

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES ACT OF 1933
Release No. 10530 / August 14, 2018

SECURITIES EXCHANGE ACT OF 1934
Release No. 83839 / August 14, 2018

ADMINISTRATIVE PROCEEDING
File No. 3-18641

In the Matter of

**TOMAHAWK
EXPLORATION LLC and
DAVID THOMPSON
LAURANCE,**

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 public administrative and cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 8A of the Securities Act of 1933 (“Securities Act”) and Sections 15(b) and 21C of the Securities Exchange Act of 1934 (“Exchange Act”) against Tomahawk Exploration LLC (“Tomahawk” or “the Company”) and David Thompson Laurance (“Laurance”).

II.

In anticipation of the institution of these proceedings, Respondents have submitted Offers 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 except as provided herein in Section V as to Laurance, 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

1. From July through September 2017, Tomahawk Exploration LLC, an oil and gas exploration company, and its founder, David Laurance (collectively, “Respondents”), offered and sold digital assets in the form of tokens called “Tomahawkcoins,” or “TOM,” through an online initial coin offering (“ICO”). Respondents sought to raise \$5 million through the ICO, purportedly to fund oil drilling in Kern County, California, having previously tried unsuccessfully to raise money for the project through private investments and the public capital markets. The Company’s website and white paper touted the tokens’ potential for significant long-term profits based on Tomahawk’s anticipated oil production. Promotional materials represented that TOM investors could trade their tokens for potential profits on a token trading platform, and that they would have the option to convert their tokens into Tomahawk equity at a future date. Although Respondents failed to raise money through the ICO, Tomahawk issued approximately 80,000 TOM as part of a “Bounty Program” in exchange for online promotional and marketing services.

2. Based on the facts and circumstances set forth below, TOM tokens are securities because they are investment contracts under *SEC v. W.J. Howey Co.*, 328 U.S. 293 (1946), and its progeny, including the cases discussed by the Commission in its *Report Of Investigation Pursuant To Section 21(a) Of The Securities Exchange Act Of 1934: The DAO* (Exchange Act Rel. No. 81207) (July 25, 2017) (the “DAO Report”), and because they represent a transferable share or option on a security. Tomahawk’s issuance of tokens under the Bounty Program constituted an offer and sale of securities because the Company provided TOM to investors in exchange for services designed to advance Tomahawk’s economic interests and foster a trading market for its securities. Tomahawk and Laurance violated Sections 5(a) and 5(c) of the Securities Act by offering and selling TOM without having a registration statement filed or in effect with the Commission or qualifying for an exemption from registration with the Commission.

3. Tomahawk and Laurance also violated the antifraud provisions of the federal securities laws with respect to the offering. Specifically, they falsely stated Tomahawk’s prospects for success, using inflated projections of oil reserves and production that they claimed were “risk adjusted” when they were not. They also falsely represented that Tomahawk possessed leases for the project when it did not, and falsely stated that Laurance has a “flawless background” when he has a prior criminal conviction for conduct relating to securities offerings.

Respondents

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.

4. Tomahawk Exploration LLC is a Nevada limited liability company formed by Laurance in 2010 and headquartered in Irvine, California. Tomahawk engaged in an offering of Tomahawk securities that constituted penny stock, as described below.

5. David Thompson Laurance, a/k/a Tom Laurance, age 76, is the sole managing member of Tomahawk and a resident of Irvine, California. Laurance participated in the offering of Tomahawk securities that constituted penny stock.

Laurance's Background

6. Since the 1980s, Laurance has formed, raised capital for, and served as an officer or director for several private and publicly-traded oil and gas companies, including companies that issued penny stock.

7. In 1993, in a criminal matter, Laurance was convicted of mail fraud and providing false information to the Commission in connection with a scheme to defraud investors in penny stock companies that he promoted and controlled.

8. After his release from prison, Laurance formed another oil and gas company. In 2005, Laurance merged that company into a publicly-traded shell company and was appointed president of the merged entity. In 2009, the Commission charged certain individuals with registration violations and market manipulation in the merged entity's stock. *See SEC v. Calmes, et al.*, Case No. 09-80524-CIV0-ZLOCH (S.D. Fla. Apr. 2, 2009). Although Laurance was not charged in that matter, in the wake of the Commission's case Laurance's company ceased operations and he filed for personal bankruptcy in 2010. Laurance again filed for personal bankruptcy in 2016.

