

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C.

SECURITIES EXCHANGE ACT OF 1934
Release No. 101388 / October 21, 2024

Admin. Proc. File No. 3-20807

In the Matter of
RONNIE LEE MOSS, JR.

OPINION OF THE COMMISSION

BROKER-DEALER PROCEEDING

Grounds for Remedial Action

Injunction

Broker was permanently enjoined from violations of the antifraud and registration provisions of the federal securities laws. *Held*, it is in the public interest to bar respondent from association with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization and from participation in any penny stock offering.

APPEARANCES:

Matthew J. Gulde for the Division of Enforcement.

On April 1, 2022, the Securities and Exchange Commission instituted proceedings against Ronnie Lee Moss, Jr. pursuant to Section 15(b) of the Securities Exchange Act of 1934.¹ We now find Moss to be in default, deem the allegations against him to be true, and bar him from associating in the securities industry in any capacity and from participating in an offering of penny stock.

I. Background

A. The Commission instituted these proceedings against Moss.

The order instituting proceedings (“OIP”) alleges that, from 2014 to 2018, Moss used companies that he owned and controlled—Genesis E&P, Inc. (“Genesis”), Royal Oil, LLC (“Royal”), and Catalyst Operating, LLC (“Catalyst”)—to raise \$5,774,026 in unregistered securities offerings in the form of oil-and-gas partnerships and notes.² The OIP alleges that, during that time, Moss acted as a broker, soliciting potential investors as part of a nationwide sales program and closing sales between them and securities issuers, recommending and opining on the merits of the investments, and controlling bank accounts receiving investors’ funds.

The OIP further alleges that, on March 11, 2022, in a civil action brought by the Commission, a federal district court entered a final judgment permanently enjoining Moss from violating Section 17(a) of the Securities Act of 1933, Exchange Act Sections 10(b) and 15(a), and Exchange Act Rule 10b-5; and enjoining Moss from participating in the issuance, purchase, offer, or sale of any security in an unregistered transaction.³ According to the OIP, the Commission’s complaint alleged that, in conjunction with the offering and sale of unregistered securities noted above, Moss prepared offering documents containing untrue and misleading statements, and he misappropriated offering proceeds.

The OIP initiated proceedings to determine whether the allegations contained therein were true and if any remedial action was appropriate in the public interest. It directed Moss to file an answer to the allegations within 20 days after service, as provided by Rule of Practice 220(b).⁴ The OIP informed Moss that if he failed to answer, he could be deemed to be in default,

¹ *Ronnie Lee Moss, Jr.*, Exchange Act Release No. 94576, 2022 WL 990189 (Apr. 1, 2022).

² The OIP states that, on April 14, 2004, Moss pleaded guilty to securities fraud in federal court, stemming from his role in oil-and-gas offerings similar to those offered by Genesis, Royal, and Catalyst. *See also* Information, *United States v. Ron Lee Moss, Jr.*, No. 4:03-CR-0165 (E.D. Tex. Nov. 12, 2003), ECF No. 4; Judgment, *Moss*, No. 4:03-CR-0165 (Apr. 14, 2004), ECF No. 24.

³ *See also* Judgment, *SEC v. Ronnie Lee Moss, Jr.*, No. 4:20-CV-972-SDJ (E.D. Tex. Mar. 11, 2022), ECF No. 18.

⁴ 17 C.F.R. § 201.220(b).

the allegations in the OIP could be deemed to be true as provided in the Rules of Practice, and the proceeding could be determined against him upon consideration of the OIP.⁵

B. Moss failed to answer the OIP, respond to an order to show cause why he should not be found in default, or respond to a motion for default and sanctions.

Moss was properly served with the OIP on June 30, 2022, pursuant to Rule of Practice 141(a)(2),⁶ but did not respond. On August 29, 2022, more than 20 days after service, the Commission ordered Moss to show cause by September 12, 2022, why it should not find him in default due to his failure to file an answer or otherwise defend this proceeding.⁷ The show cause order warned Moss that if the Commission found him to be in default, the allegations in the OIP would be deemed to be true and the Commission could determine the proceeding against him upon consideration of the record. Moss did not respond to the show cause order.

On October 6, 2022, the Division of Enforcement filed a motion requesting that the Commission find Moss in default and bar him from associating in the securities industry and from participating in an offering of penny stock. Moss did not respond to the Division's motion.

