

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING AND SECURITIES

FILED

2013 MAR 28 AM 11:06

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING AND
SECURITIES, BUREAU OF SECURITIES
LICENSING, COMPLIANCE AND
ENFORCEMENT

v.

FIRST CHOICE OIL AND GAS ENERGY
PARTNERS
ROY ALVIN BROWN

ADMINISTRATIVE PROCEEDING
DOCKET NO. 2013-03-10

Docket No. : 13 0629 (SEC)

NOTICE OF RIGHT TO HEARING

You have the right to request a hearing before the Banking and Securities Commission ("Commission") within **30 days** after receipt of this Order as provided in Section 607 of the Pennsylvania Securities Act of 1972, 70 P.S. § 1-607. A written request for a hearing must be filed with the Department of Banking and Securities ("Department") as follows:

Linnea Freeberg, Docket Clerk
Department of Banking and Securities
17 North Second Street, Suite 1300
Harrisburg, Pennsylvania 17101

Failure to timely file a request for a hearing will result in this Order becoming a final Order.

Once you file a written request for a hearing, the matter will be scheduled for a hearing to commence within 30 days after receipt unless you consent to a later date. If you consent to a later date but fail, after notification by first class mail to your last known address in the Department's files, to consent to a hearing date that is within 180 days of the request, the request for a hearing shall be deemed abandoned and the Order shall be deemed a final Order. You have the right to be represented by an attorney in this matter.

Further, you must serve a copy of the request for a hearing and any other documents on the person who signed the Order by providing a copy to his or her counsel indicated below:

Carolyn W. Mendelson, Assistant Counsel
Attorney I.D. # 74601
FOR: Commonwealth of Pennsylvania
Department of Banking and Securities
301 Fifth Avenue, Room 290
Pittsburgh, PA 15222
(412) 565-5083

The hearing and all other procedural matters will be governed by the Pennsylvania Administrative Agency Law, 2 Pa. C.S. §§501-508, 701-704, and the General Rules of Administrative Practice and Procedure, 1 Pa. Code §§31.1.-35.251.

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SUMMARY ORDER TO CEASE AND DESIST

WHEREAS, the Department of Banking and Securities (the "Department") is the Commonwealth of Pennsylvania's administrative agency authorized and empowered to administer and enforce the Pennsylvania Securities Act, 70 P.S. § 1-101 et seq. ("1972 Act"); and

WHEREAS, the Bureau of Securities Licensing, Compliance, and Enforcement (the "Bureau") is primarily responsible for administering and enforcing the 1972 Act for the Department; and

WHEREAS, First Choice Oil & Gas Energy Partners ("Respondent First Choice") was, at all times material herein, an entity with an address at 409 N. Pacific Coast Highway #700, Redondo Beach, California 90277. Respondent First Choice purports to be in the business of oil and gas production. At all times material herein, Respondent First Choice was offering for sale an oil well production participation and interim promissory note ("Note"); and

WHEREAS, Alvin Roy Brown (“Respondent Brown”) was, at all times material herein, an individual with an address at 409 N. Pacific Coast Highway #700, Redondo Beach, California 90277. At all times material herein, Respondent Brown was the general partner of Respondent First Choice; and

WHEREAS, in or about March 2013, the United States Securities and Exchange Commission issued an emergency asset freeze against Respondent Brown in connection with a real estate investment program (See SEC v. Alvin R. Brown, First Choice Investment, Inc., and Advanced Corporate Enterprises, Inc. d/b/a A-Corp Enterprises a/k/a ACorp Development a/k/a A-Corp Investment, United States District Court of Central District of California, CV 13-01629); and

WHEREAS, in or about March 2013, at least one Pennsylvania resident (“PA Resident”) was telephoned, or “cold-called”, by representatives of Respondent First Choice who offered for sale the Note; and

WHEREAS, in or about March 2013, the PA Resident received offering materials (“Materials”) via e-mail from Respondent First Choice which included a cover letter and an “Oil Well Production Participation and Interim Note Agreement”; and

WHEREAS, the Materials state:

- a. The Note pays 10% annually in addition to a well completion bonus;
- b. The PA Resident would be paid interest of 10% on the Note before the well starts to produce oil or gas;
- c. The PA Resident will invest \$16,500 and own a 1% working interest and a 55% net revenue interest in a well located in the Wattenberg Field of Colorado which is “one of seven [of the] most productive oil fields in all of North America”; and

