

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES ACT OF 1933
Release No. 10356 / May 12, 2017

SECURITIES EXCHANGE ACT OF 1934
Release No. 80668 / May 12, 2017

ADMINISTRATIVE PROCEEDING
File No. 3-17982

In the Matter of

**Emerald Isle Exploration,
Ltd., Samuell Eads and Lloyd
C. Brewer,**

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
A CEASE-AND-DESIST ORDER**

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 8A of the Securities Act of 1933 (“Securities Act”) and Section 21C of the Securities Exchange Act of 1934 (“Exchange Act”), against Emerald Isle Exploration Ltd. (“Emerald Isle”), Samuell Eads (“Eads”) and Lloyd C. Brewer (“Brewer”) (collectively, “Respondents”); and that public administrative proceedings be, and hereby are, instituted against Eads and Brewer pursuant to Section 15(b) of the Exchange Act.

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 as provided herein in Section V with regard to Respondents Eads and Brewer, 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 a Cease-and-Desist Order (“Order”), as set forth below.

III.

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

Summary

These proceedings arise out of Respondents’ conduct, in 2013 and 2014, in connection with Emerald Isle, a purported exploration stage mining company headquartered in Kodiak, Alaska. Brewer was an undisclosed control person of Emerald Isle, despite Eads’s role as CEO. Brewer, Eads and Emerald Isle engaged in a fraudulent securities offering through a series of misrepresentations to potential investors largely designed to conceal Brewer’s involvement in the company. Eads and Brewer also prepared false company documents to make it appear that Emerald Isle had twenty-eight outside investors, when in fact all the company’s funding was provided by Brewer. Through their conduct, Respondents violated the antifraud, reporting, books and records, and internal controls provisions of the federal securities laws.

Respondents

1. Emerald Isle was incorporated in Nevada on November 7, 2012. Its office is located in Kodiak, Alaska, at a property associated with its sole officer, Eads. According to its S-1, initially filed June 27, 2013, and deemed effective December 20, 2013, Emerald Isle is an exploration stage company formed for the purpose of acquiring, exploring, and if warranted and feasible, developing natural resource properties. The company has no revenue or material assets, and is no longer operating.

2. Eads, age 43, is a resident of Kodiak, Alaska. He is a commercial fisherman and the CEO of Emerald Isle. At the time he founded Emerald Isle, he had no prior mining experience. Eads participated in the offering of Emerald Isle stock, which is a penny stock.

3. Brewer, age 54, is a resident of Vancouver, Canada. Brewer funded and controlled Emerald Isle, although his role is not disclosed in company filings. In 2003, Brewer settled an insider trading case brought by the British Columbia Securities Commission, pursuant to which he agreed to a two year officer and director bar and a payment of approximately \$7,000. Brewer participated in the offering of Emerald Isle, which is a penny stock.

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.

Background

4. Emerald Isle filed a Form S-1 registration statement with the Commission in June 2013, which was deemed effective in December 2013 after various amendments. Emerald Isle filed with the Commission Form 10-Qs in March and September 2014, and a Form 10-K in July 2014. It has not made any filings since the September 2014 quarterly report, which was a voluntary filing because the company had fewer than 300 stock holders of record as of its July 2014 Form 10-K.

5. Emerald Isle's registration statement and periodic filings contained numerous material misstatements and omissions. The majority of the misstatements relate to the company's claim that it was run exclusively by its CEO Eads. In fact, the company's primary decision-maker and undisclosed control person was Brewer, a friend of Eads's who resides in Vancouver. Brewer leased the mineral property to Emerald Isle that it claimed it would explore. Brewer also interacted with third-party service providers on behalf of Emerald Isle, and was the primary user of Emerald Isle's corporate email account.

6. In addition, Eads and Brewer drafted investor subscription agreements that made it appear as if Emerald Isle had twenty-eight outside investors, when in fact those "investors" were friends and associates of Eads's who signed the false subscription agreements at Eads's request. None of these individuals paid any money to Emerald Isle. Instead, Brewer provided the funds supposedly used to buy their shares. At least one of the purported investors was actually paid by Eads to sign the subscription agreement.

