

1 AMS in exchange for a four and one half per cent net revenue interest in the Binkley Project.
2 Markwell assured the Rancho Mirage resident that the resident would start receiving returns within
3 two to four weeks, and that he would receive two to three times the original investment within two
4 years. Markwell never disclosed any risks of the Binkley Project to the Rancho Mirage resident. The
5 Rancho Mirage resident did not receive any investment returns.

6 6. In October or early November 2014, a representative of AMS called a resident of
7 Long Beach, California (“Long Beach resident”) to offer an investment opportunity in an oil
8 extraction project (hereinafter “the Brady Project”) also located in Nowata County, Oklahoma.
9 Shortly after the call, Markwell mailed the Long Beach resident a document entitled “Brady Lease
10 Executive Summary.” The executive summary stated that for an investment of \$70,000, an investor
11 would be entitled to a six per cent net revenue interest in the project. The executive summary stated
12 that partners would “start receiving revenue very quickly.”

13 7. Neither the Binkley Lease Executive Summary, nor Brady Lease Executive Summary
14 included any disclosures that state regulatory authorities had previously brought enforcement actions
15 against Markwell. On October 27, 2009, the Pennsylvania Department of Banking and Securities
16 issued an order against Markwell for offering and selling unregistered securities in Pennsylvania in
17 violation of Pennsylvania law. On August 24, 2010, the Alabama Securities Commission issued a
18 Cease and Desist Order against Markwell for offering and selling non-exempt securities in Alabama
19 in violation of Alabama law.

20 8. In connection with the offer and sale of securities related to the Binkley Project and
21 the Brady Project, AMS and Markwell omitted material facts necessary to make their offers not
22 misleading under the circumstances under which they were made. These omissions included, but are
23 not limited to:

- 24 a. Failing to describe financial risks associated with oil drilling projects;
- 25 b. Failing to disclose previous enforcement actions that Alabama and Pennsylvania
26 authorities had brought against Markwell for marketing and selling securities in
27 violation of state laws.

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