IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF TEXAS
SHERMAN DIVISION

SECURITIES AND EXCHANGE COMMISSION,	§	
Plaintiff,	§	
v.	§	**Case No. 4:20-cv-972**
RONNIE LEE MOSS, JR., GENESIS E&P, INC., ROYAL OIL, LLC, and CATALYST OPERATING, LLC,	§	**JURY TRIAL DEMANDED**
Defendants.	§	

COMPLAINT

Plaintiff Securities and Exchange Commission ("SEC" or "Commission") files this Complaint against Defendants Ronnie Lee Moss, Jr. ("Moss"), Genesis E&P, Inc. ("Genesis"), Royal Oil, LLC ("Royal"), and Catalyst Operating, LLC ("Catalyst") (collectively "Defendants") and alleges as follows:

SUMMARY

1. From approximately February 2014 through approximately March 2018, Moss and three companies he controlled—Genesis, Royal, and Catalyst—raised $5,774,026.00 from approximately 95 investors in multiple states through the sale of partnership unit investments.

2. Between February 2014 and February 2016, Moss raised $3,822,103 from 67 investors, selling partnership units in eight oil-and-gas partnerships he managed through Genesis. Moss prepared each partnership's offering documents and oversaw a cold-calling effort to solicit investors. The offering documents contained untrue and misleading statements about Moss's

background—concealing his 2004 securities-fraud conviction—and about his history of failure in the oil-and-gas industry. Moss employed nominee officers at Genesis to conceal his control over the company and misappropriated offering proceeds to pay unrelated business and personal expenses.

3. In the summer of 2015, Moss sold nine Genesis investors so-called "bridge loan" investments issued by Royal, raising $400,000. In oral and written agreements with these investors, Moss promised a 20% return in as little as three months. Moss misappropriated nearly half of the bridge-loan proceeds, which were supposed to cover drilling costs, spending them instead on personal and unrelated business expenses.

4. From February 2016 through March 2018, Moss raised $1,551,923 from 16 investors in eight states, selling units in five oil-and-gas partnerships he managed through Catalyst. Moss made baseless claims to investors that they would double their money in as little as six months, and then improperly used the vast majority of the offering proceeds for personal expenses.

5. By reason of these activities and the conduct described in more detail below, Defendants have violated and, unless enjoined, will continue to violate, the registration and antifraud provisions of the federal securities laws, specifically Section 17(a) of the Securities Act of 1933 ("Securities Act") [15 U.S.C. §§ 77e(a), 77e(c), and 77q(a)] and Section 15(a) and Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. §§ 78o(a), 78j(b)] and Exchange Act Rule 10b-5 [17 C.F.R. § 240.10b-5].

6. In the interest of protecting the public from any further violations, the Commission brings this action against the Defendants seeking permanent injunctions, disgorgement plus prejudgment interest, civil penalties as to each Defendant and all other

equitable and ancillary relief to which the Court determines the Commission is entitled.

JURISDICTION AND VENUE

7. The SEC brings this action under Securities Act Section 20(b) [15 U.S.C. §77t(b)] and Exchange Act Section 21(d) [15 U.S.C. §78u(d)], seeking to restrain and enjoin the Defendants permanently from engaging in such acts and practices as alleged herein.

8. The Court has jurisdiction over this action under Securities Act Section 20(d) and 22(a) [15 U.S.C. §§ 77t(d) and 77v(a)] and Exchange Act Sections 21(d), 21(e), and 27 [15 U.S.C. §§ 78u(d), 78u(e), and 78aa].

9. Each of the units in the limited partnerships as described in this complaint is a "security" as that term is defined under Securities Act Section 2(a)(1) [15 U.S. C. § 77b(a)(1)] and Exchange Act Section 3(a)(10) [5 U.S. C. § 78c(a)(10)].

10. Likewise, each of the "bridge loan" investments as described in this complaint is a "security" as that term is defined under Securities Act Section 2(a)(1) [15 U.S.C. § 77b(a)(1)] and Exchange Act Section 3(a)(10) [5 U.S. C. § 78c(a)(10)].

11. The Defendants, directly and indirectly, made use of the mails or of the means and instrumentalities of interstate commerce in connection with the transactions, acts, practices, and courses of business described in this complaint.

12. Venue is proper because the Defendants reside in and maintain offices in—and a substantial part of the events, acts, and omissions giving rise to the claims occurred in—the Eastern District of Texas.

