ADMINISTRATIVE PROCEEDING

BEFORE THE

SECURITIES COMMISSIONER OF SOUTH CAROLINA

IN THE MATTER OF:	)	
	)	**ORDER TO CEASE AND DESIST**
Compass Energy Holdings, Inc. and	)	
Peter Iodice,	)	**File No. 12064**
	)	
	)	
Respondents.	)	

WHEREAS, the Securities Division of the Office of the Attorney General of the State of South Carolina (the "Division"), pursuant to authority granted in the South Carolina Uniform Securities Act of 2005 (the "Act"), S.C. Code Ann. §§ 35-1-101 to 35-1-703 (Supp. 2012), received information regarding alleged activities of Compass Energy Holdings, Inc. and Peter Iodice (collectively, the "Respondents") which, if true, could constitute violations of the Act; and

WHEREAS, the information led the Division to open and conduct an investigation of the Respondents pursuant to S.C. Code Ann. § 35-1-602; and

WHEREAS, in connection with the investigation, the Division has determined that evidence exists to support the following findings and conclusions:

1. Respondent Peter Iodice ("Iodice") is a South Carolina resident with the last known address of 3170 Holmestown Road #36, Myrtle Beach, South Carolina 29588.
2. Respondent Compass Energy Holdings, Inc. ("Compass Energy") is a Nevada Corporation with the last known mailing address of P.O. Box 15201, Surfside Beach, South Carolina 29587.
3. At all times relevant to this Order, Iodice held the title of President of Compass Energy.
4. On or about January 21, 2010, Compass Energy filed a Form D with the Securities and Exchange Commission ("SEC") stating that they were conducting an offering of securities pursuant to the exemption from registration found in Regulation D, Rule 506 (the "January 2010 Form D").

5. According to the January 2010 Form D, the total amount of the offering was $500,000 and the total amount sold as of the filing date was $417,100.
6. Further, the January 2010 Form D claimed that the offering had been sold to 33 non-accredited investors and 111 total investors.
7. According to the January 2010 Form D, the date of the first sale was July 12, 2009.
8. Compass Energy notice filed the offering with the Division on January 25, 2010.
9. On or about, March 16, 2012, Compass Energy filed an Amendment to the January 2010 Form D with the SEC (the "March 2012 Amendment").
10. The March 2012 Amendment changed the exemption claimed from a Rule 506 to a Rule 504(b)(1).
11. Further, the March 2012 Amendment indicated that the total offering amount was now $1,000,000 and reported the amount sold as of the filing date as $311,543.
12. The March 2012 Amendment claimed that 120 non-accredited investors and 356 total investors had already invested in the offering as of the time of filing.
13. On October 19, 2012, Compass Energy filed another amendment to the January 2010 Form D with the SEC (the "October 2012 Amendment") which claimed the offering was again exempt pursuant to Rule 506 rather than Rule 504(b)(1).
14. The October 2012 Amendment increased the total offering amount to $5,000,000 and the amount sold as of the filing date to $2,000,000. The October 2012 Amendment claimed that 35 non-accredited investors and 356 total investors had invested in the offering as of the time of filing.
15. Both the March 2012 Amendment and the October 2012 Amendment state that the date of the first sale of stock pursuant to the offering was on July 12, 2009.
16. Compass Energy filed an S-1 registration form with the SEC on May 24, 2010, and with the Division on December 1, 2010. Compass Energy has also filed five amendments to the S-1 registration form with the SEC between the filing date and June 27, 2012.

17. The S-1 registration form attempted to cover the resale of outstanding shares by existing shareholders but was never made effective by the SEC.
18. The January 25, 2010, notice filing was not renewed and the Division has not received any other filing to register the securities.
19. As of December 31, 2009, Compass Energy, by and through its agent Iodice and other agents, sold Compass Energy securities to several South Carolina investors.
20. Compass Energy securities were not sold again until in or around July of 2011.
21. Compass Energy, by and through its agent Iodice and other agents, then sold securities to South Carolina investors continuously until in or around August of 2012.
22. According to sworn testimony Iodice gave to the Division on October 30, 2012, the Respondents provided a copy of the S-1 to potential investors in connection with the offer or sale of securities.
23. Respondents, in connection with the offer or sale of the securities, provided a term sheet to potential investors which detailed the offering. The term sheet, dated May 19, 2009 ("Term Sheet"), has never been updated.
24. The Term Sheet stated that Compass Energy was issuing 300,000,000 shares for a total offering amount of $2,000,000.
25. The Term Sheet stated that Compass Energy would not "pay any commissions to any individual for the sale of the shares of the Common Stock, except in certain situations where the agent is licensed to receive commissions for the sale of the shares of common stock."
26. Iodice was arrested for and pled guilty to a felony count of obtaining signatures under false pretenses in or around March 7, 2007.
27. In connection with the offer and sale of securities, Respondents omitted to disclose Iodice's felony conviction to one or more investors.
28. Further, the Respondents have continuously stated on the S-1 filings, provided to investors, that "[t]o the best of our knowledge, during the past ten years, none of the following occurred with