The Oil and Gas Exploration Project

9. Beginning in 2014, Laurance sought to raise capital for an oil exploration project targeting a 400-acre prospect in Kern County, California (the "Kern County Project"). Laurance hired a licensed petroleum engineer to prepare a report estimating the proved undeveloped oil reserves and economic prospects of the opportunity. The engineer's report, which Laurance received in April 2015, estimated that the Kern County Project could net 2.4 million barrels of oil, without adjusting for the risks associated with drilling the wells.

10. Initially, Laurance sought private investors for the Kern County Project. When that was unsuccessful, he returned to the public capital markets and began exploring a reverse merger with a publicly-traded penny stock shell company. However, in April 2016 the Commission suspended trading of the shares of that company and the merger was never consummated.

11. In the spring of 2017, an individual who had purchased stock in the publicly-traded shell company in anticipation of the expected merger contacted Laurance and complained that he had lost his money. The individual suggested that Laurance consider funding the Kern County Project through an ICO. On June 16, 2017, Laurance and the individual entered into a Memorandum of Understanding ("MOU"), which outlined a plan to fund the Kern County Project through the issuance of Tomahawkcoins.

12. The MOU contemplated setting up a website for the Tomahawk ICO (the “ICO Website”) and provided that Laurance was “responsible for all Website content and the expenditure of all capital raised” through the ICO. Laurance therefore had ultimate authority over the ICO Website content, and exercised it by providing the oil-related information that was included in the final ICO Website and linked white paper, which were publicly accessible to U.S. persons and others throughout the offering period.

Tomahawk Promotes and Conducts the ICO

13. The ICO Website launched in June 2017, stating that the ICO would be open from July 30, 2017 to August 30, 2017 (reserving the right to keep the offer open after that date). According to the ICO Website and white paper Tomahawk sought to raise \$5 million through the ICO to fund the cost of drilling the wells, and would issue 200 million TOM tokens on a “decentralized exchange” based on a blockchain platform. Half of the tokens (100 million TOM) would be available for purchase by potential investors at a cost of \$.05 each. Investors could purchase TOM tokens on the decentralized platform using other digital assets, including Bitcoin and Ether.

14. To promote the ICO, Tomahawk’s ICO Website and white paper focused on potential investor profits. The ICO Website included a business plan that described “a substantial investment opportunity” that was “capable of producing significant risk adjusted rates of return,” and proclaimed that “LOW RISK, HIGH POTENTIAL RATES OF RETURN ARE ACHIEVABLE.” The plan added that Tomahawk was “uniquely positioned to exploit opportunities in this market and provide the greatest potential for returning higher than average adjusted rates of return to investors,” and stated that “the risk-adjusted returns are exceptional.” Tomahawk described the digital asset as a token “backed by profits generated by Tomahawk Exploration LLC an oil producing company.”

15. Laurance provided the oil production projections used as a basis for the profit potential and reviewed and edited the statements published on the ICO Website, which were repeated in the white paper. The ICO Website and white paper emphasized that TOM was “directly backed by oil production.” The business plan section of the ICO Website proclaimed that Tomahawk expected “to have 50 well locations averaging 100,000 [barrels] per well for a total of 5,000,000 [barrels] recoverable.” The ICO Website represented that the production estimate was “risk adjusted” and provided that “the true potential of all zones being produced, our Net reserves . . . should be more than 200,000 [barrels] per well.” Tomahawk proclaimed that the “odds of finding oil is almost a mute-point [sic].”

16. Investors would have been reasonable in relying on Tomahawk and Laurance to generate revenue and potential profit on their behalf. Laurance selected the drill locations and would have needed to obtain the right to drill and required permits. Laurance hired the petroleum engineer, obtained the geological information and analyses, and was responsible for managing the physical drilling and delivery and sale of any oil produced. On the ICO Website, Laurance highlighted his prior experience and expertise in conducting these oil exploration activities.

17. According to the ICO Website, while Tomahawk prepared to drill the wells, TOM owners would be able to trade their tokens on a decentralized platform “right from day #1.” The white paper also represented that the Company’s business plan would “increase the demand for Tomahawkcoin on digital currency exchange markets.”

