

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES ACT OF 1933
Release No. 9997 / December 21, 2015

SECURITIES EXCHANGE ACT OF 1934
Release No. 76723 / December 21, 2015

ADMINISTRATIVE PROCEEDING
File No. 3-17013

In the Matter of

Allen M. Perres, and
Willard R. St. Germain

Respondents.

**ORDER INSTITUTING ADMINISTRATIVE
AND CEASE-AND-DESIST PROCEEDINGS
PURSUANT TO SECTION 8A OF THE
SECURITIES ACT OF 1933 AND SECTIONS
15(b) AND 21C OF THE SECURITIES
EXCHANGE ACT OF 1934, MAKING
FINDINGS, AND IMPOSING REMEDIAL
SANCTIONS AND CEASE-AND-DESIST
ORDERS AND NOTICE OF HEARING**

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative and cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 8A of the Securities Act of 1933 (“Securities Act”) and Sections 15(b) and 21C of the Securities Exchange Act of 1934 (“Exchange Act”) against Allen M. Perres (“Perres”) and Willard R. St. Germain (“St. Germain”) (collectively, “Respondents”).

II.

In anticipation of the institution of these proceedings, Respondents have each submitted an Offer of Settlement (the “Offers”) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over them and the subject matter of these proceedings, which are admitted, and except as provided herein in Section VI, Respondents consent to the entry of this Order Instituting Administrative and Cease-and-Desist Proceedings Pursuant to Section 8A of the Securities Act of 1933 and Sections 15(b) and 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing Remedial Sanctions and Cease-and-Desist Orders and Notice of Hearing (“Order”), as set forth below:

III.

On the basis of this Order and Respondents' Offers, the Commission finds¹ that

Respondents

1. Allen M. Perres, age 68, resides in Chicago, Illinois. Perres serves as a marketer for Southern Cross Resources Group, Inc. ("Southern Cross"). Perres held the following securities licenses: Direct Participation Programs Limited Representative (Series 22) and Direct Participation Programs Principal (Series 39).
2. Willard R. St. Germain, age 71, lives in Wayne, Illinois. St. Germain serves as a marketer for Southern Cross. St. Germain held the following securities licenses: General Securities Representative (Series 7), General Securities Principal (Series 24), and Uniform Securities Agent State Law (Series 63).

Other Relevant Entity and Persons

3. Southern Cross is a Nevada corporation headquartered in Vernon Hills, Illinois. It was incorporated in 2014 as the successor to a 2007 Nevada corporation with the same name. Southern Cross purports to be an asset based trading company with a focus on energy producing assets.
4. Michael A. Nasatir ("Nasatir"), age 56, currently resides in Glenview, Illinois. Nasatir serves as the CEO of Southern Cross.
5. Andrew L. Madenberg ("Madenberg"), age 55, currently resides in Deerfield, Illinois. Madenberg serves as the President of Southern Cross.

Southern Cross' Securities Offerings

6. Nasatir and Madenberg entered into an agreement to acquire Southern Cross in April 2012. Southern Cross sold shares of its common stock and debt to investors from approximately April 2012 through approximately September 2014.
7. Through its offerings, Southern Cross raised a total of \$5,120,587 from approximately 97 debt and equity investors, located in 12 states.

¹ The findings herein are made pursuant to Respondents' Offers of Settlement and are not binding on any other person or entity in this or any other proceeding.

8. St. Germain and Perres acted as the marketers for Southern Cross and started earning commissions from the funds raised from investors beginning as early as April 2012 and continuing through at least September 2014.
9. During the relevant time period, St. Germain brought in at least 28 investors and received \$223,836 in commissions and Perres brought in at least 10 investors and received \$125,145 in commissions through the sale of common stock to investors. Together, they raised over \$2 million for Southern Cross.
10. The amounts paid to St. Germain and Perres amounted to approximately 17% of the funds they raised from investors.
11. In addition to soliciting investors, St. Germain and Perres often provided investors with offering materials, including private placement memoranda and other informational brochures.
12. St. Germain and Perres often served as the primary sources of information for the investors and organized several meetings at a friend's business to pitch the company to potential investors.
13. St. Germain and Perres took no steps to determine whether any of the individuals who purchased shares of Southern Cross common stock through them were sophisticated or accredited investors.
14. St. Germain and Perres also did not provide the investors with access to registration-equivalent information about Southern Cross.
15. During the relevant time period, neither St. Germain nor Perres was registered with the Commission in any capacity or associated with a registered broker-dealer.
16. No registration statement was filed in connection with any of Southern Cross' securities, and no exemption from registration was applicable to any of the sales through St. Germain and Perres.

