Jr.; Royal Oil, LLC ("Royal"); and Catalyst Operating, LLC ("Catalyst"). (Dkt. #16). Having considered the motion, the record, and the applicable law, the Court concludes that the motion should be **GRANTED**.

I. BACKGROUND

Between February 2014 and March 2018, Moss and his companies—Genesis E&P, Inc. ("Genesis"); Royal; and Catalyst—allegedly raised more than $5.7 million from investors through fraudulent means. (Dkt. #1). According to the Commission, they made false and misleading statements and omissions in the offer and sale of securities in the form of oil-and-gas limited partnerships and so-called "bridge loans." (Dkt. #1 ¶¶ 2–4, 27, 48). These misstatements included claims in sales materials that prior oil-and-gas projects had been commercial successes when, in fact, none had been profitable. (Dkt. #1 ¶¶ 20, 27, 48).

The sales materials, which were distributed to investors, also contained misleading statements about project management and consulting experts. (Dkt. #1

¶¶ 28–29). The materials listed a low-level cold caller as the President of Genesis and David Glass as the company's CEO when, in reality, Moss ultimately controlled operations at the company. (Dkt. #1 ¶¶ 28–29). A person named Dan Morrison, who was described as having extensive management experience in the oil-and-gas industry, was touted as a "Director" of Royal. (Dkt. #1 ¶ 29). But according to the complaint, Morrison was never a director of Royal and never performed any consulting services for the partnerships. (Dkt. #1 ¶ 29). Moss and his companies also allegedly withheld key information from investors, such as Moss's prior conviction for securities fraud. (Dkt. #1 ¶ 30).

In addition to drafting the sales materials, Moss trained and supervised telephone solicitors who cold called investors and, at Moss's direction, promised them a guaranteed minimum return of 30% in the Genesis projects. (Dkt. #1 ¶¶ 23–24, 29, 31). Moss made similar claims through Royal, promising bridge-loan investors a return of their principal investment plus 20% interest within three to twelve months. (Dkt. #1 ¶¶ 36–43). And through the Catalyst offerings, Moss told prospective investors that the oil wells were generating "double digit returns" for current investors. (Dkt. #1 ¶¶ 44–52). The Commission asserts that Moss personally misappropriated most of the funds raised from investors and that no investor obtained a return on their investment, resulting in substantial losses. (Dkt. #1 ¶¶ 2–4); (Dkt. #16-1); (Dkt. #16-2).

In December 2020, the Commission brought this action against Moss, Genesis, Royal, and Catalyst for violations of Section 17(a) of the Securities Act of 1933

("Securities Act"), Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act"), and Rule 10b–5 thereunder. (Dkt. #1 ¶¶ 62–69). The Commission also claims that Moss violated Section 15(a) of the Exchange Act. (Dkt. #1 ¶¶ 58–61). To remedy the alleged violations, the Commission seeks permanent injunctions, disgorgement plus prejudgment interest, and civil penalties. (Dkt. #1 at 15).

Shortly after bringing this action, the Commission filed an unopposed motion to enter judgment against Genesis. (Dkt. #3). As part of a settlement with the Commission, Genesis consented to permanent injunctions prohibiting it from violating Section 17(a) of the Securities Act, Section 10(b) of the Exchange Act, and Rule 10b–5. (Dkt. #3-1). Genesis also agreed to the imposition of a civil penalty against it in the amount of $192,768. (Dkt. #3-1). The Court granted the Commission's motion, (Dkt. #11), and entered final judgment against Genesis, (Dkt. #12).

Based on the record, answers from the remaining Defendants—Moss, Royal, and Catalyst—were due on March 5, 2021. (Dkt. #7, #8, #9). To date, they have not answered or otherwise filed a responsive pleading. On April 26, 2021, the Court ordered the Commission to either request a clerk's entry of default or risk dismissal for want of prosecution. (Dkt. #10). The Commission subsequently requested entry of default, (Dkt. #13), which the Clerk entered, (Dkt. #14). The Commission now moves the Court for entry of default judgment against Moss, Royal, and Catalyst. (Dkt. #16).

II. LEGAL STANDARD

Federal Rule of Civil Procedure 55 sets forth certain conditions under which default may be entered against a party, as well as the procedure to seek the entry of

default judgment. FED. R. CIV. P. 55. The Fifth Circuit requires a three-step process for securing a default judgment. *New York Life Ins. Co. v. Brown*, 84 F.3d 137, 141 (5th Cir. 1996). First, a default occurs when a defendant has failed to plead or otherwise respond to the complaint within the time required by the Federal Rules of Civil Procedure. FED. R. CIV. P. 55(a); *New York Life Ins.*, 84 F.3d at 141. Next, an entry of default may be entered by the clerk when the default is established. FED. R. CIV. P. 55(a); *New York Life Ins.*, 84 F.3d at 141. Third, after an entry of default, a plaintiff may apply to the clerk or the court for a default judgment. FED. R. CIV. P. 55(b); *New York Life Ins.*, 84 F.3d at 141.

Rule 55(b)(2) grants a district court "wide latitude," and the entry of default judgment is left to the sound discretion of the trial court. *James v. Frame*, 6 F.3d 307, 310 (5th Cir. 1993); *see also Lindsey v. Prive Corp.*, 161 F.3d 886, 893 (5th Cir. 1998). A defendant, by his default, admits a plaintiff's well pleaded allegations of fact. *Nishimatsu Constr. Co., Ltd. v. Hous. Nat'l Bank,* 515 F.2d 1200, 1206 (5th Cir. 1975).

III. DISCUSSION

In determining whether to enter a default judgment, courts utilize a three-part analysis: (1) "whether the entry of default judgment is procedurally warranted," (2) "whether a sufficient basis in the pleadings based on the substantive merits for judgment exists," and (3) "what form of relief, if any, a plaintiff should receive." *Graham v. Coconut LLC*, No. 4:16-CV-606, 2017 WL 2600318, at *1 (E.D. Tex.

June 15, 2017) (citing, among others, *Lindsey*, 161 F.3d at 893). The Court addresses each issue in turn.

A. Default Judgment is Procedurally Warranted

The Court must first consider whether the entry of default judgment is procedurally warranted. *Lindsey*, 161 F.3d at 893. Relevant factors in making this determination include:

> [1] whether material issues of fact are at issue, [2] whether there has been substantial prejudice, [3] whether the grounds for default are clearly established, [4] whether the default was caused by a good faith mistake or excusable neglect, [5] the harshness of a default judgment, and [6] whether the court would think itself obliged to set aside the default on the defendant's motion.

Id.

On balance, these factors weigh in favor of granting default judgment against Moss, Royal, and Catalyst. When a defendant defaults, it admits to the plaintiff's well-pleaded allegations of fact. *Nishimatsu,* 515 F.2d at 1206. So there are no material issues of fact in dispute here. *See id.* The Commission's interests are prejudiced because Moss, Royal, and Catalyst have not answered the complaint or otherwise defended, bringing the adversarial process to a halt. *See United States v. Fincanon*, No. 7:08-CV-61-O, 2009 WL 301988, at *2 (N.D. Tex. Feb. 6, 2009) (citing *Lindsey*, 161 F.3d at 893). Moss, Royal, and Catalyst were served with process and failed to respond despite having ample notice and sufficient time to do so. So the grounds for default are clearly established, and a default judgment is not unusually harsh.

As to the remaining factors, no evidence of mistake or excusable neglect exists. Nor does there appear to be any basis on which the Court would be obligated to set aside the default. *See Lacy v. Sitel Corp.*, 227 F.3d 290, 292 (5th Cir. 2000) (describing the equitable principles a district court evaluates when considering whether good cause exists to set aside a default, including "whether the default was willful, whether setting it aside would prejudice the adversary, [] whether a meritorious defense is presented," and whether "the defendant acted expeditiously to correct the default" (cleaned up)). For these reasons, default judgment is procedurally appropriate here.

