

ADMINISTRATIVE PROCEEDING

IN THE

COMMISSIONER OF SECURITIES

Investing Company, Inc.

and Joba

Respondents.

Securities Division of the Office of the Attorney General of the State of

WHEREAS, in

(the "Division") has by the Securities

South Carolina

South Carolina (the "Securities Commissioner") to administer the provisions

Commissioner of S

the South Carolina Uniform Securities Act of 2005 (the

"Act"); and

received information regarding alleged securities-related

WHEREAS, the Division rece

has determined that

WHEREAS, in connection with the investigation, the Division h

pursuant to S.C.

Code Ann. § 35-1-601(a).

II. RESPONDENTS

Respondent Cannon Operating Company, LLC is a Texas limited liability

company with a last known address of 3200 Broadway, Suite 220, Garland, Texas 75043.

3. Respondent John Griffin is or was an employee of Respondent Cannon with a last known address of 3200 Broadway, Suite 220, Garland, Texas 75043.

III. FINDINGS OF FACT

4. Respondent Cannon is based in Garland, Texas and claims to be engaged in the business of oil and gas exploration and production

5. According to its website,¹ Respondent Cannon “offer[s] industry level opportunities to the individual investor,” with the goal of helping investors “increase [their] wealth.”

6. In June of 2014, a South Carolina resident (the “Investor”) with an interest in oil and gas investment opportunities was sold called by Respondent Griffin and offered an

9. Following the initial cold-call by Respondent Griffin, the Investor decided to invest in the Investment Opportunity. Subsequently, he wrote a check in the amount of \$18,000 to Respondent Cannon on June 27, 2014.

10. However, neither Respondent Griffin nor the Investment Opportunity were registered with the United States Securities and Exchange Commission, the Division, or exempt from registration.

11. When the Investor invested in the Investment Opportunity, Respondent Cannon provided him with a subscription agreement for the Investment, but did not provide him with a prospectus, private placement memorandum, or offering document of any kind.

12. Unbeknownst to the Investor, Respondent Cannon had, on May 7, 2013, been the

subject of a Final Order issued by the Dallas Securities Commission of Texas which recalled

~~g. Omitting to disclose the adverse Final Order from the Railroad~~

Commission of Texas which has the effect of preventing Respondent Cannon from engaging in its alleged principal business in its home state;

~~h. Omitting to disclose Respondent Cannon's primary control person's~~

ongoing probation for a criminal conviction;

~~i. Omitting to disclose that the Investment Opportunity could not be legally~~

offered for sale in the State of South Carolina; and

~~j. Omitting to disclose the contingent liability faced by the Respondents in~~

19. Pursuant to S.C. Code Ann. § 35-1-402(a), it is unlawful for an individual to

transact business as an agent in this State unless that individual is registered or exempt from

20. Pursuant to S.C. Code Ann. § 35-1-402 (d), it is unlawful for an issuer, engaged in offering, selling, or purchasing securities in this State, to employ or associate with an agent who transacts business in this State on behalf of that issuer unless that agent is registered under S.C. Code Ann. § 35-1-402 (a).

21 Pursuant to S.C. Code Ann. § 35-1-501 it is unlawful for a person in connection

days after the receipt of a request in a record from a Respondent, the matter will be scheduled for a hearing as to that Respondent.

24. The Investment Opportunity as offered and sold by the Respondents constitutes

an investment contract and is therefore a security as defined by the Act.

25. The Investment Opportunity offered and sold by the Respondents was neither a federal covered security exempt from registration nor registered with the Division and was

therefore sold in violation of the Act

26. Respondent Griffin acted as an unregistered agent in violation of the Act.

27. Respondent Cannon employed an unregistered agent in violation of the Act

a. The Respondents and every successor, affiliate, control person, agent, servant, and employee of each Respondent, and every entity owned, operated, or indirectly or directly controlled by or on behalf of any Respondent **CEASE**

AND DESIST from transacting business in this State in violation of the Act, and in particular §§ 35-J-301, 35-J-402 and 35-J-501 thereof

h. Respondent Cannon shall pay a civil penalty in the amount of \$30,000.00 if

this Order becomes effective by operation of law, or if Respondent Cannon

VI. REQUIREMENT OF ANSWER AND NOTICE OF OPPORTUNITY FOR HEARING

matters contained herein. To schedule such a hearing, a Respondent must file with the Securities

ENTERED, this the 24th day of February, 2015.

JOHN WILSON AT NEW YORK
SECURITIES COMMISSION

STANDARD 10

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STATE OF SOUTH CAROLINA

Mailed March 3, 1977 from Columbia, South Carolina

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