BEFORE THE COMMISSIONER OF COMMERCE AND INSURANCE FOR THE STATE OF TENNESSEE

TENNESSEE SECURITIES DIVISION,	)	
Petitioner,	)	
	)	
v.	)	**No. 12.06-041405J**
	)	
PRYOR OIL, INC., and	)	
JIM PRYOR,	)	
Respondents.	)	

AGREED ORDER

The Tennessee Securities Division ("Division"), Petitioner, and Respondents Pryor Oil, Inc., and Jim Pryor (hereinafter collectively referred to as the "Respondents") agree to the entry of this Agreed Order in accordance with the Tenn. Code Ann. § 48-2-116 of the Tennessee Securities Act of 1980, as amended, Tenn. Code Ann. §§ 48-2-101, *et seq.*, which states that the Commissioner of Commerce and Insurance ("Commissioner") from time to time may make such orders as are necessary to carry out the provisions of the Act.

GENERAL STIPULATIONS

1. It is expressly understood by all parties that this Agreed Order is subject to the Commissioner's acceptance and has no force and effect until such acceptance is evidenced by the entry of the Commissioner.

2. Respondents, while neither admitting nor denying the allegations set forth herein, execute this Agreed Order solely for the purpose of avoiding further administrative action with respect to this cause. Furthermore, should this Agreed Order not be accepted by the Commissioner, it is agreed that presentation to and consideration of this Agreed Order by the Commissioner shall not unfairly or illegally prejudice the Commissioner from further participation or resolution of these proceedings.

3. Respondents fully understand that this Agreed Order will in no way preclude additional proceedings by the Commissioner against the Respondents for acts or omissions not specifically addressed in this Agreed Order for facts and/or omissions that do not arise from the facts or transactions herein addressed, nor does it preclude additional proceedings by the Commissioner against the Respondents based upon these facts or transactions herein addressed by some other Division of the Commissioner.

4. Respondents expressly waive all further procedural steps, and expressly waive all rights to seek judicial review of or to otherwise challenge or contest the validity of the Agreed Order, the stipulations and imposition of discipline contained herein, and the consideration and entry of said Agreed Order by the Commissioner.

5. The Tennessee Securities Act of 1980, as amended, Tenn. Code Ann. §§ 48-2-101 *et seq*. ("Act"), places the responsibility for the administration of its provisions upon the Commissioner. The Division is the lawful agent through which the Commissioner discharges this responsibility. Tenn. Code Ann. § 48-2-115.

FINDINGS OF FACT

13. Pryor Oil Co., Inc. ("POC") is a business entity with its principal place of business located at 473 North Shore, Parkville, Missouri 64151. POC is a Tennessee for-profit corporation whose registered agent, Jim Pryor, is located 136 East Spring Street, Cookeville, Tennessee 38501. POC has never been registered with the Division under the Act as a broker-dealer, issuer-dealer, investment adviser, or agent thereof.

14. Jim Pryor ("Pryor") is a citizen and resident of Tennessee whose business address is located at 136 E. Spring Street, Cookeville, Tennessee 38501. Pryor has never been registered with the Division under the Act as a broker-dealer, issuer-dealer, investment adviser, or agent thereof.

15. Lisa Fields ("Fields") is an individual whose business address was, at all times pertinent to the events described herein, located at 136 E. Spring Street, Cookeville, Tennessee 38501. Fields has never been registered with the Division under the Act as a broker-dealer, issuer-dealer, investment adviser, or agent thereof.

16. On April 3, 2002, the Pennsylvania Securities Commission ("PSC") issued a Summary Order to Cease and Desist ("PSC Order") against POC, Pryor, and Lisa Fields, who was found by the PSC to be an agent of POC soliciting investments from Pryor's offices in Tennessee. *In the Matter of: Pryor Oil Co., Inc., Jim Pryor, Lisa Fields*, 2002 WL 1151499 (Pa.Sec.Com., April 3, 2002).

17. The PSC Order provided that POC and Pryor could request a hearing in order to contest the issuance of the order by the PSC within thirty (30) days after receiving written notification that it had been issued. *Id.* at 3.

18. The Respondents did not contest the Findings of Fact and Conclusions of Law contained in the PSC Order within thirty (30) days of after receiving written notification that it had been issued, and, according to its terms, the PSC Order became a Final Order on or about May 3, 2002. *Id.*

19. As described in the PSC Order, the Respondents "cold-called [from Tennessee] at least one (1) Pennsylvania resident who had no substantive pre-existing relationship with the Respondents and offered for sale the Units. . . ."

20. As described in the PSC Order, the Pennsylvania resident that was solicited by the Respondents was "not an accredited investor under Rule 501 of Regulation D and did not have sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of the investment. . . ."

21. As described in the PSC Order, the "[o]ffering materials provided to the Pennsylvania Resident indicate that Respondent Pryor Oil is offering sixty (60) Units at $17,000 per Unit, for an aggregate offering amount of $1,020,000. . . ."

22. The Respondents sold unregistered securities from Tennessee that were required to be registered with the Division and did not register with the Division as an issuer-dealer, as required by the Act.

CONCLUSIONS OF LAW

23. Pursuant to Tenn. Code Ann. § 48-2-116, the Commissioner may make, promulgate, amend, and rescind such orders as are necessary to carry out the provisions of this Act and that such order is in the public interest, necessary for the protection of investors and consistent with the purposes fairly intended by the policy and provision of the Act.