B. Sufficient Basis in the Pleadings to Enter Default Judgment

The Court must next consider whether the Commission's complaint provides a sufficient factual basis to enter default judgment. *See Nishimatsu*, 515 F.2d at 1206 ("[A] defendant's default does not in itself warrant the court in entering a default judgment."). In determining whether there is a sufficient basis in the pleadings for judgment, courts in the Fifth Circuit "draw meaning from the case law on Rule 8." *Wooten v. McDonald Transit Assocs., Inc.*, 788 F.3d 490, 497 (5th Cir. 2015). Factual allegations in the complaint need only "be enough to raise a right to relief above the speculative level, on the assumption that all the allegations in the complaint are true (even if doubtful in fact)." *Id.* at 498 (quoting *Bell Atl. Corp. v. Twombly*, 550 U.S. 544, 555, 127 S.Ct. 1955, 167 L.Ed.2d 929 (2007)). The complaint must present "more than an unadorned, the-defendant-unlawfully-harmed-me accusation," but "detailed

factual allegations" are not required.[1] *Id.* (quoting *Ashcroft v. Iqbal*, 556 U.S. 662, 678, 129 S.Ct. 1937, 173 L.Ed.2d 868 (2009)).

Applying this standard, the Court now considers the sufficiency of the Commission's claims.

1. Securities Offered and Sold

As a threshold matter, the facts alleged in the Commission's complaint establish that the "partnership" and "bridge loan" interests offered and sold by Moss, Royal, and Catalyst are securities as that term is defined under the Securities Act and the Exchange Act.

The Securities Act and the Exchange Act broadly define the term "security" to include a long list of financial instruments, including an "investment contract," the type of instrument at issue here. 15 U.S.C. §§ 77b(a)(1), 78c(a)(10). An investment contract qualifies as a security if it meets three elements: "(1) an investment of money; (2) in a common enterprise; and (3) on an expectation of profits to be derived solely from the efforts of individuals other than the investor." *SEC v. Arcturus Corp.*, 928 F.3d 400, 409 (5th Cir. 2019) (citing *SEC v. W.J. Howey Co.*, 328 U.S. 293, 298–99, 66 S.Ct. 1100, 90 L.Ed. 1244 (1946), and quoting *Williamson v. Tucker*, 645 F.2d 404, 417 (5th Cir. 1981)). When applying this test—that is, the *Howey* test—courts disregard "legal formalisms" and instead "focus on the substance of the deal." *Id.* (citing *Reves v. Ernst & Young*, 494 U.S. 56, 61, 110 S.Ct. 945, 108 L.Ed.2d 47 (1990)).

[1] To be clear, this low threshold is less rigorous than the plausibility standard under Rule 12(b)(6). *Wooten*, 788 F.3d at 498 n.3 ("declin[ing] to import Rule 12 standards into the default-judgment context" because "a default is the product of a defendant's *inaction*" rather than the invocation of Rule 12's defense).

Even when contracts "superficially resemble private commercial transactions" and lack "the formal attributes of a security," they can still qualify as securities. *Id.* (quoting *Youmans v. Simon*, 791 F.2d 341, 345 (5th Cir. 1986)).

Here, all three prongs of the *Howey* test are met. The first prong is satisfied because investors paid money to obtain their partnership and bridge-loan interests. (Dkt. #1 ¶¶ 1–4). As to the second prong, "commonality is evidenced by the fact that the fortunes of all investors [were] inextricably tied to the efficacy of" the promoters' efforts. *SEC v. Koscot Interplanetary, Inc.*, 497 F.2d 473, 479 (5th Cir. 1974). In this case, the investors' purported potential returns depended on the success of the purported oil-and-gas projects, and the offerings were marketed as ventures in which the investors would benefit from the claimed expertise and efforts of the promoters. (Dkt. #1 ¶¶ 20–21, 29–30, 38, 47). Thus, commonality exists. *See Koscot*, 497 F.2d at 479. And finally, because investors had no right to participate in management of the projects, they had a reasonable expectation that profits would be derived solely from the efforts of individuals other than themselves. (Dkt. #1 ¶¶ 21, 34, 42, 54). So the third prong of the *Howey* test also is met.

In sum, the offerings at issue are securities under the Exchange Act and the Securities Act.

2. Violations of Section 10(b) of the Exchange Act, Rule 10b–5, and Section 17(a) of the Securities Act

The Commission's allegations also establish that Moss, Royal, and Catalyst are liable for violating Section 10(b) of the Exchange Act, Rule 10b–5 thereunder, and Section 17(a) of the Securities Act.

Section 10(b) of the Exchange Act and Rule 10b–5 "make it unlawful for any person, in connection with the purchase or sale of a security, directly or indirectly, to (a) 'employ any device, scheme, or artifice to defraud'; (b) 'make an untrue statement of a material fact' or a material omission; or (c) 'engage in any act, practice, or course of business which operates . . . as a fraud or deceit upon any person.'" *SEC v. Shavers*, No. 4:13-CV-416, 2014 WL 4652121, at *8 (E.D. Tex. Sept. 18, 2014) (quoting 15 U.S.C. § 78j(b) and 17 C.F.R. § 240.10b–5). To establish violations of Section 10(b) and Rule 10b–5 for material representations or misleading omissions, the Commission must prove three elements: "(1) material misrepresentations or materially misleading omissions, (2) in connection with the purchase or sale of securities, (3) made with scienter." *SEC v. Sethi*, 910 F.3d 198, 206 & n.4 (5th Cir. 2018) (quoting *SEC v. Seghers*, 298 F.App'x 319, 327 (5th Cir. 2008) (per curiam)).

Similarly, Section 17(a) of the Securities Act makes it unlawful, in the offer or sale of securities, to (1) employ any device, scheme, or artifice to defraud; (2) obtain money or property by means of any material misstatements or omissions; or (3) engage in any transaction, practice, or course of business which operates or would operate as a fraud or deceit. 15 U.S.C. §77q(a); *see also SEC v. Spence & Green Chem. Co.*, 612 F.2d 896, 903 (5th Cir. 1980) ("[T]he proscriptions of section 17(a) are substantially the same as those of section 10(b) and rule 10b–5[.]"). Like Section 10(b) and Rule 10b–5, Section 17(a)(1) violations require a showing of scienter, whereas Sections 17(a)(2) and 17(a)(3) only require negligence. *Aaron v. SEC*, 446 U.S. 680, 696–97, 100 S.Ct. 1945, 64 L.Ed.2d 611 (1980); *see also Sethi*, 910 F.3d at 206.

A misrepresentation or omission is material if it is "reasonably calculated to influence the decisions of an investor—institutional or otherwise—in its trading in securities." *SEC. v. Gann*, 565 F.3d 932, 937 (5th Cir. 2009). Put another way, there must be "a substantial likelihood that a reasonable investor would consider the information important in making a decision to invest." *ABC Arbitrage Plaintiffs Grp. v. Tchuruk*, 291 F.3d 336, 359 (5th Cir. 2002) (cleaned up).

Scienter is "a mental state embracing intent to deceive, manipulate, or defraud." *Gann*, 565 F.3d at 936 (quotation omitted). Either intent or severe recklessness will suffice. *Sethi*, 910 F.3d at 206. Severe recklessness is defined as "those highly unreasonable omissions or misrepresentations that involve not merely simple or even inexcusable negligence, but an extreme departure from the standards of ordinary care." *Id.*

Here, the well-pleaded allegations in the Commission's complaint establish that Moss, Royal, and Catalyst made misstatements and omitted information to unwitting investors in their securities offerings. These misrepresentations include claims that prior oil wells had been commercial successes when, in fact, none had been profitable, (Dkt. #1 ¶¶ 27, 38, 47–48), and unfounded promises of guaranteed returns, (Dkt. #1 ¶¶ 3, 31, 37, 46). Sales materials also contained misleading statements about project management and consulting experts. (Dkt. #1 ¶¶ 28–29). For example, some materials listed a cold-caller as the President of Genesis and David Glass as the company's CEO when, in fact, Moss possessed ultimate control over business operations at Genesis. (Dkt. #1 ¶ 29). The materials also stated that

Dan Morrison, who was identified as having extensive industry experience, was a "Director" of Royal. (Dkt. #1 ¶ 29). But Morrison was never a director of Royal; nor did he ever perform any consulting services for the partnerships. (Dkt. #1 ¶ 29).

