

ADMINISTRATIVE PROCEEDING

BEFORE THE

SECURITIES COMMISSIONER OF SOUTH CAROLINA

IN THE MATTER OF:)	
)	ORDER TO CEASE AND DESIST
Joseph A. Hilton,)	
)	
)	
)	
<u>Respondent.</u>)	File No. 12057

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, et seq. (Supp. 2011), received information regarding alleged activities of Joseph A. Hilton (the "Respondent") which, if true, could constitute violations of the Act; and

WHEREAS, the information led the Division to open and conduct an investigation of the Respondent 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. The Respondent is a Florida resident with a last known address of 5970 SW 18th St., #159, Boca Raton, FL 33433.
2. Rockcastle Drilling Fund, L.P. ("Rockcastle") is a business controlled by the Respondent with a business address of 5970 SW 18th St., #159, Boca Raton, FL 33433.

3. Pacific-Northwestern Energy, L.L.C. (“PNE”) is a business controlled by the Respondent which acts as the General Partner for Rockcastle, and has a business address of 2710 Thomas Ave., Cheyenne, WY 82001.
4. The Respondent has legally changed his name from Joseph Yurkin.
5. During the period from July 1, 2011, to July 24, 2012, the Respondent offered investments in the form of limited partnership interests in Rockcastle to at least one person in South Carolina.
6. The Rockcastle investment that was offered was not registered in South Carolina.
7. The Respondent filed a Form D with the U.S. Securities and Exchange Commission (“SEC”) for Rockcastle on March 9, 2012.
8. The Respondent indicated on said Form D an exemption under Rule 504.
9. The Respondent notice filed the Form D with the Division on March 16, 2012, along with a statement indicating that the securities sold in South Carolina would not exceed \$250,000 in any 12 month period and that the limitation on the manner of offering and resale of securities set forth in Rules 502(c) and (d) of SEC Regulation D would be satisfied.
10. In a letter received by the Division on April 2, 2012, the Respondent indicated that no formal sales had taken place in South Carolina, but that he had contacted a potential investor on March 22, 2012.
11. On or about July 19, 2012, the Division requested that the Respondent provide information regarding each person in South Carolina who was solicited by the Respondent, or invested with the Respondent from July 1, 2011, up to and including the date on which he responded to the request.

12. In response to the Division's request, on or about July 24, 2012, the Division received documents from the Respondent detailing an investment made by a South Carolina resident during the above-mentioned time period.
13. According to the information provided by the Respondent, the Respondent solicited a person in South Carolina to invest in Rockcastle on February 24, 2012.
14. The Respondent's response indicated that no South Carolina individual invested in Rockcastle during the period from July 1, 2012, to July 24, 2012, which omitted the period from July 1, 2011, as was requested.
15. The Respondent's response produced documents indicating that the person solicited in South Carolina supplied a check to the Respondent made out to PNE for an investment on February 20, 2012.
16. The Respondent's response produced documents indicating that the person solicited in South Carolina had a Subscription Agreement for Rockcastle signed by the Respondent on February 27, 2012.
17. The Respondent's response did not name any person who was solicited on March 22, 2012, as had been indicated on the Respondent's earlier correspondence dated April 2, 2012.
18. The Respondent's notice filing of the Form D with the Division was not made five days prior to the first offering in South Carolina.
19. In the Private Placement Memorandum for Rockcastle, dated February 16, 2012, the Respondent asserts that none of the principals of PNE have had any formal complaint filed against them with the SEC, or any state regulatory agency during the past five years.

20. The Respondent is the subject of a Final Judgment with the SEC in 2007 as a result of the Respondent's violation of federal securities laws, as stated in *SEC v. Homeland Communications Corp., et. al.*, Case No. 07-80802-MARRA (S.D. Fla. Nov. 16, 2007).
21. The Respondent is also the subject of an order of the SEC in 2008 barring him from associating with a broker-dealer, as stated in *In the Matter of Joseph Yurkin*, Exchange Act Release No. 58768 (Oct. 10, 2008).
22. In connection with the offer and sale of the Rockcastle limited partnership interests, the Respondent failed to disclose the material fact that he is subject to an emergency cease and desist order issued by the Texas State Securities Board on October 12, 2006, in Order No. ENF-06-CDO-1621.