On October 17, 2022, the Commission issued an order requesting that the Division provide additional briefing and materials in support of its motion for default and remedial sanctions.⁸ On November 16, 2022, the Division filed a supplemental brief along with materials from the civil action to support its motion, including the final judgment; a declaration from the Division's attorney who conducted the underlying investigation; a declaration from the Division's investigative accountant; and evidence obtained during the investigation. Moss did not respond to the Division's supplemental brief.

On September 20, 2023, the Commission issued a renewed order to show cause requiring that Moss show cause by October 4, 2023, why he should not be found in default due to his failure to file an answer or otherwise defend this proceeding.⁹ The show cause order again warned Moss that, if the Commission found him to be in default, the allegations in the OIP would be deemed to be true and the Commission could determine the proceeding against him upon consideration of the record. Moss did not respond to the renewed order to show cause, nor has he otherwise participated in this proceeding.

⁵ See Rules of Practice 155(a), 220(f), 17 C.F.R. §§ 201.155(a), .220(f).

⁶ 17 C.F.R. § 201.141(a)(2)(i).

⁷ *Ronnie Lee Moss, Jr.*, Exchange Act Release No. 95633, 2022 WL 3716555 (Aug. 29, 2022).

⁸ *Ronnie Lee Moss, Jr.*, Exchange Act Release No. 96089, 2022 WL 10373666 (Oct. 17, 2022).

⁹ *Ronnie Lee Moss, Jr.*, Exchange Act Release No. 98441, 2023 WL 6160536 (Sept. 20, 2023). The Commission issued the renewed order to show cause because the initial show cause order "may not have been served properly on Moss." *Id.*

II. Analysis

A. We deem Moss to be in default and deem the OIP's allegations to be true.

Rule of Practice 155(a) provides that if a party fails to “answer, to respond to a dispositive motion within the time provided, or otherwise to defend the proceeding,” we may deem the party to be in default and “determine the proceeding against that party upon consideration of the record, including the order instituting proceedings, the allegations of which may be deemed to be true.”¹⁰ Because Moss has failed to answer or to respond to the show cause order or the Division’s motion, we find it appropriate to deem him to be in default and deem the allegations of the OIP to be true. We base the findings that follow on the record, including the OIP and the evidentiary materials that the Division submitted with its motion for default and sanctions.¹¹

B. We find that barring Moss from the securities industry and from participating in penny stock offerings is in the public interest.

Exchange Act Section 15(b)(6)(A) authorizes the Commission to suspend or bar a person from associating in the securities industry and from participating in an offering of penny stock if it finds, on the record after notice and opportunity for hearing, that (1) the person was enjoined from engaging in or continuing any conduct or practice in connection with broker activities, or in connection with the purchase or sale of any security; (2) the person was associated with a broker at the time of the alleged misconduct; and (3) such a sanction is in the public interest.¹²

The record establishes the first two of these elements. First, because the district court enjoined Moss from violating Securities Act Section 17(a), Exchange Act Sections 10(b) and 15(a), and Exchange Act Rule 10b-5, and from participating in the offer or sale of unregistered securities, he has been enjoined from broker activities and from conduct in connection with the purchase or sale of any security.¹³ Second, the OIP alleged that Moss was a broker at the time of

¹⁰ 17 C.F.R. § 201.155(a); *see also* Rule of Practice 220(f), 17 C.F.R. § 201.220(f) (providing that “[i]f a respondent fails to file an answer required by this section within the time provided, such respondent may be deemed in default pursuant to” Rule of Practice 155(a)).

¹¹ Because the judgment in the civil action was by default, the facts alleged in the complaint and the findings made by the district court based on the default have no preclusive effect in this proceeding. *Gary L. McDuff*, Exchange Act Release No. 74803, 2015 WL 1873119, at *2 (Apr. 23, 2015) (finding that because “none of the issues is actually litigated” in the case of a judgment entered by default, issue preclusion “does not apply with respect to any issue in a subsequent action” (quoting *Arizona v. California*, 530 U.S. 392, 414 (2000))).

¹² 15 U.S.C. § 78o(b)(6)(A) (cross-referencing Exchange Act Section 15(b)(4)(C), 15 U.S.C. § 78o(b)(4)(C), which specifies injunctions against various actions, conduct, and practices).