True, Moss's involvement was not completely concealed. He was identified in sales materials as a "consultant," and his twenty-two years of experience in the oil-and-gas industry were touted as a benefit. But investors were not informed that, within the same twenty-two years, Moss was convicted of securities fraud for selling oil-and-gas securities in a company he owned and controlled. (Dkt. #1 ¶¶ 30, 38). Because all of these misstatements and omissions relate to issues fundamental to the nature and risks of the offerings, they would have "significantly altered the total mix of information" available to any reasonable investor. *See Matrixx Initiatives, Inc. v. Siracusano*, 563 U.S. 27, 38, 131 S.Ct. 1309, 179 L.Ed.2d 398 (2011) (quotation omitted). In other words, they were material. *See id.*; *Gann*, 565 F.3d at 937.

The Commission's allegations also show that Moss, Royal, and Catalyst made these material misstatements and omissions with scienter. Moss and his companies repeated known untruths and omitted critical information about the investments, intentionally defrauding investors and raising more than $5.7 million as a result. (Dkt. #1 ¶ 1). They knew, for instance, that no previous well had produced profit for a single investor. But they said the opposite. (Dkt. #1 ¶¶ 27, 31, 46–47). They also intentionally misrepresented basic facts about Moss's involvement with the projects and knowingly concealed his criminal history. (Dkt. #1 ¶¶ 30, 38, 51). This course of business, as detailed in the complaint, operated as a fraud designed to siphon

investors' funds from the companies and into Moss's own pocket. (Dkt. #1 ¶¶ 2, 3, 4, 32). Such conduct, on its face, was intentional or, at the very least, severely reckless.

At bottom, the Commission's allegations establish that Moss, Royal, and Catalyst made material misstatements and omissions and engaged in a course of business designed to deceive and defraud investors in connection with the offer, purchase, or sale of securities. The allegations in the complaint also support the conclusion that they did so with a high degree of scienter. *See Sethi*, 910 F.3d at 206; *Gann*, 565 F.3d at 936. Thus, the Commission is entitled to default judgment on its claims that Moss, Royal, and Catalyst violated Section 10(b) of the Exchange Act, Rule 10b–5, and Section 17(a) of the Securities Act.

3. Moss's Violations of Section 15(a) of the Exchange Act

A sufficient basis in the pleadings likewise exists to enter judgment on the Commission's claim that Moss violated Section 15(a) of the Exchange Act.

Section 15(a) prohibits unregistered brokers or dealers from effecting or attempting to effect any securities transaction through interstate commerce. 15 U.S.C. § 78o(a)(1). A violation of Section 15(a)(1) does not require a showing of scienter. *SEC v. Rabinovich & Assocs., LP*, No. 07 Civ. 10547(GEL), 2008 WL 4937360, at *5 (S.D.N.Y. Nov. 18, 2008); *cf. Eastside Church of Christ v. Nat'l Plan, Inc.*, 391 F.2d 357, 361–62 (5th Cir. 1968) (concluding, without making finding of scienter, that the defendant violated Section 15(a)(1)).

A "broker" is "any person engaged in the business of effecting transactions in securities for the account of others." 15 U.S.C. § 78c(a)(4)(A). To determine whether

an individual qualifies as a broker, most courts apply a list of nonexclusive factors: (1) "regular participation in securities transactions," (2) "employment with the issuer of the securities," (3) "payment by commission as opposed to salary," (4) "history of selling the securities of other issuers," (5) "involvement in advice to investors," and (6) "active recruitment of investors." *SEC v. Collyard*, 861 F.3d 760, 766 (8th Cir. 2017) (quoting *SEC v. George*, 426 F.3d 786, 797 (6th Cir. 2005)); *see also SEC v. Hui Feng*, 935 F.3d 721, 731–32 (9th Cir. 2019) (same); *SEC v. Imperiali, Inc.*, 594 F.App'x 957, 961 (11th Cir. 2014) (per curiam) (same).

Although not all the relevant factors are present here, most are. As detailed in the complaint, Moss regularly solicited potential investors and closed sales between them and the issuers, (Dkt. #1 ¶¶ 2, 23, 47); recommended to investors that they invest in the partnership and bridge-loan securities, (Dkt. #1 ¶ 24); drafted sales materials for distribution to investors that made representations about the merits of the investments, (Dkt. #1 ¶¶ 20–30, 38, 47); controlled the bank accounts into which the offering proceeds were received, (Dkt. #1 ¶ 32); and compensated himself through investor funds, (Dkt. #1 ¶¶ 3–4, 32). The totality of the circumstances thus reveals that Moss acted as a broker in connection with the offerings at issue. *See Eastside Church of Christ*, 391 F.2d at 361 (concluding that evidence "conclusively" showed the defendant was a broker where the defendant assisted a bond issuer with legal work related to a bond issue, handled necessary paperwork, acted as a trustee and financial agent of the property, and managed the bond sales program that involved sales across the country).

Accepting the well-pleaded allegations as true, Moss was a broker within the meaning of Section 15(a) of the Exchange Act. He was therefore required to register as such. 15 U.S.C. § 78o(a)(1). Because of his failure to do so, (Dkt. #1 ¶ 59), he violated Section 15(a).

C. Appropriateness of Relief

In awarding relief, a "default judgment must not differ in kind from, or exceed in amount, what is demanded in the pleadings." FED. R. CIV. P. 54(c). And in the context of a default judgment, damages are normally not awarded without an evidentiary hearing. *James*, 6 F.3d at 310. But this general rule does not apply—that is, a hearing is unnecessary—when the amount of damages can be determined with a mathematical calculation by reference to the pleadings and supporting documents. *Id.* With these principles in mind, the Court turns to the Commission's requests for injunctive relief, disgorgement plus prejudgment interest, and civil penalties. (Dkt. #1 at 15); (Dkt. #16 at 2).

1. Permanent Injunction

As to the first form of relief, the Commission seeks permanent injunctions that would enjoin Moss, Royal, and Catalyst from violating Section 17(a) of the Securities Act, Section 10(b) of the Exchange Act, and Rule 10b–5. The Commission also asks the Court to permanently enjoin Moss from (1) violating Section 15(a) of the Exchange Act and (2) participating in the issuance, purchase, offer, or sale of any security in an unregistered transaction; provided, however, that such injunction shall not prevent

him from purchasing or selling securities for his own personal account. (Dkt. #16 at 2, 12–13).

Section 20(b) of the Securities Act and Section 21(d) of the Exchange Act authorize the Commission to seek injunctive relief upon a "proper showing" that a defendant "is engaged or is about to engage" in violations of the securities laws. *SEC v. Zale Corp.*, 650 F.2d 718, 720 (5th Cir. 1981) (quotations omitted). "A permanent injunction is appropriate only if a defendant's past conduct gives rise to an inference that, in light of present circumstances, there is a reasonable likelihood of future transgressions." *SEC v. Life Partners Holdings, Inc.*, 854 F.3d 765, 784 (5th Cir. 2017) (quotation omitted). In determining whether a defendant should be permanently enjoined, a court must consider the "(1) egregiousness of the defendant's conduct, (2) isolated or recurrent nature of the violation, (3) degree of *scienter*, (4) sincerity of defendant's recognition of his transgression, and (5) likelihood of the defendant's job providing opportunities for future violations." *Gann*, 565 F.3d at 940. No single factor is dispositive; rather, it is "the sum of the circumstances surrounding the defendant and his past conduct that governs whether to grant or deny injunctive relief." *Zale Corp.*, 650 F.2d at 720.

