

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 78096 / June 17, 2016

ADMINISTRATIVE PROCEEDING
File No. 3-17303

In the Matter of

GREGORY G. JONES,

Respondent.

**ORDER INSTITUTING PUBLIC
ADMINISTRATIVE PROCEEDINGS AND
IMPOSING TEMPORARY SUSPENSION
PURSUANT TO RULE 102(e)(3)(i) OF
THE COMMISSION’S RULES OF
PRACTICE**

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative proceedings be, and hereby are, instituted against Gregory G. Jones (“Respondent” or “Jones”) pursuant to Rule 102(e)(3)(i)¹ of the Commission’s Rules of Practice (17 C.F.R. § 200.102(e)(3)(i)).

II.

The Commission finds that:

1. Gregory G. Jones, 59, at all relevant times was an attorney whose office was located in Southlake, Texas.

¹ Rule 102(e)(3)(i) provides, in relevant part, that:

The Commission, with due regard to the public interest and without preliminary hearing, may, by order, temporarily suspend from appearing or practicing before it any attorney . . . who has been by name: . . . (B) [f]ound by any court of competent jurisdiction in an action brought by the Commission to which he or she is a party . . . to have violated (unless the violation was found not to have been willful) . . . any provision of the Federal securities laws or of the rules and regulations thereunder.

2. On May 14, 2015, the Commission authorized the staff to file an action in the United States District Court for the Northern District of Texas (“court”) against Jones and Aquaphex Total Water Solutions, LLC (“Aquaphex”), for violating Sections 5(a), 5(c), and 17(a) of the Securities Act of 1933 (“Securities Act”) and Section 10(b) of the Securities Exchange Act of 1934 (“Exchange Act”) and Rule 10b-5 thereunder. The complaint alleged that Jones violated the federal securities laws in two securities offerings. First, in 2009, Jones represented a group of French and Swiss investors who invested approximately \$6 million in an entity called Edwards Exploration, LLC (“Edwards Exploration”). Jones had an agreement with Edwards Exploration in which it was to pay Jones for performing certain services, including providing due diligence in connection with the investments by the French and Swiss investors. Jones ultimately received approximately \$480,000 under this agreement, but he did not disclose to the investors that the \$480,000 he received came from the investors’ principal. Second, from the summer of 2013 through at least the summer of 2014, Jones offered and sold securities issued by Aquaphex, purportedly in business to recycle fracking water, raising approximately \$645,000 from nine investors. Jones and Aquaphex guaranteed some investors that their investment would double in at least five years. They also represented that Aquaphex would use investor funds to build water-filtration units to treat fracking water. However, Aquaphex did not build water-filtration units as represented. In addition, Aquaphex investment documents contained untrue statements, including claims that Aquaphex could be worth \$21 billion in five years and that investors stood to make more than 115% per year on their investments.

3. On June 25, 2015, the court entered a permanent injunction against Aquaphex and Jones, enjoining them from future violations of Sections 5(a), 5(c), and 17(a) of the Securities Act, and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder.

4. On February 17, 2016, the court issued an order granting the Commission’s motion for summary judgement against Jones, finding that he violated Sections 5(a), 5(c), and 17(a) of the Securities Act, and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder. The court did not find that Jones’s conduct was not willful.

5. On March 21, 2016, the court issued a final judgment against Jones, ordering him to disgorge \$1,125,000 in ill-gotten gains, together with \$51,534 in prejudgment interest, for a total of \$1,176,534, and pay a \$600,000 civil penalty.

III.

Based on the foregoing, the Commission finds that a court of competent jurisdiction has permanently enjoined Jones, an attorney, from violating the Federal securities laws within the meaning of Rule 102(e)(3)(i)(A) and 102(e)(3)(i)(B) of the Commission’s Rules of Practice. In view of these findings, the Commission deems it appropriate and in the public interest that Jones be temporarily suspended from appearing or practicing before the Commission.

IT IS HEREBY ORDERED that Jones be, and hereby is, temporarily suspended from

appearing or practicing before the Commission. This Order will be effective upon service on the Respondent.

IT IS FURTHER ORDERED that Jones may, within thirty days after service of this Order, file a petition with the Commission to lift the temporary suspension. If the Commission receives no petition within thirty days after service of the Order, the suspension will become permanent pursuant to Rule 102(e)(3)(ii).

If a petition is received within thirty days after service of this Order, the Commission will, within thirty days after the filing of the petition, either lift the temporary suspension, or set the matter down for hearing at a time and place to be designated by the Commission, or both. If a hearing is ordered, following the hearing, the Commission may lift the suspension, censure the petitioner, or disqualify the petitioner from appearing or practicing before the Commission for a period of time, or permanently, pursuant to Rule 102(e)(3)(iii).

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

By the Commission.

Brent J. Fields
Secretary