

**STATE OF ALABAMA
ALABAMA SECURITIES COMMISSION**

IN THE MATTER OF:)	
)	
BENCHMARK OPERATING COMPANY, LLC)	
<u> SABINE SALT WATER WELL</u>)	ADMINISTRATIVE ORDER
		NO. CO-2011-0021
 JOINT VENTURE)	
LINVILLE LEWIS)	
MELAINA FREDERICK-BOWDEN)	
MARTIN D. LEWIS)	
LES BECK)	
)	
<u> RESPONDENTS</u>)	

CONSENT ORDER

The Alabama Securities Commission ("Commission"), having the authority to administer and provide for the enforcement of all provisions of Title 8, Chapter 6, Code of Alabama 1975, the Alabama Securities Act ("Act"), upon due consideration of the subject matter hereof, and having confirmed information of the offers for sale and/or sale of securities, into, within or from the state of Alabama, has determined as follows:

RESPONDENTS

1. **BENCHMARK OPERATING COMPANY, LLC. (BENCHMARK)** is a Texas limited liability company with offices and principal place of business at 16300 Addison Road, Suite 210, Addison, Texas 75001.

2. **SABINE SALT WATER WELL JOINT VENTURE (SABINE)** is a Texas Joint Venture whose business address is 16300 Addison Road, Suite 210, Addison, Texas 75001.

3. **LINVILLE LEWIS (LINVILLE)** is the President of **BENCHMARK** with offices and principal place of business at 16300 Addison Road, Suite 210, Addison, Texas 75001. **LINVILLE** is also identified in **BENCHMARK** documents as a Promoter.

4. **MELAINA FREDERICK-BOWDEN (BOWDEN)** is the Vice-President and office manager of **BENCHMARK** with offices and principal place of business at 16300 Addison Road, Suite 210, Addison, Texas 75001.

5. **MARTIN D. LEWIS (LEWIS)** is the managing partner of **BENCHMARK** with an office and principal place of business at 16300 Addison Road, Suite 210, Addison, Texas 75001. **LEWIS** is also identified in **BENCHMARK** documents as a Promoter.

6. **LES BECK (BECK)** is an agent of **BENCHMARK** with an office and principal place of business at 16300 Addison Road, Suite 210, Addison, Texas 75001.

STATEMENT OF FACTS

7. On or about September 2010, a resident of the State of Alabama received a “cold call” from an individual who identified himself as **BECK**. The Alabama resident advised **BECK** that any printed information/material for his consideration should be mailed to him.

8. On or about September 2010, the Alabama resident received a package from **BENCHMARK** containing an “Agreement of Joint Venture”, a “Participation Agreement”, and a document entitled “Delatin #1 Salt Water Injection Well Project Summary”. A return shipping label was included in the package; **BOWDEN** was named as the return recipient.

9. The “Agreement of Joint Venture” was to be executed between **BENCHMARK** and **LEWIS**, and each other individual or entity that chose to participate in the joint venture. According to the “Agreement of Joint Venture”, the name of the partnership is entitled “**SABINE SALT WATER WELL JOINT VENTURE**”. The purpose of the partnership is to acquire units in the drilling, testing, and operation of a salt water well in Sabine Parish, Louisiana. The Agreement of Joint Venture is pre-signed by **BOWDEN** on behalf of **BENCHMARK**, and **LEWIS** as “Original Joint Venturer”.

10. The "Participation Agreement" was to be executed between **BENCHMARK**, which is identified in the offering documents as the Operator, and the investor, who is identified as the Participant. By executing the Participation Agreement, in conjunction with his/her investment, the investor would acquire an undivided percentage of a working interest in the "well" and a participation in the conversion of said well to a salt water injection well.

11. On September 30, 2010, a search of the United States Securities and Exchange Commission, EDGAR database, did not disclose a Form D filing by **SABINE**.

12. On September 29, 2010, a search of Registration Division records maintained by the Alabama Securities Commission revealed neither record of registration nor any perfected exemption from registration by **BENCHMARK**, **SABINE**, **LEWIS**, **BOWDEN**, or **BECK**.

13. On December 13, 2010, the Commission received an information package detailing the business transactions conducted by **BENCHMARK**. The Commission also received an affidavit from **LEWIS** affirming that **BENCHMARK** had ceased all investment activity in Alabama, and that **BENCHMARK** agrees to furnish rescission offers to all Alabama purchasers.