Violations

17. As a result of the conduct described above, Respondents willfully violated Sections 5(a) and 5(c) of the Securities Act, which prohibit the direct or indirect offer and sale of securities through the mails or interstate commerce unless a registration

statement has been filed or is in effect or an exemption from registration is available.²

18. As a result of the conduct described above, Respondents willfully violated Section 15(a) of the Exchange Act, which prohibits any broker or dealer to use the mails or any means or instrumentality of interstate commerce to effect any transaction in, or to induce or attempt to induce the purchase or sale of, any security without being registered with the Commission pursuant to Section 15(b) of the Exchange Act or being associated with a broker or dealer.

Disgorgement and Civil Penalties

19. Perres has submitted a sworn Statement of Financial Condition dated August 14, 2015 and other evidence and has asserted his inability to pay disgorgement plus prejudgment interest and a civil penalty.
20. St. Germain has submitted a sworn Statement of Financial Condition dated August 1, 2015 and other evidence and has asserted his inability to pay disgorgement plus prejudgment interest and a civil penalty.

Undertakings

21. In determining whether to accept the Respondents' Offers, the Commission has considered the following undertakings:
 - a. Respondent Perres agrees to cooperate fully with the Commission with respect to this action and any judicial or administrative proceeding or investigation commenced by the Commission or to which the Commission is a party relating to the matters in this Order or other matters related to Southern Cross' securities or officers. Respondent Perres' cooperation shall include, but is not limited to:
 - i. **Production of Information.** At the Commission's request on reasonable notice and without a subpoena, Respondent Perres shall truthfully and completely disclose information and documents requested by Commission staff in connection with the Commission's related investigation, litigation or other proceedings. Respondent Perres will have no obligation to provide information voluntarily that he is not able to provide without a subpoena.

² A willful violation of the securities laws means merely "that the person charged with the duty knows what he is doing." *Wonsover v. SEC*, 205 F.3d 408, 414 (D.C. Cir. 2000) (quoting *Hughes v. SEC*, 174 F.2d 969, 977 (D.C. Cir. 1949)). There is no requirement that the actor "also be aware that he is violating one of the Rules or Acts." *Id.* (quoting *Gearhart & Otis, Inc. v. SEC*, 348 F.2d 798, 803 (D.C. Cir. 1965)).

- ii. Statements and Testimony. At the Commission's request on reasonable notice and without a subpoena, Respondent Perres shall attend and provide truthful statements or testimony at any meeting, interview, testimony, deposition, trial or other legal proceeding in connection with the Commission's related investigation, litigation or other proceedings.
- b. Respondent St. Germain agrees to cooperate fully with the Commission with respect to this action and any judicial or administrative proceeding or investigation commenced by the Commission or to which the Commission is a party relating to the matters in this Order or other matters related to Southern Cross' securities or officers. Respondent St. Germain's cooperation shall include, but is not limited to:
 - i. Production of Information. At the Commission's request on reasonable notice and without a subpoena, Respondent St. Germain shall truthfully and completely disclose information and documents requested by Commission staff in connection with the Commission's related investigation, litigation or other proceedings. Respondent St. Germain will have no obligation to provide information voluntarily that he is not able to provide without a subpoena.
 - ii. Statements and Testimony. At the Commission's request on reasonable notice and without a subpoena, Respondent St. Germain shall attend and provide truthful statements or testimony at any meeting, interview, testimony, deposition, trial or other legal proceeding in connection with the Commission's related investigation, litigation or other proceedings.

IV.

In view of the foregoing, the Commission deems it appropriate, in the public interest and for the protection of investors to impose the sanctions agreed to in Respondents' Offers.

