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BEFORE THE ARKANSAS SECURITIES COMMISSIONER

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ARKANSAS SECURITIES DEPT.

IN THE MATTER OF:
ALLIED ENERGY, INC.

CASE NO. S-15-0013
ORDER NO. S-15-0013-15-OR02

CONSENT ORDER

This Consent Order is entered pursuant to the Arkansas Securities Act (“Act”), codified at Ark. Code Ann. § 23-42-101 through § 23-42-509, the Rules of the Arkansas Securities Commissioner (“Rules”) promulgated under the Act, and the Arkansas Administrative Procedures Act, codified at Ark. Code Ann. § 25-16-201 through § 25-16-303, in accordance with an agreement by and between the Staff of the Arkansas Securities Department (“Staff”) and Allied Energy, Inc. (“Allied”) in full and final settlement of all claims that could be brought against Allied by the Staff on the basis of the facts set forth herein.

Allied admits the jurisdiction of the Act and the Arkansas Securities Commissioner (“Commissioner”), waives its right to a formal hearing and, without admitting or denying the findings of facts made herein, consents to the entry of this order and agrees to abide by its terms.

FINDINGS OF FACT

1. Allied is a Florida corporation with its corporate offices in Bowling Green, Kentucky. Allied is not registered with the Arkansas Securities Department (“Department”) in any capacity.
2. During the period from 2009 through 2011 on at least twelve occasions agents employed by Allied solicited and sold to five Arkansas residents various “units of general partnership” in private placement oil and gas securities offerings. Allied claimed exemption for

these "units of general partnership" in private placement oil and gas securities offerings under regulation D, section 506 of the Securities Act of 1933 as amended through filings with the U.S. Securities and Exchange Commission. The agents were Paul Gaujot ("Gaujot"), Paul Johnson ("Johnson"), Russell Carter ("Carter"), Scott Stone ("Stone"), and Yantez Murphy ("Murphy"). During 2009-2011 said agents received salary raises and/or bonus payments from Allied. The salary raises and bonus payments paid by Allied to these agents could be and were based, in part, on said agents' performance in soliciting and selling private placement securities issued by Allied. Allied considered said agents as licensed agents of the issuer in Kentucky.

3. On or about August 2009 agents employed by Allied, Johnson and Murphy, sold Arkansas Resident one ("AR1") shares of Woodbine PUD Off-Set Program. On or about November 2009 agents employed by Allied, Gaujot and Morones, sold Arkansas Resident two ("AR2") shares of Gibbons Creek PUD Development. On or about December 2009 an agent employed by Allied, Gaujot, sold Arkansas Resident three ("AR3") shares of East Texas Year End Development. On or about December 2009 an agent employed by Allied, Gaujot, sold Arkansas Resident four ("AR4") shares of Gibbons Creek PUD Development. On or about December 2009 agents employed by Allied, Johnson and Murphy, sold AR1 shares of Gibbons Creek PUD Development. On or about February 2010 agents employed by Allied, Johnson and Murphy, sold AR1 shares of East Texas Year End Development. On or about June 2010 agents employed by Allied, Johnson and Murphy, sold AR1 shares of 2010 Texas Two PUD. On or about December 2010 an agent employed by Allied, Gaujot, sold AR4 shares of 2010 Texas Two PUD. On or about February 2011 agents employed by Allied, Johnson and Murphy, sold AR1 shares of 2011 Allied Grimes #3 PUD Joint Venutre. On or about June 2011 agents employed by Allied, Carter and Stone, sold Arkansas Resident five ("AR5") shares of Allied Leon 2H

PUD. Finally, on or about July 2011 agents employed by Allied, Johnson and Murphy, sold AR1 shares of Allied Leon 2H PUD. AR1 through AR5 signed documents provided by Allied and the issuers that stated said investors were accredited investors.

4. Allied made notice filings with the Department under Ark. Code Ann. § 23-42-509(c)(1) and Rule 509.01(b) of the Rules for all of the private placement oil and gas securities offerings sold in Arkansas during 2009-2011 and referred to in paragraph 3. Four of the notice filings made by Allied with the Department exceeded the 15 day time limit contained in the Act and Rules. The private placement oil and gas securities offerings that had late notice filings are titled Woodbine PUD Offset Program, Gibbons Creek PUD Development, East Texas Year End Development, and 2010 Texas Two PUD.