Accepting the Commission's alleged facts as true, Moss, Royal, and Catalyst engaged in egregious and repeated violations of the securities laws committed knowingly or at least with severe recklessness. This recurrent conduct, for the reasons discussed above, was taken with a high degree of scienter. And because Moss, Royal, and Catalyst have not participated in this action, they have neither

demonstrated any recognition of the wrongfulness of their conduct nor provided any assurances that they will not commit future violations. Finally, it is important to note that Moss is a repeat offender, having been convicted of securities fraud in 2004. (Dkt. #1 ¶ 2). Considering these circumstances, there is a reasonable likelihood that Moss, Royal, and Catalyst will commit future violations of the securities laws absent an injunction. A permanent injunction against each of them to prevent such violations is therefore warranted. *See Life Partners Holdings, Inc.*, 854 F.3d at 784.

For these reasons, the Commission's request for a permanent injunction against Moss, Royal, and Catalyst is granted.

2. Disgorgement and Prejudgment Interest

The Commission also seeks disgorgement of Moss's ill-gotten gains plus prejudgment interest. (Dkt. #1 at 15); (Dkt. #16 at 14–16).

Disgorgement "is an equitable remedy meant to prevent the wrongdoer from enriching himself by his wrongs." *Allstate Ins. Co. v. Receivable Fin. Co.*, 501 F.3d 398, 413 (5th Cir. 2007) (quotation omitted). A district court retains "broad discretion in fashioning the equitable remedy of a disgorgement order." *SEC v. Huffman*, 996 F.2d 800, 803 (5th Cir. 1993). And the Supreme Court has made clear that a disgorgement award equal to the wrongdoer's net profit is permissible under the securities laws. *Liu v. SEC*, 140 S.Ct. 1936, 1942–43 (2020).

In actions brought by the Commission, "disgorgement need only be a reasonable approximation of profits causally connected to the [securities] violation." *Allstate Ins. Co.*, 501 F.3d at 413 (quoting *SEC v. First City Fin. Corp.*, 890 F.3d 1215,

1231 (D.C. Cir. 1989)). The Commission has the initial burden of showing that its requested disgorgement amount reasonably approximates the amount of profits connected to the violation. *First City*, 890 F.2d at 1232; *SEC v. Rockwall Energy of Tex.*, LLC, No. H-09-4080, 2012 WL 360191, at *3 (S.D. Tex. Feb. 1, 2012). Once the Commission makes that showing, the burden shifts to the defendant to "demonstrate that the disgorgement figure was not a reasonable approximation." *First City*, 890 F.2d at 1232.

Because the aim of disgorgement is to divest all ill-gotten gains from the illegal conduct, disgorgement typically includes prejudgment interest, thus preventing the wrongdoer from otherwise profiting off illicit proceeds. *SEC v. AmeraTex Energy, Inc.*, No. 4:18-CV-129, 2021 WL 1061395, at *3 (E.D. Tex. Mar. 18, 2021); *see also SEC v. Sargent*, 329 F.3d 34, 40–41 (1st Cir. 2003)). Prejudgment interest is ordinarily calculated according to the Internal Revenue Service's underpayment rate. *SEC v. Helms*, No. A-13-CV-1036 ML, 2015 WL 5010298, at *19 (W.D. Tex. Aug. 21, 2015) (citing 26 U.S.C. § 6621(a)(2)); *see also SEC v. First Jersey Secs., Inc.*, 101 F.3d 1450, 1476 (2d Cir. 1996) (approving application of IRS underpayment rate for calculating prejudgment interest on amounts disgorged due to securities violations).

Here, the Commission seeks disgorgement from Moss in the amount of $3,241,889, the amount that Moss misappropriated from investor funds to his personal use. Based on a sworn declaration supporting its motion for default judgment, the Commission has established that this amount is a reasonable approximation of the ill-gotten gains, minus businesses expenses, that Moss received

through his violations of the securities laws. (Dkt. #16-2). Because Moss has failed to contest this action, he has produced no evidence that the Commission's calculation is inaccurate. *See First City*, 890 F.2d at 1232 (explaining that once a reasonable approximation is established, the burden then shifts to the defendant to show that the approximation is incorrect). Thus, the Court concludes that Moss is liable for disgorgement in the amount of $3,241,889.

Because disgorgement of Moss's ill-gotten gains is appropriate, so is prejudgment interest. *See Helms*, 2015 WL 5010298, at *20. As noted above, the Commission requests prejudgment interest in the amount of $524,526.53. To support this amount, the Commission has provided a copy of Moss's Prejudgment Interest Report, which contains a table with calculations based on the IRS's underpayment tax rate. (Dkt. #16-3). The Commission arrived at the requested amount by taking the tax underpayment rate from February 2018 (the last month in which Moss received investor funds) through July 2021 (the date of the instant motion) and applying the rate to the principal of $3,241,889.27. (Dkt. #16-3). Based on this evidence—which supports the relief requested—and Moss's failure to contest it, the Court awards prejudgment interest in the amount of $524,526.53.

3. Civil Penalties

Finally, the Commission seeks civil penalties against Moss, Royal, and Catalyst. (Dkt. #1 at 15); (Dkt. #16 at 16–18).

Both the Securities Act and the Exchange Act provide for a three-tiered structure of civil penalties. 15 U.S.C. §§ 77t(d)(2), 78u(d)(3)(B). The steepest penalties

enumerated in the third tier may be imposed when the violation involved (1) "fraud, deceit, manipulation, or deliberate or reckless disregard of a regulatory requirement" and (2) "directly or indirectly resulted in substantial losses or created a significant risk of substantial losses to other persons." 15 U.S.C. §§ 77t(d)(2)(C), 78u(d)(3)(B)(iii). The maximum penalty a court may award is the greater of the gross amount of pecuniary gain or the amount set by the applicable statutory tier. 15 U.S.C. §§ 77t(d)(2)(C), 78u(d)(3)(B)(iii); 17 C.F.R. 201.1001 (adjusting penalties for inflation).

Although the maximum penalty is capped by statute, the amount imposed within that limit is left to a district court's discretion. *AmeraTex Energy*, 2021 WL 1061395, at *4 (citing *SEC v. Kern*, 425 F.3d 143, 153 (2d Cir. 2005)). Civil penalties, like injunctions, are intended to deter future violations. Accordingly, courts look to similar factors to determine whether a civil penalty is warranted:

> (1) the egregiousness of the defendant's conduct; (2) the degree of the defendant's scienter; (3) whether the defendant's conduct created substantial losses or the risk of substantial losses to other persons; (4) whether the defendant's conduct was isolated or recurrent; and (5) whether the penalty should be reduced due to the defendant's demonstrated current and future financial condition.

Id. at *4 (quoting *Helms*, 2015 WL 5010298, at *21); *see also SEC v. Offill*, No. 3:07-CV-1643-D, 2012 WL 1138622, at *3 (N.D. Tex. Apr. 5, 2012) (same).

Moss, Royal, and Catalyst participated in a course of business that involved fraud and deceit on a large scale and in clear disregard of the securities laws. Their actions, as discussed above, were not only egregious but taken with a high degree of scienter. And their conduct was not isolated; it persisted for several years across

multiple offerings. Nor was the harm insubstantial. To the contrary, their conduct resulted in investors losing millions of dollars. *See, e.g.*, (Dkt. #16-1 ¶ 8 (attesting, among other things, that "no investors were paid back their principal investment from any of these oil and gas projects in which they were invested"). Nothing in the record suggests that Moss, Royal, or Catalyst has acknowledged their wrongdoing. And finally, as the Commission points out, this was not Moss's first securities fraud offense. Because Moss's, Royal's, and Catalyst's violations of the Securities Act and the Exchange Act involved fraud, deceit, and deliberate or reckless disregard of regulatory requirements that directly or indirectly resulted in substantial losses to investors, third-tier penalties are appropriate. 15 U.S.C. §§ 77t(d)(2)(C), 78u(d)(3)(B)(iii).

