

**COMMONWEALTH OF KENTUCKY
PUBLIC PROTECTION CABINET
DEPARTMENT OF FINANCIAL INSTITUTIONS
ADMINISTRATIVE AGENCY ACTION NO. 2010-AH-081**

DEPARTMENT OF FINANCIAL INSTITUTIONS

PETITIONER

v. **SUMMARY ORDER TO CEASE AND DESIST**

D&D OIL & GAS, LLC and DALE LOWE, SR.
a/k/a M. DALE LOWE, SR. a/k/a M.D. LOWE, SR.

RESPONDENT

* * * * *

Comes now the Commonwealth of Kentucky, by and through the Commissioner of the Department of Financial Institutions (“DFI”), and hereby enters this **Order** directing D&D Oil & Gas, LLC and Dale Lowe, Sr. a/k/a M. Dale Lowe a/k/a M.D. Lowe, Sr. to immediately **CEASE AND DESIST** from engaging in all securities activities in Kentucky.

STATEMENT OF FACTS

1. The Petitioner is the Commissioner of the Department of Financial Institutions (the “DFI”) for the Commonwealth of Kentucky. The DFI is the agency of Kentucky state government charged with the administration of the provisions of KRS Chapter 292, the Securities Act of Kentucky (the “Act”), and the applicable rules and regulations promulgated under the Act.
2. The Respondent, D&D Oil & Gas, LLC (“D&D”) is an entity with a mailing address 156 Snow Crest Lane, Columbia, Kentucky, 42728. D&D is listed as “inactive” and in “bad standing” with the Kentucky Secretary of State.
3. The Respondent, Dale Lowe, Sr. a/k/a M. Dale Lowe a/k/a M.D. Lowe, Sr. (“Mr. Lowe”) is the registered agent and only officer of D&D.

4. D&D is not registered to engage in the securities business in the Commonwealth of Kentucky. DFI has received no filing to register the securities, no claim of exemption for the securities, or no filings claiming the securities are covered securities.
5. Mr. Lowe is not registered as a broker-dealer, agent, investment adviser, or investment adviser representative with the DFI.
6. The DFI received a complaint from two individuals who had been offered securities, by a D&D representative, in Kentucky in the form of oil and gas interests.
7. Mr. Lowe initially contacted an investor, Barry Hoffman ("Hoffman") to invest in 2006. At that time, Hoffman was a long-time business acquaintance of Lowe. Lowe met Hoffman in Northern Kentucky on several occasions to discuss potential investments with D&D in oil and gas wells in Kentucky.
8. Mr. Lowe specifically told Hoffman about the Florence Wheeler project and provided Hoffman with an investor letter and a well package projection sheet. Hoffman signed documents, including an "Investment Receipt/Contract," dated November 26, 2006, to invest a total of \$4,000. He paid \$2,000 up front "for drilling (down hole)." If production was found, Hoffman was to send the balance of \$2,000.
9. In May 2008, Lowe once again met with Hoffman. During this meeting, Lowe told Hoffman about the Della Cheatham project. On May 5, 2008, Hoffman invested \$2,000 up front, to pay the balance if production was found, as with the previous well.
10. Sometime in mid 2008, Lowe met with Hoffman and Richard Hoban ("Hoban"), a friend of Hoffman, in Northern Kentucky. Lowe specifically told Hoban and Hoffman about the Larry Turner project. Hoffman and Hoban invested \$1000 each on September 5, 2008. On October 2, 2008, Hoffman and Hoban paid the balance of \$1000 each.

11. Hoffman was told the first two wells were non-producing or dry holes. However, Hoffman was told the third well in which he invested, the Larry Turner project, was a producing well. In addition, Hoffman was told pumps and tanks would be in place three weeks after the call for completion. A call for completion was never made and neither Hoffman nor Hoban received a return on their investment. However, in mid-October 2009, Lowe did return Mr. Hoban's entire investment of \$1000 and \$2000 of Hoffman's investments.

12. Mr. Lowe does not deny offering these securities through D&D.

13. As of this date, the records of the DFI contain no registration filing for Mr. Lowe as a broker-dealer, agent, investment adviser, or investment adviser representative.

