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## Texas State Securities Board

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208 E. 10th Street, 5th Floor  
Austin, Texas 78701-2407  
www.ssb.state.tx.us

E. WALLY KINNEY  
MEMBER

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IN THE MATTER OF §  
808 INVESTMENTS, LLC; 808 ENERGY 2, §  
LLC; 808 ENERGY, LLC; AND PATRICK S. §  
CARTER §

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Order No. **ENF-09-CD0/FIN-1680**

TO: 808 Investments, LLC  
5011 Argosy Avenue, Suite 4  
Huntington Beach, CA 92649

808 Energy, LLC  
5011 Argosy Avenue, Suite 4  
Huntington Beach, CA 92649

808 Energy 2, LLC  
5011 Argosy Avenue, Suite 4  
Huntington Beach, CA 92649

Patrick S. Carter  
5011 Argosy Avenue, Suite 4  
Huntington Beach, CA 92649

### AGREED CEASE AND DESIST ORDER AND ORDER ASSESSING ADMINISTRATIVE FINE

Be it remembered that 808 Investments, LLC ("Respondent 808 Investments"), 808 Energy 2, LLC ("Respondent 808 2 Energy"), 808 Energy, LLC ("Respondent 808 Energy"), and Patrick S. Carter ("Respondent Carter"), (collectively "Respondents") appeared before the Securities Commissioner of Texas ("Securities Commissioner") and consented to the entry of this Order and the Findings of Fact and Conclusions of Law contained herein.

#### FINDINGS OF FACT

1. Respondents have waived (a) Respondents' right to notice and a hearing in this matter; (b) Respondents' right to appear and present evidence in this matter; (c) Respondents' right to appeal this Order; and (d) all other procedural rights granted to Respondents by The Securities Act, TEX. REV. CIV. STAT. ANN. art. 581-1 et seq. (Vernon 1964 & Supp. 2008) ("Texas Securities Act"), and the Administrative Procedure Act, TEX. GOV'T CODE ANN. § 2001.001 et seq. (Vernon 2000 & Supp. 2008) ("Administrative Procedure Act").

2. Respondent 808 Investments maintains a last known address at 5011 Argosy Avenue, Suite 4, Huntington Beach, California 92649. Respondent 808 Investments purports to be an investment banking firm that strives to help America reduce its dependence on foreign oil.
3. Respondent 808 2 Energy maintains a last known address at 5011 Argosy Avenue, Suite 4, Huntington Beach, California 92649.
4. Respondent 808 Energy maintains a last known address at 5011 Argosy Avenue, Suite 4, Huntington Beach, California 92649. Respondent 808 Energy purports to be an investment company.
5. Respondent Carter maintains a last known address at 5011 Argosy Avenue, Suite 4, Huntington Beach, California 92649. He is the CEO of Respondent 808 Investments and the President of Respondent 808 Energy.
6. Respondents have offered and sold units in Respondent 808 Energy 2 for \$25,000 per unit. Investors were told that Respondent 808 Energy 2 would use their funds to acquire and operate a co-generation power plant, and that investors would receive a profit through its lease to a third party.
7. Investors were incorrectly led to believe that Respondent 808 Energy had acquired the co-generation power plant free and clear of all liens. In fact, the co-generation power plant had not yet been transferred and several liens still existed.
8. The units were not registered by qualification, notification or coordination and no permit has been granted for their sale in Texas.
9. Respondents were not registered with the Securities Commissioner as dealers or agents at any time material hereto.
10. In connection with the offer for sale of the units, Respondents 808 Investments, 808 Energy, and Carter made offers containing statements that were materially misleading or otherwise likely to deceive the public by representing that the proceeds of the offering will be used to acquire and operate a co-generation power plant that was subject to "10-year payment commitment." The term "10-year payment commitment" is misleading, and in fact, the following is true of the co-generation power plant:
  - A. The parties to the Energy Agreement were Pacific Clay and PPS Energy (a predecessor in interest to Southern Pacific.). The Energy Agreement cannot be assigned to anyone other than a lender or affiliate of the parties.
  - B. The Energy Agreement was entered into in 2005 with a term of seven years commencing when the plant became capable of producing energy,

which occurred in November 2007. The Energy Agreement is subject to termination for cause upon thirty days notice. Pacific Clay has the right, but not the obligation, to extend the Energy Agreement for an additional three years.