PARTIES

13. Plaintiff SEC is an agency of the United States government charged with regulating the securities industry and prosecuting civil and administrative cases to enforce the

nation's securities laws.

14. Defendant Moss, age 50, is a natural person residing in Flower Mound, Texas. Moss controlled Genesis, Royal, and Catalyst. He is the owner and/or managing member of Royal and Catalyst.

15. Defendant Genesis is a Texas corporation with headquarters in Highland Village, Texas.

16. Defendant Royal is a Wyoming limited liability company with headquarters in Flower Mound, Texas.

17. Defendant Catalyst is a Texas limited liability company with headquarters in Flower Mound, Texas.

STATEMENT OF FACTS

Limited Partnerships Sponsored by Genesis

18. From approximately February 2014 through approximately February 2016, Moss, through Genesis, offered and sold securities in the form of partnership units (both limited and general) in eight different limited partnerships. Genesis served as each partnership's managing general partner. Combined, the eight offerings raised $3,822,103, as reflected in the table below:

Partnership Name	**Offering Period**	**Total Raised**
Big Creek LA, LP	Feb. 2014 – Feb 2015	$1,314,000
Belmont Project, LP	Aug. 2014 – Mar. 2015	$1,335,850
Delphi Project, LP	Feb. 2015 – Mar. 2015	$238,221
Lonestar Project, LP	Apr. 2015	$217,716
Lonestar Leasebank Project, LP	May 2015 – June 2015	$297,850
Jackpot Project, LP	July 2015 – Sept. 2015	$258,466
Partners Project, LP	Oct. 2015	$50,000
Production Project, LP	Nov. 2015 – Feb. 2016	$110,000
	Total:	**$3,822,103**

a. Moss Formed and Controlled Each Limited Partnership

19. Moss formed and controlled each limited partnership. He identified and determined the number of wells that each partnership would invest in, the amount of working interest and royalty interest to be acquired by each partnership, and the amount of money to be raised for each offering.

20. For each partnership, Moss drafted a confidential information memorandum ("CIM") for distribution to investors that described the project, persons in management and consulting roles, the risks, and the "prior performance" of wells drilled in earlier Genesis programs.

21. Each CIM and each partnership agreement provided that investors had "no authority to act on behalf of the partnership or to participate in its management," reserving to Genesis "exclusive control over the conduct of the partnership's business."

22. Apart from a relatively small management fee retained by Genesis, the CIMs provided that all investment proceeds would be transferred to Moss's company, Royal, which purportedly provided consulting services to Genesis. From these funds, Royal was entitled to an undefined "origination fee" for finding the prospects and was responsible for paying the project expenses, including operator, engineering, seismic, geological, drilling, testing, and well-completion costs.

23. Moss orchestrated the process to offer and sell interests in each partnership. He purchased and furnished lead lists to Genesis's telephone solicitors. Internally, these solicitors, who received commissions based on sales, were referred to as "project managers" or "closers." But their primary responsibility was to cold call investors and to distribute CIMs to them to solicit investments in the partnerships.

24. Moss supervised the cold callers, monitoring their calls and drafting and furnishing them with written details and scripts about the oil-and-gas prospects for use in telephone sales pitches. When prospective investors had questions about the projects, Moss himself often spoke directly with investors to close the sale.

b. Untrue and Misleading Statements in the CIMs

25. The CIMs contained untrue and misleading statements or omissions regarding: (1) Genesis's performance in prior oil-and-gas projects; (2) the identity of the persons managing Genesis; (3) the identity of certain consultants purportedly providing services to Genesis; and (4) Moss's securities-fraud conviction.

26. Each CIM included a section entitled "Prior Performance" that listed the wells that were drilled in earlier Genesis projects. The section designated each well either "dry hole" or "successfully completed." Most of the wells listed in the CIMs were designated as "successfully completed."

27. The CIMs omitted information that would have revealed that all of the so-called successfully completed wells were actually commercial failures. Moss has acknowledged that "completion" of a well is a term of art in the oil-and-gas industry that refers to making a well ready for production after drilling and does not describe a well's performance or commercial success. By describing wells as successfully completed in the "Prior Performance" section, the CIMs conveyed the misleading impression that the wells performed successfully. Although some wells generated nominal revenues following completion, Genesis never had any profitable oil-and-gas operations.

