

STATE OF MICHIGAN
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
CORPORATIONS, SECURITIES & COMMERCIAL LICENSING BUREAU

In the Matter of:

Complaint No. 329428

ASCENSION ENERGY GROUP, INC.
Unregistered

Respondent.

Issued and entered
This 15th day of December, 2016

NOTICE AND ORDER TO CEASE AND DESIST

Julia Dale, the Director of the Corporations, Securities & Commercial Licensing Bureau (the "Administrator"), pursuant to her statutory authority and responsibility to administer and enforce the Michigan Uniform Securities Act (2002), 2008 PA 551, as amended, MCL 451.2101 *et seq.* ("Securities Act"), hereby orders Ascension Energy Group, Inc. ("Respondent") to cease and desist from offering or selling unregistered securities; from employing or associating with an unregistered agent; and, from making untrue statements of fact or omitting to state material facts necessary to make other statements made not misleading in connection with the offer or sale of securities, contrary to the Securities Act. Respondent is also notified of the opportunity to request a hearing in this matter.

I. BACKGROUND

A. The Respondent

1. Ascension Energy Group, Inc. is a Nevada corporation, organized in or around March of 2013. It has not filed a certificate of authority to do business in Michigan.

2. Ascension Energy Group, Inc. is not registered in any capacity pursuant to the Securities Act in Michigan, nor has it registered any securities offerings pursuant to the Securities Act in Michigan.

B. Findings of Fact

1. The Bureau conducted an investigation of Respondent's Activities.
2. The investigation developed evidence that Respondent, in or around December of 2013, issued an investment contract security that related to a project called "Sequoia Energy Project, LLLP". (Exhibit 1 – Ascension Exchange Agreement). The Sequoia Energy Project, LLLP security issued by Respondent was not registered pursuant to the Securities Act, Respondent has not identified any applicable exemption from registration, and the security was not federally covered.¹
3. The investigation developed evidence that Respondent associated or employed David Poyet to effect sales of its securities, including the sale to investor IT.
4. David Poyet is not registered or exempt from registration as an agent pursuant to the Securities Act in Michigan. (See Exhibit 3, Notice & Order to Cease and Desist to David Poyet, CN 329451).
5. Respondent represented to investor IT that his principal investment in the Sequoia Energy Project, LLLP through Respondent would be protected by a "Protection Pledge" that would cover any principal losses suffered by investors. (Exhibit 4 – Protection Pledge). Respondent failed to disclose any risks associated with the "Protection Pledge", such as the fact that it may not be sufficiently capitalized to fund payouts required as a result of Respondent's failure to pay on notes. A reasonable investor might consider it important to his or her investment decision to know that principal loss protection promised by the issuer may not be guaranteed, but possesses its own risks.
6. Investor IT was sixty years of age or older at the time of the 2013 investments.

¹ Sequoia Energy Project, LLLP had filed a Form D Notice of exemption with the Securities & Exchange Commission pursuant to SEC Rule 506, 17 CFR 230.506. Rule 506 generally prohibits general solicitation or advertising of the offering by the issuer. Evidence developed during the investigation established that the issuer generally solicited or advertised its offering through an internet website, blowing reliance on the exemption. (Exhibit 2 – Website Screen Capture).

II. RELEVANT STATUTORY PROVISIONS

1. Section 102c(c) of the Securities Act, MCL 451.2102c(c) defines "Security", in part, as:

a note; stock; treasury stock; security future; bond; debenture; evidence of indebtedness; certificate of interest or participation in a profit-sharing agreement; collateral trust certificate; preorganization certificate or subscription; transferable share; investment contract; voting trust certificate; certificate of deposit for a security; fractional undivided interest in oil, gas, or other mineral rights; put, call, straddle, option, or privilege on a security, certificate of deposit, or group or index of securities, including an interest in or based on the value of that put, call, straddle, option, or privilege on that security, certificate of deposit, or group or index of securities, put, call, straddle, option, or privilege entered into on a national securities exchange relating to foreign currency, an investment in a viatical or life settlement agreement; or, in general, an interest or instrument commonly known as a "security"; or a certificate of interest or participation in, temporary or interim certificate for, receipt for, guarantee of, or warrant or right to subscribe to or purchase, any of the foregoing...

(v) The term includes an investment in a common enterprise with the expectation of profits to be derived primarily from the efforts of a person other than the investor. As used in this subparagraph, a "common enterprise" means an enterprise in which the fortunes of the investor are interwoven with those of either the person offering the investment, a third party, or other investors...

2. Section 301 of the Securities Act, MCL 451.2301, states:

A person shall not offer or sell a security in this state unless 1 or more of the following are met:

- (a) The security is a federal covered security.
- (b) The security, transaction, or offer is exempted from registration under sections 201 to 203.
- (c) The security is registered under this act.

3. Section 402(4) of the Securities Act, MCL 451.2402(1), states:

A broker-dealer, or an issuer engaged in offering, selling, or purchasing securities in this state, shall not employ or associate with an agent who transacts business in this state on behalf of broker-dealers or issuers unless

the agent is registered under subsection (1) or exempt from registration under subsection (2).

4. Section 501 of the Securities Act, MCL 451.2501, states:

It is unlawful for a person, in connection with the offer, sale, or purchase of a security or the organization or operation of a Michigan investment market under article 4A, to directly or indirectly do any of the following:...