11. On April 2, 2009, the Securities Commissioner entered Emergency Cease and Desist Order No. ENF-09-CDO-1670 (the "Emergency Order") against Respondents and Southern Pacific Energy, Inc., Glenn Kaneko, and Andrew Cordova. The Emergency Order has remained in full force and effect against Respondents from the date of its entry through the date of the entry of this Agreed Order. The Emergency Order remains in full force and effect against Southern Pacific Energy, Inc., Glenn Kaneko, and Andrew Cordova after the entry of this Agreed Order.
12. Respondents filed a timely request for a hearing to modify or set aside the Emergency Order.
13. Respondents filed an Undertaking with the Securities Commissioner in connection with this matter. Respondents have agreed to comply with the terms of the Undertaking.
14. By executing this Agreed Order and upon the entry of this Agreed Order by the Securities Commissioner, Respondents agree that their request for a hearing on the Emergency Order is withdrawn and not subject to appeal.

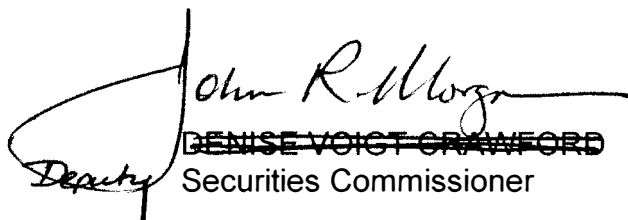
#### CONCLUSIONS OF LAW

1. The units in Respondent 808 Energy are "securities" as that term is defined by Section 4.A of the Texas Securities Act.
2. Respondents violated Section 7 of the Texas Securities Act by offering securities for sale in Texas at a time when the securities were not registered with the Securities Commissioner.
3. Respondents violated Section 12 of the Texas Securities Act by offering securities for sale in Texas without being registered pursuant to the provisions of Section 12 of the Texas Securities Act.
4. Respondents 808 Investments, 808 Energy, and Carter made offers containing statements that were materially misleading or were otherwise likely to deceive the public.
5. The foregoing conduct constitutes bases for the issuance of this Agreed Order pursuant to Sections 23.A and 23-2 of the Securities Act.

## ORDER

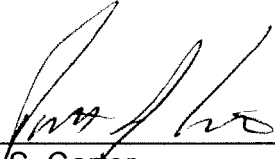
1. It is therefore ORDERED that Respondents CEASE AND DESIST from offering for sale any security in Texas until the security is registered with the Securities Commissioner or is offered for sale pursuant to an exemption from registration under the Texas Securities Act.
2. It is further ORDERED that Respondents CEASE AND DESIST from acting as securities dealers or agents in Texas until Respondents are registered with the Securities Commissioner or are acting pursuant to an exemption from registration under the Texas Securities Act.
3. It is further ORDERED that Respondents 808 Investments, 808 Energy, and Carter CEASE AND DESIST from offering securities in Texas through an offer containing a statement that is materially misleading or otherwise likely to deceive the public.
4. It is further ORDERED that the Emergency Order as to Respondents 808 Investments, 808 Energy 2, 808 Energy, and Carter is modified by this Agreed Order.
5. It is further ORDERED that Respondents are ASSESSED AN ADMINISTRATIVE FINE in the amount of Ten Thousand Dollars (\$10,000.00). Payment shall be made by delivery of a cashier's check to the Securities Commissioner in the amount of Ten Thousand Dollars (\$10,000.00), payable to the State of Texas, contemporaneously with the delivery of this Order.

SIGNED AND ENTERED by the Securities Commissioner this 3rd day of December, 2009.

 ~~DENISE VOIGT CRAWFORD~~  
Deputy Securities Commissioner

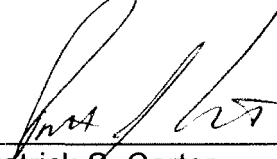
Respondents:

808 Investments, LLC



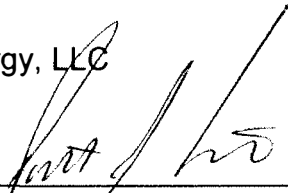
By: Patrick S. Carter  
Chief Executive Officer

808 Energy 2, LLC



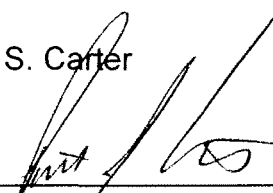
By: Patrick S. Carter  
President

808 Energy, LLC



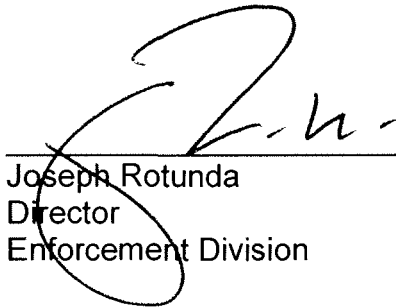
By: Patrick S. Carter  
President

Patrick S. Carter

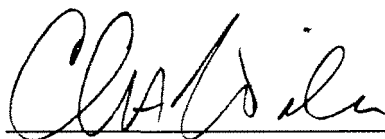


By: Patrick S. Carter

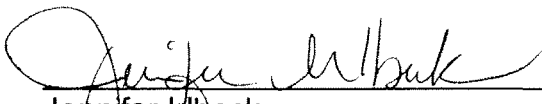
Approved as to Form:



Joseph Rotunda  
Director  
Enforcement Division



Christopher A. Wilson  
Wilson, Haglund & Paulsen, P.C.  
9110 Irvine Center Drive  
Irvine, California 92618  
Attorney for Respondents



Jennifer Irbeck  
Attorney  
Enforcement Division

ACKNOWLEDGMENT

On the 25<sup>th</sup> day of NOVEMBER, 2009, 808 Investments, LLC ("Respondent 808 Investments"), by and through its Chief Executive Officer, Patrick S. Carter, personally appeared before me, executed the foregoing Order and acknowledged that:

- 1. Patrick S. Carter is duly authorized to enter into the foregoing Order on behalf of Respondent 808 Investments;
- 2. Patrick S. Carter has read the foregoing Order;
- 3. Respondent 808 Investments has been fully advised of its rights under the Texas Securities Act and the Administrative Procedure Act;
- 4. Respondent 808 Investments knowingly and voluntarily consents to the entry of the foregoing Order and the Findings of Fact and Conclusions of Law contained therein; and
- 5. Respondent 808 Investments by consenting to the entry of the foregoing Order, has knowingly and voluntarily waived its rights as set forth therein.

[affix notary seal here]

SEE ATTACHED ACKNOWLEDGMENT  
 Notary Public in and for \_\_\_\_\_ *JSP*  
 The State of \_\_\_\_\_  
 My commission expires on: \_\_\_\_\_

**CALIFORNIA ALL-PURPOSE  
CERTIFICATE OF ACKNOWLEDGMENT**

State of California

County of ORANGE

On NOVEMBER 25, 2009, before me, Lorraine E. Peterson, Notary Public,

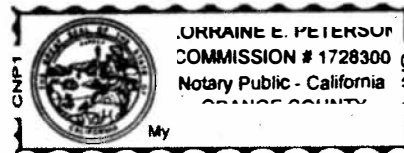
Personally appeared PATRICK S. CARTER

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/~~are~~ subscribed to the within instrument and acknowledged to me that he/~~she/they~~ executed the same in his/~~her/their~~ authorized capacity(ies), and that by his/~~her/their~~ signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Lorraine E. Peterson (notary seal)  
Signature of Notary Public



ADDITIONAL OPTIONAL INFORMATION

Agreed Cease and Desist Order and Order Assessing Administrative  
(Title or description of attached document) Fine

Number of Pages 10 Document Date —

Additional Information \_\_\_\_\_

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ACKNOWLEDGMENT

On the 25<sup>th</sup> day of NOVEMBER, 2009, 808 Energy 2, LLC ("Respondent 808 Energy"), by and through its President, Patrick S. Carter, personally appeared before me, executed the foregoing Order and acknowledged that:

1. Patrick S. Carter is duly authorized to enter into the foregoing Order on behalf of Respondent 808 Energy;
2. Patrick S. Carter has read the foregoing Order;
3. Respondent 808 2 Energy has been fully advised of its rights under the Texas Securities Act and the Administrative Procedure Act;
4. Respondent 808 2 Energy knowingly and voluntarily consents to the entry of the foregoing Order and the Findings of Fact and Conclusions of Law contained therein;
5. Respondent 808 2 Energy, by consenting to the entry of the foregoing Order, has knowingly and voluntarily waived its rights as set forth therein.