For the sake of consistency among the entity defendants controlled by Moss, the Court imposes third-tier civil penalties in the requested amount of $192,768, each, against Royal and Catalyst. This penalty is equal to that already ordered against Genesis. (Dkt. #12 at 3). As to Moss—due to the impropriety of his recidivist conduct—the Court imposes a civil penalty commensurate with the amount of his gross pecuniary gain: $3,241,889. *See* (Dkt. #16-2 ¶ 5).

IV. CONCLUSION

For the foregoing reasons, the SEC's Motion for Default Judgment Against Defendants Ronnie Lee Moss, Jr.; Royal Oil, LLC; and Catalyst Operating, LLC., (Dkt. #16), is **GRANTED**. The Court will enter its final judgment as to Moss, Royal, and Catalyst by separate order.

EXHIBIT 3

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 94576 / April 1, 2022

ADMINISTRATIVE PROCEEDING
File No. 3-20807

In the Matter of **RONNIE LEE MOSS, JR.,** **Respondent.**	**ORDER INSTITUTING ADMINISTRATIVE PROCEEDINGS PURSUANT TO SECTION 15(b) OF THE SECURITIES EXCHANGE ACT OF 1934 AND NOTICE OF HEARING**

I.

The Securities and Exchange Commission ("Commission") deems it appropriate and in the public interest that public administrative proceedings be, and hereby are, instituted pursuant to Section 15(b) of the Securities Exchange Act of 1934 ("Exchange Act") against Ronnie Lee Moss, Jr. ("Respondent" or "Moss").

II.

After an investigation, the Division of Enforcement alleges that:

A. RESPONDENT

1. Between February 2014 and February 2018, Respondent used companies that he owned and controlled (Genesis E&P, Inc ("Genesis"), Royal Oil, LLC ("Royal"), and Catalyst Operating, LLC ("Catalyst")) to raise $5,774,026 in unregistered securities offerings in the form of oil-and-gas partnerships and notes. During this time, Respondent regularly acted as a broker, soliciting potential investors as part of a nationwide sales program and closing sales between them and securities issuers, recommending and opining on the merits of the investments, and

OS Received 10/06/2022

controlling bank accounts receiving investors' funds. On April 14, 2004, Respondent pleaded guilty to securities fraud in federal court, stemming from his role in oil-and-gas offerings similar to those offered by Genesis, Royal, and Catalyst. Respondent, 52 years old, is a resident of Flower Mound, Texas.

B. ENTRY OF THE INJUNCTION

2. On March 11, 2022, a final judgment was entered against Moss, permanently enjoining him from future violations of Section 17(a) of the Securities Act of 1933 ("Securities Act"), and Sections 10(b) and 15(a) of the Exchange Act and Rule 10b-5 thereunder, in the civil action entitled Securities and Exchange Commission v. Ronnie Lee Moss, Jr., et al., Civil Action Number 4:20-CV-972-SDJ, in the United States District Court for the Eastern District of Texas. The court also permanently enjoined Moss from participating in the issuance, purchase, offer, or sale of any security in an unregistered transaction; provided, however, that such injunction shall not prevent Moss from purchasing or selling securities for his own personal account.

3. The Commission's complaint alleged that, from approximately February 2014 through approximately March 2018, Moss and three companies he controlled—Genesis, Royal, and Catalyst—raised $5,774,026.00 from approximately 95 investors in multiple states through the sale of partnership unit investments. In conjunction with the offerings, Moss prepared offering documents and oversaw cold-calling efforts to solicit investors. The offering documents contained untrue and misleading statements about Moss's background—concealing his 2004 securities-fraud conviction—and about his history of failure in the oil-and-gas industry. Moss employed nominee officers to conceal his control over the companies, misappropriated offering proceeds to pay unrelated business and personal expenses, and provided investors inflated production and revenue projections. Throughout these offerings, Moss acted as a broker, soliciting potential investors as part of a nationwide sales program and closing sales between them and securities issuers, recommending and opining on the merits of the investments, and controlling bank accounts receiving investors' funds

III.

In view of the allegations made by the Division of Enforcement, the Commission deems it necessary and appropriate in the public interest that public administrative proceedings be instituted to determine:

A. Whether the allegations set forth in Section II hereof are true and, in connection therewith, to afford Respondent an opportunity to establish any defenses to such allegations;

B. What, if any, remedial action is appropriate in the public interest against Respondent pursuant to Section 15(b) of the Exchange Act.

IV.

IT IS ORDERED that a public hearing before the Commission for the purpose of taking evidence on the questions set forth in Section III hereof shall be convened at a time and place to be fixed by further order of the Commission, pursuant to Rule 110 of the Commission's Rules of Practice, 17 C.F.R. § 201.110.

IT IS FURTHER ORDERED that Respondent shall file an Answer to the allegations contained in this Order within twenty (20) days after service of this Order, as provided by Rule 220(b) of the Commission's Rules of Practice, 17 C.F.R. § 201.220(b).

IT IS FURTHER ORDERED that the Division of Enforcement and Respondent shall conduct a prehearing conference pursuant to Rule 221 of the Commission's Rules of Practice, 17 C.F.R. § 201.221, within fourteen (14) days of service of the Answer. The parties may meet in person or participate by telephone or other remote means; following the conference, they shall file a statement with the Office of the Secretary advising the Commission of any agreements reached at said conference. If a prehearing conference was not held, a statement shall be filed with the Office of the Secretary advising the Commission of that fact and of the efforts made to meet and confer.

If Respondent fails to file the directed Answer, or fails to appear at a hearing or conference after being duly notified, the Respondent may be deemed in default and the proceedings may be determined against him upon consideration of this Order, the allegations of which may be deemed to be true as provided by Rules 155(a), 220(f), 221(f) and 310 of the Commission's Rules of Practice, 17 C.F.R. §§ 201.155(a), 201.220(f), 201.221(f), and 201.310.

This Order shall be served forthwith upon Respondent by any means permitted by the Commission's Rules of Practice.

The Commission finds that it would serve the interests of justice and not result in prejudice to any party to provide, pursuant to Rule 100(c) of the Commission's Rules of Practice, 17 C.F.R. § 201.100(c), that notwithstanding any contrary reference in the Rules of Practice to service of paper copies, service to the Division of Enforcement of all opinions, orders, and decisions described in Rule 141, 17 C.F.R. § 201.141, and all papers described in Rule 150(a), 17 C.F.R. § 201.150(a), in these proceedings shall be by email to the attorneys who enter an appearance on behalf of the Division, and not by paper service.

Attention is called to Rule 151(a), (b) and (c) of the Commission's Rules of Practice, 17 C.F.R. § 201.151(a), (b) and (c), providing that when, as here, a proceeding is set before the Commission, all papers (including those listed in the following paragraph) shall be filed electronically in administrative proceedings using the Commission's Electronic Filings in Administrative Proceedings (eFAP) system access through the Commission's website, www.sec.gov, at http://www.sec.gov/eFAP. Respondent also must serve and accept service of documents electronically. All motions, objections, or applications will be decided by the Commission.

The Commission finds that it would serve the interests of justice and not result in prejudice to any party to provide, pursuant to Rule 100(c) of the Commission's Rules of Practice, 17 C.F.R. § 201.100(c), that notwithstanding any contrary reference in the Rules of Practice to filing with or disposition by a hearing officer, all filings, including those under Rules 210, 221, 222, 230, 231, 232, 233, and 250 of the Commission's Rules of Practice, 17 C.F.R. §§ 201.210, 221, 222, 230, 231, 232, 233, and 250, shall be directed to and, as appropriate, decided by the Commission. This proceeding shall be deemed to be one under the 75-day timeframe specified in Rule of Practice 360(a)(2)(i), 17 C.F.R. § 201.360(a)(2)(i), for the purposes of applying Rules of Practice 233 and 250, 17 C.F.R. §§ 201.233 and 250.

