SECURITIES AND EXCHANGE COMMISSION
Washington, D.C.

SECURITIES EXCHANGE ACT OF 1934
Release No. 97777 / June 21, 2023

Admin. Proc. File No. 3-19237

In the Matter of

ALEXANDER CHARLES WHITE

OPINION OF THE COMMISSION

BROKER-DEALER PROCEEDING

Grounds for Remedial Action

Injunction

Respondent was permanently enjoined from violations of registration provisions of the federal securities laws. *Held*, it is in the public interest to bar respondent from association with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization and from participation in an offering of penny stock.

APPEARANCES:

Andrew O. Schiff for the Division of Enforcement.

On July 3, 2019, we instituted an administrative proceeding against Alexander Charles White pursuant to Section 15(b) of the Securities Exchange Act of 1934.[1] We now find White to be in default, deem the allegations against him to be true, and bar him from associating in the securities industry and from participating in an offering of penny stock.

I. Background

The order instituting proceedings ("OIP") alleged that, from approximately October 2012 through January 2016, White "acted as a broker and a person associated with a broker by soliciting investors and managing other sales agents who solicited and raised money from investors in unregistered, fraudulent securities offerings conducted by Aegis Oil, LLC ('Aegis') and 7S Oil & Gas, LLC ('7S')."[2] The OIP also alleged that, in 2018, the Commission brought a civil action against White based on his involvement with Aegis and 7S that alleged White, "through his work at Aegis and 7S, received more than $7 million in commissions, which he divided between himself and sales agents under his management."[3] The OIP alleged further that, on June 28, 2019, a federal district court permanently enjoined White from violating Sections 5(a) and 5(c) of the Securities Act of 1933 and Exchange Act Section 15(a)(1).[4]

The OIP initiated proceedings to determine whether the allegations contained therein were true and if any remedial action was appropriate in the public interest. It directed White to file an answer to the allegations within 20 days after service, as provided by Rule of Practice 220(b).[5] The OIP informed White that if he failed to answer, he could be deemed in default, the allegations in the OIP could be deemed to be true as provided in the Rules of Practice, and the proceedings could be determined against him upon consideration of the OIP.[6]

White was properly served with the OIP on July 5, 2019, pursuant to Rule of Practice 141(a)(2)(i),[7] but did not respond. On August 29, 2019, more than 20 days after service, the Commission ordered White to show cause by September 12, 2019, why it should not find him in

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1 *Alexander Charles White*, Exchange Act Release No. 86294, 2019 WL 2870967 (July 3, 2019).

2 *Id.* at *1.

3 *Id.*

4 15 U.S.C. § 77e(a), (c); 15 U.S.C. § 78o(a).

5 *White*, 2019 WL 2870967, at *2; *see* 17 C.F.R. § 201.220(b).

6 *White*, 2019 WL 2870967, at *3; *see* 17 C.F.R. §§ 201.155(a), .220(f)

7 17 C.F.R. § 201.141(a)(2)(i) (authorizing personal service on an individual respondent).

default due to his failure to file an answer or otherwise defend this proceeding.[8] The show cause order cautioned White that, if the Commission found him in default, the allegations in the OIP would be deemed to be true and the Commission could determine the proceeding against him upon consideration of the record. The order directed the Division of Enforcement to file a motion for entry of an order of default and the imposition of remedial sanctions by October 10, 2019, in the event that White failed to respond to the show cause order.

After White failed to answer the OIP or respond to the show cause order, the Division filed a motion requesting that the Commission find White in default and bar him from associating in the securities industry and from participation in an offering of penny stock. The Division supported the motion with copies of documents related to the civil action, including: the complaint; the Division's motion for judgment against White and declarations in support thereof; the court's judgment; and a declaration from the Division attorney, Raynette R. Nicoleau, who conducted the underlying investigation, and exhibits thereto (the "Nicoleau Declaration"), including the investigative testimony of individuals who were involved in the securities offerings at issue. White did not respond to the Division's motion.