Accordingly, pursuant to Section 8A of the Securities Act and Section 15(b) and 21C of the Exchange Act, it is hereby ORDERED that:

A. Respondent Perres

- 1. Respondent Perres cease and desist from committing or causing any violations and any future violations of Sections 5(a) and 5(c) of the Securities Act and Section 15(a) of the Exchange Act;

2. Respondent Perres shall pay disgorgement of \$125,145 which represents profits gained as a result of the conduct described herein, and prejudgment interest of \$8,805, but that payment of such amount except for \$31,284 is waived and the Commission is not imposing a civil penalty based on Perres' sworn representations in his Statement of Financial Condition dated August 14, 2015 and other documents submitted to the Commission. The payment required by this Order shall be made to the Securities and Exchange Commission. The Commission will hold funds paid pursuant to this paragraph in an account at the United States Treasury pending a decision whether the Commission, in its discretion, will seek to distribute funds or, transfer them to the general fund of the United States Treasury, subject to Section 21F(g)(3).

Payment shall be made in the following installments:

- (1) \$2,607 no later than the last day of each quarter beginning in March 2016 and continuing through December 2018.

If any payment is not made by the date the payment is required by this Order, the entire outstanding balance of disgorgement, plus any additional interest accrued pursuant to SEC Rule of Practice 600, shall be due and payable immediately, without further application. Payment must be made in one of the following ways:

- (1) Respondent Perres may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;
- (2) Respondent Perres may make direct payment from a bank account via Pay.gov through the SEC website at <http://www.sec.gov/about/offices/ofm.htm>; or
- (3) Respondent Perres may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center
Accounts Receivable Branch
HQ Bldg., Room 181, AMZ-341
6500 South MacArthur Boulevard
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying Allen Perres as a Respondent in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be

sent to Anne C. McKinley, Assistant Regional Director, Division of Enforcement, Securities and Exchange Commission, Chicago Regional Office, 175 West Jackson Boulevard, Suite 900, Chicago, Illinois 60604.

3. Based upon Respondent Perres' sworn representations in his Statement of Financial Condition dated August 14, 2015 and other documents submitted to the Commission, the Commission is not imposing a penalty against Respondent Perres.

IT IS FURTHER ORDERED, pursuant to Rule 100(c) of the Commission's Rules of Practice, 17 C.F.R. § 201.100(c), in the interest of justice and without prejudice to any party to the proceeding, that a public hearing for the purpose of taking evidence on the questions set forth in Section V hereof shall be convened at a time and place to be fixed by, and before, an Administrative Law Judge to be designated by further order as provided by Rule 110 of the Commission's Rules of Practice, 17 C.F.R. § 201.110.

If Respondent Perres fails to appear at a hearing after being duly notified, he may be deemed in default and the proceedings may be determined against him upon consideration of this Order, the allegations of which may be deemed to be true as provided by Rules 155(a), 221(f), and 310 of the Commission's Rules of Practice, 17 C.F.R. §§ 201.155(a), 201.221(f), and 201.310.

This Order shall be served forthwith upon Respondent Perres as provided for in the Commission's Rules of Practice.

IT IS FURTHER ORDERED that the Administrative Law Judge shall issue an initial decision no later than 300 days from the date of service of this Order, pursuant to Rule 360(a)(2) of the Commission's Rules of Practice.

B. Respondent St. Germain

1. Respondent St. Germain cease and desist from committing or causing any violations and any future violations of Sections 5(a) and 5(c) of the Securities Act and Section 15(a) of the Exchange Act;

2. Respondent St. Germain be, and hereby is:

barred from association with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization; and

barred from participating in any offering of a penny stock, including: acting as a promoter, finder, consultant, agent or other person who engages in activities with a broker, dealer or issuer for purposes of

the issuance or trading in any penny stock, or inducing or attempting to induce the purchase or sale of any penny stock

with the right to apply for reentry after three (3) years to the appropriate self-regulatory organization, or if there is none, to the Commission.

3. Any reapplication for association by Respondent St. Germain will be subject to the applicable laws and regulations governing the reentry process, and reentry may be conditioned upon a number of factors, including, but not limited to, the satisfaction of any or all of the following: (a) any disgorgement ordered against the Respondent, whether or not the Commission has fully or partially waived payment of such disgorgement; (b) any arbitration award related to the conduct that served as the basis for the Commission order; (c) any self-regulatory organization arbitration award to a customer, whether or not related to the conduct that served as the basis for the Commission order; and (d) any restitution order by a self-regulatory organization, whether or not related to the conduct that served as the basis for the Commission order.