The Commission finds that it would serve the interests of justice and not result in prejudice to any party to provide, pursuant to Rule 100(c) of the Commission's Rules of Practice, 17 C.F.R. § 201.100(c), that the Commission shall issue a decision on the basis of the record in this proceeding, which shall consist of the items listed at Rule 350(a) of the Commission's Rules of Practice, 17 C.F.R. § 201.350(a), and any other document or item filed with the Office of the Secretary and accepted into the record by the Commission. The provisions of Rule 351 of the Commission's Rules of Practice, 17 C.F.R. § 201.351, relating to preparation and certification of a record index by the Office of the Secretary or the hearing officer are not applicable to this proceeding.

The Commission will issue a final order resolving the proceeding after one of the following: (A) The completion of post-hearing briefing in a proceeding where the public hearing has been completed; (B) The completion of briefing on a motion for a ruling on the pleadings or a motion for summary disposition pursuant to Rule 250 of the Commission's Rules of Practice, 17 C.F.R. § 201.250, where the Commission has determined that no public hearing is necessary; or (C) The determination that a party is deemed to be in default under Rule 155 of the Commission's Rules of Practice, 17 C.F.R. § 201.155, and no public hearing is necessary.

In the absence of an appropriate waiver, no officer or employee of the Commission engaged in the performance of investigative or prosecuting functions in this or any factually related proceeding will be permitted to participate or advise in the decision of this matter, except as witness or counsel in proceedings held pursuant to notice. Since this proceeding is not "rule making" within the meaning of Section 551 of the Administrative Procedure Act, it is not deemed subject to the provisions of Section 553 delaying the effective date of any final Commission action.

For the Commission, by its Secretary, pursuant to delegated authority.

Vanessa A. Countryman
Secretary

EXHIBIT 4

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF TEXAS
SHERMAN DIVISION

SECURITIES AND EXCHANGE COMMISSION	§	
	§	
	§	
v.	§	CIVIL NO. 4:20-CV-972-SDJ
	§	
RONNIE LEE MOSS, JR., ET AL.	§	

FINAL JUDGMENT AS TO DEFENDANT RONNIE LEE MOSS, JR.

Plaintiff Securities and Exchange Commission ("Commission") filed a complaint in this action, Defendant Ronnie Lee Moss, Jr., failed to answer or to otherwise defend himself, and the District Clerk entered a default against Moss. The Commission subsequently filed a motion for default judgment against Moss, which the Court granted. Accordingly, this is the Court's Final Judgment as to Moss:

I.

It is **ORDERED, ADJUDGED, and DECREED** that Moss is permanently restrained and enjoined from violating, directly or indirectly, Section 10(b) of the Securities Exchange Act of 1934 (the "Exchange Act") [15 U.S.C. § 78j(b)] and Rule 10b-5 promulgated thereunder [17 C.F.R. § 240.10b-5], by using any means or instrumentality of interstate commerce, or of the mails, or of any facility of any national securities exchange, in connection with the purchase or sale of any security:

(a) to employ any device, scheme, or artifice to defraud;

(b) to make any untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; or

(c) to engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person.

It is further **ORDERED, ADJUDGED, and DECREED** that, as provided in Federal Rule of Civil Procedure 65(d)(2), the foregoing paragraph also binds the following who receive actual notice of this Final Judgment by personal service or otherwise: (a) Moss's officers, agents, servants, employees, and attorneys; and (b) other persons in active concert or participation with Moss or with anyone described in (a).

II.

It is further **ORDERED, ADJUDGED, and DECREED** that Moss is permanently restrained and enjoined from violating Section 17(a) of the Securities Act of 1933 (the "Securities Act") [15 U.S.C. § 77q(a)] in the offer or sale of any security by the use of any means or instruments of transportation or communication in interstate commerce or by use of the mails, directly or indirectly:

(a) to employ any device, scheme, or artifice to defraud;

(b) to obtain money or property by means of any untrue statement of a material fact or any omission of a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; or

(c) to engage in any transaction, practice, or course of business which operates or would operate as a fraud or deceit upon the purchaser.

It is further **ORDERED, ADJUDGED, and DECREED** that, as provided in Federal Rule of Civil Procedure 65(d)(2), the foregoing paragraph also binds the following who receive actual notice of this Final Judgment by personal service or otherwise: (a) Moss's officers, agents, servants, employees, and attorneys; and (b)

other persons in active concert or participation with Moss or with anyone described in (a).

III.

It is further **ORDERED, ADJUDGED, and DECREED** that Moss is permanently restrained and enjoined from violating Section 15(a) of the Exchange Act [15 U.S.C. § 78o(a)] by, directly or indirectly, while engaging in business as a broker or dealer, making use of the mails or any means or instrumentality of interstate commerce to effect any transaction in, or to induce or attempt to induce the purchase or sale of, any security (other than an exempted security or commercial paper, bankers' acceptances, or commercial bills) unless registered with the Commission in accordance with Section 15(a) of the Exchange Act [15 U.S.C. § 78o(a)] of this section or associated with a broker or dealer that is registered with the Commission in accordance with Section 15(a) of the Exchange Act [15 U.S.C. § 78o(a)].

It is further **ORDERED, ADJUDGED, and DECREED** that, as provided in Federal Rule of Civil Procedure 65(d)(2), the foregoing paragraph also binds the following who receive actual notice of this Final Judgment by personal service or otherwise: (a) Moss's officers, agents, servants, employees, and attorneys; and (b) other persons in active concert or participation with Moss or with anyone described in (a).

IV.

It is further **ORDERED, ADJUDGED, and DECREED** that Moss is permanently restrained and enjoined from directly or indirectly, including, but not

limited to, through any entity owned or controlled by Moss, participating in the issuance, purchase, offer, or sale of any security in an unregistered transaction; provided, however, that such injunction shall not prevent Moss from purchasing or selling securities for his own personal account, with the Court to determine on the motion of the Commission whether this injunction should be made permanent or otherwise modified.

It is further **ORDERED, ADJUDGED, and DECREED** that, as provided in Federal Rule of Civil Procedure 65(d)(2), the foregoing paragraph also binds the following who receive actual notice of this Final Judgment by personal service or otherwise: (a) Moss's officers, agents, servants, employees, and attorneys; and (b) other persons in active concert or participation with Moss or with anyone described in (a).

V.

It is further **ORDERED, ADJUDGED, and DECREED** that Moss is liable for disgorgement of $3,241,889, representing net profits gained as a result of the conduct alleged in the Complaint, plus prejudgment interest of $524,526.53, and a civil penalty in the amount of $3,241,889 pursuant to Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)] and Section 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)]. Moss shall satisfy this obligation by paying $3,766,415.53 in disgorgement and prejudgment interest, plus $3,241,889 in civil penalty for a total amount of $7,008,304.53 to the Securities and Exchange Commission within 30 days after entry of this Final Judgment.

Moss may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request. Payment may also be made directly from a bank account via Pay.gov through the SEC website at http://www.sec.gov/about/offices/ofm.htm. Moss may also pay by certified check, bank cashier's check, or United States postal money order payable to the Securities and Exchange Commission, which shall be delivered or mailed to

Enterprise Services Center
Accounts Receivable Branch
6500 South MacArthur Boulevard
Oklahoma City, OK 73169

and shall be accompanied by a letter identifying the case title, civil action number, and name of this Court; Ronnie Lee Moss, Jr. as a defendant in this action; and specifying that payment is made pursuant to this Final Judgment.

Moss shall simultaneously transmit photocopies of evidence of payment and case identifying information to the Commission's counsel in this action. By making this payment, Moss relinquishes all legal and equitable right, title, and interest in such funds and no part of the funds shall be returned to Moss.

The Commission may enforce the Court's judgment for disgorgement and prejudgment interest by using all collection procedures authorized by law, including, but not limited to, moving for civil contempt at any time after 30 days following entry of this Final Judgment.