28. The CIMs also contained misleading statements about Genesis's management. For example, the CIMs for the Jackpot Project and the Partners Project listed one of the cold-callers as Genesis's president and Glass as its CEO. In reality, Moss controlled Genesis. According to Glass and other former Genesis sales and administrative employees, Moss controlled Genesis outright and he operated Royal and Catalyst out of Genesis's office. He hired and fired Genesis's sales and administrative staff, who, along with Glass, reported to Moss. Despite Moss's ultimate authority over Genesis, none of the CIMs identified Moss among the company's management.

29. Under a section titled "Consultants and Advisors," the CIMs listed a person named Dan Morrison. The section identified Morrison as a "Director" of Royal and described Morrison's extensive industry experience, including serving as "Halliburton's Western United States manager for well intervention and pin point stimulation." In reality, Morrison was never a director of Royal, and never performed any consulting services for the partnerships.

30. Each CIM also listed Moss's name among Genesis's "Consultants and Advisors," describing him as the "Originator of Partnership's Wells and Consultant." Next to his name appeared the word Royal, but the CIMs did not disclose that he owned and controlled Royal. The CIMs described Moss as working in the oil-and-gas industry for over 22 years, having "extensive knowledge in geology and oil and gas drilling, completion and production operations," and drilling wells with several oil-and-gas companies. But the CIMs did not disclose that, within the same 22 years, Moss was convicted of securities fraud for selling oil-and-gas securities issued by Petromerica, a company he owned and controlled.

c. Baseless Return Guarantees

31. Beginning in January 2015, Moss directed the cold-callers to promise prospective

investors a guaranteed minimum return of 30% in the Genesis projects. At Moss's direction, the cold-callers promised that Genesis would review the investor's investment every six months to ensure that the investor was making at least 30% returns, until the investor recouped the principal invested. In reality, Genesis never had sufficient production revenue or other assets to cover any such guarantees. Far from realizing a 30% return, no investor profited from any of the projects.

d. Misuse of the Partnership Offering Proceeds

32. The partnerships' bank accounts, managed by Genesis, received $3,822,103 raised in the eight partnership offerings. Moss, through his control of Genesis and its personnel, dissipated $2,048,556 of the proceeds on expenses unconnected to drilling or operating partnership wells, including car payments, housing and living expenses, travel costs, pool service, church donations, and unrelated business expenses of Royal and Genesis. For example, the last three partnerships drilled no wells, but Moss exhausted the $418,466 raised for the three partnerships on office rent, well-service expenses for earlier partnerships, and other expenses unrelated to the three partnerships.

33. Moss and Genesis offered and sold these partnership units in these limited partnerships using the means or instruments of interstate commerce, including but not limited to telephones, the Internet, wire transfers, and the mail.

34. Investors in these Genesis-sponsored offerings did not participate or have the ability to participate in the managerial decisions affecting the investment.

35. Investors in these Genesis-sponsored offerings expected to make a significant return on their investment.

The Royal "Bridge Loans" Offering

36. From July 2015 through September 2015, Moss directly, and through the Genesis sales staff, raised $400,000 from nine existing Genesis investors, selling them investments issued by Royal. Internally, Moss called these sales "bridge loan" investments.

37. Under the investment terms, investors contributed capital to Royal in exchange for a promise from Royal to return their principal plus 20% interest within three to twelve months. Moss represented that Royal would use the proceeds to fund drilling operations in a more recent Genesis partnership, which Moss claimed would produce significant returns. He also promised these investors partnership interests in the more recent partnership. Some of the bridge-loan investors received written agreements setting out these terms, while others received oral representations.

38. In the bridge-loan offering, Moss again capitalized on the untrue and misleading statements he previously used to induce the nine investors to initially invest in Genesis partnerships. Six of the bridge-loan investors had purchased partnership units in one of the eight partnerships described above in paragraph 18. The CIMs for these partnerships misrepresented the company's prior performance, management, and consulting experts and omitted to disclose Moss's securities-fraud conviction.

39. Three bridge-loan investors, however, had invested in Genesis partnerships prior to the eight described above. The CIMs for these earlier partnerships, from 2010 and 2011, disclosed Moss's conviction, but they falsely stated that Moss was merely a Genesis employee, not its actual chief executive.

40. During these bridge-loan offerings, Moss corrected none of these previous falsehoods.

41. Moss and Genesis offered and sold these "bridge loans" using the means or instruments of interstate commerce, including but not limited to telephones, the Internet, wire transfers, and the mail.