WHEREAS, the investments the Respondent is offering are "securities" within the meaning of S.C. Code Ann. § 35-1-102(29); and

WHEREAS, the securities the Respondent offered and sold in South Carolina were not registered, and no notice was filed as to any exempt status of the securities when the offers and/or sales took place; and

WHEREAS, the Respondent, in his correspondence with the Division, made false or misleading statements in a material respect, and/or omitted to state a material fact necessary to make the statements made, in the light of the circumstances under which they were made, not false or misleading; and

WHEREAS, the Respondent, in connection with the solicitation of investors described above, made untrue statements of material facts and/or omitted to state material facts necessary

in order to make the statements made, in light of the circumstances under which they were made, not misleading; and

WHEREAS, based on the foregoing, the Division has determined that the Respondent has engaged, is engaging, and/or is about to engage in acts and practices which violate S.C. Code Ann. §§ 35-1-505 and 35-1-501, and S.C. Code of Regulations Rule 13-204D(1); and

WHEREAS, after due deliberation, the Division finds that it is 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 to issue the following Order:

CEASE AND DESIST ORDER

NOW THEREFORE, pursuant to S.C. Code Ann. § 35-1-604(a)(1), IT IS HEREBY ORDERED that the Respondent and every successor, affiliate, control person, agent, servant, and employee of the Respondent, and every entity owned, operated, or indirectly or directly controlled by or on behalf of the Respondent:

- a. Immediately cease and desist from transacting business in this State in violation of the Act and, in particular, S.C. Code Ann. §§ 35-1-505 and 35-1-501 thereof, and S.C. Code of Regulations Rule 13-204D(1); and
- b. Pay a civil penalty in the amount of five thousand dollars (\$5,000.00) and reimburse the Division one thousand dollars (\$1,000) for the cost of the investigation if this Order becomes effective by operation of law, or, if the Respondent seeks a hearing and any legal authority resolves this matter, pay a civil penalty in an amount not to exceed ten thousand dollars (\$10,000.00) for each violation of the Act by the Respondent, and the actual cost of the investigation or proceeding.

REQUIREMENT OF ANSWER AND NOTICE OF OPPORTUNITY FOR HEARING

The Respondent is hereby notified that he has the right to a hearing on the matters contained herein. To schedule such a hearing, the 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 a written Answer specifically requesting that a hearing be held to consider rescinding this Order.

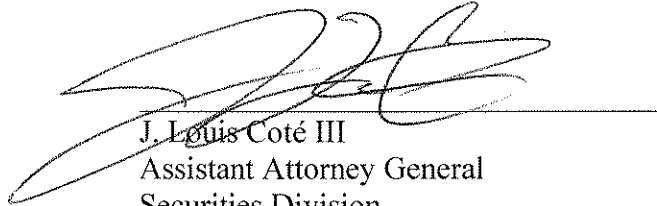
In the written Answer, the Respondent, in addition to requesting a hearing, shall admit or deny each factual allegation of the Order, shall set forth specific facts on which the Respondent relies, and shall set forth concisely the matters of law and affirmative defenses upon which the Respondent relies.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

Failure by the Respondent to file a written request for a hearing in this matter within the thirty (30) day period stated above shall be deemed a waiver by the Respondent of his right to such a hearing. Failure of the Respondent to file an Answer, including a request for a hearing, shall result in this Order, including the stated civil penalty, becoming final as to the 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 PROSECUTION. REGARDING MATTERS DESCRIBED HEREIN, THIS ORDER DOES NOT PRECLUDE THE FILING OF PRIVATE CAUSES OF ACTION OR THE FILING OF

CRIMINAL CHARGES UNDER S.C. CODE ANN. § 35-1-508 OR ANY OTHER
APPLICABLE CODE SECTION.

SO ORDERED, this 11 day of October, 2012.

A handwritten signature in black ink, appearing to read "J. Louis Cote III", is written over a horizontal line. The signature is stylized and cursive.

J. Louis Cote III
Assistant Attorney General
Securities Division
Office of the Attorney General
Rembert C. Dennis Building
1000 Assembly Street
Columbia, S. C. 29201

STATE OF SOUTH CAROLINA
OFFICE OF THE ATTORNEY GENERAL
SECURITIES DIVISION

CERTIFICATE OF SERVICE AND
AFFIDAVIT OF COMPLIANCE
File Number 12057

I hereby certify that I served upon the individual/entity listed below a copy of the document indicated below and dated October 11, 2012 by serving a copy of said document upon the Securities Commissioner of the State of South Carolina and by placing a copy of said document in the United States mail, certified mail, return receipt requested, first class postage prepaid and addressed to:

Mr. Joseph A. Hilton
5970 SW 18th Street
159
Boca Raton, FL 33433

Document(s): Order to Cease and Desist

Mailed October 11, 2012 from Columbia, South Carolina.

I further hereby certify, swear and affirm that, service of the above-listed entity is in compliance with Section 35-1-611, Code of Laws of South Carolina.

By: Thresechia P. Navarro
Thresechia P. Navarro
South Carolina Attorney General's Office
Securities Division
Post Office Box 11549
Columbia, SC 29211-1549
(803) 734-4731

Subscribed and sworn to before me on
this 11 day of October, 2012.

Dani L. Gibson
Notary Public for South Carolina

My commission expires: 8/29/21