

OFFICE OF THE MISSISSIPPI SECRETARY OF STATE  
SECURITIES DIVISION

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**IN THE MATTER OF**

**STEPHONE N. PATTON  
STAR OIL AND GAS COMPANY, INC.,  
NORTH GULF ENERGY CORPORATION, INC.,  
PATTON OILFIELD SERVICES, INC., and  
PATTON FARMS, LLC,**

**Administrative Order  
Number LS-22-5149**

*Respondent*

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**ORDER TO CEASE AND DESIST, TO PAY RESTITUTION  
AND TO PAY ADMINISTRATIVE PENALTY**

**WHEREAS**, the Secretary of State of the State of Mississippi (“Administrator”) has the authority to administer and provide for the enforcement of all provisions of the Mississippi Securities Act (“Act”), codified at Mississippi Code Annotated Sections 75-71-101 to -701 (2020); and

**WHEREAS**, Stephone N. Patton (“Patton” or “Respondent”) has violated provisions of the Act; and

**WHEREAS**, the Securities Division of the Mississippi Secretary of State’s Office (“Division”) is authorized to issue an order to direct any person to cease and desist from engaging in an act, practice, or course of business when the Administrator determines a person has engaged, is engaging, or is about to engage in an act practice, or course of business constituting a violation of the Act or a rule adopted or order issued under the Act; and

**WHEREAS**, action by the Division in this instance is necessary and appropriate in the public interest and for the protection of investors and is consistent with the purposes fairly intended by the policy and provisions of the Act;

**NOW, THEREFORE**, the Division hereby enters its Order to Cease and Desist, to Pay Restitution and to Pay Administrative Penalty.

## I. FINDINGS OF FACT

### A. Relevant Parties

1. The Secretary of State has the authority, pursuant to the Act, to administer and enforce the Act and to regulate the offer and sale of securities in Mississippi as well as the firms and persons who offer or sell securities or who provide investment advice regarding securities.
2. Stephone N. Patton is an individual who is believed to currently reside in Mississippi. According to criminal records<sup>1</sup>, Patton has used several false addresses and aliases in the past. Patton falsely lists his residence at a multimillion-dollar estate in Coral Gables, Florida. He also lists multiple Mississippi addresses and a Texas address in his filings on the Securities and Exchange Commission's ("SEC") Electronic Data Gathering, Analysis, and Retrieval System ("EDGAR"), as well as in Mississippi and Florida state corporate records.
3. Patton is not and has not at any time been registered with the Division in any capacity and none of his securities offerings have been properly registered or notice filed with the Division.
4. Patton is a serial fraudster with multiple criminal convictions. Most recently, Patton pled guilty in December 2017 to several felony counts of identity theft violations in Pinellas County, Florida and was sentenced to two years in prison. Additionally, he has prior convictions in Mississippi and Florida for defrauding financial institutions, check fraud and grand larceny.
5. Star Oil and Gas Company, Inc. ("Star Oil") is a Mississippi corporation with purported principal places of business in Dallas, Texas and Columbia, Mississippi. Its last known address is 150 Russell Road, Columbia, Mississippi 39429. This is likely a fraudulent address. Star Oil is not and has not at any time been registered or notice filed with the Division in any capacity.
6. In Form D filings by Star Oil from February 2020 through December 2022, Star Oil claims it raised over \$113 billion from at least 437 investors. On its website, Star Oil states it operates around the world

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<sup>1</sup> See *State of Florida v. Stephone Napoleon Patton*, Case No. 16-05888-CF; *State of Florida v. Stephone Napoleon Patton*, Case No. 140820MMANO; *State of Florida v. Stephone Napoleon Patton*, Case No. 1114595CFANO.

and has “31 offshore oil platforms and 6 production natural gas platforms” and generates “annual revenues of \$16 billion.” The website also advertises Patton as Star Oil’s “Owner and President.”