¹³ *See* 15 U.S.C. § 77q(a) (prohibiting fraud in the offer or sale of any security); 15 U.S.C. § 78o(a) (prohibiting unregistered brokers from effecting transactions in securities); 15 U.S.C. § 78j(b) (prohibiting fraud in the purchase or sale of any security); 17 C.F.R. § 240.10b-5 (same).

the misconduct. Because Moss was a broker, he was necessarily a person associated with a broker.¹⁴

Thus, we need determine only if any remedial action is in the public interest. In doing so, we consider the egregiousness of the respondent's actions, the isolated or recurrent nature of the infraction, the degree of scienter involved, the sincerity of the respondent's assurances against future violations, the respondent's recognition of the wrongful nature of the conduct, and the likelihood that the respondent's occupation will present opportunities for future violations.¹⁵ Our public interest inquiry is flexible, and no one factor is dispositive.¹⁶ The remedy is intended to protect the trading public from further harm, not to punish the respondent.¹⁷

We have weighed these factors and conclude that industry and penny stock bars are warranted to protect the investing public. Moss's misconduct was egregious and recurrent. The OIP's allegations, which we deem true, and the evidence submitted by the Division show that, from February 2014 to March 2018, Moss acted as a broker for offerings of unregistered securities, in the form of partnership units, for oil-and-gas partnerships managed by his three companies: Genesis, Royal, and Catalyst. Moss raised \$5,774,026 from 95 investors in the partnerships, of which he misappropriated \$3,241,889 for personal and non-business related purposes. The investors lost their entire investments.

Moss also made material misrepresentations in offering documents that he drafted and distributed to potential investors in partnerships he managed through Genesis. Moss claimed that other individuals were the principals of Genesis and that he was merely a consultant, but these statements were untrue, as Moss had complete control over Genesis as its owner and only principal.¹⁸ Moss touted his more than twenty years' experience "implement[ing] a formula for success" in the oil-and-gas industry, but this was misleading because he did not disclose his 2004 conviction—and two years in prison—for orchestrating another fraudulent oil-and-gas securities

¹⁴ See *Allen M. Perres*, Exchange Act Release No. 79858, 2017 WL 280080, at *3 (Jan. 23, 2017) (explaining that an individual who acts as a broker meets the definition of a "person associated with a broker" in Exchange Act Section 3(a)(18)), *pet. denied*, 695 F. App'x 980 (7th Cir. 2017).

¹⁵ *Steadman v. SEC*, 603 F.2d 1126, 1140 (5th Cir. 1979), *aff'd on other grounds*, 450 U.S. 91 (1981).

¹⁶ *Tzemach David Netzer Korem*, Exchange Act Release No. 70044, 2013 WL 3864511, at *4 (July 26, 2013).

¹⁷ *McCarthy v. SEC*, 406 F.3d 179, 188 (2d Cir. 2005).

¹⁸ See *Robert G. Weeks*, Exchange Act Release No. 48684, 2004 WL 828, at *9 (Oct. 23, 2003) (finding petitioner's "undisclosed, surreptitious control of [the company], and the fact that the purported officers and directors were mere figureheads would have been material to the reasonable investor").

offering.¹⁹ Further, Moss misrepresented that Genesis’s prior oil wells had been commercial successes when, in fact, none had been profitable.²⁰

Moss acted with a high degree of scienter.²¹ Moss knew or must have known that the investor funds he used for his own purposes were not his with which to do so.²² Moss similarly knew or must have known that, contrary to the claims he made in offering documents, he was not a consultant for Genesis and was the company’s only principal. He also knew or must have known that omitting his criminal conviction from the offering documents provided investors a misleading basis to believe that he could be trusted to be involved with the partnerships. And Moss knew or must have known that his claims about the oil wells’ profitability were misleading given that he admitted in investigative testimony that Genesis’s oil wells had not, in fact, been profitable.

