

TRAVIS J. ILES
SECURITIES COMMISSIONER



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DEPUTY SECURITIES COMMISSIONER

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Texas State Securities Board

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MEMBER

DAVID B. MONTGOMERY
MEMBER

IN THE MATTER OF
ANTHONY MARTINEZ

§
§

Order No. ENF-24-CDO-1888

Anthony Martinez

Service by certified mail, return receipt requested, addressed to Abel Cavada, counsel, at 402 Peoples St Suite 2B, Corpus Christi, Texas 78401, and by electronic mail addressed to Abel Cavada, counsel, Cavadaabel@yahoo.com.

AGREED ORDER

Be it remembered that Anthony Martinez ("**Respondent**") appeared before the Securities Commissioner of Texas and consented to the entry of this Agreed Order and the Findings of Fact, Conclusions of Law, and Order contained herein.

FINDINGS OF FACTS

1. Respondent waived (a) his right to notice and hearing in this matter, (b) his right to appear and present evidence in this matter, (c) his right to appeal this order and (d) all other procedural rights granted by the Securities Act, Tex. Gov't Code §§ 4001.001 - 4008.105 (the "**Securities Act**"), and the Administrative Procedure Act, Tex. Gov't Code Ann. §§ 2001.001-2001.903 (the "**Administrative Procedure Act**").
2. On January 9, 2019, Respondent organized TXEP Fuels LLC ("**TXEP**"), with the Texas Secretary of State. Respondent was a managing member of TXEP during its existence.
3. On April 12, 2019 Respondent doing business as TXEP offered for sale and sold an equity interest in TXEP, specifically a 25% membership interest in TXEP, to an investor with the promise to share TXEP profits with the investor.
4. From May 29, 2019 to December 23, 2020 Respondent doing business as TXEP offered for sale and sold interests in or under various oil and gas leases in Texas; the interests described as Working Interests and Net Revenue Interests; and the leases known as the Stockard Lease, the Rodriguez Lease, and the Anastacio Garcia Lease.

5. From May 12, 2020 to June 30, 2020 Respondent doing business as TXEP offered for sale and sold investments described as Crude Oil Purchase Assignments. Respondent offered investors a shared interest in barrels of crude oil purportedly purchased and managed by TXEP. Respondent represented that TXEP would sell the crude oil when the market price was at least 50% above the purchase price, with the promise to pay investors their share of the sale proceeds.

Fraud In The Sale of Securities

In connection with the offer and sale of securities, Respondent intentionally failed to disclose the following material facts:

6. On May 7, 2015, Respondent was named as a defendant in a lawsuit styled *Nuno, LLC vs Martinez Oil & Gas LLC, Anthony Martinez, George A. Martinez Sr. and Angelita Martinez*, Cause No. 2015CI07638, in the District Court, 45th Judicial District, Bexar County, Texas, and on or about May 24th, 2016, the defendants were found liable for \$354,119.49 in damages consisting of \$118,039.83 in economic damages, trebled pursuant to the Texas Deceptive Trade Practices Act.
7. On May 25, 2016, Respondent was named as a defendant in a lawsuit styled *Fracpro Solutions LLC v Anthony Martinez, Individually and doing business as MOG Resources*, Cause No CC-16-02655-C, in County Court At Law No 3, Dallas County, Texas, and on or about September 29th, 2016 the defendant was found liable for actual damages in the amount of \$31,080.
8. On June 6, 2017, in a Final Order action by the Texas Railroad Commission styled *Enforcement Action Against Martinez Oil & Gas LLC (Operator Number 531054) for Violations of Statewide Rules on the Rio Medina Farms-A-(09529) Lease, Well Nos. 1,2,3,4,5,6 and 7, Southton Field, Bexar County, Texas, Oil and Gas Docket No. 01-0304096*, an administrative penalty in the amount of \$31,451 was assessed against Respondent. The Commission concluded that Respondent and George Martinez “and any other organization in which these individuals may hold a position of ownership or control” were subject to the restriction in Tex. Nat. Res. Code sec 91.114(a)(2) for a period of no more than seven years from the date the order becomes final or until the violations are corrected and penalties and plugging and cleanup costs incurred by the State are paid.
9. On October 17, 2018, Respondent was named as a defendant in a lawsuit filed by the Texas Railroad Commission styled *State of Texas vs. Martinez Oil & Gas LLC, a Texas Limited Liability Company; Anthony Martinez; and George Martinez, Sr.* Cause No. D-1-GN-18-006305, in the District Court of Travis County, Texas, 126th Judicial District, to recover penalties assessed in the Final Order on June 6, 2017 in the case *In Re Enforcement Action Against Martinez Oil & Gas LLC*. On October 17, 2019 a Final Default Judgment was entered in the case. The order of default included the State of Texas recover from the defendants, jointly and severally, \$31,451.00 in administrative penalties; \$53,097.03 in reasonable plugging expenses plus prejudgment interest;

\$1,881.25 in attorney fees; and court costs, with the judgment amount bearing interest at 5.25% per annum.

