

**ADMINISTRATIVE PROCEEDING
BEFORE THE
SECURITIES COMMISSIONER OF MARYLAND**

IN THE MATTER OF: *

ROSEWOOD ENERGY, LLC, and *

CLEMENT EJEDAWE, aka Clement * File No. 2004-0687
Chad, individually and in his capacities *
with the company, *

RESPONDENTS. *

* * * * *

**FINAL ORDER TO CEASE AND DESIST
AND ORDER OF BAR**

WHEREAS, the Division of Securities of the Office of the Maryland Attorney General (the "Division"), pursuant to the authority granted by the Maryland Securities Act, Corporations and Associations Article, section 11-701, Annotated Code of Maryland (1999 Repl. Vol. & 2007 Cum. Supp.) (the "Act"), instituted an investigation of apparent violations of the Act by Rosewood Energy, LLC ("Rosewood") and its president, Clement Ejedawe ("Ejedawe"), (together, the "Respondents"); and

WHEREAS, on the basis of that investigation, the Maryland Securities Commissioner (the "Commissioner") concluded that the Respondents violated the securities, broker-dealer and agent and selling person registration requirements and the antifraud provisions of the Act, and further determined that action against the Respondents is in the public interest; and

WHEREAS, pursuant to section 11-701.1(a) of the Act, the Commissioner issued, on February 22, 2007, an Order To Show Cause (the "Order to SC"), incorporated herein by reference, requiring Respondents to show cause why: each Respondent should not be barred permanently from engaging in the securities and investment advisory business in Maryland; why a monetary penalty should not be entered against each Respondent; and why a final order should not be entered ordering each Respondent to cease and desist from further violations of the Act; and

WHEREAS, the Order to SC gave Respondents notice of the opportunity for a hearing in this matter, provided that Respondents submitted an answer within 15 days of service of the Order to SC, including any request for a hearing, and gave notice to Respondents that failure to do so would be deemed a waiver of the right to a hearing and result in the entry of a final order;

and

WHEREAS, a copy of the Order to SC was served upon Respondents and upon the Commissioner in accordance with section 11-802 of the Act; and

WHEREAS, Respondents filed a motion for an extension to attempt to work out a consent order with the Division, which the Commissioner granted; and

WHEREAS, on May 11, 2007, the Division sent to Respondents a draft Consent Order; and

WHEREAS, although Respondents' counsel repeatedly informed the Division that he would be sending revisions to the Division, the Division has not received the revisions and, most recently, Respondents' counsel has not answered repeated telephone messages left by the Division nor has he responded to correspondence from the Division requesting the revisions; and

WHEREAS, on August 6, 2007, the Division served the Respondents and their lawyer with a copy of a Motion For Final Order of Default and a copy of the Final Order to Cease and Desist and Order of Bar; and

WHEREAS, the certified letters to both Respondents have been returned to the Division, and the envelopes are marked "Moved" and "UNABLE TO FORWARD."

NOW, THEREFORE, THE COMMISSIONER FINDS AND ORDERS:

I. JURISDICTION

1. The Commissioner has jurisdiction in this proceeding pursuant to section 11-701.1 of the Act.

II. RESPONDENTS

2. Rosewood Energy, LLC is a limited liability company with its last known address at 3255 Wilshire Boulevard, Suite 104, Los Angeles, CA 90010-1414.

3. Ejedawe, whose last known address is in Los Angeles, CA, was during all periods relevant to this matter, the president of Rosewood.