7. In addition, Emerald Isle made the following misrepresentations in its Form S-1 registration statement and periodic filings:

- a) False claim in all filings that 4,000,000 shares of Emerald Isle had been issued to Eads as founder's shares in November 2012. In fact, as of July 2014, the company had issued no shares.
- b) False claim in all filings that Eads had advanced the company \$16,000. In fact, all funds provided to the company came directly from Brewer.
- c) False claim in Form S-1 that Eads would prepare the company's quarterly and annual financial statements. In fact, Eads was unqualified to prepare financials and never intended to do so. Furthermore, it was Brewer, not Eads, who managed the relationship with the third-party bookkeeper retained to perform the work.
- d) False claim in Form 10-K and Form 10-Qs that the company relies on the sale of securities and loans from Eads to fund operations. In fact, no shares were sold and all funds came from Brewer, not Eads.
- e) False claim in Form 10-K and September 2014 Form 10-Q that the company had entered into an agreement to sell 1,000,000 shares for total proceeds of \$35,000. In fact, no one actually agreed to purchase company shares. The 1,000,000 shares and \$35,000 represented the total amount of the phony subscription agreements arranged by Eads and funded by Brewer.

- f) Claim in Form 10-K that the company has no employees other than its sole officer and director. In fact, Brewer was a *de facto* officer given his control over the company's affairs.

Eads signed certifications, attached to each of Emerald Isle's periodic filings, that he knew contained false statements.

8. As a result of the conduct described above, Emerald Isle willfully violated Section 17(a)(1) of the Securities Act, which prohibits fraudulent conduct in the offer or sale of securities, Section 15(d) of the Exchange Act and Rules 12b-20, 15d-1, and 15d-13 thereunder, which require issuers to file with the Commission accurate information, documents, and annual and quarterly reports, and require that the periodic reports contain such further material information as may be necessary to make the required statements not misleading, and Section 13(b)(2)(A) of the Exchange Act, which requires issuers to make and keep books, records and accounts that accurately and fairly represent the transactions and dispositions of the assets of the issuer.

9. As a result of the conduct described above, Eads willfully violated Section 17(a)(1) of the Securities Act, Rule 15d-14 of the Exchange Act, and Section 13(b)(5) of the Exchange Act and Rule 13b2-1 thereunder, which prohibit, among other things, the knowing falsification of books and records. Eads also caused Emerald Isle's violations of Section 13(b)(2)(A) and Section 15(d) of the Exchange Act, and Rules 12b-20, 15d-1 and 15d-13 thereunder.

10. As a result of the conduct described above, Brewer willfully violated Section 17(a)(1) of the Securities Act, Section 13(b)(5) of the Exchange Act and Rule 13b2-1 thereunder, and caused Emerald Isle's violations of Sections 13(b)(2)(A) and 15(d) of the Exchange Act, and Rules 12b-20, 15d-1 and 15d-13 thereunder.

IV.

In view of the foregoing, the Commission deems it appropriate to impose the sanctions agreed to in Respondents' Offers.

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

A. Respondent Emerald Isle cease and desist from committing or causing any violations and any future violations of Section 17(a) of the Securities Act, Section 15(d) of the Exchange Act and Rules 12b-20, 15d-1 and 15d-13 thereunder, and Section 13(b)(2)(A) of the Exchange Act.

B. Respondent Eads cease and desist from committing or causing any violations and any future violations of Section 17(a) of the Securities Act, Section 15(d) of the Exchange Act and Rules 12b-20, 15d-1, 15d-13 and 15d-14 thereunder, Section 13(b)(5) of the Exchange Act and Rule 13b2-1 thereunder, and Section 13(b)(2)(A) of the Exchange Act.

