

**COMMONWEALTH OF KENTUCKY  
CABINET FOR PUBLIC PROTECTION AND REGULATION  
OFFICE OF FINANCIAL INSTITUTIONS  
DIVISION OF SECURITIES  
CASE NO. 2005-AH-020**

OFFICE OF FINANCIAL INSTITUTIONS

PETITIONER

vs.

KHB MANAGEMENT CORPORATION  
ORANGE FUNDING GROUP, LLC  
ROBERT THOMAS STOVALL

RESPONDENTS

\* \* \* \* \*

**AGREED ORDER**

\* \* \* \*

**Stipulation of Facts**

1. The Petitioner, Office of Financial Institutions (hereinafter referred to as the "OFI"), is the agency of Kentucky's state government charged with the enforcement of KRS Chapter 292, the Kentucky Securities Act.

2. The Respondent, KHB Management Corporation (hereinafter referred to as "KHB") is a Kentucky corporation incorporated by Robert Thomas Stovall with its principal office located at P.O. Box 96, Perryville, KY 40468. KHB is engaged in the business of managing mobile home properties and real estate in Kentucky.

3. Orange Funding Group, LLC (hereinafter referred to as "Orange Funding") is an unincorporated business operated by Robert Thomas Stovall soliciting investments in mobile home properties and real estate in Kentucky and other states via the internet.

4. Robert Thomas Stovall resides at 305 Park Hills Drive, Danville, KY 40422. Mr. Stovall is the CEO of KHB and is the principal organizer and operator of Orange Funding Group, LLC.

5. In 2004 and 2005 Mr. Stovall, acting in behalf of himself, KHB, and Orange Funding, has operated a website advertising substantial investment returns for individuals willing to invest their money in the purchase and sale of mobile homes and single family housing; the operation or sale of mobile home parks; or by purchasing promissory notes secured by liens on mobile homes. All of these investments are securities as defined in KRS 292.310(18). To date, Mr. Stovall has received money from three investors. Two of these investors purchased promissory notes from Mr. Stovall with a guaranteed rate of return of 15%. The third investor purchased a first lien position in pre-foreclosure real estate.

#### **Stipulation of Law**

1. Robert James Stovall, individually and in behalf of KHB and Orange Funding, admits that he has operated an investment scheme soliciting and receiving funds for securities.

2. Robert James Stovall, individually and in behalf of KHB and Orange Funding, admits that the solicitation and sale of securities as outlined herein was accomplished without the securities being registered in violation of KRS 292.340 and without the offeror or seller of the securities being registered in violation of KRS 292.330(1).

3. Robert James Stovall, individually and in behalf of KHB and Orange Funding, failed to state material facts to potential investors in KHB and Orange in


violation of KRS 292.320(1)(b). Such facts would have stated the risks involved in these types of investments when such securities were offered to the public.

### **Stipulated Order**

1. Robert Thomas Stovall is assessed a fine of One Thousand Dollars (\$1,000) for his and his companies' violations of KRS Chapter 292 but said fine shall be suspended and probated if Mr. Stovall complies with the requirements listed in paragraph 2 and 3 below.

2. Robert Thomas Stovall, individually and in behalf of KHB and Orange Funding, agrees to offer rescission to each investor in any of the investment options offered by him and to make such rescission if requested by the investor.

3. Robert Thomas Stovall agrees for himself, KHB and Orange Funding that no further solicitations or sales of investments mentioned herein will be made unless and until he and any of his companies has complied with all statutes, regulations, orders, or rules of the Division of Securities of the Commonwealth of Kentucky relative to the offer or sale of securities.

  
Keith Talley  
Acting Executive Director  
Office of Financial Institutions

Have seen and Agreed to:



Colleen Keefe  
Director, Division of Securities



Robert Thomas Stovall  
Individually, as CEO of KHB Management Corporation,  
and as the principal party to Orange Funding Group, LLC