7. North Gulf Energy Corporation, Inc. (“North Gulf”) is a Mississippi corporation with purported principal places of business in Dallas, Texas and Columbia, Mississippi. Its last known address is 240 Hutson Morris Road, Columbia, Mississippi 39429. This is likely a fraudulent address. North Gulf is not and has not at any time been registered or notice filed with the Division in any capacity.

8. In Form D filings from March 2021 through March 2023, North Gulf claims it has raised over \$90 billion from at least 179 investors.

9. Patton Oilfield Services, Inc. (“Patton Oilfield”) is a Mississippi corporation with purported principal places of business in Dallas, Texas and Columbia, Mississippi. Its last known address is 240 Hutson Morris Road, Columbia, Mississippi 39429. This is likely a fraudulent address. Patton Oilfield is not and has not at any time been registered or notice filed with the Division in any capacity.

10. Patton Farms, LLC (“Patton Farms”) is a Florida company with its purported principal place of business in Wimauma, Florida. Its last known address is Mc Grady Road, Wimauma, Florida 33598. This is likely a fraudulent address. Patton Farms is not and has not at any time been registered or notice filed with the Division in any capacity.

11. In Form D filings from March 2020 to March 2023, Patton Farms claims it has raised over \$91 billion from at least 141 investors.

## **B. Events**

12. Star Oil was formed and incorporated in Mississippi on July 24, 2019, and Patton is listed as the incorporator in formation documents. This business is still active according to business filings with the Mississippi Secretary of State’s Office.

13. North Gulf was formed and incorporated in Mississippi on March 7, 2021, and Patton is listed as the incorporator in formation documents. This business is still active according to business filings with the Mississippi Secretary of State’s Office.

14. Patton Oilfield was formed and incorporated in Mississippi on July 6, 2020, and Patton is listed as the incorporator and chief executive officer in formation documents. This business is still active according to business filings with the Mississippi Secretary of State's Office.

15. Patton Farms was formed and incorporated in Florida on September 24, 2019, and Patton is listed as the incorporator in formation documents. The business was administratively dissolved on September 22, 2023.

16. In March 2022, the Division was notified by the SEC Miami branch office about certain activities by Patton after a complaint against Patton was submitted to the SEC through the SEC's Tips, Complaints, and Referrals Form. The complaint alleged Patton was engaging in the fraudulent sale of securities through his fraudulent businesses.

17. Upon investigation, the Division discovered Patton made misstatements and misrepresentations to investors, misappropriated investor funds, and made misrepresentations on SEC EDGAR Form D filings.

#### **Fraudulent Scheme – Material Misrepresentations**

18. Patton created websites beginning in 2017 to advertise for his bogus companies. These websites claimed to have raised hundreds of billions of dollars through the sale of securities. These sites also advertised false company revenues as well as the number of oil and gas operations the companies performed globally.

19. In one instance, on Star Oil's website ([www.staroilandgascompanies.webstarts.com](http://www.staroilandgascompanies.webstarts.com)), Patton describes his company as a global enterprise that operates around the world, generates annual revenues of \$16 billion and has over 32,000 employees. The website also contains images of computer-generated maps that falsely depict locations of the company's operations and sites of over 3,500 active offshore oil platforms off the coast of Texas, Louisiana, and Mississippi. Upon investigation, the Division confirmed with the Mississippi State Oil and Gas Board that there were no such oil platforms or operations.

20. As recently as May 2023, there is a website for Patton Farms ([www.pattonfarms.yourwebsitespace.com](http://www.pattonfarms.yourwebsitespace.com)) that continues to promote his scheme to defraud investors.

21. The following websites are those in which Patton has made materially false representations to investors:

- a. <https://pattonfarms.yourwebsitespace.com/>
- b. <https://staroilandgascompany.business.site/>
- c. <https://staroilandgascompanies.yourwebsitespace.com/>
- d. <https://patton-oilfield-services-inc.business.site/>

22. Starting in 2019, Patton made business filings with the Mississippi Secretary of State's Office and has kept those current annually to date. These include filings for:

- a. Star Oil and Gas Company, Inc., Business ID: 1184200
- b. North Gulf Energy Corporation, Inc., Business ID: 1264323
- c. Patton Oilfield Services, Inc., Business ID: 1221039

23. Since at least February 2020, Patton has held himself out to the public as highly educated with degrees from prominent universities such as Georgetown University, University of Tennessee, Texas A&M University, and Louisiana State University. In fact, he does not have degrees from any of these universities.

24. In furtherance of his schemes to defraud investors, Patton submitted over 30 Form D filings claiming various safe harbor exemptions from securities registration for Star Oil, North Gulf, Patton Oilfield, and Patton Farms on the SEC's EDGAR website.<sup>2</sup> Patton falsely claimed to have raised hundreds of billions of dollars from investors in dozens of exempt private offerings conducted since February 2020. The Form D filings for these businesses also falsely claimed that Patton received at least \$387 million in management fees and other compensation from the companies in the past three years.

25. The Form D filings included additional false statements, such as, but not limited to:

- a. *Principal Place of Business for Star Oil and North Gulf – 1445 Ross Ave., Dallas, TX.* Neither of these businesses leased office space or contracted with tenants.
- b. *CEO Contact Information – Casuarina Concourse, Coral Gables, FL.* Patton falsely lists this address as his residence on Star Oil, North Gulf, and Patton Farms Form D filings and on state corporate records. Property records show that Patton does not own or reside at the \$45 million estate.

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<sup>2</sup> Form D is used to file a notice of exempt offering of securities with the SEC. The federal securities laws require the notice to be filed by companies that have sold securities without registration under the Securities Act in an offering made under Rule 504 or 506 of Regulation D or Section 4(a)(5) of the Securities Act. A company must file this notice within 15 days after the first sale of securities in the offering.

- c. *Minimum Investment Accepted from Any Outside Investor – \$5 million.* Patton solicited investors and sold investments for a few thousand dollars.
- d. *Use of Proceeds – “Day to Day Running of the Company.”* There is no evidence that Patton used investors’ funds to operate any of the companies.

26. None of Patton’s claims about his companies and his education are true. Patton has not raised billions of dollars in investors’ funds, nor has he received hundreds of millions of dollars to operate these companies. None of Patton’s companies are operational, have any assets, or generate any revenues. Patton fabricated everything that he told investors about himself and his companies and everything he included in his Form D filings. Patton did all of this to entice investors to purchase shares in his companies.

#### **Solicitation of Investors and Misappropriation of Investor Funds**

27. During the relevant period, Patton spoke with investors in person and on the telephone, and told investors elaborate stories about his companies and their success. He told investors that Star Oil had contracts with Chevron and Texaco, had extensive operations throughout the southeast and Gulf of Mexico and told at least one investor that the company was investing in solar production in California. Patton made similar claims about North Gulf to at least one investor.

28. Patton promised investors substantial returns on investments and large monthly dividend payments. He also promised at least one investor that she would receive a non-voting position on Star Oil’s board. Patton also told that investor that Star Oil and Patton Farms were publicly traded companies. Moreover, Patton created bogus documents to show investors his annual salary. Patton provided at least one investor with a phone shareholder agreement that stated Patton’s annual salary as President of Star Oil was \$280,966,500. Patton presented a fake Star Oil income statement to another investor that showed Patton earned \$36,000 per month.

29. Patton sent one investor a Star Oil shareholder agreement, which stated she would receive dividend payments of \$3,460 per month. Patton told this individual that she could use the returns and dividends she earned from her investments to show that she was able to financially support her elderly father, which was particularly important to her. The investor purchased Star Oil and Patton Farms’ stock from Patton through five separate transactions from September through December 2021.

30. In at least two other instances, between June and November 2022, Patton used his personal relationships with investors to persuade them to invest in his companies. Patton promised one of those investors that the investor would receive the full amount of his investment plus interest within a few months. Patton also promised this investor that the investor would become the head of Star Oil's trucking transportation unit. Patton even had the investor speak on the phone with an individual who Patton had purportedly hired at one of the trucking transportation unit's newest drivers.

31. Patton directed investors to send money to his personal Cash App and Capital One bank account, which they did. Investors sent their money to Patton's companies in reliance on the materially false representations about the companies' performance, potential investment profits, and Patton's business and education experience. Patton falsely assured them that their investments would receive substantial returns and large monthly dividend payments.

32. Patton continues to evade all investor requests to return funds. He has not returned the calls, text, or email messages of at least two investors who attempted to inquire about the promised returns on their investments and for a refund of their investments. Another investor questioned Patton about dividend payments that were owed to her. Patton assured the investor that his companies would make the payments, promising the investor that he would have his secretary contact the investor with information regarding the dividend payment. However, Patton never paid this investor or any investor the promised dividends or returns on their investments.

33. Patton did not use any of the investors' funds as promised. Instead, Patton misappropriated all the money he raised. Patton created his companies in an effort to dupe investors into giving him money for his personal use. As investors deposited funds into Patton's Cash App and personal bank account, Patton commingled their funds with whatever other funds were in his account at that time and used those funds on personal items and expenses.

34. Analysis of the account records shows that Patton spent investors funds almost as soon as he received those funds, on food and travel, car maintenance, home repair, miscellaneous purchases, and large cash withdrawals including approximately:

- a. \$9,900 branch and ATM withdrawals;
- b. \$23,520 home repairs and materials;
- c. \$1,856 food and travel;
- d. \$8,469 car maintenance and repairs; and
- e. \$9,965 miscellaneous purchases.

35. Patton has evaded all investors' requests to return funds. In an effort to avoid investors Patton has not responded to their calls or emails, and routinely changed his phone number. Additionally, Patton provided investors with false information about the location of his companies and his personal residence. To date, Patton has not returned any of the investors' money.

## II. APPLICABLE LAW

36. Miss. Code Ann. Section 75-71-102 sets forth:

### **Definitions.**

(1) "Administrator" means the Secretary of State.

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(28) "Security" means a note; stock; treasury stock; security future; bond; debenture; evidence of indebtedness; certificate of interest or participation in a profit-sharing agreement; collateral trust certificate; preorganization certificate or subscription; transferable share; investment contract; voting trust certificate; certificate of deposit for a security; fractional undivided interest in oil, gas, or other mineral rights; put, call, straddle, option, or privilege on a security, certificate of deposit, or group or index of securities, including an interest therein or based on the value thereof; put, call, straddle, option, or privilege entered into on a national securities exchange relating to foreign currency; or, in general, an interest or instrument commonly known as a "security"; or a certificate of interest or participation in, temporary or interim certificate for, receipt for, guarantee of, or warrant or right to subscribe to or purchase, any of the foregoing. The term includes both a certificated and an uncertificated security. The term does not include an insurance or endowment policy or annuity contract under which an insurance company promises to pay a sum of money either in a lump sum or periodically for life or other specified period; or an interest in a contributory or noncontributory pension or welfare plan subject to the Employee Retirement Income Security Act of 1974. An "investment contract" includes, among other contracts, an investment in a limited partnership, an interest in a limited liability company, an investment in a viatical settlement or similar agreement, and an investment in a common enterprise with the expectation of profits to be derived primarily from the efforts of a person other than the investor and a "common enterprise" means an enterprise in which the fortunes of the investor are interwoven with those of either the person offering the investment, a third party, or other investors.

37. Miss. Code Ann. Section 75-71-301 sets forth:

### **Securities registration requirement.**

It is unlawful for a person to offer or sell a security in this state unless:

- (1) The security is a federal covered security;
- (2) The security, transaction, or offer is exempted from registration under Sections 75-71-201 through 75-71-203; or
- (3) The security is registered under this chapter.

38. Miss. Code Ann. Section 75-71-501 sets forth:

**General fraud.** It is unlawful for a person, in connection with the offer, sale, or purchase of a security, directly or indirectly:

- (1) To employ a device, scheme, or artifice to defraud;
- (2) To make an untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; or
- (3) To engage in an act, practice, or course of business that operates or would operate as a fraud or deceit upon another person.

39. The Division may employ remedies set out in Miss. Code Ann. Section 75-71-604 of the Act:

**Administrative Enforcement.**

- (a) Issuance of an order or notice. If the Administrator determines that a person has engaged, is engaging, or is about to engage in an act, practice, or course of business constituting a violation of this chapter or a rule adopted or order issued under this chapter or that a person has materially aided, or is about to materially aid an act, practice, or course of business constituting a violation of this chapter or a rule adopted or order issued under this chapter, the Administrator may:
  - (1) Issue an order directing the person to cease and desist from engaging in the act, practice, or course of business or to take other action necessary or appropriate to comply with this chapter;
  - (2) Issue an order denying, suspending, revoking, or conditioning the exemptions for a broker-dealer under Section 75-71-401(b)(1)(D) or (F) or an investment adviser under Section 75-71-403(b)(1)(C); or
  - (3) Issue an order:
    - (A) Under Section 75-71-204;

- (B) Imposing a civil penalty in the case of an issuer of registered securities, broker-dealer, investment advisor, agent, investment adviser representative, or other person who violated this chapter;
- (C) Barring or suspending the person from association with a broker-dealer or investment advisor registered in this state; or
- (D) Requiring the person to pay restitution for any loss or disgorge any profits arising from the violation, including interest

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- (d) **Civil penalty.** In a final order under subsection (c), the administrator may impose a civil penalty in an amount set forth in Section 75-71-613 for each violation shall be considered a separate offense in a single proceeding or a series of related proceedings.

40. Miss. Code Ann. Section 75-71-611(b) sets forth:

- (b) Conduct constituting appointment of agent for service. If a person, including a nonresident of this state, engages in an act, practice, or course of business prohibited or made actionable by this chapter or a rule adopted or order issued under this chapter and the person has not filed a consent to service of process under subsection (a), the act, practice, or course of business constitutes the appointment of the administrator as the person's agent for service of process in a noncriminal action or proceeding against the person or the person's successor or personal representative.

41. Miss. Code Ann. Section 75-71-613(d)(1) sets forth:

- (d) **Amount of civil penalty and further civil penalty under Section 75-71-604 – administrative enforcement.**
  - (1) The amount of the civil penalty described in Section 75-71-604(d) is a maximum of Twenty-five Thousand Dollars (\$25,000.00) for each violation, provided that an additional civil penalty may be imposed up to a maximum of Fifteen Thousand Dollars (\$15,000.00) for violations of the chapter committed against elders or disabled persons.

42. Based upon the foregoing Findings of Fact, the Division makes the following:

### III. CONCLUSIONS OF LAW

43. The Administrator, after consideration of the facts set forth above, finds and concludes that the Secretary has jurisdiction over the Respondent in this matter and that the following is in the public interest, necessary for the protection of public investors, and consistent with the purposes intended by the Act.

44. Because the investments were in the common enterprise of Star Oil, North Gulf, Patton Oilfield, and Patton Farms, with the expectation of profits and those profits were derived from the efforts of Patton, Patton's investment opportunities are investment contracts and therefore securities as defined in Miss. Code Ann. Section 75-71-102(28).

45. Star Oil investment offerings have never been registered or notice filed with the Division in violation of Section 75-71-301 of the Act.

46. North Gulf investment offerings have never been registered or notice filed with the Division in violation of Section 75-71-301 of the Act.

47. Patton Oilfield investment offerings have never been registered or notice filed with the Division in violation of Section 75-71-301 of the Act.

48. Patton Farms investment offerings have never been registered or notice filed with the Division in violation of Section 75-71-301 of the Act.