5. Although Allied made exemption filings with the Department for the securities offerings claimed in paragraph three, none of the aforementioned five agents soliciting and selling private placement oil and gas securities issued by Allied were registered in Arkansas.

CONCLUSIONS OF LAW

6. Ark. Code Ann. § 23-42-301(a) states that it is unlawful for a person to transact business in this state as an agent unless he/she is registered under this chapter. None of the agents employed by Allied were registered with the Department as detailed in paragraph 5.

7. Ark. Code Ann. § 23-42-301(b)(1) states that it is unlawful for an issuer to employ an unregistered agent except a nonresident agent who is registered by any other state securities administrator and who effects transactions in this state exclusively with registered broker-dealers. In violation of Ark. Code Ann. § 23-42-301(b)(1) Allied employed five unregistered agents to solicit and sell private oil and gas securities offerings to Arkansas residents as detailed in paragraphs 3 through 5.

8. Rule 509.02(b) states that any person who represents an issuer in effecting transactions in covered securities exempted by Section 18(b)(4)(E) of the Securities Act of 1933 is not an agent if no commission or other remuneration is paid or given directly or indirectly for soliciting any prospective purchaser in Arkansas. Rule 509.02(b) required that the five agents employed by Allied to solicit and sell securities in Arkansas, who also received bonuses and other remuneration for soliciting and selling securities in Arkansas, be registered as detailed in paragraphs 3 and 5.

9. Ark. Code Ann. § 23-42-509(c)(1) and Rule 509.01(b) require that notice filings for covered securities be made no later than 15 days after the first sale in Arkansas. In violation of Ark. Code Ann. § 23-42-509(c)(1) and Rule 509.01(b), Allied made four notice filings that were beyond the 15 day time limit as detailed in paragraph 4.

10. The conduct, acts, and practices of Allied threaten immediate and irreparable public harm. A cease and desist order is in the public interest and is appropriate pursuant to Ark. Code Ann. § 23-42-209(a).

UNDERTAKINGS

In settlement of this matter, but without admitting or denying the findings of fact made above, Allied agrees to pay a fine in the amount of \$7,500 to the Department. In addition, Allied agrees to immediately cease and desist employing unregistered agents to solicit and sell securities in Arkansas as detailed above.

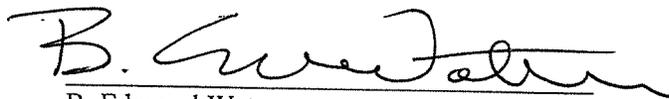
OPINION

This order is in the public interest. The facts as set out in paragraphs 2-5 support the violations of the Act and Rules as set out in paragraphs 6-9.

ORDER

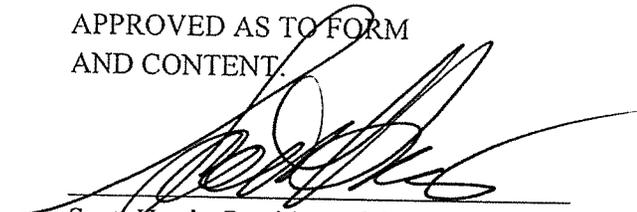
IT IS THEREFORE ORDERED that Allied pay a fine in the amount of \$7,500 to the Department in 3 installments of \$2,500. The first installment shall be paid upon execution of the order. The second installment shall be due within 30 days of the entry of the order. The final installment shall be due within 60 days of the entry of the order. In addition, Allied shall immediately cease and desist employing unregistered agents to solicit and sell securities in Arkansas.

WITNESS MY HAND AND SEAL on this 25 day of August, 2015.



B. Edmond Waters
Arkansas Securities Commissioner

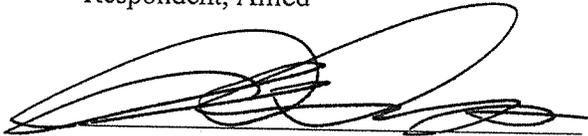
APPROVED AS TO FORM
AND CONTENT.



Scott Harris, President of the
Respondent, Allied

08/11/15

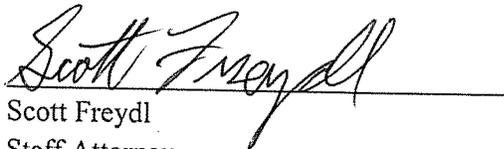
Date



Hunter Durham
Attorney for the Respondent

08/13/15

Date



Scott Freydl
Staff Attorney

8/25/15

Date