



**STATE OF TENNESSEE
BEFORE THE COMMISSIONER OF COMMERCE AND INSURANCE**

TENNESSEE SECURITIES DIVISION,)	
)	
Petitioner,)	
)	
vs.)	TSD No.: 21-031
)	
PETE LIPPINCOTT,)	
REBECCA MASON, and)	
HOUSTON ENERGY RESOURCES, LLC)	
)	
Respondents.)	

ORDER TO CEASE AND DESIST

This Order issues as the result of a Petition, and its Exhibits attached thereto, filed by the Securities Division of the Tennessee Department of Commerce and Insurance (“Division”) against Pete Lippincott (“Respondent Lippincott”), Rebecca Mason (“Respondent Mason”), and Houston Energy Resources, LLC (“Respondent HERS LLC”) (together “Respondents”). This Order is based upon the following Findings of Fact and Conclusions of Law:

FINDINGS OF FACT

1. The Commissioner of the Tennessee Department of Commerce and Insurance (“Commissioner”) is responsible for the administration of the Act. The Division, pursuant to Tenn. Code Ann. § 48-1-115, is the lawful agent through which the Commissioner discharges this responsibility.

2. Tenn. Code Ann. § 48-1-116 establishes that the Commissioner may execute Orders as are necessary to carry out the Act when the Commissioner finds that the action is in the public

interest, necessary for the protection of investors, and consistent with the purposes fairly intended by the policy and provisions of the Act.

3. Respondent Lippincott is not a resident of Tennessee. At no time has Respondent Lippincott been registered as a broker-dealer or broker-dealer agent in the State of Tennessee or any other state. His CRD number is 6960579. His last known address is 40302 Desoto Road, Magnolia, Texas 77354.

4. Respondent HERS LLC is a business entity located in Houston, Texas. Respondent HERS LLC is the business of Respondent Lippincott and is associated with him in several prior legal actions taken against them by a different state. It is located at 6315B FM 1488, Suite 272, Magnolia, Texas 77354-2526.

5. Respondent Mason is a business associate of Respondent Lippincott. Respondent Mason shared documents relating to the relevant oil investments with Respondent Lippincott via email. She is not registered with the Division or any state.

6. Complainant Doug Sams (“Sams”) received a cold call from Michael Bolden (“Bolden”) regarding an oil and gas investment from Respondent HERS LLC. Bolden referred Sams to Respondent Lippincott for more information.

7. Respondent Lippincott and Sams communicated via telephone and then followed up with a series of emails. Several of the emails containing information about the investment sent by Respondent Lippincott to Sams were forwarded from Respondent Mason.

8. The documents sent to Sams by Respondent Lippincott provided further information about the oil wells, the price, and the interest rates. The investment was lauded as a “small conservative no risk project”.

9. In addition to conducting cold calls to residents within the state, Respondents Lippincott and HERS LLC maintain an eBay advertisement offering an investment in a Louisiana oil well. The solicitation details the operation of the project, the cost of the investment, the interest rate, and tax rates. It describes the investment as “no-risk”.

10. At no relevant time were the Respondents registered as broker-dealers or broker-dealer agents in the State of Tennessee.

11. At no relevant time were the securities offered by the Respondents registered to be sold or offered with the State of Tennessee.

12. Four (4) states (Alabama, California, Pennsylvania, and Texas) have previously issued orders against Respondent Lippincott to cease and desist from the offer or sale of securities in their states. The State of Alabama additionally listed Respondent HERS LLC in its Cease and Desist Order against Respondent Lippincott.

13. The Respondents did not disclose the prior Cease and Desist Orders to Sams. They also did not inform him of their lack of registration. Additionally, the Respondents failed to list either of these in their eBay solicitation.

APPLICABLE LAW

14. Tenn. Code Ann. § 48-1-116 provides that the Commissioner may make, promulgate, amend, and rescind such Orders as are necessary to carry out the provisions of the Act, upon a finding that such Order is in the public interest, necessary for the protection of investors, and consistent with the purposes fairly intended by the policy and provisions of the Act.

15. According to Tenn. Code Ann. § 48-1-102(20)(A), security is defined as, in pertinent part, “[A]ny note, stock, treasury stock, bond, debenture, evidence of

indebtedness . . . preorganization certificate or subscription, transferable share, investment contract . . . or, in general, any interest or instrument commonly known as a ‘security[.]’[.]”

16. According to Tenn. Code Ann. § 48-1-116(a), it states, in pertinent part, that “[t]he commissioner may from time to time make, promulgate, amend, and rescind such rules, forms, and orders as are necessary to carry out this part[.]”

