#### TRAVIS J. ILES SECURITIES COMMISSIONER

## CLINTON EDGAR DEPUTY SECURITIES COMMISSIONER

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# Texas State Securities Board

208 E. 10th Street, 5th Floor Austin, Texas 78701-2407 www,ssb.texas.gov E. WALLY KINNEY CHAIR

MIGUEL ROMANO, JR. MEMBER

> KENNY KONCABA MEMBER

ROBERT BELT MEMBER

MELISSA TYROCH MEMBER

IN THE MATTER OF
DENNIS KEITH SANDERS AND
SOUTHWEST RESOUCES, INC

S Order No. ENF-21-CDO-1835

DENNIS KEITH SANDERS 3252 Rolling Valley Lane, Brenham, Texas 77833

SOUTHWEST RESOUCES, INC. 3252 Rolling Valley Lane, Brenham, Texas 77833

#### AGREED CEASE & DESIST ORDER

Be it remembered that Dennis Keith Sanders, individually, and Southwest Resources, Inc. (collectively "Respondents") appeared before the Securities Commissioner of Texas and consented to the entry of this Agreed Order and the Findings of Fact, Conclusions of Law, and Order contained herein.

### FINDINGS OF FACT

1. Respondents have waived (a) their right to notice and hearing in this matter, (b) their right to appear and present evidence in this matter, (c) their right to appeal this order and (d) all other procedural rights granted by the Securities Act, Tex. Rev. Civ. Stat. Ann. arts. 581-1 to 581-45 (the "Securities Act"), and the Administrative Procedure Act, Tex. Gov't Code Ann. §§2001.001-2001.902 (the "Administrative Procedure Act").

## OFFER AND SALE OF THE BANKS LEASEHOLD

2. On or about March 31, 2014, Respondent Sanders approached M.D. and T.D. regarding conveying interests in an oil well known as the Banks #1-H and its corresponding mineral lease located in Fayette County, Texas. Respondent Sanders represented that the interests in the well and lease were owned by Respondent Southwest Resources. However, in truth and in fact, Respondents did not own the lease. Further, the lease had expired as it was not longer held by production.

- 3. Respondent Sanders agreed to sell the wellbore and associated equipment for \$125,000.00. Respondent Sanders agreed to sell the rights under the mineral lease at \$750.00 per net mineral acre, for a total of \$755,617.50.
- 4. M.D. and T.D. agreed to the terms of the sale and on or about April 30, 2014, delivered a check for \$125,000.00 to Respondents. On or about May 28, 2014, M.D. and T.D. delivered the remaining \$755,617.50 to Respondents.

## FRAUD AND THE SALE OF THE BANKS LEASEHOLD

- 5. In connection with the offer and sale of the Banks Leasehold, Respondents intentionally failed to disclose the following material facts:
  - A. Respondents did not own the Banks Leasehold;
  - B. Respondents' sole connection to the Banks Leasehold was that Respondents were hired to plug the Banks #1H well;
  - C. The previous operator of the Banks Leasehold determined the leases were no longer held by production and expired; and
  - D. Respondents previously sold one-third of the working interest in the Banks Leasehold.
- 6. In connection with the offer and sale of the Banks Leasehold, Respondents knowingly misrepresented the following facts:
  - A. That Respondents owned the Banks Leasehold, said information being a misrepresentation of a relevant fact; and
  - B. That the leases of the Banks Leasehold were held by production, said information being a misrepresentation of a relevant fact.

## CONCLUSIONS OF LAW

- 1. The interests in the Banks #1-H well are securities as the term is defined by Section 4.A of the Securities Act.
- 2. Respondents engaged in fraud in connection with the offer for sale and sale of securities.
- 3. The foregoing Conclusions of Law constitute basis for entering this Agreed Order pursuant to Section 23 of the Securities Act.

## <u>ORDER</u>

1.	It is therefore ORDERED Respondents immediately CEASE AND DESIST from
	engaging in any fraud in connection with the offer for sale or sale of any security
	in Texas.

SIGNED AND ENTERED by the Securities Commissioner this \_\_\_\_\_\_\_ day of April, 2021.

TRAVIS J. ILES

Securities Commissioner

Res	pondents:	
Sout	hwest Resources, Inc.	
Ву:	Dennis Keith Sanders, President	Dennis Keith Sanders, Individually
Аррі	roved as to Form:	
Ву:	Joseph Rotunda Director Enforcement Division	By: Travis Fleetwood Ballard & Fleetwood, PLLC 200 East Alamo Brenham, Texas 77833 Attorney for Respondent Sanders

Ву:

Matthew Leslie
Assistant Director
Enforcement Division

Respondents:	
Southwest Resources, Inc.	
By: Dennis Keith Sanders, President	Dennis Keith Sanders, Individually
Approved as to Form:	
By:  Joe Rotunda  Director of the Enforcement Division	By: Travis Fleetwood Ballard & Fleetwood, PLLC 200 East Alamo Brenham, Texas 77833 Attorney for Respondent Sanders
By:  Matthew Leslie  Assistant Director  Enforcement Division	

## **ACKNOWLEDGEMENT**

On the 19 Th day of February, 2021, Dennis Keith Sanders, in his individual capacity, personally appeared before me, executed the foregoing Order and acknowledged that:

- 1. Respondent Sanders has read the foregoing Order;
- 2. Respondent Sanders has been fully advised of his rights under the Texas Securities Act and the Administrative Procedure Act;
- 3. Respondent Sanders knowingly and voluntarily consents to the entry of the foregoing Order and the Findings of Fact and Conclusions of Law contained therein; and

4. Respondent Sanders, by consenting to the entry of the foregoing Order, has knowingly and voluntarily waived its rights as set forth therein.

Sierra Layne Schulz My Commission Expires 10/23/2023 ID No 132223182 Notary Public in and for the State of Texas

My commission expires on: 10123

### **ACKNOWLEDGEMENT**

On the \_/\_\_\_\_day of February, 2021, Southwest Resources, Inc., by and through its President, Dennis Keith Sanders, personally appeared before me, executed the foregoing Order and acknowledged that:

- 1. Dennis Keith Sanders is duly authorized to enter into the foregoing Order on behalf of Respondent Southwest Resources;
- 2. Dennis Keith Sanders has read the foregoing Order;
- 3. Respondent Southwest Resources has been fully advised of its rights under the Texas Securities Act and the Administrative Procedure Act;
- 4. Respondent Southwest Resources knowingly and voluntarily consents to the entry of the foregoing Order and the Findings of Fact and Conclusions of Law contained therein; and

5. Respondent Southwest Resources, by consenting to the entry of the foregoing Order, has knowingly and voluntarily waived its rights as set forth therein.

Sierra Layne Schulz
My Commission Expires
10/23/2023
ID No 132223182

Notary Public in and for the State of Texas

My commission expires on: