

1 STATE OF CALIFORNIA
2 BUSINESS, CONSUMER SERVICES AND HOUSING AGENCY
3 DEPARTMENT OF BUSINESS OVERSIGHT

4 TO: Environmental Resource Group, LLC, USA also known as Environmental Resource Group
5 and ERG
6 Darrell L. Joseph
7 1623 Central Avenue, Suite 201
8 Cheyenne, Wyoming 82001
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10 23046 Avenida de la Carlota, Suite 600
11 Laguna Hills, California 92653

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DESIST AND REFRAIN ORDER
(For violations of section 25401 of the Corporations Code)

The Commissioner of Business Oversight finds that:

1. At all relevant times, Environmental Resource Group, LLC, USA, also known as Environmental Resource Group and ERG (collectively, Environmental), is a Wyoming limited liability company doing business at 1623 Central Avenue, Suite 201, Cheyenne, Wyoming 82001 and at 23046 Avenida de la Carlota, Suite 600, Laguna Hills, California 92653. Environmental conducts business by telephone at (949) 296-2365 and by facsimile at (866) 718-7691.

2. Environmental purports “to be in the environmental business and the oil and gas business [sic].” Environmental represents to consumers that it has “large projects which we have spent considerable time and money [sic] and are now in need of additional capital to facilitate our technology and enter the marketplace [sic].”

3. Darrell L. Joseph (Joseph) is an individual who represents to consumers that he is the “owner” and president of Environmental. Joseph conducts business at 23046 Avenida de la Carlota, Suite 600, Laguna Hills, California 92653, by telephone at (949) 296-2365, and by facsimile at (866) 718-7691.

4. Beginning in January 2015, Environmental and Joseph offered and sold securities in the form of promissory notes in Environmental to a California investor. The California investor

1 made a capital investment of \$250,000 in exchange for 10 percent simple flat interest, due and
2 payable 90 days from the date of execution of the promissory note.

3 5. Environmental and Joseph also offered the California investor the option to request an
4 extension of the investment terms for up to one year. In addition to the return of the capital
5 investment and the interest, the California investor was to receive a single balloon payment of \$1.5
6 million, possibly in the form of a “standby letter of credit,” within 90 days. The standby letter of
7 credit was to be issued by a “top international bank” at a “face value” of no less than \$5 million for
8 the purpose of the investor to secure funds for a real estate resort project. Environmental and Joseph
9 agreed to return the investor’s entire capital investment amount of \$250,000 and any interest profits
10 in the event that they were not able to secure a loan against the standby letter of credit within 45 days
11 of the receipt of the investor’s funds.

12 6. Beginning in or about April 2015, well after the termination of the investment, the
13 California investor was only able to recover \$180,000 of her capital investment from Environmental
14 and Joseph, despite repeatedly requesting the full amount of \$250,000 be returned.

15 7. In connection with the offer and sale of these securities, Environmental and Joseph
16 made, or caused to be made, misrepresentations of material fact or omitted to state material facts
17 necessary in order to make the statements made, in the light of the circumstances under which they
18 were made, not misleading. Specifically, Environmental and Joseph misrepresented that the
19 California investor would receive the entire capital investment amount, including the remaining
20 amount of \$70,000, plus any interest profits from the investment in an amount of \$25,000, in the
21 event that Environmental and Joseph were not able to secure a loan against the standby letter of credit
22 within 45 days of the receipt of the investor’s funds,

23 Based on the foregoing findings, the Commissioner of Business Oversight finds that the
24 promissory notes were offered and sold in this state by means of a written or oral communication
25 which included an untrue statement of material fact or omitted to state a material fact necessary to
26 make the statement made, in light of the circumstances under which they were made, not misleading,
27 in violation of section 25401 of the Corporate Securities Law of 1968 (Corp. Code, § 25000 et seq.).
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1 Pursuant to Corporations Code section 25532, Environmental Resource Group, LLC, USA,
2 also known as Environmental Resource Group and ERG, and Darrell L. Joseph are hereby ordered to
3 desist and refrain from offering or selling or buying or offering to buy any security in this state,
4 including but not limited to promissory notes, by means of any written or oral communication which
5 includes an untrue statement of material fact or omits to state a material fact necessary in order to
6 make the statements made, in light of circumstances under which they were made, not misleading.

7 This Order is necessary, in the public interest, for the protection of investors and consistent
8 with the purposes, policies, and provisions of the Corporate Securities Law of 1968.

9 Dated: May 15, 2017

10 JAN LYNN OWEN
11 Commissioner of Business Oversight

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13 By _____
14 MARY ANN SMITH
15 Deputy Commissioner
16 Enforcement Division
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