42. Investors in these "Bridge Loan" offerings did not participate or have the ability to participate in the managerial decisions affecting the investment.

43. Investors in these "Bridge Loan" offerings expected to make a significant return on their investment.

The CATOP Offerings

44. As Genesis's ability to attract new investors declined in early 2016, Moss distanced himself from the company. He began sponsoring oil-and-gas securities offerings through another of his companies, Catalyst.

45. Using a naming convention based on "Catalyst Operating," he created five entities—Catop 167, Catop 171, Catop 175, Catop 183, and Catop 203—each one a purportedly separate oil-and-gas limited partnership.[1] Moss offered and sold units in each partnership, promising that the partnership would participate in new well projects in Oklahoma. From September 2016 to February 2018, Moss raised $1,551,923 from 16 investors in eight states.

46. To identify investors interested in the Catop offerings, Moss paid a third-party service to cold call potential investors using a script he drafted. The script contained statements that production in these wells "can go as high as 800 barrels a day," that the projects would

[1] Moss told investors that the Catop Entities were limited partnerships. In reality, he never filed the required formation documents with any state to create formal limited partnerships. Each entity was actually a sole proprietorship listed in the name of Moss's wife and registered under the Catop name as an assumed business name in Denton County, Texas.

provide "monthly cash flow" and 25-30% annual returns, and that Catalyst was "currently at 157 successful wells out of 167 wells drilled."

47. In a Catop investment brochure that he drafted and disseminated, Moss described Catalyst's "Past Performance" in oil and gas as having a 94% "Hit" rate. Moss made similar statements in telephone calls with interested investors. He predicted that well production would range from 500 to 1,000 barrels per day and that investors would at least double their principal in six to 18 months. After the wells were drilled, he told later prospective investors that the wells were already generating investors "double digit returns."

48. Moss's statements in the Catop offerings were untrue or misleading. Moss failed to disclose that he had never drilled a profitable well in his career, despite touting a 94% "Hit" rate. The Catop wells produced no investor profits.

49. Moss's production projections were also baseless and false. When Moss made the projections, the average active well near the intended Catop wells produced only 10-13 barrels per day. His projections of 500 to 1,000 barrels per day had no reasonable basis.

50. Moss's revenue projections were also baseless and false. He paid $97,597.55 to purchase nine well interests that he apportioned among the five partnerships. Each well interest represented a small fraction of the well's ownership, averaging less than 0.5%. Because the investors' combined principal exceeded $1.5 million, the Catop well interests would have to generate a profit exceeding $3 million to double investors' principal in six to 18 months, as Moss projected. But this projection had no reasonable basis. Assuming that each Catop well produced 13 barrels per day, that each barrel sold for $100 (actual average prices ranged from about $50 to $96 per barrel), and that investors had no taxes or additional well expenses, it would take more than 82 years just to recover their principal.

51. Moss also misled at least one investor about his education, leading him to believe that he had attended the University of Georgia where he played football. In reality, Moss dropped out of high school to join the military, from which he was discharged two years later. He never attended a college or university.

52. Moss used $1,454,325.45—about 94%—of the Catop offering proceeds for personal expenses.

53. Moss and Catalyst offered and sold these "Catop" partnership units using the means or instruments of interstate commerce, including but not limited to telephones, the Internet, wire transfers, and the mail.

54. Investors in the Catop offerings did not participate or have the ability to participate in the managerial decisions affecting the investment.

55. Investors in the Catop offerings expected to make a significant return on their investment.

TOLLING AGREEMENTS

56. Moss, personally and on behalf of Catalyst and Royal, signed in June and September 2020 tolling agreements entered into with the SEC. Genesis also executed a tolling agreement with the SEC in September 2020. Each tolling agreement specifies a period of time (a "tolling period") in which "the running of any statute of limitations applicable to any action or proceeding against [Defendants] authorized, instituted, or brought by . . . the Commission . . . arising out of the [Commission's investigation of Defendants' conduct], including any sanctions or relief that may be imposed therein, is tolled and suspended . . . ." Each tolling agreement further provides that the Defendants and any of their agents or attorneys "shall not include the tolling period in the calculation of the running of any statute of limitations or for any other time-

related defense applicable to any proceeding, including any sanctions or relief that may be imposed therein, in asserting or relying upon any such time-related defenses."

57. The tolling periods in these agreements prevent Moss, Catalyst, and Royal from asserting any statute of limitations or other time-related defense with respect to conduct at least as early as June 24, 2015. These agreements further prevent Genesis from asserting any statute of limitations or other time-related defense with respect to conduct at least as early as January 1, 2014.

