UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF WEST VIRGINIA

SECURITIES AND EXCHANGE COMMISSION, Plaintiff, v. RONALD F. LEGRAND and FREDERICK E. WHEAT, JR., Defendants.	C.A. No. 2:11-0474

COMPLAINT

Plaintiff Securities and Exchange Commission ("Commission") alleges the following against Defendants Ronald F. LeGrand ("LeGrand") and Frederick E. Wheat, Jr. ("Wheat") (collectively "Defendants").

1. This matter involves fraudulent representations in the unregistered offer and sale of securities made by Ronald F. LeGrand ("LeGrand"), a founder and the sole manager of Mountain Country Partners, LLC ("MCP"), a West Virginia oil and gas company, and one of his former partners, Frederick E. Wheat, Jr. ("Wheat").

2. From September 2006 through November 2006, LeGrand and Wheat, raised over $9.5 million for MCP from approximately 54 investors located throughout the United States through the sale of promissory notes and limited partnership membership interests. These funds were raised primarily via e-mail and in-person solicitations from individuals who attended real estate investment seminars promoted and taught by LeGrand, and were used to purchase the land and other assets of a bankrupt oil and gas company headquartered in West Virginia.

3. At the time of their solicitations, neither LeGrand nor Wheat was experienced in working or investing in the oil and gas industry. Despite this inexperience, LeGrand and Wheat solicited investors by making material misrepresentations and omissions regarding the investment, including the degree of risk, amount of expected returns, value of the company's assets, and the guaranteed return of principal and interest within as little as 90 days. In addition, LeGrand and Wheat failed to register MCP's securities offerings, although no exemption from registration applies. To date, MCP has been unable to repay investors the returns promised by LeGrand and Wheat.

4. As a result of the conduct described in this Complaint, Defendants have violated, and unless restrained and enjoined will continue to violate, Sections 5(a), 5(c), 17(a)(2) and 17(a)(3) of the Securities Act of 1933 ("Securities Act") [15 U.S.C. §§ 77e(a), 77e(c), 77q(a)(2) and 77q(3)].

JURISDICTION AND VENUE

5. The Commission brings this action pursuant to Section 20(b) of the Securities Act [15 U.S.C. § 77t(b)], to enjoin such acts, transactions, practices, and courses of business; obtain disgorgement and civil penalties; and for other appropriate relief.

6. This Court has jurisdiction over this action pursuant to Section 22(a) of the Securities Act [15 U.S.C. § 77v(a)].

7. Defendants transacted business in the state of West Virginia and certain of the acts, transactions, practices, and courses of business constituting the violations alleged herein occurred within the Southern District of West Virginia and elsewhere, and were effected, directly or indirectly, by making use of the means and instruments of transportation and communication in interstate commerce, or by use of the mails.

DEFENDANTS AND RELEVANT ENTITY

8. **Ronald F. LeGrand**, age 65, is a resident of Jacksonville, Florida and the manager of Mountain Country Partners, LLC. LeGrand is a well-known lecturer who offers real estate investment and other courses throughout the country promising to turn attendees into millionaires.

9. **Frederick E. Wheat, Jr.**, age 51, is a resident of Ponte Vedra Beach, Florida, and was one of the founding partners of MCP.

10. **Mountain Country Partners, LLC**, is a West Virginia Limited Liability Corporation with offices in Walton, West Virginia and Jacksonville, Florida. MCP was incorporated in October 2006. MCP owns and currently operates oil and gas wells and leaseholds located in Kentucky and West Virginia.

FACTS

11. In the fall of 2006, LeGrand, Wheat and their associates formed Mountain Country Partners for the purpose of purchasing the assets of Buffalo Properties, LLC, an oil and gas company headquartered in West Virginia that was being liquidated through a bankruptcy auction conducted by the United States Bankruptcy Court for the Southern District of Western Virginia. At the time, neither LeGrand nor Wheat had any experience working or investing in the oil and gas industry.

12. During the bankruptcy court auction in September 2006, an associate of LeGrand's, working on behalf of MCP, successfully outbid another interested buyer to purchase the property for $7 million. To secure the purchase, the court required MCP to pay a non-refundable deposit of $725,000 for the property by September 21, 2006 and commit to close on the sale by paying the full amount on or before November 22, 2006.

13. From September 2006 through November 2006, Defendants made numerous false and misleading statements to induce people to invest in an effort to raise sufficient funds to close the deal and acquire the property.

The September Solicitation

14. On September 18, 2006, Wheat sent out at least one mass e-mail blast promising guaranteed returns of 150% to potential investors, many of whom had taken several of LeGrand's courses. The e-mail, among other things, vastly overstated the value of the assets available to MCP, misrepresented the reasons MCP had been unable to obtain bank financing, failed to mention Defendants' lack of experience in the field of oil and gas production, and did not disclose the risks inherent in the investment.

15. Specifically, the e-mail provided that based on a "conservative" calculation, the timber on the land was valued in excess of $5.5 million, the oil deposits were worth at least $675 million, and the natural gas deposits were valued in the "$100's of millions[.]" These statements are misleading because the e-mail failed to disclose that the cost of extracting the natural resources considerably decreased the value of these resources, assuming they were obtainable at all, and did not disclose that, at the time, MCP did not know exactly what assets it was acquiring.