II. Analysis

A. We hold White in default and deem the OIP's allegations to be true.

Rule of Practice 155(a) provides that if a respondent fails "[t]to answer, to respond to a dispositive motion within the time provided, or otherwise to defend the proceeding," we may deem the party in default and "determine the proceeding against that party upon consideration of the record, including the order instituting proceedings, the allegations of which may be deemed to be true."[9] Because White has failed to answer or respond to the show cause order or to the Division's motion, we find it appropriate to deem him in default and to deem the allegations of

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[8] *Alexander Charles White*, Exchange Act Release No. 86824, 2019 WL 4073792 (Aug. 29, 2019).

[9] 17 C.F.R. § 201.155(a); *see also* Rule of Practice 220(f), 17 C.F.R. § 201.220(f) (providing that, "[i]f a respondent fails to file an answer required by this section within the time provided, such respondent may be deemed in default pursuant to" Rule of Practice 155(a)).

the OIP to be true. We base the findings that follow on the record, including the OIP and the evidentiary materials that the Division submitted with its motion for default and sanctions.[10]

B. We find associational and penny stock bars to be in the public interest.

Exchange Act Section 15(b)(6)(A) authorizes the Commission to suspend or bar a person from associating in the securities industry and from participating in an offering of penny stock if it finds, on the record after notice and opportunity for hearing, that (1) the person was enjoined from engaging in or continuing any conduct or practice in connection with activity as a broker or dealer or in connection with the purchase or sale of a security; (2) the person was associated with a broker or dealer at the time of the misconduct; and (3) such a sanction is in the public interest.[11]

The record establishes the first two of these elements. White was enjoined from violating Securities Act Section 5(a) and (c) and Exchange Act Section 15(a) and was therefore enjoined from conduct in connection with activity as a broker and in connection with the purchase or sale of a security.[12] And the OIP alleges that White was a "person associated with a broker" at the time of his misconduct, and we deem that allegation true as a result of White's default.

Thus, we need determine only if any remedial action is in the public interest. In doing so, we consider the egregiousness of the respondent's actions, the isolated or recurrent nature of the infraction, the degree of scienter involved, the sincerity of the respondent's assurances against future violations, the respondent's recognition of the wrongful nature of his conduct, and the likelihood that the respondent's occupation will present opportunities for future violations.[13] Our

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[10] Because White's injunction in the underlying civil action was entered by default, we do not rely on the allegations in the underlying civil complaint or any findings made by the district court in that action in determining whether White's conduct warrants remedial sanctions. *Don Warner Reinhard*, Advisers Act Release No. 3139, 2011 WL 121451, at *4 (Jan. 14, 2011) (recognizing that collateral estoppel does not apply in the case of a judgment entered by default). However, the OIP here directly alleges facts concerning what the respondent did, not just that an injunction was entered in the prior civil action. As a result, if the respondent defaults, we may deem those allegations to be true pursuant to Rule of Practice 155(a). *See id.* at *4 n.18.

[11] 15 U.S.C. § 78*o*(b)(6)(A) (cross-referencing Section 15(b)(4), 15 U.S.C. § 78*o*(b)(4)); *see also id.* § 78*o*(b)(4)(C) (discussing injunctions from engaging in or continuing any conduct or practice in connection with acting as a broker or dealer or the purchase or sale of a security)).

[12] *See* 15 U.S.C. § 77e(a), (c) (prohibiting unregistered offers and sales of securities); 15 U.S.C. § 78o(a) (prohibiting unregistered brokers from effecting transactions in securities).

[13] *Steadman v. SEC*, 603 F.2d 1126, 1140 (5th Cir. 1979), *aff'd on other grounds*, 450 U.S. 91 (1981).

public interest inquiry is flexible, and no one factor is dispositive.[14] The remedy is intended to protect the trading public from further harm, not to punish the respondent.[15]

We have weighed all of these factors, and find associational and penny stock bars are warranted to protect the investing public. The allegations of the OIP deemed true establish that, from approximately October 2012 through January 2016, White solicited and raised money from investors in unregistered, fraudulent securities offerings. The Nicoleau Declaration cites the investigative testimony of the owner of one of the oil and gas development projects for which White solicited investors, who stated that White was chosen because he "had a large crew [of sales agents] that had ready-made clients" and that White was the "team leader of all the marketing teams." In this role, according to the declaration, White was "responsible to help the [marketing] guys with closing calls and sales calls." White also provided specific instructions to the sales agents about what to say when soliciting investors. According to the declaration, White and his sales team received commissions of $7 million, and White personally received more than $4 million.[16] We conclude that White's misconduct was egregious and recurrent.

