



1 application, a “Joint Venture Agreement,” an “Operating Agreement,” and an investor questionnaire  
2 requiring investors to describe their financial experience, income, and net worth.

3 7. Investors were told that their investments would be used to fund oil and gas  
4 development projects managed by Beason and Aegis, including “Habanero V” and “Yates and High  
5 Gravity” oil wells purportedly located in Texas. Beason promised investors returns on their  
6 investment that would be determined according to the volume of profits generated from Beason’s  
7 operation of the oil wells.

8 8. In or about February 2019, Sewell sent a letter to the California investors dated  
9 February 1, 2019 (February 2019 letter) stating that 7S became the operator of the oil and gas  
10 projects, including the “Habanero V” oil well since June 23, 2015. Sewell’s February 2019 letter  
11 further stated that “the leases for the wells associated with Habanero V had expired before Operator  
12 became the project’s operator.” The February 2019 letter invited investors to assign their interests in  
13 the “Habanero V” oil well to Sewell and 7S so Sewell and 7S could “continue to drill and develop  
14 new projects for generations to come.”

15 9. To date, investors have not received the returns they were promised.

16 10. The purported purpose of the securities offering was to raise investor funds that would  
17 be used to develop oil and gas projects.

18 11. These securities were offered or sold in this state in issuer transactions. The  
19 Department of Financial Protection and Innovation has not issued a permit or other form of  
20 qualification authorizing any person to offer or sell the above-described securities, in this state.

21 12. In connection with the offer or sale of these securities, Beason and Sewell made the  
22 following untrue statements of material facts:

23 a. Beason and Sewell represented to investors that their funds would be used to operate  
24 oil and gas projects for profit when in reality, Beason and Sewell used investor funds for their  
25 personal expenses.

26 b. Beason and Sewell promised investors returns on their investment based on the  
27 volume of profits realized from Beason and Sewell’s operations of the oil wells when in reality  
28 investors did not receive the returns promised.

1 c. Beason and Sewell failed to disclose to investors that commissions would be paid out  
2 to sales agents out of investor proceeds, and misrepresented the amount spent on commission  
3 payments to sales agents and administrative expenses.

4 Based on the foregoing findings, the Commissioner of Financial Protection and Innovation is  
5 of the opinion that the investment contracts offered or sold by Aegis Oil, LLC; 7S Oil & Gas, LLC;  
6 Patrick Reagan Beason; and William Gilligan Sewell are securities subject to qualification under the  
7 Corporate Securities Law of 1968 and are being or have been offered or sold without first being  
8 qualified in violation of Corporations Code section 25110.

9 Pursuant to Corporations Code section 25532, Aegis Oil, LLC; 7S Oil & Gas, LLC; Patrick  
10 Reagan Beason, and; William Gilligan Sewell are ordered to desist and refrain from the further offer  
11 and sale of securities in California, including but not limited to investment contracts, unless and until  
12 qualification has been made under the Corporate Securities Law of 1968, or unless exempt.

13 Further, the Commissioner of Financial Protection and Innovation is of the opinion that Aegis  
14 Oil, LLC; 7S Oil & Gas, LLC; Patrick Reagan Beason, and; William Gilligan Sewell offered or sold  
15 securities in this state by means of written or oral communications which included untrue statements  
16 of material facts or omitted to state a material fact necessary in order to make the statements made, in  
17 the light of the circumstances under which they were made, not misleading, in violation of  
18 Corporations Code section 25401.

19 Pursuant to Corporations Code section 25532, Aegis Oil, LLC; 7S Oil & Gas, LLC; Patrick  
20 Reagan Beason, and; William Gilligan Sewell are hereby ordered to desist and refrain from offering  
21 or selling or buying or offering to buy any security in the State of California, including but not  
22 limited to investment contracts, by means of any written or oral communication which includes an  
23 untrue statement of a material fact or omits to state a material fact necessary in order to make the  
24 statements made, in the light of the circumstances under which they were made, not misleading.

25 Pursuant to Corporations Code section 25403, subdivision (b), any person that knowingly  
26 provides substantial assistance to another person in violation of any provision of this division or any  
27 rule or order thereunder shall be deemed to be in violation of that provision, rule, or order to the same  
28 extent as the person to whom the assistance was provided.

1 This Order is necessary, in the public interest, for the protection of investors and consistent  
2 with the purposes, policies and provisions of the Corporate Securities Law of 1968.

3 Dated: July 13, 2021

CHRISTOPHER S. SHULTZ  
Acting Commissioner of Financial Protection and  
Innovation

6 By \_\_\_\_\_  
7 MARY ANN SMITH  
8 Deputy Commissioner  
9 Enforcement Division



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