17. According to Tenn. Code Ann. § 48-1-116(e)(2)(A), it provides that the Commissioner may enter Orders without “[n]otice to the affected parties (which shall be prior notice unless the commissioner determines that prior notice would not be in the public interest and would be detrimental to the protection of investors)[.]”

18. According to Tenn. Code Ann. § 48-1-104, it is unlawful for any person to sell any security in this state unless it is registered under this part, unless it is exempt under the statute or classified as a covered security.

19. According to Tenn. Code Ann. § 48-1-109(a), it states, in pertinent part, that “[i]t is unlawful for any person to transact business from or in this state as a broker-dealer or agent unless such person is registered as a broker-dealer or agent under this part[.]”

20. According to Tenn. Code Ann. § 48-1-121(a), it provides that it is unlawful for any person, in connection with the offer, sale, or purchase of any security within the State of Tennessee, directly or indirectly, to:

. . .

- (2) Make any 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 are made, not misleading; or
- (3) Engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person.

CONCLUSIONS OF LAW

21. The Commissioner finds that public safety and welfare imperatively requires this emergency action, and that it is necessary for the protection of Tennessee securities consumers, pursuant to Tenn. Code Ann. § 48-1-116. In addition, the Commissioner finds that prior notice to the Respondents of this Cease and Desist Order would not have been in the public interest, and detrimental to the protection of Tennessee securities consumers.

22. The Commissioner finds that the evidence reflects that the securities offered by the Respondents were never properly registered in accordance with Tenn. Code Ann. § 48-1-104.

23. The Commissioner finds that the evidence reflects that on at least two (2) occasions, the Respondents offered the sale of securities in Tennessee without being registered as broker-dealers and broker-dealer agents. The acts committed are sufficient grounds under Tenn. Code Ann. § 48-1-109(a) for the entry of an Order to cease and desist all securities-related activities.

24. The Commissioner finds the evidence that the Respondents have engaged in acts of omission related to false information regarding an oil and gas investment is a sufficient ground under Tenn. Code Ann. § 48-1-121(a)(2) and (3) for the entry of an Order to cease and desist all securities-related activities.

25. The Commissioner finds that the Respondents have been and may continue to be engaged in a pattern and practice of unlawful conduct in the knowing, deliberate, and willful misrepresentation of securities investments.

26. The ongoing unlawful conduct of the Respondents necessitates an Order to cease and desist from any and all securities-related business to prevent the Respondents from continuing to engage in unregistered securities-related activities in Tennessee, in disregard for the provisions of the Tennessee securities law.

ORDER

NOW, THEREFORE, in consideration of the foregoing, it is **ORDERED** that:

1. The Respondents **SHALL COMPLY** with the Act and all rules promulgated thereunder.

2. The Respondents **SHALL IMMEDIATELY CEASE AND DESIST** from any further securities-related activity in the State of Tennessee until such time as the Respondents can comply with the laws of Tennessee to engage in such activity.

3. Any persons aiding or otherwise acting in concert with the Respondents, and any successor entities or individuals, **SHALL IMMEDIATELY CEASE AND DESIST** from the transactions of selling securities until such time as the Respondents are registered in Tennessee and said securities are effectively registered by the Division to engage in such activity.

4. This Order to Cease and Desist is not intended to prohibit any lawful conduct in which the Respondents might be engaged.

5. Entry of this Order to Cease and Desist shall not in any way restrict the Division or the Commissioner from taking further action with respect to these or other possible violations of the Act, or any of the rules promulgated thereunder, by the Respondents.

6. The Respondents are advised that the right to a hearing as to all matters raised in this Order to Cease and Desist is available. If the Respondents wish to exercise the right to a hearing, please notify:

ELIZABETH BOWLING
ASSISTANT COMMISSIONER FOR SECURITIES
STATE OF TENNESSEE DEPARTMENT OF COMMERCE AND INSURANCE
DAVY CROCKETT TOWER, 10th FLOOR
500 JAMES ROBERTSON PARKWAY
NASHVILLE, TENNESSEE 37243

7. Such request must be received within thirty (30) days from the date of entry of this Order to Cease and Desist. This Order to Cease and Desist shall become a Final Order thirty (30) days from the date of its entry, unless written notification requesting a hearing is made within that thirty (30) day period.

ENTERED August ^{Aug 20, 2021}_____, 2021.


Carter Lawrence (Aug 20, 2021 11:22 CDT)

Carter Lawrence, Commissioner

APPROVED FOR ENTRY:


EB (Aug 19, 2021 15:07 CDT)

Elizabeth Bowling
Assistant Commissioner for Securities
Department of Commerce and Insurance

ISSUANCE REQUESTED BY:


Vishan J. Ramcharan (Aug 13, 2021 10:12 CDT)

Vishan J. Ramcharan
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