respect to our director or executive officers of [Compass Energy]: … (2) any conviction in a criminal proceeding or being subject to a pending criminal proceeding."

29. Iodice represented Compass Energy in effecting or attempting to effect the sales of securities by speaking with one or more potential investors face-to-face and one or more potential investors on the phone to provide information and answer questions. Iodice also distributed documents for review and completion to one or more potential investors.

30. Further, Iodice accepted offers to purchase Compass Energy securities by signing subscription agreements as president of Compass Energy.

31. George Heffernan ("Heffernan") began working with Compass Energy in or around 2009. Heffernan and Compass Energy entered into a formal employment agreement on March 22, 2010.

32. Heffernan is subject to a 2007 Order issued by the South Carolina Securities Commissioner (the "2007 Order") permanently barring him from engaging in the securities business in South Carolina and revoking all exemptions, if any, available to him.

33. A statement of Heffernan's job responsibilities provided to the Division by Iodice, Compass Energy, and related corporations reads in part, "Mr. Heffernan was responsible, either directly or indirectly, for securing most of the subscribers that have invested in Compass through its federally covered Regulation D offering and his efforts raised critical working capital that Compass needed for the day-to-day expenses."

34. In sworn testimony given to the Division, Heffernan stated that "I told my friends and family about Pete, about his company and his offering, the subscription agreement. I actually sent them copies of the subscription agreement and the term sheet and told them to contact Pete and gave them Pete's number."

35. The Respondents had knowledge of the 2007 Order and continued to employ Heffernan to offer and sell securities in the State of South Carolina.

36. Compass Energy paid Heffernan $141,550 in 2009 and another $75,900 during the period of September 22, 2011, to January 10, 2012, which, upon information and belief, was in part commission for the sale of securities.

37. Further, on October 3, 2011, Heffernan was awarded two million shares of Compass Energy stock at no cost. Upon information and belief, this was commission for the sale of stock.

38. Robert J. Nash ("Nash") began working with Compass Energy in or around January 1, 2010. Nash and Compass Energy entered into a formal employment agreement on March 22, 2010.

39. A statement of Nash's job responsibilities provided to the Division by Iodice, Compass Energy, and related corporations in response to a subpoena, reads in part, "Mr. Nash's job responsibilities and the work he has performed for Compass [Energy] includes ...[i]ntroducing the Compass federally covered Regulation D offering to qualified investors as possible investment."

40. In further response to the subpoena, Iodice, Compass Energy, and related corporations listed Nash as a party who has been compensated or received any form of remuneration for soliciting and/or obtaining investors in any Iodice Company.

41. Nash was paid $66,808.98 from July 05, 2011, to December 21, 2011, which, upon information and belief, was commission for the sale of stock.

42. Nash was awarded approximately a total of 6,761,300 "bonus" shares at no additional cost to him, which, upon information and belief, were compensation for the successful solicitation of investors in Compass Energy.

43. At all times relevant to this order, Iodice, Heffernan, and Nash were not properly registered with the Division to transact business in the State of South Carolina as an agent.

44. One or more other individuals solicited investors and were paid "bonus shares" as remuneration for the successful sale of Compass Energy securities.

45. At all times relevant to this order, one or more other individuals who received remuneration for effecting sales of Compass Energy securities was not properly registered with the Division to transact business in the State of South Carolina as an agent.

46. Pursuant to S.C. Code of Regulations R. 13-308(A), with respect to a security that is a federal covered security under Section 18(b)(4)(D) of the Securities Act of 1933, a notice filing must be filed with the Securities Commissioner not later than fifteen days after the first sale of the security in this State.