16. In addition, the e-mail falsely stated that MCP had not acquired bank financing because "[e]ven though we're buying the property at a fraction of the total value, no Bank will be able to fund this deal for us within the 25 days we have to close on it." In truth, MCP did not get funding from a bank because, according to Defendant LeGrand, no bank would take on the risk of financing the purchase.

17. Further, the solicitation guaranteed a 50% return on investment without disclosing the highly speculative nature of this investment. The e-mail stated "we're not promising we'll

buy you out in a month. It could take three months, six months, maybe even a year before we get this sorted out in order to allow us to 'Buy you out", but whenever it DOES happen, you'll get a 100% return OF your capital, PLUS a 50% return ON your capital." Emphasis in original.

18. Finally, the e-mail failed to disclose the Defendants' lack of experience in the field of oil and gas production, information that a reasonable investor would have considered important in determining whether or not to invest.

19. Despite Wheat's efforts, MCP raised only $750,000 from a single investor (the "September investor") before November 2006. This investor was promised a 50% return on his investment.

The November Solicitations

20. Approximately one week before the court-ordered closing on the property was scheduled to occur, LeGrand learned that MCP had not raised the outstanding $6.25 million balance to consummate the purchase. If MCP did not raise the remainder of the funds needed to complete the sale by the closing date set by the bankruptcy court, LeGrand and/or MCP stood to lose both the $1,087,500 owed to the September investor ($725,000 plus interest) and the property.

21. In an attempt to avoid this result, Defendants turned to the individuals attending one of LeGrand's real estate courses in a last minute effort to raise the money. LeGrand told the attendees of his seminar held during the weekend of November 18, 2006, just days before the closing on the property, that he had a problem which he needed help solving. LeGrand said that he and some partners had acquired the right to purchase for only $7 million the assets of an oil and gas company valued in excess of $1.4 billion, but that the funding had fallen through at the last minute.

22. Attendees did not receive any MCP offering documents during the seminar and, in fact, did not see copies of a Private Placement Memorandum ("PPM") or Operating Agreement before making their investments. The only document investors received prior to making their investment was a one-page promissory note (the "Promissory Note"), that presented investors with the following investment options: (1) withdraw their investment within 90 days and receive a return "125% times their investment"; (2) withdraw their investment within a year and receive "150% times their investment"; or (3) convert their investment into shares and become a part owner of MCP.

23. The Promissory Note stated that MCP sought to raise a total of $8 million from investors, and that the equity investors could own a combined total of 10% interest in the company; thus an $800,000 investment would convert to a 1% ownership interest in the company. Although MCP did not own the property at the time of the solicitation, only the right to purchase the property, the Promissory Note represented that any investment was "backed by the full assets of MCP which consists of over 6,000 acres of land… and numerous oil and gas reserves." The Promissory Note further stated that it was "Void" if funds were not received by 3:00 p.m. on Monday, November 20.

24. At the same time that LeGrand orally solicited investments in MCP at the seminar, Wheat sent out a mass e-mail blast to LeGrand's contacts, some of whom were present at the seminar, seeking investments in MCP.

25. As with the September e-mail, Wheat's November e-mail contained numerous material misrepresentations and omissions regarding MCP, as did LeGrand's presentation to the attendees at his seminar. For instance, both Wheat and LeGrand told potential investors that the assets MCP would acquire from Buffalo Properties were worth in excess of $1.4 billion. As

evidence of this claim, LeGrand and Wheat cited a geologic report that estimated that the assets were worth over $1.4 billion. In relying on this report, Defendants ignored red flags indicating it was unreliable. For example, on November 16, 2006, Defendants received an e-mail from one of LeGrand's students saying that he had "modified" the report in an effort to "correct some of [the] errors and conflicts." On November 26, 2006, Defendants received a second e-mail from the student stating that "[t]he original type-written appraisal from [the petroleum geologist] often did not make sense. It had repetitions and duplications, it contradicted itself in several places, and his math was often just plain wrong. Additionally, he threw in numbers that did not belong in the calculations for the gas reserves formula, which substantially altered his results."

26. In addition, investors were not told during LeGrand's seminar or in Wheat's email that there were any risks associated with the investment. To the contrary, Wheat and LeGrand misstated the safety of the investment and the fact that the returns were guaranteed. Wheat's e-mail, for example, described the investment as so "INCREDIBLE, it's hard for even us, the guys who see a 'once in a lifetime deal' come across our desks every two to three weeks, to believe;" and "[h]ere's an opportunity to get a 'KILLER' return on your investment, with people you trust, and have absolutely NO HEADACHES doing it! What a DEAL!" Emphasis in original. Even more explicitly, the Promissory Note guarantees that investors will receive a fixed rate of return (either 125% or 150%) within 90 days or 1 year.

27. Defendants also failed to disclose to investors that there are significant costs associated with drilling and extracting the oil and gas resources located beneath the property, and that those costs might make developing the property impractical or unprofitable.