14. As of this date, the records of the DFI contain no registration filing or claim of exemption for the securities offered by D&D.

STATUTORY AUTHORITY

1. Pursuant to KRS 292.340, "[i]t is unlawful for any person to offer or sell any security in this state, unless the security is registered under this chapter, or the security or transaction is exempt under this chapter, or the security is a covered security."

2. Pursuant to KRS 292.330(1), "[i]t is unlawful for any person to transact business in this state as a broker-dealer or agent, unless the person is registered under this chapter."

3. Pursuant to KRS 292.330(1), "[i]t is unlawful for any broker-dealer or issuer to employ an agent unless the agent is registered."

4. Pursuant to KRS 292.470(1), the Commissioner may, without prior hearing, issue a cease and desist order upon a finding that "any person has engaged or is about to engage in any act or practice constituting a violation of any provision of this chapter or any rule or order under this chapter "has failed to comply with the requirements of this subtitle."

5. Pursuant to KRS 292.470(1), the Commissioner may issue a cease and desist order without prior hearing if he finds “that the delay in issuing a final cease and desist order will cause harm to the public.”

6. Pursuant to KRS 292.470, the cease and desist order is in addition to any other penalties or remedies which may be available under the Act, including fines, restitution, revocation, or suspension.

CONCLUSIONS

Based upon the foregoing, the Commissioner determines as follows:

1. The interests in oil and gas wells offered by D&D and Mr. Lowe, and as described herein are securities as defined by the Act, and specifically at KRS 292.310(18).

2. Respondents and persons, directly or indirectly, controlling, or controlled by them, have violated KRS 292.340 by offering or selling securities in Kentucky that are not registered, exempt from registration, or are not covered securities.

3. Respondents and persons, directly or indirectly, controlling, or controlled by them, have violated KRS 292.330 by acting as a broker-dealer, agent, investment adviser, investment adviser representative in Kentucky without registration or exemption from registration.

4. Respondents’ conduct is on-going and presents an immediate threat to the investing public and the authority of the Commissioner to enforce the Act.

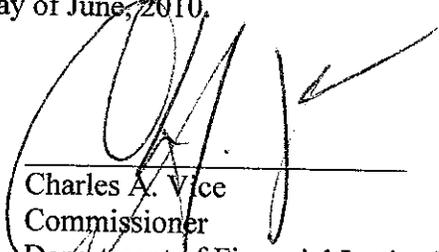
5. This action is in the public interest to prevent further harm to the investing public and to preserve the reputation of Kentucky’s legitimate issuers of securities.

ORDER

Based upon the foregoing Statement of Facts, Statutory Authority and Conclusions, the Commissioner **hereby ORDERS** as follows:

1. The Respondents shall immediately **CEASE AND DESIST** from offering or selling additional interests of D&D or any security into, within or from the Commonwealth of Kentucky.
2. Nothing in this Order shall prevent the DFI or any other authority from taking any further administrative or enforcement action under the Act or any other applicable law.
3. This **ORDER** shall become effective upon receipt.

IT IS SO ORDERED on this the 25th day of June, 2010.



Charles A. Vice
Commissioner
Department of Financial Institutions

NOTICE OF HEARING/APPEAL RIGHTS

1. The Commissioner of the Kentucky Department of Financial Institutions has entered a Summary Order to Cease and Desist against you.
2. You have the right to request an administrative hearing in this matter and have the right to be represented by legal counsel at all stages of these proceedings. *See* KRS 13B.125.
3. You also have the right to a direct appeal to the Franklin Circuit Court. *See* KRS 292.470(1).
4. If you do not file a request for a hearing, then you waive your right to a hearing, and subsequent orders may be entered against you imposing civil penalties or other appropriate relief.

Certificate of Service

I hereby certify that a copy of the foregoing **Order to Cease and Desist** was sent by certified mail, return receipt requested, on this the 25 day of June, ~~2009~~, to the following:

Mr. Dale Lowe, Sr.
D&D Oil & Gas, LLC
156 Snow Crest Lane
Columbia, Kentucky 42728

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