47. Pursuant to S.C. Code of Regulations R. 13-308(B), the notice filing under Section A of this Rule is effective for one year from the date of its filing with the Securities Commissioner after which time, if the offering is to continue, a renewal notice must be filed.

48. Pursuant to S.C. Code of Regulations R. 13-204(D), offers and sales of securities made in compliance with Rule 504 must satisfy additional conditions and limitations, including the requirement to file with the Securities Commissioner a notice of intent to sell using the SEC Form D at least five business days prior to the first offering to an investor in the State of South Carolina in reliance upon this exemption. A failure to comply with the additional conditions and limitations will revoke the availability of the exemption to the Issuer.

49. Pursuant to S.C. Code Ann. Section 35-1-301, it is unlawful for a person to offer or sell a security in this State unless the security is registered, a federal covered security, or exempt from registration under S.C. Code Ann. Sections 35-1-201 through 35-1-203.

50. Pursuant to S.C. Code Ann. Section 35-1-102(2), an agent is an individual, other than a broker-dealer, who represents a broker-dealer in effecting or attempting to effect purchases or sales of securities, or represents an issuer in effecting or attempting to effect purchases or sales of the issuer's securities.

51. Pursuant to S.C. Code Ann. Section 35-1-402(a), it is unlawful for an individual to transact business as an agent in this State unless registered or exempt from registration.

52. Pursuant to S.C. Code Ann. Section 35-1-402(d), it is unlawful for a broker-dealer, or an issuer engaged in offering, selling, or purchasing securities in this State, to employ or associate with an agent who transacts business in this State on behalf of broker-dealers or issuers unless the agent is registered or exempt from registration.

53. Pursuant to S.C. Code Ann. Section 35-1-401(c), it is unlawful for an issuer engaged in offering or selling securities in the State of South Carolina, directly or indirectly, to employ or associate with an individual to engage in an activity related to securities transactions in the State of South Carolina if the registration of the individual is suspended or revoked or the individual is barred from employment or association with a broker-dealer, an issuer, an investment adviser, or a federal covered investment adviser by an order of the Securities Commissioner.

54. Pursuant to S.C. Code Ann. Section 35-1-501, it is unlawful for a person, in connection with the offer, sale, or purchase of a security, directly or indirectly:

    a. To employ a device, scheme, or artifice to defraud;

    b. To make an untrue statement of material fact or to omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; or

    c. To engage in an act, practice, or course of business that operates or would operate as a fraud or deceit upon another person.

55. Iodice offered and sold unregistered securities in the State of South Carolina, in violation of S.C. Code Ann. Section 35-1-301.

56. Iodice acted as an agent by representing the issuer, Compass Energy Holdings, Inc., in effecting or attempting to effect the sales of securities in the State of South Carolina while not being properly registered with the Division, in violation of S.C. Code Ann. Section 35-1-402(a).

57. Iodice, in connection with the offer, sale, or purchase of a security, employed a device, scheme or artifice to defraud; made material misstatements; omitted to state material facts necessary in order to make other statements made, in light of the surrounding circumstances under which they were made, not misleading; and engaged in acts or practices that operated as a fraud upon investors, in violation of S.C. Code Ann. 35-1-501.

58. Compass Energy offered and sold unregistered securities in the State of South Carolina, in violation of S.C. Code Ann. Section 35-1-301.

59. Compass Energy failed to notice file with the Division within fifteen days of the first sale of security that is a federal covered security under Section 18(b)(4)(D) of the Securities Act of 1933, in violation of S.C. Code of Regulations R. 13-308(A).

60. Compass Energy failed to file a Form D renewal notice with the Division while continuing to sell securities in the State of South Carolina past the expiration of the original notice filing made on January 25, 2010, in violation of S.C. Code of Regulations R. 13-308(B).

61. On one or more occasions, Compass Energy employed or associated with agents to offer or sell securities in the State of South Carolina while the agents were not registered or exempt from registration with the Division, in violation of S.C. Code Ann. Section 35-1-402(d).

62. Compass Energy, while engaged in the offering or selling of securities in the State of South Carolina and with knowledge of the 2007 Order, employed or associated with an individual who is barred from employment or association with a broker dealer, an issuer, an investment adviser, or a federal covered investment adviser by an order of the Securities Commissioner, in violation of S.C. Code Ann. Section 35-1-401(c).