49. Patton made several misrepresentations to investors and in making these misrepresentations, Patton violated Miss. Code Ann. Section 75-71-501. These misrepresentations and misstatements include, but are not limited to:

- a. Using websites to claim his various businesses raised hundreds of billions of dollars through the sale of securities;
- b. Using websites to advertise false company revenues and falsely advertising his oil and gas entities as a global operation;
- c. Using his business filings with the Mississippi Secretary of State's Office to solicit investments when the businesses never existed;
- d. Making false representations to Mississippi investors, promising them substantial returns on investments and large monthly dividend payments;
- e. Fraudulent Form D filings with the SEC, claiming to have raised hundreds of billions of dollars through private offerings as well as claiming he received at least \$387 million in management fees and other compensation from his businesses;
- f. Using fabricated documents to show investors his annual salary;
- g. Holding himself out to be highly educated with various degrees from prestigious universities when he did not attend any of these universities nor received any degrees; and

- h. Using false promises of board positions and shareholders agreements to induce investors to invest in his companies.

50. The Division is entitled to deny any future securities registration by Patton under Miss. Code Ann.

Section 75-71-412(d) due to:

- a. Patton's willful violation of this Act;
- b. Patton's previous felony convictions;
- c. Patton's engagement in dishonest and unethical practices in the securities business within the past ten years; and
- d. Patton not being qualified to offer or sell securities, or offer investment advice about securities.

51. The Division has determined Patton has engaged, and continues to engage in, practices that violates this Act and thus the Division has the authority under Miss. Code Ann. Section 75-71-604 to issue an order barring Patton from further engaging in this fraudulent activity.

#### **IV. ORDER**

IT IS HEREBY ORDERED:

1. That Respondent immediately CEASE AND DESIST from offering investment in Star Oil and Gas Company, Inc., North Gulf Energy Corporation, Inc., Patton Oilfield Services, Inc., and Patton Farms, LLC by any means, including but not limited to, mail, website, internet social media, or any electronic communications to or from the State of Mississippi;
2. That Respondent immediately CEASE AND DESIST from making fraudulent statements and other misrepresentations that operate or would operate as a fraud upon investors;
3. That Respondent permanently DEACTIVATE the following websites so that they are not viewable to internet users in order to halt any further dissemination of false statements:
  - a. <https://pattonfarms.yourwebsitespace.com/>
  - b. <https://staroilandgascompany.business.site/>
  - c. <https://staroilandgascompanies.yourwebsitespace.com/>
  - d. <https://patton-oilfield-services-inc.business.site/>
4. That Respondent PAY AN ADMINISTRATIVE PENALTY of twenty-five thousand dollars (\$25,000) to the Mississippi Secretary of State's Office for the violations of the Act as set forth above; and

5. That Respondent PAY RESTITUTION to all his Mississippi investors, known and unknown to the Division, in an amount not less than the investor's total investment.

#### V. RIGHT TO AN ADMINISTRATIVE HEARING

If the Respondent wishes to contest the allegations set forth above or offer evidence and arguments to mitigate the allegations, then the Respondent must file a request for a hearing. Such request shall be made in writing to Eric S. Slee, Assistant Secretary of State, Securities Division, Mississippi Secretary of State's Office, Post Office Box 136, Jackson, MS 39205, within thirty (30) days from the date of receipt of this Order to Cease and Desist, to Pay Restitution and to Pay Administrative Penalty. Within fifteen (15) days after the request, the matter would be scheduled for a hearing. In the event such a hearing is requested, the Respondent may appear, with or without the assistance of an attorney, on a date and a time and place to be specified and cross-examine witnesses, as well as present testimony, evidence, and argument relating to the matters contained herein. Upon request, subpoenas may be issued for the attendance of witnesses and for the production of books and papers on the Respondent's behalf, at the hearing relating to matters contained herein. If an administrative hearing is requested, written notice of the date, time and place will be given to all parties by certified mail, return receipt requested. Said notice will also designate a Hearing Officer. If a request for hearing is not timely filed, this Order becomes final, without any further action, by operation of law.

#### VI. RIGHT TO AMEND

The Secretary of State hereby reserves the right to amend this Order to Cease and Desist, to Pay Restitution and to Pay Administrative Penalty.

ISSUED, this the 25<sup>th</sup> day of October, 2023.

Michael Watson  
Secretary of State

BY:   
ERIC S. SLEE  
Assistant Secretary of State  
Securities Division