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**STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
SECURITIES DIVISION**

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IN THE MATTER OF DETERMINING
whether there has been a violation
of the Securities Act of Washington by:

Fairfield Energy Inc. TM4500 Rig Acquisition
Joint Venture, LLC; Fairfield Energy Inc.;
Brian Sullivan,

Respondents.

Order Number S-07-351-09-SC01

STATEMENT OF CHARGES AND
NOTICE OF INTENT TO ISSUE AN
ORDER TO CEASE AND DESIST,
IMPOSE FINES, AND CHARGE
COSTS

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THE STATE OF WASHINGTON TO:

Fairfield Energy Inc. TM4500 Rig
Acquisition Joint Venture, LLC
Fairfield Energy Inc.
Brian Sullivan

STATEMENT OF CHARGES

Please take notice that the Securities Administrator of the State of Washington has reason to believe that Respondents Fairfield Energy Inc. TM4500 Rig Acquisition Joint Venture, LLC, Fairfield Energy Inc., and Brian Sullivan have each violated the Securities Act of Washington and that their violations justify the entry of an order of the Securities Administrator under RCW 21.20.390 against each to cease and desist from such violations. The Securities Administrator finds as follows:

TENTATIVE FINDINGS OF FACT

Respondents

1. Fairfield Energy Inc. TM4500 Rig Acquisition Joint Venture, LLC (“TM4500 Rig Acquisition Joint Venture”) is a limited liability company that was established in Colorado on May 16,

1 2007. TM4500 Rig Acquisition Joint Venture maintains a principal place of business at 1155 Kelly
2 Johnson Blvd., Colorado Springs, Colorado.

3 2. Fairfield Energy Inc. ("Fairfield Energy"), incorporated on September 11, 2006,
4 maintains a principal place of business at 1155 Kelly Johnson Blvd., Suite 304, Colorado Springs,
5 Colorado. Fairfield Energy is purportedly an oil and gas company, and is the Managing Partner of the
6 TM4500 Rig Acquisition Joint Venture. Fairfield Energy maintains a website at
7 www.fairfieldenergyonline.com.

8 3. Brian Sullivan ("Sullivan") is purportedly the CEO of Fairfield Energy. Sullivan is
9 believed to reside in Colorado Springs, Colorado.

10 Nature of the Offering

11 4. Respondents offered for sale units in the TM4500 Rig Acquisition Joint Venture for
12 \$75,000 per unit. The investment was in the form of an interest in the revenue from the leasing of an
13 oil drilling rig. It is believed that Respondents were trying to raise \$1.2 million dollars, purportedly to
14 acquire one drilling rig and accessories. Respondents' method of solicitation for the sale of the units
15 included cold calling.

16 5. On approximately June 21, 2007, a Washington resident received an unsolicited
17 telephone call regarding an oil and gas investment. The resident was not experienced in oil and gas
18 investments. The resident told the caller that he was not interested in the investment opportunity. The
19 caller then asked the resident if he were to get a 90% return from this investment, would he not at least
20 review the offering materials. The resident agreed to at least review the materials.

21 6. The resident received in the mail a packet of offering materials regarding the TM4500
22 Rig Acquisition Joint Venture. The offering documents included a letter from Sullivan, which he

1 signed as the CEO of Fairfield Energy. According to the letter, this opportunity “will give our clients
2 the ability to invest in the Oil and Natural Gas industry without the risk of drilling a dry hole. Because
3 the revenue from the rig is based on actual drilling time, the outcome of the wells will have no effect
4 on ROI to our partners.”

5 7. According to the offering documents, Fairfield Energy would have a 40% interest in the
6 Net Revenue Interest and the purchasers of units would have a share in the remaining 60% interest.
7 Each unit was equivalent to a 3.75% Net Revenue Interest.

8 8. According to the offering documents, once purchased, the TM4500 would be
9 immediately contracted out to three independent land owners who have in excess of 50,000 acres. At
10 40 acre spacing, this equates to 1,250 potential wells. With average depths in these fields ranging from
11 1,100 to 1,800 feet, the TM4500 is capable of drilling eight wells per month.

12 9. The offering documents included a Monthly Income Conversion Table, which calculated
13 the monthly income of purchasers per number of units purchased and wells drilled, based on
14 “\$2,500.00/hr. Rig Time.” Monthly income for a purchaser with one unit of ownership was calculated
15 at \$1,125 per well drilled. According to the table, if 5 wells were drilled each month, purchasers
16 would receive an annualized return of 90%.

17 Misrepresentations and Omissions

18 10. The Respondents failed to provide material information regarding Fairfield Energy Inc.
19 TM4500 Rig Acquisition Joint Venture, LLC and Fairfield Energy Inc., including, but not limited to:
20 financial statements, operational history, full representation of the company history, prior performance
21 information, and the general and specific risks involved with equipment leasing.

1 11. The Respondents failed to provide a reasonable basis upon which the projections of
2 monthly income were made.