Because White failed to answer the OIP or respond to the show cause order or the Division's motion, he has made no assurances that he will not commit future violations or that he recognizes the wrongful nature of his conduct. And it appears that White's occupation presents opportunities for future violations because he acted as a broker during the period of his misconduct and offers no assurances about his future plans. Although a violation of the provisions that the district court enjoined White from violating does not require scienter,[17] the OIP alleges that the offerings at issue were "fraudulent." Indeed, the Nicoleau Declaration states

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[14] *Tzemach David Netzer Korem*, Exchange Act Release No. 70044, 2013 WL 3864511, at *4 (July 26, 2013).

[15] *McCarthy v. SEC*, 406 F.3d 179, 188 (2d Cir. 2005).

[16] The Division attached as an exhibit to its motion for default a declaration from a staff accountant stating that White personally received $4,045,178 from the sales at issue.

[17] *See, e.g., Rodney R. Schoemann*, Securities Act Release No. 9076, 2009 WL 3413043, at *6 & n.13 (Oct. 23, 2009) ("A showing of scienter is not required to establish a violation of Section 5."); *Anthony Fields, CPA*, Exchange Act Release No. 74344, 2015 WL 728005, at *17 * n.108 (Feb. 20, 2015) ("Scienter is not required to prove a violation of Section 15(a)(1).").

that White was "running his own boiler room." In any case, to the extent White did not act with scienter, that fact does not outweigh the evidence that he poses a risk to investors.[18]

The Commission may impose bars to protect the investing public from a respondent's future actions by restricting access to the securities industry where a demonstrated propensity to engage in violative conduct may cause further investor harm. Here, the record establishes that White is unfit to participate in the securities industry and that his participation in it in any capacity would pose a risk to investors.[19] Given that White has defaulted in this proceeding, he has not opposed the imposition of any particular associational bar or a bar from participating in an offering of penny stock. We conclude that it is in the public interest to bar White from associating with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization, and from participating in an offering of penny stock.[20]

An appropriate order will issue.

By the Commission (Chair GENSLER and Commissioners CRENSHAW, UYEDA, and LIZÁRRAGA; Commissioner PEIRCE concurring in part and dissenting with respect to the imposition of a bar from participating in an offering of penny stock).

Vanessa A. Countryman
Secretary

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[18] *See Mitchell E. Maynard*, Advisers Act Release No. 2875, 2009 WL 1362796, at *10 (May 15, 2009) (concluding that, "even if we accepted the Maynards' contention that they did not act with scienter, . . . the remaining *Steadman* factors independently support a bar" where, among other things, "the Maynards' misconduct was egregious and recurrent").

[19] *George Charles Cody Price*, Advisers Act Release No. 4631, 2017 WL 405511, at *5 (Jan. 30, 2017) (finding that the misconduct underlying the respondent's injunction demonstrated that respondent was unfit to participate in the securities industry and posed a risk to investors).

[20] *Id.* (imposing associational bars where they were necessary to protect the public); *see also Vladimir Boris Bugarski*, Exchange Act Release No. 66842, 2012 WL 1377357, at *5 (Apr. 20, 2012) (finding that "barring Respondents from participating in the securities industry and from participating in an offering of penny stock provides an important additional layer of protection to the public beyond the sanctions imposed by the district court").

UNITED STATES OF AMERICA
before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 97777 / June 21, 2023

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In the Matter of

ALEXANDER CHARLES WHITE

ORDER IMPOSING REMEDIAL SANCTIONS

On the basis of the Commission's opinion issued this day, it is

ORDERED that Alexander Charles White is barred from association with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization; and it is further

ORDERED that Alexander Charles White is barred from participation in any offering of 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.

By the Commission.

Vanessa A. Countryman
Secretary