18. Tomahawk’s online offering materials also explicitly linked TOM tokens to equity ownership in the Company. Tomahawk touted that TOM was “minted to bridge the two worlds of trading virtual currency and the equity ownership in Tomahawk.” The ICO Website and white paper highlighted the equity conversion feature, detailing the Company’s plan to become publicly quoted on the OTC market. The materials explained that “all ICO owners of Tomahawkcoin are eligible to exchange Tomahawkcoin for the equivalent value in Gift Share(s) of the public company” and that “[o]ne Tomahawkcoin is equal to one publicly free traded share of Tomahawk Exploration LLC upon conversion[.]” The ICO Website represented in numerous places that investors enjoyed an option to convert TOM to equity, and Tomahawk emphasized that investors could profit both from trading TOM and the option to convert to equity ownership through the slogan “Tomahawkcoin: Buy it Once... it will Pay you Twice.”

19. The ICO Website described the Company’s principals as “refined successful citizens with flawless backgrounds” and detailed Laurance’s long history in the oil and gas industry and with public companies. The ICO Website did not mention Laurance’s prior criminal conviction, involvement with penny stock companies that were the subject of SEC actions, or personal bankruptcies. Instead, Laurance attempted to hide his past by removing his middle initial from the ICO Website so that it would be more difficult for potential investors to discover his history.

20. To promote the ICO, Tomahawk’s offering materials were disseminated widely online. In addition to the ICO Website and linked white paper, Tomahawk itself directly promoted the ICO on various online channels, including social media, online forums and bitcoin-related blogs, and made related materials available through Google Docs. When potential investors posted questions on one online forum, Laurance prepared a response reiterating the investment opportunity, oil prospects and two paths to profits, and authorized his response to be posted online.

21. In addition to offering TOM for purchase, Tomahawk initiated a “Bounty Program” to promote the ICO. Under that program, Tomahawk dedicated 200,000 TOM to pay to third parties in exchange for the third parties’ marketing efforts. Tomahawk featured the Bounty Program prominently on the ICO Website, offering between 10 and 4,000 TOM for activities such as making requests to list TOM on token trading platforms, promoting TOM on blogs and other online forums like Twitter or Facebook, and creating professional picture file designs, YouTube videos or other promotional materials.

22. Between July and September 2017, Tomahawk issued more than 80,000 TOM as bounties to approximately 40 wallet holders on a decentralized platform. Tomahawk received value in exchange for the distributions, principally in the form of online promotional efforts that targeted potential investors and directed them to Tomahawk’s offering materials. The decentralized platform on which Tomahawk issued the TOM tokens was publicly accessible to U.S. persons and others throughout the offering period. Bounty recipients subsequently traded their TOM tokens on the platform for other digital assets.

23. On July 27, 2017, in response to the Commission’s DAO Report, Tomahawk published an article online titled “Tomahawkcoin ICO Adjusting to the SEC, by Legally Avoiding Them.” That article incorrectly stated that Tomahawk’s ICO would be exempt from securities regulation because the Company was abandoning its plan to be quoted on the OTC market.

24. Ultimately, Tomahawk did not raise any money through the ICO. On October 3, 2017, Laurance terminated the MOU and abandoned the ICO. Laurance continued to seek funding for his project. There has been minimal recent trading activity in Tomahawkcoins on the decentralized platform, and the most recent best bid appears to be far below a penny.

The Materially False and Misleading Statements

25. Tomahawk’s online offering materials contained numerous materially false and misleading statements. The ICO Website and white paper contained false assertions about Tomahawk’s prospects for success, including that Tomahawk’s “*risk-adjusted returns* are exceptional” (emphasis added) because the Company expected to recover five million barrels of oil from the Kern County Project. These statements were materially false and misleading because, in fact, the petroleum engineer’s report did not make any adjustments for the risk of failed wells, and estimated at most 2.4 million barrels of oil recoverable from proved reserves. Considerable risk existed, as demonstrated by the fact that public records available at the time of the ICO showed that two wells drilled in the vicinity of the proposed lease in 2013 had produced no oil. Thus, assertions that the prospects were “risk adjusted” and the failure to disclose the significant risks involved rendered statements made in the offering materials materially false and misleading.

26. The ICO Website also falsely suggested that Tomahawk had acquired a lease for the Kern County Project by repeatedly referencing “our lease” or “the lease.” These statements were materially false and misleading because, in fact, Tomahawk did not have any lease or other property right to drill in Kern County.

27. The statements on the ICO Website claiming that Tomahawk’s principals were “successful citizens with flawless backgrounds” were materially false and misleading because Tomahawk did not disclose Laurance’s criminal conviction and personal bankruptcies.