28. Unlike the effort to raise funds in September, the November solicitations were extremely successful. By the end of November, MCP had received over $9.5 million from 54

investors. MCP used $7 million of the funds raised to purchase the property. MCP used the remainder of this money to repay the initial investor his investment plus the promised return and to pay corporate expenses.

29. More than a month after investors' checks were deposited in MCP's bank account, Defendants finally provided investors with a PPM and Operating Agreement that contained terms that were materially different from the representations made to investors during the weekend seminar. For example, the Operating Agreement included a new provision that permitted MCP to unilaterally extend the date for repayment (the "Put date") in 30 day increments for up to 90 days. This was the first time investors were told about a possible extension on the Put date. MCP ultimately opted to extend the Put date for the full 90 days. Thus, under the terms of the PPM and Operating Agreement, the short term investors were owed their capital contribution plus 25% by May 21, 2007, at the latest. To date, the majority of investors have not received any return of their investment principal.

30. The PPM also, for the first time, informed investors of the risky nature of investing in a start-up oil and gas company, such as MCP. In particular, the PPM contains four pages of "Risk Factors" including, among others, the following:

a. An investment in [MCP] is only for those persons who have adequate means of providing for their current needs and personal contingencies and have no need for liquidity in their investment;

b. The Company has no history or experience in oil and gas drilling or any other form of natural resources development;

c. The capital intensive nature of oil and gas drilling means that an investment in [MCP] will likely entail considerably greater risks than a standard real estate development project.

31. The PPM and Operating Agreement also disclosed for the first time that the offering price for the Company's membership interests was "arbitrarily established by the Company, is not based on any historical earnings, the book value of the Company's Membership interests or any other objective criteria. The offering price should not be deemed to be an indication of the value of the Convertible Membership Interests." No such disclosure was made to investors at the time of their investment.

Defendants failed to register the offering.

32. MCP has never filed a registration statement relating to the offering, although there are no available exemptions. LeGrand and Wheat generally solicited investments in MCP. LeGrand publicly advertised the seminars on his website and in mass e-mails during which he repeatedly solicited investments in MCP, and Wheat sent out mass e-mail blasts soliciting investments. Further, the Defendants never provided investors with audited financial information for MCP.

33. Approximately 54 people from throughout the United States, many of whom are not accredited or sophisticated investors, invested over $9.5 million in MCP. LeGrand and Wheat made no efforts to determine whether investors were accredited prior to seeking their investments.

FIRST CLAIM FOR RELIEF

Violations of Sections 17(a)(2) and 17(a)(3) of the Securities Act

34. The Commission realleges and incorporates by reference each and every allegation in paragraphs 1 through 33, inclusive, as if the same were fully set forth herein.

35. By engaging in the conduct described above, defendants LeGrand and Wheat, directly or indirectly, in the offer or sale of securities, by use of the means or instruments of transportation or communication in interstate commerce or by use of the mails:

a. obtained money or property by means of untrue statements of material fact or by omitting 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

b. engaged in transactions, practices, or courses of business which operated or would operate as a fraud or deceit upon the purchasers.

36. By engaging in the foregoing conduct, defendants LeGrand and Wheat have violated, and unless restrained and enjoined will continue to violate, Sections 17(a)(2) and 17(a)(3) of the Securities Act [15 U.S.C. § 77q(a)(2) and 77q(a)(3)].

SECOND CLAIM FOR RELIEF

Violations of Section 5(a) and 5(c) of the Securities Act

37. The Commission realleges and incorporates by reference each and every allegation in paragraphs 1 through 36, inclusive, as if they were fully set forth herein.

38. From September 2006 through November 2006, defendants LeGrand and Wheat, by engaging in the conduct described above, directly or indirectly, in connection with a security

for which no registration statement was in effect, and in the absence of any applicable exemption from registration:

a. Made use of a means or instrument of transportation or communication in interstate commerce or of the mails to sell such security through the use or medium of any prospectus or otherwise;

b. Carried or caused to be carried through the mails or in interstate commerce, by any means or instrument of transportation, such security for the purpose of sale and/or for delivery after sale; and/or

c. Made use of a means or instrument of transportation or communication in interstate commerce or of the mails to offer to sell or offer to buy such security through the use or medium of a prospectus or otherwise.

39. By reason of the foregoing, defendants LeGrand and Wheat violated Sections 5(a) and 5(c) of the Securities Act [15 U.S.C. §§ 77e(a) and 77e(c)].

PRAYER FOR RELIEF

WHEREFORE, the Commission respectfully requests that this Court enter a final judgment:

I.

Permanently restraining and enjoining defendants LeGrand and Wheat from violating Sections 5(a), 5(c), 17(a)(2) and 17(a)(3) of the Securities Act [15 U.S.C. §§ 77e(a), 77e(c), 77q(a)(2) and 77q(a)(3)].

II.

Ordering defendants LeGrand and Wheat to pay civil penalties pursuant to Section 20(d) of the Securities Act [15 U.S.C.§ 77t(d)].

III.

Granting such other and further relief as the Court may deem just and appropriate.

Respectfully submitted,

__________s/ Kingdon Kase__________
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