

BEFORE THE ARKANSAS SECURITIES COMMISSIONER

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ARKANSAS SECURITIES DEPT.

**CASE NO S-09-034
S-09-034-09-CO01**

IN THE MATTER OF:

KGI BP JOHNSON OFFSET JOINT VENTURE

RESPONDENT

CONSENT ORDER

This Consent Order is entered pursuant to the Arkansas Securities Act, codified at Ark. Code Ann. §§ 23-42-101 through 23-42-509 (“Act”), 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 KGI BP Johnson Offset Joint Venture (“KGI”) in full and final settlement of all claims that could be brought against KGI by the Staff on the basis of the facts set forth herein.

KGI admits the jurisdiction of the Act and the Arkansas Securities Commissioner (“Commissioner”), waives its right to a formal hearing and consents to the entry of this order and agrees to abide by its terms.

FINDINGS OF FACT

Late Notice Filing

1. During the first half of 2007, agents or employees of KGI made one sale of securities in the KGI offering in the amount of \$8,750.00 to an Arkansas resident.

2. On or about February 22, 2008, KGI filed a Notice of Sale of Securities on United States Securities and Exchange Commission (“SEC”) Form D with the Arkansas Securities Department (“Department”). As part of this notice filing the Department received a \$500.00 filing fee from KGI.

3. In violation of Ark. Code Ann. §23-42-509(c)(1) and Rule 509.01(B)(2) of the Rules of the Arkansas Securities Commissioner, KGI failed to file a Notice of Sale of Securities on SEC Form D with the Department concerning the sale of securities in Arkansas within the required fifteen days. However, KGI self-reported this late notice filing violation.

APPLICABLE LAW

4. Ark. Code Ann. § 23-42-509(c)(1) and Rule 509.01(B)(2) state that with respect to any security that is a covered security under Section 18(b)(4)(D) of the Securities Act of 1933, the Commissioner, by rule or order, may require the issuer to file a notice on SEC Form D and a consent to service of process signed by the issuer no later than fifteen (15) days after the first sale of such covered security in this state.

CONCLUSIONS OF LAW

5. The Notice of Sale of Securities on SEC Form D made by KGI approximately one year after the sale of securities in the KGI offering to an Arkansas resident as detailed in paragraphs ¶¶ 1-3 was a violation of Ark. Code Ann. § 23-42-509(c)(1) and Rule 509.01(B)(2) of the Rules of the Arkansas Securities Commissioner.

UNDERTAKING

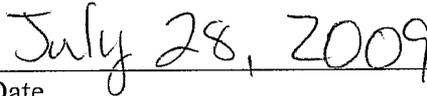
In settlement of this matter KGI agrees to pay a fine in the amount of \$100.00.

ORDER

IT IS THEREFORE ORDERED that KGI pay a fine in the amount of \$100.00.



A. Heath Abshure
Arkansas Securities Commissioner



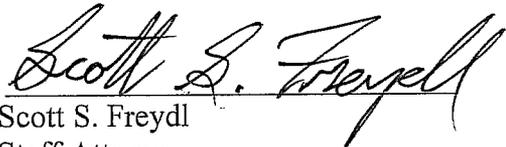
Date

APPROVED AS TO FORM
AND CONTENT:

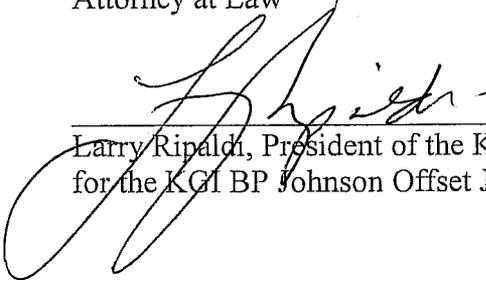


Richard M. Hewitt
Attorney at Law

APPROVED AS TO FORM
AND CONTENT:



Scott S. Freydl
Staff Attorney



Larry Ripaldi, President of the Krandee Group, Inc.
for the KGI BP Johnson Offset Joint Venture