

**COMMONWEALTH OF KENTUCKY
OFFICE OF FINANCIAL INSTITUTIONS
Complaint No. 05-AH-009**

**Office of Financial Institutions Of The Commonwealth Of
Kentucky, ex rel the Executive Director**

PETITIONER

v.

**Stan Napper (Individually)
Clear Creek Oil and Gas, Inc. (a Tennessee Corporation)
and
Clear Creek Oil & Gas, Inc. (a Nevada Corporation)
W. Scott Thompson (Individually)
and
W.A. Silvey, Jr. (Individually)**

RESPONDENTS

AGREED ORDER

Pursuant to KRS 292.500(1) and 292.500(3), the Executive Director of the Office of Financial Institutions, or the Deputy Executive Director, in the absence of the Executive Director ("Petitioner") is charged with the administration and enforcement of KRS Chapter 292, the Securities Act of Kentucky, ("Act").

Upon agreement of the Petitioner and Respondents, Petitioner finds and orders as follows:

Factual Background and Circumstances

1. Clear Creek Oil and Gas, Inc., a Tennessee Corporation and Clear Creek Oil and Gas, Inc., a Nevada Corporation are, or were, engaged in the business of the exploration and drilling for oil and/or natural gas. The Tennessee Corporation became the Nevada Corporation of the same name through reorganization. W. Scott Thompson, is President and Director of the Nevada corporation. W. Scott Thompson, and W.A. Silvey, Jr. named in their individual capacity, also manage and direct the operations of the Nevada Corporation. The principal offices are now located at 6371 Richmond Ave., Suite 200, Houston, Texas 77024.

2. Respondent, Stan Napper, named Individually, is a Director of one or both corporations.

3. Pursuant to the authority provided by KRS 292.460, the Kentucky Office of Financial Institutions ("Office"), Division of Securities ("Division"), opened an investigation into the affairs of the Respondents. One or more subpoenas were issued during the course of the investigation to obtain copies of relevant documents.

4. The investigation revealed that Respondent, Stan Napper, did in fact sell shares of stock to residents of Kentucky (present in Kentucky at the time). The records of the Office were searched and no registration, notice (of covered securities) filing, or filing for a claim of exemption from registration for these securities was found to exist. This resulted in a violation of KRS 292.340. In addition, no registration pursuant to KRS 292.330 (registration of broker-dealers, investment advisers, agents, and investment adviser representatives) was found for any agents working for Respondent Stan Napper, and selling these securities.

5. Respondent, Stan Napper, acting as agent for Clear Creek (the issuer of the securities) failed to ascertain the suitability of this investment for the purchasers. The failure to obtain suitability information is a violation of 808 KAR 10.030, Section 1(1) and (2).

6. No private Placement Memorandum or other offering materials were used in making the securities sales. Omission of material facts in offering materials in the sale of securities is a violation of KRS 292.320(1)(b).

The Agreement of Settlement

7. Respondents (other than Stan Napper who has already settled this matter) have indicated that they are willing to enter into a settlement of this Complaint, without admitting or denying any of the claims and allegations made herein.

Accordingly, **IT IS AGREED** as follows:

1. Respondents agree that any future offer or sale of a security into or from Kentucky will be made only in compliance with the registration or exemption provisions of the Act. Respondents agree that they will keep sufficient records to verify that they ascertained in advance the registration or exemption requirements, as applicable, and complied therewith.

2. Respondents agree that any agent acting on their behalf in effecting transactions into or from Kentucky will either be licensed pursuant to KRS 292.330 or properly exempted therefrom. Respondents agree that they will keep sufficient records to verify that they ascertained in advance the registration or exemption requirements, as applicable, and complied therewith.

3. Respondents agree to disclose all material facts in connection with any future sales of a security into or from Kentucky in writing through the use of a prospectus, offering memorandum, or other written document and that they will keep sufficient records to verify delivery and contents of such written materials.

4. Respondents agree that any securities sold into or from Kentucky pursuant to an exemption from the registration provisions of the Act will bear an appropriate restrictive legend to prevent re-sales not in compliance with the Act's provisions. Respondents agree that they will keep sufficient records to verify their compliance regarding the restrictive legend being placed on the securities.

5. Respondents agree that any records required to be kept pursuant to this agreement and Order shall be kept for each security they offer or sell in Kentucky or from out of Kentucky and for each agent effecting transactions in securities.

6. Clear Creek Oil and Gas, Inc. (a Tennessee Corporation) and Clear Creek Oil & Gas, Inc., Inc. (a Nevada Corporation), W. Scott Thompson, both in his capacity as an Officer of the two entities above and being capable of signing for, and binding, each entity, and in his individual capacity, and W.A. Silvey, Jr., both in his capacity as an Officer of the two entities above and being capable of signing for, and binding each entity, and in his individual capacity, expressly state through their counsel, that each of them has read and is aware of the statements contained in this Agreed Order and that each of them affixes his or her signature with full and complete knowledge of their right, collectively and individually to demand a hearing in lieu hereof, at which hearing each of them, separately, as a group, or both, would be entitled to be represented by an attorney, to confront and cross examine witnesses for the Office, and to present evidence on his or her own behalf; and that each of them, separately and as a group, consent to and acknowledge the Office's jurisdiction over this matter. Furthermore, each of them, individuals and entities, separately and as a group, expressly waives any right to appeal this Agreed Order.