3 12. Respondent Brian Sullivan failed to disclose to the Washington resident that he was a
4 Respondent in a Desist and Refrain Order issued by the California Corporations Division.

5 Registration Status

6 13. Fairfield Energy Inc. TM4500 Rig Acquisition Joint Venture, LLC is not currently
7 registered to sell its securities in the State of Washington and has not previously been so registered. In
8 addition, there is no notice of a claim of exemption on file with the Securities Administrator.

9 14. Fairfield Energy Inc. is not currently registered as a broker-dealer in the State of
10 Washington and has not previously been so registered.

11 15. Brian Sullivan is not currently registered as a securities salesperson or broker-dealer in
12 the State of Washington and has not previously been so registered.

13 Other Actions

14 16. On February 20, 2007, the State of California, Department of Corporations, issued a
15 Desist and Refrain Order against Brian Sullivan, Gabriella Sullivan, Daniel Sheriff, and Fairfield
16 Energy, Inc., Vista Joint Venture for the offer and sale of unregistered securities.

17
18 Based upon the above Tentative Findings of Fact, the following Conclusions of Law are made:

19 **CONCLUSIONS OF LAW**

20 17. The offer and/or sale of units in the Fairfield Energy Inc. TM4500 Rig Acquisition Joint
21 Venture, LLC described above constitutes the offer and/or sale of a security as defined in RCW
22 21.20.005(10) and (12).

1 18. The offer and/or sale of said securities were in violation of RCW 21.20.140 because the
2 Fairfield Energy Inc. TM4500 Rig Acquisition Joint Venture, LLC offering was not registered in the
3 State of Washington.

4 19. The offer and/or sale of said securities were in violation of RCW 21.20.040 because
5 Fairfield Energy Inc. offered and/or sold said securities while not registered as a broker-dealer in the
6 State of Washington.

7 20. The offer and/or sale of said securities were in violation of RCW 21.20.040 because
8 Brian Sullivan offered and/or sold said securities while not registered as a securities salesperson or
9 broker-dealer in the State of Washington.

10 21. The offer and/or sale of the Fairfield Energy Inc. TM4500 Rig Acquisition Joint Venture,
11 LLC was made in violation of RCW 21.20.010 because, as set forth in the Tentative Findings of Fact,
12 Respondents made misstatements of material fact or omitted to state material facts necessary in order
13 to make the statements made, in light of the circumstances under which they were made, not
14 misleading.

15
16 **NOTICE OF INTENT TO ISSUE AN ORDER TO CEASE AND DESIST**

17 Pursuant to RCW 21.20.390, and based upon the above Tentative Findings of Fact and Conclusions
18 of Law, the Securities Administrator intends to order that Respondents Fairfield Energy Inc. TM4500
19 Rig Acquisition Joint Venture, LLC, Fairfield Energy Inc., and Brian Sullivan, and their agents and
20 employees, shall each cease and desist from violations of RCW 21.20.140, RCW 21.20.040 and RCW
21 21.20.010.

1 **NOTICE OF INTENT TO IMPOSE FINES**

2 Pursuant to RCW 21.20.395, and based upon the above Tentative Findings of Fact and Conclusions
3 of Law, the Securities Administrator intends to order that the Respondents Fairfield Energy Inc. TM4500
4 Rig Acquisition Joint Venture, LLC, Fairfield Energy Inc., and Brian Sullivan shall each be liable for
5 and pay a fine of \$5,000.

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7 **NOTICE OF INTENT TO CHARGE COSTS**

8 Pursuant to RCW 21.20.390(5), and based upon the above Tentative Findings of Fact and
9 Conclusions of Law, the Securities Administrator intends to order that the Respondents Fairfield Energy
10 Inc. TM4500 Rig Acquisition Joint Venture, LLC, Fairfield Energy Inc., and Brian Sullivan shall be
11 liable for and pay the Securities Division the costs, fees and other expenses incurred in the conduct of the
12 investigation of this matter in an amount not less than \$1,500.

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14 **AUTHORITY AND PROCEDURE**

15 This Statement of Charges is entered pursuant to the provisions of RCW 21.20.390 and RCW
16 21.20.395, and is subject to the provisions of RCW 34.05. The Respondents may each make a written
17 request for a hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND
18 OPPORTUNITY FOR HEARING accompanying this Statement of Charges.

19 If a Respondent does not request a hearing, the Securities Administrator intends to adopt the above
20 Tentative Findings of Fact and Conclusions of Law as final, enter a permanent cease and desist order as to
21 that Respondent, and impose the fines and costs sought.

1 DATED AND ENTERED this 30th day of March, 2009.

2
3 *Michael E. Stevenson*

4 _____
MICHAEL E. STEVENSON
Securities Administrator

5 Approved by:

6 *An Edm*

7 _____
8 Suzanne Sarason
Chief of Enforcement

Presented by:

9 *Bridgett Fisher*

10 _____
11 Bridgett Fisher
12 Enforcement Attorney

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