28. Tomahawk advertised the Bounty Program alongside these false and misleading statements on the ICO Website and in other online forums. Bounty recipients directed additional potential investors to the false and misleading statements by creating promotional materials that featured links to the ICO Website.

Legal Analysis

29. Sections 5(a) and 5(c) of the Securities Act prohibit any person, directly or indirectly, from selling or offering a security through the use of any means or instrument of transportation or communication in interstate commerce or the mails unless a registration statement is in effect as to the security or there is a qualifying exemption. As explained in more detail below, TOM constituted securities and were offered to the general public through the ICO Website and other online forums. Furthermore, the distribution of TOM in exchange for promotional efforts pursuant to the Bounty Program constituted sales of securities. No registration statements were

filed or in effect for the offers and sales of TOM and no exemptions from registration were applicable.

30. TOM constituted securities under the federal securities laws during the time when Respondents offered and sold them. First, they constituted “investment contracts.” An investment contract is an investment of money in a common enterprise with a reasonable expectation of profits to be derived from the entrepreneurial or managerial efforts of others. *See SEC v. Edwards*, 540 U.S. 389, 393 (2004); *SEC v. W.J. Howey Co.*, 328 U.S. 293, 301 (1946); *see also United Housing Found., Inc. v. Forman*, 421 U.S. 837, 852-53 (1975) (The “touchstone” of an investment contract “is the presence of an investment in a common venture premised on a reasonable expectation of profits to be derived from the entrepreneurial or managerial efforts of others.”). The TOM tokens were offered in exchange for the investment of money or other contributions of value, including other digital assets. The representations in the online offering materials created an expectation of profits derived from the efforts of others, namely from the oil exploration and production operations conducted by Tomahawk and Laurance and from the opportunity to trade TOM on a secondary trading platform.

31. Second, TOM also constituted securities under the federal securities laws because they constituted “an option, or privilege on any security” and “transferable shares” under Section 2(a)(1) of the Securities Act and Section 3(a)(10) of the Exchange Act. Tomahawk’s offering materials stated that purchasers, including Bounty Program participants, would have the “option” to convert TOM tokens into equity shares and that investors would hold this privilege “as long as they own Tomahawkcoins.” TOM represented the right to an equity share of Tomahawk, including returns based on the issuer’s profits, and holders had the absolute right to transfer them on a decentralized trading platform such that TOM were in economic substance analogous to ordinary shares of stock. *See Tcherepnin v. Knight*, 389 U.S. 332, 336-40 (1967).

32. When offered, TOM was an equity security, as defined in Section 3(a)(11) of the Exchange Act, because it was a security convertible, with or without consideration, into an equity security through its conversion feature. TOM also constituted “penny stock” because they did not meet any of the exceptions from the definition of a “penny stock” in Section 3(a)(51) of the Exchange Act and Rule 3a51-1 thereunder. Specifically, TOM was an equity security that (1) was not an “NMS stock,” as defined in 17 CFR § 242.600(b)(47); (2) traded below five dollars per share during the relevant period; (3) was offered by an issuer with net tangible assets and average revenue below the thresholds of Rule 3a51-1(g)(1); and (4) did not meet any of the other exceptions from the definition of “penny stock.”

33. The ICO and Bounty Program constituted an offer of securities under Section 2(a)(3) of the Securities Act because it involved “an attempt or offer to dispose of, or solicitation of an offer to buy, a security or interest in a security, for value.” The distribution of TOM pursuant to the Bounty Program constituted sales under Section 2(a)(3) of the Securities Act, which applies to “every disposition of a security or interest in a security, for value.” The lack of monetary consideration for “free” shares does not mean there was not a sale or offer for sale for purposes of Section 5 of the Securities Act. Rather, a “gift” of a security is a “sale” within the meaning of the Securities Act when the donor receives some real benefit. *See SEC v. Sierra Brokerage Servs., Inc.*, 608 F. Supp. 2d 923, 940–43 (S.D. Ohio 2009), *aff’d*, 712 F.3d 321 (6th Cir. 2013).