[affix notary seal here]

SEE ATTACHED ACKNOWLEDGMENT  
Notary Public in and for \_\_\_\_\_ *JUP*  
The State of \_\_\_\_\_  
My commission expires on: \_\_\_\_\_

**CALIFORNIA ALL-PURPOSE  
CERTIFICATE OF ACKNOWLEDGMENT**

State of California

County of ORANGE

On NOVEMBER 25, 2009, before me, Lorraine E. Peterson, Notary Public,

Personally appeared PATRICK S. CARTER

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Lorraine E. Peterson  
Signature of Notary Public



(notary seal)

ADDITIONAL OPTIONAL INFORMATION

Agreed Cease and Desist Order and Assessing Administrative Fine  
(Title or description of attached document)

Number of Pages 10 Document Date —

Additional Information \_\_\_\_\_

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ACKNOWLEDGMENT

On the 25<sup>th</sup> day of NOVEMBER, 2009, 808 Energy, LLC ("Respondent 808 Energy"), by and through its President, Patrick S. Carter, personally appeared before me, executed the foregoing Order and acknowledged that:

1. Patrick S. Carter is duly authorized to enter into the foregoing Order on behalf of Respondent 808 Energy;
2. Patrick S. Carter has read the foregoing Order;
3. Respondent 808 Energy has been fully advised of its rights under the Texas Securities Act and the Administrative Procedure Act;
4. Respondent 808 Energy knowingly and voluntarily consents to the entry of the foregoing Order and the Findings of Fact and Conclusions of Law contained therein;
5. Respondent 808 Energy, by consenting to the entry of the foregoing Order, has knowingly and voluntarily waived its rights as set forth therein.

[affix notary seal here]

SEE ATTACHED ACKNOWLEDGMENT  
 Notary Public in and for Jup  
 The State of \_\_\_\_\_  
 My commission expires on: \_\_\_\_\_

**CALIFORNIA ALL-PURPOSE  
CERTIFICATE OF ACKNOWLEDGMENT**

State of California

County of ORANGE

On NOVEMBER 25, 2009, before me, Lorraine E. Peterson, Notary Public,

Personally appeared PATRICK S. CARTER

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Lorraine E. Peterson (notary seal)  
Signature of Notary Public



ADDITIONAL OPTIONAL INFORMATION

Agreed Cease and Desist Order and Assessing Administrative Fee  
(Title or description of attached document)

Pages 10

ACKNOWLEDGMENT

On the 25<sup>th</sup> day of November, 2009, Patrick S. Carter, individually ("Respondent Carter"), personally appeared before me, executed the foregoing Order and acknowledged that:

- 1. Respondent Carter has read the foregoing Order;
- 2. Respondent Carter has been fully advised of his rights under the Texas Securities Act and the Administrative Procedure Act;
- 3. Respondent Carter knowingly and voluntarily consents to the entry of the foregoing Order and the Findings of Fact and Conclusions of Law contained therein;
- 4. Respondent Carter, by consenting to the entry of the foregoing Order, has knowingly and voluntarily waived his rights as set forth therein.

[affix notary seal here]

SEE ATTACHED ACKNOWLEDGMENT  
 Notary Public in and for JAC  
 The State of \_\_\_\_\_  
 My commission expires on: \_\_\_\_\_

**CALIFORNIA ALL-PURPOSE  
CERTIFICATE OF ACKNOWLEDGMENT**

State of California

County of ORANGE

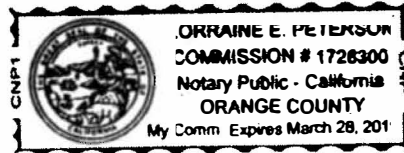
On NOVEMBER 25, 2009, before me, Lorraine E. Peterson, Notary Public,

Personally appeared PATRICK S. CARTER

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.



*Lorraine E. Peterson*

(notary seal)

Signature of Notary Public

ADDITIONAL OPTIONAL INFORMATION

Agreed Cease and Desist Order and Assessing Administrative Fine

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