14. On May 9, 2011, the Commission received the rejected offers of rescission.

CONCLUSIONS OF LAW

15. Section 8-6-2(10), Code of Alabama 1975, includes in the definition of a security any certificate of interest or participation in an oil, gas or mining title or lease or in payments out of production under such title or lease. The units of interest in **SABINE** offered by **RESPONDENTS** constitute certificates of interest or participation in an oil, gas or mining title lease or in payments out of production under such title or lease. The investments offered by the **RESPONDENTS** as units of interest in **SABINE** are securities under the Act.

16. Section 8-6-2(2), Code of Alabama, 1975, defines an agent as any individual who represents a dealer or issuer in effecting or attempting to effect sales of securities. **BECK**, by soliciting an investment, to wit; units of interest in **SABINE** via the **PARTICIPATION AGREEMENT**, in conjunction with the **JOINT VENTURE AGREEMENT**, from an Alabama resident, acted as an agent of **BENCHMARK**.

17. Section 8-6-3(a), Code of Alabama 1975, states that it is unlawful for any person to transact business in this state as a dealer or agent for securities unless such person is registered with the Commission. **BECK** solicited sales of securities to an Alabama resident while not registered as an agent with the Commission in violation of the Act.

18. Section 8-6-3(a), Code of Alabama 1975, states that it is unlawful for any dealer or issuer to employ an agent unless the agent is registered. **BENCHMARK**, and **LINVILLE, LEWIS, and BOWDEN**, as company officers, employed and solicited sales of securities through their agent, **BECK**, while not being properly registered in violation of the Act.

19. Section 8-6-4, Code of Alabama 1975, states that it is unlawful for any person to offer or sell any security in this state unless: (1) it is registered under the Act; (2) the security is exempt from registration under section 8-6-10; or (3) the transaction is exempt under section 8-6-11. The security offered; to wit: units of interest in **SABINE** was neither registered nor exempt from registration in Alabama in violation of the Act.

WHEREAS, RESPONDENTS admit that securities transactions were effected in the State of Alabama prior to registration, and state that the information and assertions presented to the Commission during its investigation of this matter are true and correct; that RESPONDENTS understand the Commission relied upon such information or assertions in its determination to accept this Order, and that should information or assertions prove to be incorrect or misrepresented, the Commission may seek such other administrative, civil or criminal remedies that may be available to it under the

provisions of the Act.

WHEREAS, RESPONDENTS have voluntarily waived all rights to a hearing upon entry of this Order, and have consented to the entry of this Order and have consented to the entry of this Order, and

WHEREAS, the Commission finds this Order necessary and appropriate in the public interest for the protection of investors, and consistent with the purposes fairly intended by the policy and provisions of the Act, and

WHEREAS, the Commission and RESPONDENTS are desirous of settling this matter as hereafter set forth and agree to the entry of this Order.

WHEREAS, RESPONDENTS have tendered offers of rescission to the Alabama residents and furnished copies of the rejected rescission offers to the Commission.

ACCORDINGLY, IT IS HEREBY ORDERED:

1. That **RESPONDENTS** ensure that they follow proper procedures to preclude any future non-compliance with the Act.

2. That in accordance with Section 8-6-19(j)(1), Code of Alabama 1975, **RESPONDENTS** shall pay to the State of Alabama an administrative assessment of \$2,000.00 said funds to be tendered in certified funds contemporaneously with the entry of this Order.

3. That in accordance with Section 8-6-19(k)(1), Code of Alabama 1975, **RESPONDENTS** shall pay to the Alabama Securities Commission, as partial reimbursement for the Commission's cost of investigating this matter, the sum of \$2,000.00 said funds to be tendered in certified funds contemporaneously with the entry of this Order.

AGREED AND CONSENTED to on date indicated:

BENCHMARK OPERATING COMPANY, LLC:

Linville Lewis

LINVILLE LEWIS
President

Melaina Fredrick-Bowden

MELAINA FREDRICK-BOWDEN
Vice President

Martin D. Lewis

MARTIN D. LEWIS

L. For Beck

LES BECK

8/25/11

DATE

STATE OF ALABAMA
ALABAMA SECURITIES COMMISSION:

J. Randall McNeill

J. Randall McNeill
Deputy Director

8/29/11

DATE