34. Tomahawk received value in exchange for the bounty distributions, in the form of online marketing including the promotion of the ICO on blogs and other online forums. Tomahawk also received value in the creation of a public trading market for its securities. *See Sierra Brokerage*, 608 F. Supp. 2d at 940 (“where a ‘gift’ disperses corporate ownership and thereby helps to create a public trading market it is treated as a sale”). Here, Tomahawk issued tokens as part of the Bounty Program to generate interest in the ICO, which benefited Tomahawk. Distribution of tokens that are securities in exchange for promotional services to advance the issuer’s economic objectives or create a public market for the securities constitute sales for purposes of Section 5 of the Securities Act and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder.

35. Section 10(b) of the Exchange Act and Rule 10b-5 thereunder prohibit fraud in connection with the purchase or sale of securities. Specifically, Rule 10b-5(b) prohibits making untrue statements of material fact or omitting to state a material fact necessary to make statements made not misleading in connection with the purchase or sale of any security. Violations of Section 10(b) and Rule 10b-5(b) require a showing of scienter.

36. As described above, Laurance and Tomahawk made materially false and misleading statements in the TOM ICO, which included the Bounty Program. Laurance knew or was reckless in not knowing that these statements about Tomahawk were materially false and misleading. As Tomahawk’s control person, Laurance’s scienter is imputed to the Company. *See SEC v. Manor Nursing Ctrs., Inc.*, 458 F.2d 1082, 1089 n.3 (2d Cir. 1972).

Violations

37. As a result of the conduct described above, Tomahawk violated, and Laurance willfully violated, Sections 5(a) and 5(c) of the Securities Act.

38. As a result of the conduct described above, Tomahawk violated, and Laurance willfully violated, Section 10(b) of the Exchange Act and Rule 10b-5(b) thereunder.

Laurance’s Inability to Pay

Respondent Laurance has submitted a sworn Statement of Financial Condition dated March 20, 2018 and other evidence and has asserted his inability to pay a civil penalty. The Commission considered Respondent’s sworn Statement of Financial Condition in setting the amount of Respondent Laurance’s civil penalty.

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. Respondents Tomahawk and Laurance cease and desist from committing or causing any violations and any future violations of Section 5 of the Securities Act, Section 10(b) of the Exchange Act and Rule 10b-5 thereunder.

B. Respondent Laurance be, and hereby is:

prohibited 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.

C. Based upon Respondent Laurance's sworn representations in his Statement of Financial Condition dated March 20, 2018 and other documents submitted to the Commission, Respondent Laurance shall pay a civil penalty of \$30,000, to the Securities and Exchange Commission for transfer to the general fund of the United States Treasury in accordance with Exchange Act Section 21F(g)(3). Payment shall be made in the following installments: \$2,500 within 30 days of the date of this Order; \$2,500 within 120 days of the date of this Order; \$2,500 within 210 days of the date of this Order; \$2,500 within 300 days of the date of this Order; \$2,500 within 390 days of the date of this Order; \$2,500 within 480 days of the date of this Order; \$2,500 within 570 days of the date of this Order; \$2,500 within 660 days of the date of this Order; \$2,500 within 750 days of the date of this Order; \$2,500 within 840 days of the date of this Order; \$2,500 within 930 days of the date of this Order; and \$2,500 within 1020 days of the date of this Order. If any payment is not made by the date the payment is required by this Order, the entire outstanding balance of civil penalty, plus any additional interest accrued pursuant to 31 U.S.C. Section 3717, shall be due and payable immediately, without further application

The Division of Enforcement ("Division") may, at any time following the entry of this Order, petition the Commission to: (1) reopen this matter to consider whether Respondent provided accurate and complete financial information at the time such representations were made; and (2) seek an order directing payment of the maximum civil penalty allowable under the law. No other issue shall be considered in connection with this petition other than whether the financial information provided by Respondent was fraudulent, misleading, inaccurate, or incomplete in any material respect. Respondent may not, by way of defense to any such petition: (1) contest the findings in this Order; (2) assert that payment of a penalty should not be ordered; (3) contest the imposition of the maximum penalty allowable under the law; or (4) assert any defense to liability or remedy, including, but not limited to, any statute of limitations defense.

Payment must be made in one of the following ways:

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

Payments by check or money order must be accompanied by a cover letter identifying Laurance 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 Robert A. Cohen, Chief, Cyber Unit, Division of Enforcement, Securities and Exchange Commission, 100 F Street, NE, Washington DC, 20549-5553.

D. 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, Respondent Laurance agrees that in any Related Investor Action, he shall not 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 Respondent's payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Respondent 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 Respondent 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 Laurance, and further, any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Respondent Laurance 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 Laurance 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