The Commission may enforce the Court's judgment for penalties by the use of all collection procedures authorized by law, including the Federal Debt Collection Procedures Act, 28 U.S.C. § 3001 *et seq.,* and moving for civil contempt for the

violation of any Court orders issued in this action. Moss shall pay post-judgment interest on any amounts due after 30 days of the entry of this Final Judgment pursuant to 28 U.S.C. § 1961. The Commission shall hold the funds, together with any interest and income earned thereon (collectively, the "Fund"), pending further order of the Court.

The Commission may propose a plan to distribute the Fund subject to the Court's approval. Such a plan may provide that the Fund shall be distributed pursuant to the Fair Fund provisions of Section 308(a) of the Sarbanes-Oxley Act of 2002. The Court shall retain jurisdiction over the administration of any distribution of the Fund and the Fund may only be disbursed pursuant to an Order of the Court.

Regardless of whether any such Fair Fund distribution is made, amounts ordered to be paid as civil penalties pursuant to this Judgment shall be treated as penalties paid to the government for all purposes, including all tax purposes. To preserve the deterrent effect of the civil penalty, Moss shall not, after offset or reduction of any award of compensatory damages in any Related Investor Action based on Moss's payment of disgorgement in this action, argue that Moss is entitled to, nor shall Moss further benefit by, offset or reduction of such compensatory damages award by the amount of any part of Moss's payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Moss shall, within 30 days after entry of a final order granting the Penalty Offset, notify the Commission's counsel in this action and pay the amount of the Penalty Offset to the United States Treasury or to a Fair Fund, as the

Commission directs. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this Judgment. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against Moss by or on behalf of one or more investors based on substantially the same facts as alleged in the Complaint in this action.

VI.

It is further **ORDERED, ADJUDGED, and DECREED** that, solely for purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy Code, 11 U.S.C. §523, the allegations in the complaint have been deemed by the Court as true and admitted by Moss, and further, any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Moss under this Final Judgment or any other judgment, order, consent order, decree or settlement agreement entered in connection with this proceeding, is a debt for the violation by Moss of the federal securities laws or any regulation or order issued under such laws, as set forth in Section 523(a)(19) of the Bankruptcy Code, 11 U.S.C. §523(a)(19).

VII.

It is further **ORDERED, ADJUDGED, and DECREED** that this Court shall retain jurisdiction of this matter for the purposes of enforcing the terms of this Final Judgment.

VIII.

The Court hereby certifies this Judgment as final as to all aspects of all claims asserted against Moss. This Judgment is not final as to any aspect of any claim asserted against the other Defendants in this action.

There being no just reason for delay, pursuant to Rule 54(b) of the Federal Rules of Civil Procedure, the Clerk is directed to **ENTER** this Final Judgment forthwith and without further notice. The Clerk is further directed to **TERMINATE** Ronnie Lee Moss, Jr., as a party to this civil action.

EXHIBIT 5

UNITED STATES OF AMERICA
before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 95521 / August 17, 2022

Admin. Proc. File No. 3-20807

In the Matter of

RONNIE LEE MOSS, JR.

ORDER REGARDING SERVICE

On April 1, 2022, the Securities and Exchange Commission issued an order instituting administrative proceedings ("OIP") against Ronnie Lee Moss, Jr. pursuant to Section 15(b) of the Securities Exchange Act of 1934.[1] On July 6, 2022, the Division of Enforcement filed an affidavit of Eugene Young of Cavalier Courier & Process Service, which stated (i) that Cavalier received the OIP to be served on Moss at an address in Flower Mound, Texas (hereinafter, "Address 1"); and (ii) that Young served the OIP to "Ronnie Lee Moss Sr. as co-resident/father of Ronnie Lee Moss Jr. at" an address in Conyers, Georgia (hereinafter, "Address 2") and that, "[u]pon information and belief, [Address 2] is the usual place of abode of Ronnie Lee Moss Jr." But the affidavit did not clarify the discrepancy between the addresses, such as whether the process server attempted to serve Moss at Address 1 or how he determined that Address 2 is Moss's usual place of abode.

Accordingly, it is ORDERED that, if the Division has additional proof of service that clarifies the discrepancy between the addresses provided for Moss in the affidavit, it file such proof by August 31, 2022; and, if the Division does not have such proof, it file a status report concerning service of the OIP by August 31, 2022, and every 28 days thereafter until it obtains proof of service.

[1] *Ronnie Lee Moss, Jr.*, Exchange Act Release No. 94576, 2022 WL 990189 (Apr. 1, 2022).

The parties' attention is directed to the most recent amendments to the Commission's Rules of Practice, which took effect on April 12, 2021, and which include new e-filing requirements.[2]

For the Commission, by the Office of the General Counsel, pursuant to delegated authority.

Vanessa A. Countryman
Secretary

[2] *Amendments to the Commission's Rules of Practice*, Exchange Act Release No. 90442, 2020 WL 7013370 (Nov. 17, 2020), 85 Fed. Reg. 86,464, 86,474 (Dec. 30, 2020), https://www.sec.gov/rules/final/2020/34-90442a.pdf; *Instructions for Electronic Filing and Service of Documents in SEC Administrative Proceedings and Technical Specifications*, https://www.sec.gov/efapdocs/instructions.pdf. The amendments impose other obligations such as a new redaction and omission of sensitive personal information requirement. *Amendments to the Commission's Rules of Practice*, 85 Fed. Reg. at 86,465-81. And the amendments provide further requirements if a person cannot reasonably comply with the electronic filing requirements due to lack of access to electronic transmission devices. *Id.* at 86,478-79.

EXHIBIT 6

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

ADMINISTRATIVE PROCEEDING
File No. 3-20807

In the Matter of **RONNIE LEE MOSS, JR.,** **Respondent.**	**DIVISION OF ENFORCEMENT'S NOTICE REGARDING STATUS OF SERVICE**

Pursuant to the Order regarding service issued in this proceeding on August 17, 2022, the Division of Enforcement files that attached Declaration of Delaney Jean Wyatt regarding the status of service of the OIP in this matter.

Dated: August 24, 2022.

Respectfully submitted,

Matthew J. Gulde
Illinois Bar No. 6272325
Attorney for the Division of Enforcement
Securities and Exchange Commission
Burnett Plaza, Suite 1900
801 Cherry Street, Unit #18
Fort Worth, Texas 76102-6882
E-mail: guldem@sec.gov
Telephone: (817) 978-1410
Facsimile: (817) 978-4096

SERVICE LIST

In accordance with Rule 150 of the Commission's Rules of Practice, I hereby certify that a true and correct copy of the foregoing ***DIVISION OF ENFORCEMENT'S NOTICE REGARDING STATUS OF SERVICE*** was served on the persons listed below on the 24th day of August, 2022, *via* certified mail, return-receipt requested:

CERTIFIED MAIL
[redacted]

Pro Se Respondent

Matthew J. Gulde

UNITED STATES OF AMERICA
Before the Securities and Exchange Commission

Case Number: 3-20807

In the Matter of Ronnie Lee Moss, Jr.

DECLARATION OF DELANEY JEAN WYATT

I, Delaney Jean Wyatt, declare as follows:

1. I am the Nationwide Manager of Cavalier Courier & Process Service ("Cavalier"). I have worked in a management capacity since October 2021 and previously from July 2017 to August 2019. The United States Securities and Exchange Commission ("SEC") contracts with Cavalier to provide process service nationwide and has done so since September 2015. Cavalier accomplishes this task through various employees and subcontractors across the United States. I support Cavalier's performance under its contract with the SEC in various capacities.

2. On June 23, 2022, the SEC instructed Cavalier to make service on Ronnie Lee Moss, Jr. ("Moss Jr."). The SEC provided Cavalier with the address [redacted]

3. On June 25, 2022, Cavalier attempted service at [redacted] Cavalier spoke to the current resident who identified himself as Mike Kisslich ("Kisslich") and indicated that he was in the process of moving out. Kisslich stated that he had not heard from Moss Jr. in over four months, but many people have come to this address looking for him. Kisslich stated that last he heard Moss Jr. was in Atlanta, Georgia, at his father's house.