7. Respondents agree to pay a late filing fee and penalty in the amount of **One Thousand Four Hundred Dollars** (\$1,400.00) for the transactions which have already occurred in Kentucky.

8. Respondents neither admit nor deny any of the allegations made herein and acknowledge that they are not subject to any order, judgment or decree enjoying, limiting, baring or suspending involvement in any type of business, securities or banking business, nor found to have violated any security laws.

AGREED TO this the 9th day of ~~October~~ ^{November}, 2005.

Clear Creek Oil and Gas, Inc. (a Tennessee Corporation)

By W. Scott Thompson
Date 11-9-05

W. Scott Thompson
Date 11-9-05

W. Scott Thompson (Individually)

Clear Creek Oil and Gas, Inc. (a Nevada Corporation)

By W. A. Silvey, Jr. - 11-9-05
Date

W. A. Silvey, Jr. - 11-9-05
Date

W. A. Silvey, Jr. (Individually)

ACKNOWLEDGEMENT

County of: Harris

State of Texas

On this 9th day of ~~October~~ ^{November}, 2005, W. Scott Thompson personally appeared before me and executed this document and stated that he freely signed this document on behalf of Clear Creek Oil and Gas, Inc. (a Tennessee Corporation) and that he had the power and authority to do so.



Gloria Tamez
Notary Public

My Commission Expires: 6-19-08

County of: Harris

State of Texas

On this 9th day of ~~October~~ ^{November}, 2005, W. A. Silvey, Jr. personally appeared before me and executed this document and stated that he freely signed this document on behalf of Clear Creek Oil and Gas, Inc. (a Nevada Corporation) and that he had the power and authority to do so.



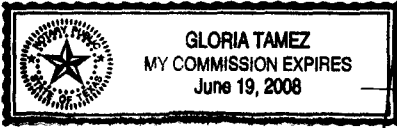
Gloria Tamez
Notary Public

My Commission Expires: 6-19-08

County of: Harris

State of Texas

On this 9th day of November, 2005, W. Scott Thompson personally appeared before me and executed this document and stated that he freely signed this document on behalf of himself in his personal capacity.



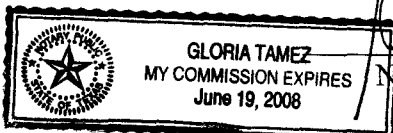
Gloria Tamez
Notary Public

My Commission Expires: 6-19-08

County of: Harris

State of Texas

On this 9th day of November, 2005, W. A. Silvey, Jr. personally appeared before me and executed this document and stated that he freely signed this document on behalf of himself in his personal capacity.



Gloria Tamez
Notary Public

My Commission Expires: 6-19-08

HAVE SEEN AND AGREED TO:

Attorney for Respondents (if applicable) Date

Accordingly, **IT IS ORDERED** that

1. Respondents shall be in compliance with the registration or exemption provisions of the Act, as applicable, in any future offer or sale of a security into or from Kentucky, without exception. Respondents shall keep sufficient records to verify that they

have ascertained in advance the registration or exemption requirements, as applicable, and complied therewith.

2. Respondents shall cause any agent acting on behalf of any of the Respondents in effecting transactions into or from Kentucky to either be licensed (registered) pursuant to KRS 292.330 or properly exempted therefrom. Respondents shall not permit any person to act as their agent who is not licensed (registered) pursuant to KRS 292.330 or properly exempted therefrom. Respondents shall keep sufficient records to verify that they ascertained in advance the registration or exemption requirements, as applicable, and complied therewith.

3. Respondents shall disclose all material facts in connection with any future sales of a security into or from Kentucky, in writing, through the use of a prospectus, offering memorandum, or other written document and they shall keep sufficient records to verify delivery and contents of such written materials.

4. Respondents shall cause any securities sold into or from Kentucky pursuant to an exemption from the registration provisions of the Act to bear an appropriate restrictive legend to prevent resales not in compliance with the Act. Respondents shall keep sufficient records to verify their compliance regarding the restrictive legend being placed on the securities.

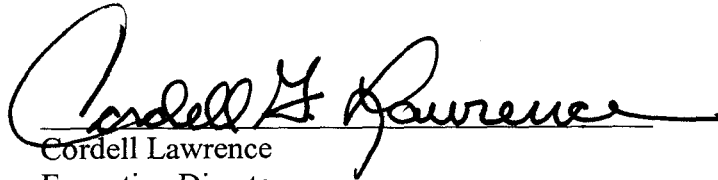
5. Any records that are required to be kept pursuant to this agreement and Order shall be kept for each security that Respondents offer or sell in Kentucky or from out of Kentucky and shall be kept for each agent that Respondents use to effect sales of securities.

6. Respondents shall pay a late filing fee and penalty in the amount of ***One Thousand Four Hundred Dollars*** (\$1,400.00) for the transactions which have already occurred in Kentucky.

7. Respondents shall be bound by this Order whether acting together or independently and whether acting on behalf of one or both of the corporate Respondents or for their individual interests.

This is a final and appealable order.

ENTERED this the 17 day of ~~October~~ ^{November}, 2005.



Cordell Lawrence
Executive Director
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Frankfort, Kentucky 40601
(502) 573-3390