4. Ejedawe is not, and has never been, registered in Maryland as a broker-dealer or broker-dealer agent.

5. Ejedawe is not, and has never been, registered in Maryland as an issuer agent.

6. Rosewood is not, and never has been, a broker-dealer registered in Maryland.

III. FINDINGS OF FACTS

7. In its Private Placement Memorandum (“PPM”) dated March 1, 2004, Rosewood claimed to be drilling for oil and gas in Henderson County, Texas.
8. During the Spring of 2004, Respondents offered Rosewood securities in Maryland in the form of 28 working interest units priced at \$50,000 per unit.
9. During the offering period, Rosewood was controlled by Ejedawe, who was president of the company.
10. On or about March 23, 2004, Respondents sold one unit of Rosewood in the amount of \$50,000 to Ms. Lucylle Phillips after she contacted the Respondents upon hearing a radio advertisement for investment opportunities in Rosewood.
11. On or about April 2, 2004, Respondents sold one-quarter of a unit to Mr. John W. Edwards for \$12,500.00.
12. On or about June 28, 2004, Respondents sold to Ms. Phillips an additional one-half unit of Rosewood in the amount of \$25,000.
13. In soliciting investments in Rosewood, Respondents provided potential investors with a PPM dated March 1, 2004.
14. The PPM distributed by Respondents to potential investors omitted material information regarding, among other things: that orders had been entered against Rosewood in state enforcement proceedings; financial statements and related information, uses of proceeds, dilution, net tangible assets, employees of the Respondents, management’s background and experience, and potential competitors and potential conflicts of interests.
15. On August 9, 2004, the Division accepted Respondents’ preemption filing, Maryland File No. EX20041197, a copy of the “Form D, Notice of Sale of Securities Pursuant to Regulation D, Section 4(6), and/or Uniform Limited Offering Exemption” that Respondents had filed with the Securities and Exchange Commission.
16. On December 27, 2004, the Division issued Subpoenas Duces Tecum to the Respondents (“the 2004 Subpoenas”).
17. In response to the 2004 Subpoenas, the Respondents filed an incomplete and conclusory response dated January 13, 2005, along with copies of documents from the Respondents.
18. On October 11, 2006, the Division again issued subpoenas to Respondents and, additionally, to its “legal document assistant,” Capital Guardian, Inc. (“Capital Guardian”), seeking the documents that were not provided in response to the 2004 Subpoenas.

19. The Division received no information from Capital Guardian and was informed by Respondents that they had no further information to submit to the Division other than the documents they had already submitted in response to the 2004 Subpoenas.

20. On or about April 10, 2006, Respondents made an offer of rescission to Ms. Phillips. Respondents did not register or file a claim of exemption or preemption with the Division.

21. Respondents' offer to rescind was not accompanied by any PPM or other disclosure information.

IV. CONCLUSIONS OF LAW

The Commissioner concludes that:

22. The working interest units offered and sold by Respondents constitute "securities" within the definition at section 11-101(r) of the Act.

23. Respondents violated Section 11-501 of the Act by offering and selling the units without registering, filing an exemption, or perfecting a preemption for those securities.

24. Respondents violated Section 11-401 of the Act by offering and selling the units at a time when neither Respondent was registered with the Division as a broker-dealer or agent pursuant to the Act.

25. Respondents violated the antifraud provisions of Section 11-301(2) of the Act in connection with the offer and sale of units by:

a. omitting to state material facts necessary in order to make the disclosure not misleading, such as the fact that Respondents have been the subjects of state enforcement proceedings; and nondisclosure of financial statements and related information, uses of proceeds, dilution to be experienced by investors, net tangible assets, employees of the Respondents, management's background and experience, and potential competitors and potential conflicts of interests.

b. misrepresenting or omitting to disclose to investors that neither Respondent was registered to do business in Maryland as a broker-dealer or securities agent, and that this investment should have been registered pursuant to the Act but was neither registered nor exempted from registration.

V. SANCTIONS

____ NOW, THEREFORE, the Commissioner finds it to be in the public interest to issue this Final Order, and IT IS HEREBY ORDERED THAT:

26. Respondents each permanently cease and desist from engaging in the offer and sale of unregistered, non-exempt securities in violation of section 11-501 of the Act.

27. Respondents each permanently cease and desist from acting as an unregistered agent or broker-dealer in Maryland in violation of section 11-401(a) of the Act.

28. Respondents each permanently cease and desist in employing any device, scheme, or artifice to defraud in violation of section 11-301 of the Act.

29. Each Respondent is permanently barred from engaging in the securities, broker-dealer, and investment advisory businesses in Maryland for or on behalf of others, or from acting as a principal or consultant in any entity so engaged, or from acting as broker-dealers, broker-dealer agents, issuer-agents, or investment advisers.

30. Respondents are ordered, jointly and severally, to pay restitution in the amount of \$115,225.00, payable by certified check to the Office of the Attorney General.

31. Respondents are assessed, jointly and severally, a civil monetary penalty, pursuant to Section 11-702 of the Act, in the amount of \$150,000, payable by certified check to the order of the Office of the Attorney General.

VI. JURISDICTION RETAINED

32. Jurisdiction is retained by the Commissioner for the purposes of enabling any party to this Final Order to apply for such further orders and directions as may be necessary or appropriate for the construction or enforcement of this Final Order.

VII. NOTICE OF APPEAL RIGHTS

33. Pursuant to the Code of Maryland Regulations, COMAR 02.02.06.24, each Respondent has the right to file an appeal of this Order with the circuit court. Any appeal must be filed within 30 days from the date this Order is mailed by the Division.

SO ORDERED:

September __7__, 2007

_____/s/_____
MELANIE SENTER LUBIN
Securities Commissioner

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