63. Compass Energy, in connection with the offer, sale, or purchase of a security, employed a device, scheme or artifice to defraud; made material misstatements; omitted to state material facts necessary in order to make other statements made, in light of the surrounding circumstances under which they were made, not misleading; and engaged in acts or practices that operated as a fraud upon investors, in violation of S.C. Code Ann. 35-1-501.

CEASE AND DESIST ORDER

WHEREAS, pursuant to S.C. Code Ann. § 35-1-604(a)(1), if the Securities Commissioner 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 the Act or a rule adopted or order issued under the Act or that a person has materially aided, is materially aiding, or is about to materially aid an act, practice, or course of business constituting a violation of the Act or a rule adopted or order issued under the Act, the Securities

Commissioner may 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 the Act; and

WHEREAS, pursuant to S.C. Code Ann. § 35-1-604(b), an order issued under Section 35-1-604(a) is effective on the date of issuance and must include a statement of any civil penalty or costs of investigation the Division will seek, a statement of the reasons for the order, and notice that a hearing will be scheduled if one is requested;

NOW THEREFORE, pursuant to S.C. Code Ann. § 35-1-604(a), IT IS HEREBY ORDERED that:

a. Compass Energy Holdings, Inc. and every successor, affiliate, control person, agent, servant, and employee of Compass Energy Holdings, Inc. immediately cease and desist from transacting business in this State in violation of the Act and, in particular, Sections 35-1-301, 35-1-402(a), 35-1-402(d), 35-1-401(c), and 35-1-501 thereof, and Rules 13-308(A) and (B) promulgated thereunder;

b. Peter Iodice immediately cease and desist from transacting business in this State in violation of the Act and, in particular, Sections 35-1-301, 35-1-402(a), and 35-1-501 thereof;

c. Compass Energy Holdings, Inc. pay a civil penalty in an amount of $90,000 if this Order becomes effective by operation of law, but if Compass Energy seeks a hearing and any legal authority resolves this matter, pay a civil penalty in an amount not to exceed $10,000 for each violation of the Act committed by Compass Energy, and the actual cost of the investigation and proceeding; and

d. Peter Iodice pay a civil penalty in an amount of $30,000 if this Order becomes effective by operation of law, but if Iodice seeks a hearing and any legal authority resolves this matter, pay a civil penalty in an amount not to exceed $10,000 for each violation of the Act committed by Iodice, and the actual cost of the investigation and proceeding.

REQUIREMENT OF ANSWER AND

NOTICE OF OPPORTUNITY FOR HEARING

The Respondents are hereby notified that they have the right to a hearing on the matters contained herein. To schedule such a hearing, a Respondent must file with the Securities Division, Post Office Box 11549, Rembert C. Dennis Building, Columbia, South Carolina, 29211-1549, attention: Thresechia Navarro, within thirty (30) days after the date of service of this Order to Cease and Desist a written Answer specifically requesting a hearing. If a Respondent requests a hearing, the Division, within fifteen (15) days after receipt of a request in a record from a Respondent, will schedule the hearing.

In the written Answer, the Respondent, in addition to requesting a hearing, shall admit or deny each factual allegation in this Order, shall set forth specific facts on which the Respondent relies, and shall set forth concisely the matters of law and affirmative defenses upon which the Respondent relies. A Respondent without knowledge or information sufficient to form a belief as to the truth of an allegation shall so state.

Failure by a Respondent to file a written request for a hearing in this matter within the thirty-day (30) period stated above shall be deemed a waiver by that Respondent of the right to such a hearing. Failure of a Respondent to file an Answer, including a request for a hearing, shall result in this Order, including the stated civil penalty and any assessed fees, becoming final as to that Respondent by operation of law.

CONTINUING TO ENGAGE IN ACTS DETAILED BY THIS ORDER AND/OR SIMILAR ACTS MAY RESULT IN THE DIVISION'S FILING ADDITIONAL ADMINISTRATIVE ACTIONS AND/OR SEEKING FURTHER ADMINISTRATIVE FINES. WILLFUL VIOLATION OF THIS ORDER COULD RESULT IN CRIMINAL PENALTIES UNDER S.C. CODE ANN. § 35-1-508 OF THE ACT.

IT IS SO ORDERED, This the 25 day of February, 2013.

By: _____

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