C. Respondents Eads be, and hereby is:

barred from acting as an officer or director of any issuer that has a class of securities registered pursuant to Section 12 of the Exchange Act [15 U.S.C. § 78l] or that is required to file reports pursuant to Section 15(d) of the Exchange Act [15 U.S.C. § 78o(d)]; 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.

D. Respondent Eads shall pay a civil penalty of \$10,000 to the Securities and Exchange Commission for transfer to the general fund of the United States Treasury, subject to Exchange Act Section 21F(g)(3). Payment shall be made in the following installments: \$2,000 shall be paid within 10 days of the entry of this Order; \$2,000 shall be paid within 90 days of the entry of the Order, \$2,000 shall be paid within 180 days of the entry of this Order; \$2,000 shall be paid within 270 days of the entry of this Order; and \$2,000 shall be paid within 360 days of the entry of this Order. If any payment is not made by the date the payment is required by this Order, the entire outstanding balance of the civil penalty, plus any additional interest accrued pursuant to 31 U.S.C. §3717, shall be due and payable immediately, without further application.

E. Respondent Brewer cease and desist from committing or causing any violations and any future violations of Section 17(a) of the Securities Act, Section 15(d) of the Exchange Act and Rules 12b-20, 15d-1 and 15d-13 thereunder, Section 13(b)(5) of the Exchange Act and Rule 13b2-1 thereunder, and Section 13(b)(2)(A) of the Exchange Act.

F. Respondents Brewer be, and hereby is:

barred from acting as an officer or director of any issuer that has a class of securities registered pursuant to Section 12 of the Exchange Act [15 U.S.C. § 78l] or that is required to file reports pursuant to Section 15(d) of the Exchange Act [15 U.S.C. § 78o(d)], for a period of five (5) years, effective on the second Monday following the entry of this Order; 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 five (5) years to the appropriate self-regulatory organization, or if there is none, to the Commission.

G. Respondent Brewer shall pay a civil penalty of \$20,000 to the Securities and Exchange Commission for transfer to the general fund of the United States Treasury, subject to

Exchange Act Section 21F(g)(3). Payment shall be made in the following installments: \$10,000 shall be paid within 10 days of the entry of this Order, and \$10,000 shall be paid within 180 days of the entry of this Order. If any payment is not made by the date the payment is required by this Order, the entire outstanding balance of the civil penalty, plus any additional interest accrued pursuant to 31 U.S.C. §3717, shall be due and payable immediately, without further application.

H. Payment must be made in one of the following ways:

- (1) Respondents Eads and Brewer may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;
- (2) Respondents Eads and Brewer 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) Respondents Eads and Brewer 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

I. Payments by check or money order must be accompanied by a cover letter identifying the payer 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 Brian O. Quinn, Assistant Director, Division of Enforcement, Securities and Exchange Commission, 100 F St., NE, Washington, DC 20549.

J. Amounts ordered to be paid as civil money penalties pursuant to this Order shall be treated as penalties paid to the government for all purposes, including all tax purposes. To preserve the deterrent effect of the civil penalty, Respondents Eads and Brewer each agree that in any Related Investor Action, neither shall argue that he is entitled to, nor shall he benefit by, offset or reduction of any award of compensatory damages by the amount of any part of his payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, the Respondent to whom the Penalty Offset was granted agrees that he shall, within 30 days after entry of a final order granting the Penalty Offset, notify the Commission's counsel in this action and pay the amount of the Penalty Offset to the Securities and Exchange Commission. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this proceeding. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against

Respondents Eads and/or Brewer by or on behalf of one or more investors based on substantially the same facts as alleged in the Order instituted by the Commission in this proceeding.

V.

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 Respondent Eads, and further, any debt for civil penalties or other amounts due by Respondent Eads 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 Respondent Eads 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).

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 Respondent Brewer, and further, any debt for civil penalties or other amounts due by Respondent Brewer 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 Respondent Brewer 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).

By the Commission.

Brent J. Fields
Secretary