

IN THE MATTER OF THE *SECURITIES ACT*,  
S.N.B. 2004, c. S-5.5

AND IN THE MATTER OF

**RONIN GROUP L.L.C.,  
RONIN OPERATING L.L.C.,  
and JOE TREVINO, JR.**

(Respondents)

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## STATEMENT OF ALLEGATIONS

(of Staff of the New Brunswick Securities Commission)

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1. Ronin Group L.L.C. ("Ronin Group") is a corporation incorporated in the State of Oklahoma, purporting to have an office at 7290 15<sup>th</sup> Street, Beggs, Oklahoma, 74421. Ronin Group is described as the "Managing Venturer" in a joint venture promoted in New Brunswick.
2. Ronin Operating L.L.C. ("Ronin Operating") is a corporation incorporated in the State of Oklahoma. Ronin Operating is purported to be the operator of the oil and gas wells involved in the joint venture promoted by Ronin Group in New Brunswick.
3. Joe Trevino, Jr. ("Trevino") is an individual residing at [REDACTED], Arlington, Texas and/or [REDACTED], Tulsa, Oklahoma. Trevino is the President of Ronin Group and Ronin Operating and uses an email address at [REDACTED]. Trevino is not registered to trade in securities in New Brunswick.

The solicitations

4. On 10 December 2010, a New Brunswick resident received a telephone "cold call" from Trevino on behalf of Ronin Group. During the conversation, Trevino solicited the New Brunswick resident to invest in a joint venture involving Ronin Group and oil and gas wells it was purportedly developing in the state of Oklahoma. Trevino touted that the investment could double in the first year.
5. Subsequent to the telephone conversation, Trevino further solicited the New Brunswick resident by email to invest in the joint venture. Trevino forwarded to the New Brunswick resident a "Confidential Private Placement Memorandum" dated 20 April 2009, a form of Subscription Agreement, as well as certain promotional

materials.

6. The Confidential Private Placement Memorandum provided by Trevino contemplates that the offering of the investment constitutes an offering of securities under United States federal and state law.
7. The solicitations made by Trevino on behalf of Ronin Group constitute trading in securities under the *Securities Act*, S.N.B. 2004, c. S-5.5 (the "*Securities Act*"). Ronin Group and Trevino were not registered to trade in securities and the offer was not made pursuant to a prospectus, nor was any registration or prospectus exemption available for the proposed trade. As such, Trevino and Ronin Group are in breach of sections 45 and 71(1) of the *Securities Act*.

#### Representations as to returns

8. The solicitation made by Trevino to the New Brunswick resident included representations that one of the three oil and gas wells involved in the joint venture (Jones Enterprise #34-1) was complete and that testing indicated gas production sufficient to fund a full return of principal in the first 18 months. Any oil produced from this well, together with any oil and gas production from the two undeveloped wells, would supplement this return.
9. The promotional materials provided by Trevino to the New Brunswick resident, which were dated April 2009, projected monthly income of \$6,430.00 on a \$55,000 investment in the joint venture, for a return of principal in approximately 8 months.
10. Trevino stated that similar wells have been productive for 25 years, although he acknowledged that production declines over the life of the well.
11. Trevino did not provide an explanation as why an investment which was thought to have this potential was being promoted by way of cold calls to retail investors in New Brunswick.

#### The Jones Enterprises 34-1 well

12. Materials provided by Trevino to the New Brunswick resident provide an "API" number for the Jones Enterprise 34-1 well. The relevant Oklahoma state database reflects that this well is associated with a certain licensed oil and gas operator in Oklahoma. This operator states that Joe Trevino fraudulently used his operator number in association with the drilling of the well. The operator has reported this allegation to the local sheriff's department and the Oklahoma oil and gas regulator.

#### Conclusion

13. Given the circumstances of the solicitation made by the Trevino and Ronin Group, it

is in the public interest that the respondents be prohibited from trading in New Brunswick even if a registration or prospectus exemption is available to them.

### **Relief sought**

14. Staff seek the following relief:

- a. Upon a hearing being conducted in this matter, an order pursuant to section 184(1)(c), 184(1)(d) that:
  - i. The Respondents cease trading securities permanently or for such period of time as the Commission may deem appropriate;
  - ii. All trading in any securities offered by the Respondents, including the "Enterprise Joint Venture", cease permanently or for such period as the Commission may deem appropriate; and
  - iii. Any exemptions contained in New Brunswick securities law do not apply to the Respondents permanently or for such period as the Commission may deem appropriate.

DATED at the City of Saint John this 18<sup>th</sup> day of February 2011.

"original signed by"

Mark McElman  
Counsel to Staff of the Commission

New Brunswick Securities Commission  
Suite 300, 85 Charlotte Street  
Saint John, New Brunswick  
E2L 2J2

Tel: (506) 658-3117  
Fax: (506) 643-7793  
mark.mcelman@nbsc-cvmnb.ca