Because Moss failed to answer the OIP or respond to the show cause order or the Division’s motion, he has made no assurances that he will not commit future violations or that he recognizes the wrongful nature of his conduct. Also, Moss’s more than four-years as a broker, his recidivism in defrauding investors, and his failure to offer assurances about his future plans indicate that there is a high likelihood that his occupation will present opportunities for future violations.²³

¹⁹ See *SEC v. Merchant Capital, LLC*, 483 F.3d 747, 770-71 (11th Cir. 2007) (finding it materially misleading to omit from offering materials that manager had a personal bankruptcy related to a related business’s failure). The criminal information and judgment reflect that, in 2004, Moss pleaded guilty to one count of securities fraud charging that, in using offering materials to solicit funds for oil and gas projects by a company he controlled, Moss misrepresented how the company would use investor funds and failed to disclose that the money “would be used for other purposes.” See Information, *Moss*, No. 4:03C5165 (Nov. 12, 2003), ECF No. 4; Judgment, *Moss*, No. 4:03C5165 (Apr. 14, 2004), ECF No. 24. In addition to the prison term noted above, the court ordered that Moss pay restitution of \$540,369 to investors.

²⁰ See *SEC v. Blavin*, 557 F. Supp. 1304, 1313 (E.D. Mich. 1983) (finding that there was “no doubt that” misstatements about an oil and gas exploration company’s prospects, including its drilling activities and anticipated production, were material), *aff’d*, 760 F.2d 706 (6th Cir. 1985); *SEC v. Murphy*, 626 F.2d 633, 653 (9th Cir. 1980) (“Surely the materiality of information relating to . . . profitability is not subject to serious challenge.”).

²¹ Scienter includes recklessness—conduct representing an “extreme departure from the standards of ordinary care, . . . which presents a danger of misleading buyers or sellers that is either known to the [respondent] or is so obvious that the [respondent] must have been aware of it.” *SEC v. Steadman*, 967 F.2d 636, 641-42 (D.C. Cir. 1992) (quoting *Sundstrand Corp. v. Sun Chem. Corp.*, 553 F.2d 1033, 1045 (7th Cir. 1977)).

²² Cf. *SEC v. Wayland*, No. SACV 17-01156 AG (DFMx), 2019 WL 2620669, at *7 (C.D. Cal. Apr. 8, 2019) (“Wayland’s misappropriation of investor money for personal use is sufficient proof of scienter.”).

²³ See *George Charles Cody Price*, Advisers Act Release No. 4631, 2017 WL 405511, at *3 (Jan. 30, 2017) (expressing concern that respondent’s occupation would present opportunities for

The Commission may impose bars to protect the investing public from a respondent's future actions by restricting access to areas of the securities industry where a demonstrated propensity to engage in violative conduct may cause further investor harm. Here, the record establishes that Moss is unfit to participate in the securities industry and that his participation in it in any capacity would pose a risk to investors.²⁴ Given that Moss has defaulted in this proceeding, he has not opposed the imposition of any particular associational bar or a bar from participating in an offering of penny stock. Because Moss poses a continuing threat to investors, we conclude that it is in the public interest to bar him from association with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization, and from participating in an offering of penny stock.²⁵

An appropriate order will issue.

By the Commission (Chair GENSLER and Commissioners CRENSHAW, UYEDA and LIZÁRRAGA; Commissioner PEIRCE concurring in part and dissenting with respect to the imposition of a bar from participating in an offering of penny stock).

Vanessa A. Countryman
Secretary

future violations where he did not indicate that he planned to leave the securities industry); *Brett Hamburger*, Exchange Act Release No. 93844, 2021 WL 6062981 at *5 (Dec. 21, 2021) (finding respondent more likely to commit fraud due to previous securities fraud conviction).

²⁴ See *James S. Tagliaferri*, Advisers Act Release No. 80047, 2017 WL 632134, at *6 (Feb. 15, 2017) (finding that the misconduct underlying the respondent's conviction demonstrated that respondent was unfit to participate in the securities industry and posed a risk to investors).

²⁵ *Id.* (imposing associational bars where they were necessary to protect the public).

UNITED STATES OF AMERICA
before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 101388 / October 21, 2024

Admin. Proc. File No. 3-20807

In the Matter of
RONNIE LEE MOSS, JR.

ORDER IMPOSING REMEDIAL SANCTIONS

On the basis of the Commission's opinion issued this day, it is

ORDERED that Ronnie Lee Moss, Jr. is barred from association with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization; and it is further

ORDERED that Ronnie Lee Moss, Jr. is 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.

By the Commission.

Vanessa A. Countryman
Secretary