10. On February 9, 2018, Respondent was indicted on a theft charge and named as a defendant in a case styled *State of Texas v. Anthony Martinez, In the District Court, 81st/218th Judicial District, Atascosa County, Texas, Cause Number 18-02-00025-CRA*.
11. On or about April 16, 2019 Respondent used TXEP investor funds to pay restitution in the theft case in the amount of \$18,344.55. As a result, the theft charge filed against Respondent was dismissed.

CONCLUSIONS OF LAW

12. The equity interests, the interests in and under the oil and gas leases, and the crude oil interests offered for sale and sold by Respondent are securities as the term is defined by Section 4001.068 of the Securities Act.
13. Respondent violated Section 4003.001 of the Securities Act by offering securities for sale in Texas at a time when the securities were not registered with the Securities Commissioner or permitted for sale in Texas.
14. Respondent violated Section 4004.101 of the Securities Act by offering securities for sale and selling securities in Texas without being registered pursuant to the provisions of section 4004.101 of the Securities Act.
15. Respondent engaged in fraud in connection with the offer for the sale of securities.
16. The foregoing Conclusions of Law constitute a basis for entering this Agreed Order pursuant to Section 4007.101 of the Securities Act.

UNDERTAKING

17. Respondent agrees to deliver notification to the Director of Enforcement of the State Securities Board of an intent to rely upon any exemption from the securities registration and/or dealer/agent registration provisions of the Texas Securities Act or safe harbor exemptions of the federal securities laws, in connection with the offer and/or sale of any security in and/or from the State of Texas, at least 30 days prior to the date of the first offer of any security. Notice may be sent via email to EnforceInfo@ssb.texas.gov.

ORDER

18. It is therefore ORDERED that Respondent CEASE AND DESIST from offering for sale any security in Texas until the security is registered with the Securities Commissioner or is offered for sale pursuant to an exemption from registration under the Texas Securities Act.

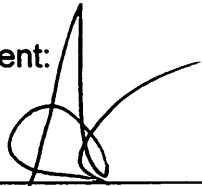
19. It is further ORDERED that Respondent CEASE AND DESIST from acting as a securities dealer or agent of the securities dealer in Texas until Respondent is registered with the Securities Commissioner or is acting pursuant to an exemption from registration under the Securities Act.
20. It is further ORDERED that Respondent CEASE AND DESIST from engaging in any fraud in connection with the offer for sale of any security in Texas.

SIGNED AND ENTERED by the Securities Commissioner this 2nd day of
December 2024.



TRAVIS J. ILES
Securities Commissioner

Respondent:



By:

Anthony Martinez, Individually

Approved as to form:

By:

Joseph Rotunda
Director
Enforcement Division

By:



[ATTORNEY] 573 N 5402 1300
[ADDRESS] PO Box 537
SE 76 74402
Attorney for Respondent

By:

Angela Cole
Assistant Director
Enforcement Division

Respondent:

By: _____
Anthony Martinez, Individually

Approved as to form:

By: _____
Joseph Rotunda
Director
Enforcement Division

By: _____
Abel Cavada
402 Peoples St Suite 2B
Corpus Christi, TX 78401

Attorney for Respondent

By: **Angela Cole** Digitally signed by Angela Cole
Date: 2024.09.27 15:28:57 -05'00'

Angela Cole
Assistant Director
Enforcement Division

By: **L. Judith Saenz** Digitally signed by L. Judith Saenz
Date: 2024.09.27 15:32:07 -05'00'

Judy Saenz
Assistant Director
Enforcement Division

Respondent:

By: _____
Anthony Martinez, Individually

Approved as to form:

By: **Joe Rotunda**
Digitally signed by Joe Rotunda
Date: 2024.11.26 11:32:50
-06'00'

Joseph Rotunda
Director
Enforcement Division

By: _____
Abel Cavada
402 Peoples St Suite 2B
Corpus Christi, TX 78401

Attorney for Respondent

By: _____
Angela Cole
Assistant Director
Enforcement Division

By: _____
Judy Saenz
Assistant Director
Enforcement Division