WHEREAS, Respondent Brown has been discharged of his personal debts through federal bankruptcy proceedings in both 2007 and 2010; and

WHEREAS, the Materials do not disclose Respondent Brown's personal bankruptcies; and there was no other disclosure of Respondent Brown's personal bankruptcies to the PA Resident; and

WHEREAS, the PA Resident was not an accredited investor under Rule 501 of Regulation D, and did not have sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of the investment; and

WHEREAS, the PA Resident had no substantive, pre-existing relationship with Respondent First Choice or with any of the representatives who telephoned or sent e-mails to him on behalf of Respondent First Choice; and

WHEREAS, the Note described above is a "security" within the meaning of Section 102(t) of the Pennsylvania Securities Act of 1972 (1972 Act), 70 P.S. § 1-102(t); and

WHEREAS, Respondent First Choice is the "issuer" of the Note described above within the meaning of Section 102(l) of the 1972 Act, 70 P.S. § 1-102(l); and

WHEREAS, the records of the Department disclose that the Note is (a) not registered under Section 201 of the 1972 Act, 70 P.S. § 1-201; (b) not exempt from registration under Section 202 of the 1972 Act, 70 P.S. § 1-202; and (c) not a federally covered security; and further the securities transactions relating to the Note are not exempt under Section 203 of the 1972 Act, 70 P.S. § 1-203; and

WHEREAS, Respondent Brown acted as an "affiliate" of Respondent First Choice within the meaning of Section 102(b) of the 1972 Act, 70 P.S. § 1-102(b), and, as such, caused

and is about to cause Respondent First Choice to commit the herein stated acts which violated the 1972 Act; and

WHEREAS, based on the foregoing, the Department finds that Respondents First Choice and Brown have engaged in or are about to engage in acts and practices which violate Section 201 of the 1972 Act, 70 P.S. § 1-201; and

WHEREAS, based on the foregoing, the Department finds that Respondents First Choice and Brown have engaged in or are about to engage in acts and practices which violate Section 401(b) of the 1972 Act, 70 P.S. § 1-401(b); and

Authority of the Department

WHEREAS, Section 606(c.1) of the 1972 Act provides the Department with authority to issue a summary order to cease and desist when it finds that any person has engaged or is about to engage in any act or practice constituting a violation of any provision of the 1972 Act or any rule or order thereunder. The order may be issued summarily without notice or hearing; and

WHEREAS, after due deliberation, the Bureau finds that it is necessary and appropriate, in the public interest, for the protection of investors and is consistent with the purposes fairly intended by the policy and provisions of the 1972 Act to issue the following Order:

AND NOW, THEREFORE, the Bureau, pursuant to its authority referenced above, hereby imposes the following Order:

IT IS ORDERED that First Choice Oil and Gas Energy Partners and Alvin Roy Brown, and every successor, affiliate, control person, agent, servant, and employee of them, and every entity owned, operated, or indirectly or directly controlled or hereinafter organized by or on

behalf of them, shall immediately CEASE AND DESIST from offering and selling the Note in the Commonwealth of Pennsylvania in violation of the 1972 Act, and, in particular, Sections 201 and 401(b) thereof.

So ORDERED this 28th day of March, 2013.

BY ORDER OF THE DEPARTMENT


Aimee A. Toth, Deputy Secretary for Securities

Date Issued & Entered: 3/28/13

Representation before the Department of Banking and Securities shall be in accordance with Sections 31.21, 31.22, 31.23, and 31.24 of the General Rules of Administrative Practice and Procedure, 1 Pa. Code §§ 31.21, 31.22, 31.23, and 31.24. An individual who substantially controls a Respondent may represent the Respondent in an adversary proceeding.

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CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of the foregoing Order upon the parties below, who constitute the only parties of record in this proceeding, in accordance with the requirements of 1 Pa. Code §§ 33.35, 33.36 and 33.37:

BY CERTIFIED AND FIRST CLASS MAIL

First Choice Oil and Gas Energy Partners
409 N. Pacific Coast Highway #700
Redondo Beach, California 90277

Alvin Roy Brown
409 N. Pacific Coast Highway #700
Redondo Beach, California 90277

Dated this 20th day of March, 2013.

Fran Beers, Administrative Officer
Office of Chief Counsel
FOR: Commonwealth of Pennsylvania
Department of Banking and Securities
Market Square Plaza
17 North Second Street, Suite 1300
Harrisburg, PA 17101
717-787-1471