24. Tenn. Code Ann. § 48-2-110(f)(1) states, in pertinent part, that any person who is included in the definition of "issuer" by virtue of § 48-2-102(8)(C) shall register as an issuer-dealer. Tenn. Code Ann. § 48-2-102(8)(C) defines an issuer as every person who issues any security, except that with respect to a fractional undivided interest in oil, gas, or other mineral rights, "issuer" means the owner of such right or of an interest in such right (whether whole or fractional) who creates fractional interests therein for the purpose of sale.

25. Based upon the findings of fact cited above and the conclusions of law contained herein, the Commissioner considers the actions of the Respondents to be in violation of Tenn. Code Ann. § 48-2-110(f) and Tenn. Code Ann. § 48-2-104 and to provide grounds for an order necessary to carry out the provisions of the Act.

26. Respondents, while neither admitting nor denying the general stipulations, findings of fact and conclusions of law contained herein, hereby acknowledge the Commissioner's authority to administer said statute and concede that the Commissioner's interpretation of the statute is reasonable and enforceable. Therefore, Respondents, in order to avoid any further expenses or costs associated with litigating this matter, hereby desire to enter into this Agreed Order.

27. Respondents and the Division hereby agree that this Agreed Order shall not preclude any future registration with the Division by the Respondents as an issuer-dealer or agent thereof, pursuant to the Act, or of any instrument which, under the Act, may be defined as a "security," provided that the Respondents first comply with all applicable provisions of the Act and the rules and orders promulgated thereunder.

ORDER

NOW, THEREFORE, on the basis of the foregoing, and the waiver by Respondents of their rights to a hearing and appeal under the Act and Tennessee's Uniform Administrative Procedures Act, Tenn. Code Ann. §§ 4-5-101 *et seq.*, and the admission by the Respondents of the jurisdiction of the Commissioner, the Commissioner finds that the Respondents have agreed to the entry of this Order and that this Order is appropriate, in the public interest and necessary for the protection of investors.

IT IS ORDERED, pursuant to Tennessee Code Ann. § 48-2-116 of the Act that:

1. The Respondents and/or any person on behalf of the Respondents shall not offer or sell undivided fractional interests in oil, gas or other mineral interests in this State until such time as the Respondents are appropriately registered with the Division to offer or sell same, as provided at Tenn. Code Ann. § 48-2-110(f) *et seq.*

2. The Respondents and/or any person on behalf of the Respondents shall not offer or sell any security, as that term is defined under the Act, without first complying with all applicable registration provisions of the Act and the rules and orders promulgated thereunder.

3. The Respondents shall make payment of a civil penalty to the Division in the amount of one thousand five hundred dollars ($1,500.00), payable in the form of a cashier's check drawn upon a federally-insured bank or savings and loan institution, and shall make said payment upon the date of the entry of this Agreed Order by the Commissioner.

4. The Respondents agree that should they or any person on behalf of the Respondents offer or sell undivided fractional interests in oil, gas or other mineral interests in this State without complying with all registration requirements set forth by the Act that such offer(s) or sale(s) shall be considered a violation of this Agreed Order.

5. The Respondents further acknowledge that should they fail to comply with the provisions of this Order, the Division may enforce this Order in the Chancery Court of Davidson County, Tennessee, pursuant to Tenn. Code Ann. § 48-2-119. In addition, the Respondents agree that the Division may impose additional sanctions and costs and seek other appropriate relief for violation of this Agreed Order, subject to the Respondents' right to a hearing pursuant to the Act and the Uniform Administrative Procedures Act, as amended, at Tenn. Code Ann. §§ 4-5-101 *et seq.*

IT IS FURTHER ORDERED that this Agreed Order represents the complete and final resolution of and discharge of all administrative and civil claims, demands, actions and causes of action by the Division against the Respondents for the alleged violations of the Act which relate specifically to all actions and/or omissions by Respondents which are so described in this Agreed Order. This Agreed Order shall not be construed to apply to any other facts or circumstances other than to the actions and/or omissions of the Respondents as set forth herein.

This Agreed Order is in the public interest and in the best interests of the parties, and represents a compromise and settlement of the controversy between the parties and is for settlement purposes only.

By the signatures affixed below, the Respondents affirmatively state that they have freely agreed to the entry of this Agreed Order, that they have been advised that they may consult legal counsel in this matter, and have had the opportunity to consult with legal counsel should they have desired to do so, that they waive their right to a hearing on the matters underlying this Agreed Order and to a review of the Findings of Fact and Conclusions of Law contained herein, and that no threats or promises of any kind have been made by the Commissioner, the Division, or any agent or representative thereof. The parties, by signing this Agreed Order, affirmatively state their agreement to be bound by the terms of this Agreed Order and aver that no promises or offers relating to the circumstances described herein, other than the terms of settlement set forth in this Agreed Order, are binding upon them.

SO ORDERED.

Entered this the 2nd day of April, 2004.

Paula A. Flowers

Paula A. Flowers, Commissioner
Department of Commerce and Insurance

APPROVED FOR ENTRY:

By:
Title:
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CERTIFICATE OF SERVICE

The undersigned hereby certifies that true and correct copies of the foregoing have been served upon Counsel for the Respondents listed below by delivering same or posting same in the United States Mail, First Class:

John C. Chappell, Esq.
PO Box 602
Lawrence, Kansas 66044

This the 5th day of April, 2004.

Kevin C. Bartels
Certifying Attorney