FIRST CLAIM
Violations of Exchange Act Section 15(a)
[15 U.S.C. §78o(a)]
Against Defendant Moss

58. Plaintiff Commission re-alleges and incorporates paragraphs 1 through 57 of this Complaint by reference as if set forth verbatim in this Claim.

59. Defendant Moss did not register with the Commission as a broker.

60. Defendant Moss regularly engaged in the business of broker, as he solicited potential investors and closed sales between investors and the issuers he controlled.

61. For these reasons, Defendant Moss has violated, and, unless enjoined, will continue to violate Exchange Act Section 15(a) [15 U.S.C. §78o(a)].

SECOND CLAIM
Violations of Securities Act Section 17(a)
[15 U.S.C. § 77q(a)]

62. Plaintiff Commission re-alleges and incorporates paragraphs 1 through 57 of this Complaint by reference as if set forth verbatim in this Claim.

63. Defendants, directly or indirectly, singly or in concert with others, in the offer or sale of securities, by use of the means and instrumentalities of interstate commerce or by use of the mails have: (a) employed devices, schemes, and artifices to defraud; (b) obtained money or

property by means of untrue statements of a material fact and omitted to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and (c) engaged in transactions, practices, and courses of business which operate or would operate as a fraud and deceit upon the purchasers.

64. With respect to violations of Securities Act Sections 17(a)(2) and (3), Defendants were negligent in their conduct and in the untrue and misleading statements alleged herein. With respect to violations of Securities Act Section 17(a)(1), Defendants engaged in the referenced conduct and made the referenced untrue and misleading statements with scienter.

65. For these reasons, Defendants have violated and, unless enjoined, will continue to violate Securities Act Section 17(a) [15 U.S.C. § 77q(a)].

THIRD CLAIM
Violations of Exchange Act Section 10(b) and Rule 10b-5
[15 U.S.C. § 78j(b); 17 C.F.R. § 240.10b-5]

66. Plaintiff Commission re-alleges and incorporates paragraphs 1 through 57 of this Complaint by reference as if set forth verbatim in this Claim.

67. Defendants, directly or indirectly, singly or in concert with others, in connection with the purchase or sale of securities, by use of the means and instrumentalities of interstate commerce or by use of the mails have: (a) employed devices, schemes, and artifices to defraud; (b) made untrue statements of a material fact and omitted to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and (c) engaged in acts, practices, and courses of business which operate or would operate as a fraud and deceit upon purchasers, prospective purchasers, and any other persons.

68. Defendants engaged in the above-referenced conduct and made the above-

referenced untrue and misleading statements with scienter.

69. For these reasons, Defendants violated and, unless enjoined, will continue to violate Exchange Act Section 10(b) [15 U.S.C. § 78j(b)] and Rule 10b-5 [17 C.F.R. § 240.10b-5].

RELIEF REQUESTED

Plaintiff Commission respectfully requests that this Court:

(1) Permanently enjoin each of the Defendants from violating Securities Act Sections 17(a) [15 U.S.C. §§ 77e(a), 77e(c), and 77q(a)], Exchange Act Section 10(b) [15 U.S.C. § 78j(b)], and Exchange Act Rule 10b-5 [17 C.F.R. § 240.10b-5];

(2) Permanently enjoin Moss from violating Exchange Act Section 15(a) [15 U.S.C. §78o(a)];

(3) Permanently enjoin Moss from participating directly or indirectly, including, but not limited to, through any entity owned or controlled by him, in the issuance, purchase, offer, or sale of any unregistered securities, provided however that such injunction shall not prevent him from purchasing or selling securities for his own account;

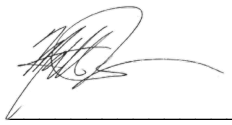
(4) Order Moss, Royal, and Catalyst to disgorge ill-gotten gains and benefits obtained or to which they were not otherwise entitled, as a result of the violations alleged herein, plus prejudgment interest on those amounts;

(5) Order each of the Defendants to pay a civil penalty Securities Act Section 20(d) [15 U.S.C. § 77t(d)] and Exchange Act Section 21(d) [15 U.S.C. § 78u(d)] for the violations alleged herein; and

(6) Order such other relief as this Court may deem just and proper.

DATED: December 23, 2020

Respectfully submitted,



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