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Texas State Securities Board

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IN THE MATTER OF
QUIXOTE XPLORATION, LLC,
AND JAMES PATRICK BONA

§
§ Order No. ENF-14-CDO-1736
§

TO: Quixote Xploration, LLC
777 S. Post Oak Lane, Suite 1700, Houston, Texas 77056

James Patrick Bona
315 Southeast 23rd Avenue, Apt. 1, Pompano Beach, Florida 33062,
777 S. Post Oak Lane, Suite 1700, Houston, Texas 77056

EMERGENCY CEASE AND DESIST ORDER

This is your OFFICIAL NOTICE of the issuance by the Securities Commissioner of the State of Texas ("Securities Commissioner") of an EMERGENCY CEASE AND DESIST ORDER pursuant to Section 23-2 of The Securities Act, TEX. REV. CIV. STAT. ANN. arts. 581-1 to 581-43 (West 2010 & Supp. 2014) (the "Texas Securities Act").

The Staff of the Enforcement Division of the Texas State Securities Board ("the Securities Board") has presented evidence sufficient for the Securities Commissioner to find that:

FINDINGS OF FACT

1. Quixote Xploration, LLC, ("**Respondent Quixote**") is a Domestic Limited Liability Company. It maintains a last known address at 777 S. Post Oak Lane, Suite 1700, Houston, Texas 77056.
2. James Patrick Bona ("**Respondent Bona**") is the President, CEO and a Managing Member of Respondent Quixote. He maintains last known addresses at 315 Southeast 23rd Avenue, Apt. 1, Pompano Beach, Florida 33062, and 777 S. Post Oak Lane, Suite 1700, Houston, Texas 77056.
3. Respondents are offering oil and gas investments in Texas through a webpage that is accessible to the general public at www.quixotexploration.com. They are also advertising via online platforms such as www.fundable.com and www.startups.co and are touting their business repute and qualifications on

social media such as www.linkedin.com, www.resume.com and www.youtube.com.

4. Respondents are describing Respondent Quixote and the investments in oil and gas drilling programs as follows:
 - a. Respondent Quixote was “originally founded nearly 21 years ago” and has “quickly become a leader among small to medium-sized independent oil exploration companies...”
 - b. Respondent Quixote is a “resource exploration company that specializes in oil and gas exploration investments.”
 - c. Respondent Quixote seeks to “bring select private investors low risk investment opportunities in the oil and gas industry.”
 - d. Investors may purchase 16% working interest of Respondent Quixote's proportionate share in a prospect located in South Louisiana referred to as the Powell Prospect for \$50,000.00.
5. At the time of the offering, Respondent Quixote did not own an interest in or share of the Powell Prospect.
6. Interests or shares in the Powell Prospect have not been registered by qualification, notification or coordination, and no permit has been granted for their sale in Texas.
7. Respondents are representing that they are relying on federal and state exemptions from securities registration requirements.
8. Rule 506 of Regulation D under the Securities Act of 1933 authorizes an issuer to engage in general solicitation in offering and selling covered securities without first complying with state securities registration requirements, provided that, among other things, all purchasers of the securities are accredited investors and the issuer takes reasonable steps to verify that such purchasers are accredited investors.
9. Respondents are offering the aforementioned investment to purchasers who are not accredited investors. Respondents are not taking reasonable steps to verify that all purchasers are accredited investors.
10. In connection with the offer of the aforementioned investments, Respondents are intentionally failing to disclose material facts, including, but not limited to, the following:

- a. On or about March 18, 2013, Respondent Bona was sentenced to 98 months in the Florida State Prison for one count of fraudulent securities transaction, one count of grand theft in the first degree and two counts of grand theft in the second degree in State of Florida vs. James Patrick Bona, Case No. 08-2154CF10A, in the Circuit Court of the Seventeenth Judicial Circuit in and for Broward County, State of Florida. Additionally, Respondent Bona was ordered to pay restitution in the amount of \$619,071.00. The restitution was converted into a civil lien, which has had no payments made on it as of August 22, 2014.
- b. On or about August 30, 2004, Respondent Bona was sentenced to 3 years probation for one count of dealing in stolen property in State of Florida vs. James Patrick Bona, Case No. 02-13983CF10A, in the Circuit Court of the Seventeenth Judicial Circuit in and for Broward County, State of Florida.
- c. On or about November 17, 2000, Respondent Bona was sentenced to 33 months in the Florida State Prison followed by 12 years of probation for two counts of grand theft in the second degree in State of Florida vs. James Patrick Bona, Case No. 99-1872CF10A, in the Circuit Court of the Seventeenth Judicial Circuit in and for Broward County, State of Florida.

CONCLUSIONS OF LAW

1. The above-described investments are "securities" as that term is defined by Section 4.A of the Texas Securities Act.
2. Respondents are violating Section 7 of the Texas Securities Act by offering securities for sale in Texas at a time when the securities are not registered with the Securities Commissioner.
3. Respondents are engaging in fraud in connection with the offer for sale of securities.
4. Respondents' conduct, acts, and practices threaten immediate and irreparable public harm.
5. The foregoing violations constitute basis for the issuance of an Emergency Cease and Desist Order pursuant to Section 23-2 of the Texas Securities Act.

ORDER

1. It is therefore ORDERED that Respondents immediately CEASE AND DESIST from offering for sale any security in Texas until the security is registered with the Securities Commissioner or is offered for sale pursuant to an exemption from registration under the Texas Securities Act.

2. It is further ORDERED that Respondents immediately CEASE AND DESIST from engaging in any fraud in connection with the offer for sale of any security in Texas.

NOTICE

Pursuant to Section 23-2 of the Texas Securities Act, you may request a hearing before the 31st day after the date you were served with this Order. The request for a hearing must be in writing, directed to the Securities Commissioner, and state the grounds for the request to set aside or modify the Order. Failure to request a hearing will result in the Order becoming final and non-appealable.

You are advised under Section 29.D of the Texas Securities Act that any knowing violation of an order issued by the Securities Commissioner under the authority of Section 23-2 of the Texas Securities Act is a criminal offense punishable by a fine of not more than \$5,000, or imprisonment in the penitentiary for not more than two years, or by both such fine and imprisonment.

SIGNED AND ENTERED by the Securities Commissioner this 20th day of October, 2014.



JOHN MORGAN
Securities Commissioner