(b) Make an untrue statement of a material fact or 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...

5. A “material” fact is a fact that a reasonable investor might have considered important in making an investment decision. *People v Cook*, 89 Mich App 72, 83; 279 NW2d 579, 585 (1979) (*Citing Mills v Electric Auto-Lite Co*, 396 US 375, 384 (1970)).

6. Section 503(1) of the Securities Act, MCL 451.2503(1), states:

In a civil action or administrative proceeding under this act, a person claiming an exemption, exception, preemption, or exclusion has the burden to prove the applicability of the exemption, exception, preemption, or exclusion.

III. CONCLUSIONS OF LAW

1. Respondent Ascension Energy Group, Inc. offered and sold securities that were not federally covered, exempt from registration, or registered, in violation of section 301 of the Securities Act, MCL 451.2301.
2. Respondent Ascension Energy Group, Inc. associated with or employed an unregistered and non-exempt agent in the offer and sale of securities, in violation of section 402(4) of the Securities Act, MCL 451.2402(4). David Poyet was engaged by Respondent to sell its securities, but was not registered or exempt from registration as an agent under the Securities Act in Michigan, and was associated with or employed by Respondent to sell its securities, in violation of section 402(4) of the Securities Act, MCL 451.2402(4).
3. Respondent Ascension Energy Group, Inc., through its agent David Poyet, represented to investor IT that the “Protection Pledge” would protect

principal investments made with Respondent, but failed to disclose that the Protection Pledge possessed its own risks, including the inability to pay investors if Respondent's Sequoia Energy Project, LLLP investment failed. The omission of fact was material because a reasonable investor might consider it important that an investment guarantee is not a guarantee at all, but rather is a stand-alone investment with its own risks that may or may not protect the investor's principal, contrary to section 501(b) of the Securities Act, MCL 451.2501(b).

IV. ORDER

IT IS THEREFORE ORDERED, pursuant to section 604 of the Securities Act, MCL 451.2604, that:

- A. Respondent shall immediately CEASE AND DESIST from offering or selling unregistered securities, associating with or employing an unregistered agent, and omitting to state material facts in connection with the offer and sale of securities, contrary to the Securities Act.
- B. Pursuant to section 604(2) of the Securities Act, this Notice and Order to Cease and Desist is IMMEDIATELY EFFECTIVE.
- C. In her Final Order, the Administrator, under section 604(4) of the Securities Act, MCL 451.2604(4), intends to impose a civil fine of \$60,000.00 against Respondent.
- D. Pursuant to section 508 of the Securities Act, MCL 451.2508, a person that willfully violates the Securities Act, or an order issued under the Securities Act, is guilty of a felony punishable by imprisonment for not more than 10 years or a fine of not more than \$500,000.00 for each violation, or both. An individual convicted of violating a rule or order under this act may be fined, but shall not be imprisoned, if the individual did not have knowledge of the rule or order.

V. NOTICE OF OPPORTUNITY FOR HEARING

Section 604 of the Securities Act, MCL 451.2604, provides that Respondent has 30 days beginning with the first day after the date of service of this Notice and Order to Cease and Desist to submit a written request to the Administrator asking that this matter be scheduled for a hearing. If the Administrator receives a written request in a timely manner, the Administrator shall schedule a hearing within 15 days after receipt of the request. The written request for a hearing must be addressed to:

Corporations, Securities & Commercial Licensing Bureau
Regulatory Compliance Division
P.O. Box 30018
Lansing, MI 48909

VI. ORDER FINAL ABSENT HEARING REQUEST

- A. Under section 604 of the Securities Act, MCL 451.2604, the Respondent's failure to submit a written request for a hearing to the Administrator within 30 days after the service date of this **NOTICE AND ORDER TO CEASE AND DESIST** shall result in this order becoming a **FINAL ORDER** by operation of law. The **FINAL ORDER** includes the imposition of the fines cited described in section IV.C., and the fine amounts set forth below will become due and payable to the Administrator within sixty (60) days after the date this order becomes final:


\$60,000.00 – Ascension Energy Group, Inc., under section
604 of the Securities Act, MCL 451.2604.

- B. CIVIL FINE payments should be payable to the STATE OF MICHIGAN and contain identifying information (e.g., names and complaint numbers) and mailed to the following address:

Corporations, Securities & Commercial Licensing Bureau
Final Order Monitoring
P.O. Box 30018
Lansing, MI 48909

- C. Failure to comply with the terms of this Order within the time frames specified may result in additional administrative penalties, including the summary suspension or continued suspension of all registrations held by Respondent under the Securities Act, the denial of any registration renewal, and/or the denial of any future applications for registration, until full compliance is made. Respondent may voluntarily surrender or withdraw a registration under the Securities Act; however, the surrender or withdrawal will not negate the summary suspension or continued suspension of the relevant registrations or any additional administrative proceedings if a violation of this Order or the Securities Act occurred.
- D. Failure to pay the civil fines within six (6) months after this Order becomes final may result in the referral of the civil fines to the Michigan Department of Treasury for collection action against Respondents.

CORPORATIONS, SECURITIES & COMMERCIAL LICENSING BUREAU



Julia Dale, Director, Corporations, Securities
& Commercial Licensing Bureau

12/1/16
Date