4. Cavalier searched social media; proprietary, non-public electronic databases; and other public records to identify Moss Jr.'s most likely address. In so doing, Cavalier discovered [redacted] as Moss Jr.'s likely address. Property records indicated that Ronnie Lee Moss, Sr. ("Moss Sr.") was the property owner.

5. On June 30, 2022, Cavalier attempted service at [redacted], and spoke with Moss Sr. who confirmed Moss Jr. is a co-resident. Moss Sr. accepted service on Moss Jr.'s behalf.

6. I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct. Executed on August 24, 2022.

Delaney Wyatt, Nationwide Manager
Cavalier Courier & Process Service
823 S. King Street, Suite C
Leesburg, VA 20175
(703) 431-7085

Status of Service

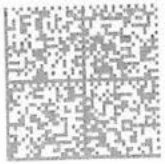
Minnick FW04163

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
FORT WORTH REGIONAL OFFICE
BURNETT PLAZA – SUITE 1900
801 CHERRY STREET – UNIT #18
FORT WORTH, TEXAS 76102-6882

OFFICIAL BUSINESS
PENALTY FOR PRIVATE USE, $300
RETURN AFTER FIVE DAYS

CERTIFIED MAIL®

7016 0910 0000 8214 9657



US POSTAGE PITNEY BOWES

ZIP 02110 $ 007.82⁰
02 4W
0000376163 AUG 25 2022

Ronnie Lee Moss Jr
[redacted]

APP. 0069

OS Received 10/06/2022

EXHIBIT 7

UNITED STATES OF AMERICA
before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 95633 / August 29, 2022

Admin. Proc. File No. 3-20807

In the Matter of

RONNIE LEE MOSS, JR.

ORDER TO SHOW CAUSE

On April 1, 2022, the Securities and Exchange Commission issued an order instituting administrative proceedings ("OIP") against Ronnie Lee Moss, Jr. pursuant to Section 15(b) of the Securities Exchange Act of 1934.[1] The Division of Enforcement filed an affidavit of Eugene Young on July 6, 2022, and a notice regarding status of service on August 24, 2022, which establish that service of the OIP was made on Moss on June 30, 2022, pursuant to Rule 141(a)(2)(i) of the Commission's Rules of Practice.[2]

As stated in the OIP, Moss's answer was required to be filed within 20 days of service of the OIP.[3] As of the date of this order, Moss has not filed an answer. The prehearing conference and the hearing are thus continued indefinitely.

Accordingly, Moss is ORDERED to SHOW CAUSE by September 12, 2022, why he should not be deemed to be in default and why this proceeding should not be determined against him due to his failure to file an answer and to otherwise defend this proceeding. Moss's submission shall address the reasons for his failure to timely file an answer, and include a proposed answer to be accepted in the event that the Commission does not enter a default against him.

When a party defaults, the allegations in the OIP will be deemed to be true and the Commission may determine the proceeding against that party upon consideration of the record

[1] *Ronnie Lee Moss, Jr.*, Exchange Act Release No. 94576, 2022 WL 990189 (Apr. 1, 2022).

[2] 17 C.F.R. § 201.141(a)(2)(i).

[3] *Moss*, 2022 WL 990189, at *2; Rules of Practice 151(a), 160(b), 220(b), 17 C.F.R. §§ 201.151(a), 160(b), .220(b).

without holding a public hearing.[4] The OIP informed Moss that a failure to file an answer could result in deeming him in default and determining the proceedings against him.[5]

If Moss files a response to this order to show cause, the Division may file a reply within 14 days after its service. If Moss does not file a response, the Division shall file a motion for entry of an order of default and the imposition of remedial sanctions by October 11, 2022. The motion for sanctions should address each statutory element of the relevant provisions of Section 15(b) of the Exchange Act.[6] The motion should discuss relevant authority relating to the legal basis for, and the appropriateness of, the requested sanctions and include evidentiary support sufficient to make an individualized assessment of whether those sanctions are in the public interest.[7] The parties may file opposition and reply briefs within the deadlines provided by the Rules of Practice.[8] The failure to timely oppose a dispositive motion is itself a basis for a finding of default;[9] it may result in the determination of particular claims, or the proceeding as a whole, adversely to the non-moving party and may be deemed a forfeiture of arguments that could have been raised at that time.[10]

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4 Rules of Practice 155, 180, 17 C.F.R. §§ 201.155, .180.

5 *Moss*, 2022 WL 990189, at *2.

6 *See, e.g., Shawn K. Dicken*, Exchange Act Release No. 89526, 2020 WL 4678066, at *2 (Aug. 12, 2020) (requesting additional information from the Division "regarding the factual predicate for Dicken's convictions" and "why these facts establish" the need for remedial sanctions); *see also Shawn K. Dicken*, Exchange Act Release No. 90215, 2020 WL 6117716, at *1 (Oct. 16, 2020) (clarifying the additional information needed from the Division).

7 *See generally Rapoport v. SEC*, 682 F.3d 98, 108 (D.C. Cir. 2012) (requiring "meaningful explanation for imposing sanctions"); *McCarthy v. SEC*, 406 F.3d 179, 190 (2d Cir. 2005) (stating that "each case must be considered on its own facts"); *Gary L. McDuff*, Exchange Act Release No. 74803, 2015 WL 1873119, at *1, *3 (Apr. 23, 2015); *Ross Mandell*, Exchange Act Release No. 71668, 2014 WL 907416, at *2 (Mar. 7, 2014), *vacated in part on other grounds*, Exchange Act Release No. 77935, 2016 WL 3030883 (May 26, 2016); *Don Warner Reinhard*, Exchange Act Release No. 61506, 2010 WL 421305, at *3-4 (Feb. 4, 2010), *appeal after remand*, Exchange Act Release No. 63720, 2011 WL 121451, at *5-8 (Jan. 14, 2011).

8 *See* Rules of Practice 154, 160, 17 C.F.R. §§ 201.154, .160.

9 *See* Rules of Practice 155(a)(2), 180(c), 17 C.F.R. §§ 201.155(a)(2), .180(c); *see, e.g.*, *Behnam Halali*, Exchange Act Release No. 79722, 2017 WL 24498, at *3 n.12 (Jan. 3, 2017).

10 *See, e.g.*, *McBarron Capital LLC*, Exchange Act Release No. 81789, 2017 WL 4350655, at *3-5 (Sep. 29, 2017); *Bennett Grp. Fin. Servs., LLC*, Exchange Act Release No. 80347, 2017 WL 1176053, at *2-3 (Mar. 30, 2017), *abrogated in part on other grounds by Lucia v. SEC*, 138 S. Ct. 2044 (2018); *Apollo Publ'n Corp.*, Securities Act Release No. 8678, 2006 WL 985307, at *1 n.6 (Apr. 13, 2006).

The parties' attention is directed to the most recent amendments to the Commission's Rules of Practice, which took effect on April 12, 2021, and which include new e-filing requirements.[11]

Upon review of the filings in response to this order, the Commission will either direct further proceedings by subsequent order or issue a final opinion and order resolving the matter.

For the Commission, by the Office of the General Counsel, pursuant to delegated authority.

Vanessa A. Countryman
Secretary

[11] *Amendments to the Commission's Rules of Practice*, Exchange Act Release No. 90442, 2020 WL 7013370 (Nov. 17, 2020), 85 Fed. Reg. 86,464, 86,474 (Dec. 30, 2020), https://www.sec.gov/rules/final/2020/34-90442a.pdf; *Instructions for Electronic Filing and Service of Documents in SEC Administrative Proceedings and Technical Specifications*, https://www.sec.gov/efapdocs/instructions.pdf. The amendments impose other obligations such as a new redaction and omission of sensitive personal information requirement. *Amendments to the Commission's Rules of Practice*, 85 Fed. Reg. at 86,465-81.