4. Respondent St. Germain shall pay disgorgement of \$223,836 which represents profits gained as a result of the conduct described herein, and prejudgment interest of \$14,071, but that payment of such amount except for \$55,956 is waived and the Commission is not imposing a civil penalty based on Respondent St. Germain's sworn representations in his Statement of Financial Condition dated August 1, 2015 and other documents submitted to the Commission. The payment required by this Order shall be made to the Securities and Exchange Commission. The Commission will hold funds paid pursuant to this paragraph in an account at the United States Treasury pending a decision whether the Commission, in its discretion, will seek to distribute funds or, transfer them to the general fund of the United States Treasury, subject to Section 21F(g)(3).

Payment shall be made in the following installments:

- (1) \$4,663 no later than the last day of each quarter beginning in March 2016 and continuing through December 2018.

If any payment is not made by the date the payment is required by this Order, the entire outstanding balance of disgorgement, plus any additional interest accrued pursuant to SEC Rule of Practice 600, shall be due and payable immediately, without further application. Payment must be made in one of the following ways:

- (1) Respondent St. Germain may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;

- (2) Respondent St. Germain may make direct payment from a bank account via Pay.gov through the SEC website at <http://www.sec.gov/about/offices/ofm.htm>; or
- (3) Respondent St. Germain may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center
Accounts Receivable Branch
HQ Bldg., Room 181, AMZ-341
6500 South MacArthur Boulevard
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying Willard St. Germain as a Respondent in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Anne C. McKinley, Assistant Regional Director, Division of Enforcement, Securities and Exchange Commission, Chicago Regional Office, 175 West Jackson Boulevard, Suite 900, Chicago, Illinois 60604.

5. Based upon Respondent St. Germain's sworn representations in his Statement of Financial Condition dated August 1, 2015 and other documents submitted to the Commission, the Commission is not imposing a penalty against Respondent St. Germain.

C. The Division of Enforcement ("Division") may, at any time following the entry of this Order, petition the Commission to: (1) reopen this matter to consider whether Respondents provided accurate and complete financial information at the time such representations were made; (2) seek an order directing payment of disgorgement and pre-judgment interest; and (3) seek an order directing payment of the maximum civil penalty allowable under the law. No other issue shall be considered in connection with this petition other than whether the financial information provided by Respondents was fraudulent, misleading, inaccurate, or incomplete in any material respect. Respondents may not, by way of defense to any such petition: (1) contest the findings in this Order; (2) assert that payment of a penalty should not be ordered; (3) contest the imposition of the maximum penalty allowable under the law; or (4) assert any defense to liability or remedy, including, but not limited to, any statute of limitations defense.

V.

Pursuant to this Order, Respondent Perres agrees to additional proceedings in this proceeding to determine what, if any, additional non-financial remedial sanctions against Respondent Perres pursuant to Section 15(b)(6) of the Exchange Act are in the public interest. In connection with such additional proceedings: (a) Respondent Perres agrees that he will be

precluded from arguing that he did not violate the federal securities laws as described in this Order; (b) Respondent Perres agrees that he may not challenge the validity of this Order; (c) solely for the purposes of such additional proceedings, the findings of this Order shall be accepted as and deemed true by the hearing officer; and (d) the hearing officer may determine the issues raised in the additional proceedings on the basis of affidavits, declarations, excerpts of sworn deposition or investigative testimony, and documentary evidence.

VI.

It is further Ordered that, solely for purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy Code, 11 U.S.C. §523, the findings in this Order are true and admitted by Respondents, and further, any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Respondents under this Order or any other judgment, order, consent order, decree or settlement agreement entered in connection with this proceeding, is a debt for the violation by Respondents of the federal securities laws or any regulation or order issued under such laws, as set forth in Section 523(a)(19) of the Bankruptcy Code, 11 U.S.C. §523(a)(19).

VII.

In the absence of an appropriate waiver, no officer or employee of the Commission engaged in the performance of investigative or prosecuting functions in this or any factually related proceeding will be permitted to participate or advise in the decision of this matter, except as witness or counsel in proceedings held pursuant to notice. Since this proceeding is not “rule making” within the meaning of Section 551 of the Administrative Procedure Act, it is not deemed subject to the provisions of Section 553 delaying the effective date of any final Commission action.

By the Commission.

Brent J. Fields
Secretary