

ENTERED
11/18/2020
11:11 AM
COMMISSIONERS OFFICE

PUBLIC PROTECTION CABINET
DIVISION OF SECURITIES
ADMINISTRATIVE ACTION NO. 2019-AH-00057

DEPARTMENT OF FINANCIAL INSTITUTIONS

COMPLAINANT

vs.

AGREED ORDER

KELCAS CORPORATION;
KELCAS OHIO RIVER OIL, LLC;
AND WILHELM LILLIEHOOK

RESPONDENTS

FACTUAL BACKGROUND

1. The Department of Financial Institutions ("DFI") is responsible for administering the provisions of KRS Chapter 292, the Securities Act of Kentucky ("the Act"), as well as any applicable rules, regulations and orders entered pursuant to the Act.
2. Kelcas Corporation ("Kelcas Corporation" or "Kelcas") is a registered Delaware Corporation, with a principal address of P.O. Box 21345, Owensboro, Kentucky 42303. Kelcas's business office is located at 3520 New Hartford Road, Suite 100, Owensboro, Kentucky 42303.
3. Kelcas Ohio River Oil, LLC ("Kelcas Ohio") is a Delaware Domestic Limited Liability Company, with a principal address of P.O. Box 21345, Owensboro, Kentucky 42303. Kelcas Ohio's main office is located at 3520 New Hartford Road, Suite 100, Owensboro, Kentucky 42303.
4. Wilhelm B. Lilliehook ("Lilliehook") is the President, Vice President and Chief Executive Officer of Kelcas, and the Manager, Managing Member, President and Chief Executive Officer of Kelcas Ohio. Kelcas, Kelcas Ohio, and Lilliehook will be referred to in this Order collectively as "Respondents".

ENTERED
JUN 28 2020
COMMISSIONERS OFFICE

5. On July 16, 2019, DFI received a referral from the Texas State Securities Board ("TSSB") that an individual purporting to act on behalf of Kelcas solicited U.S. investors to invest in unregistered securities. Based on this referral, TSSB issued an Emergency Cease and Desist Order, ordering Respondents to cease and desist from offering unregistered securities. See paragraph 8 hereof for disposition of TSSB Order.

6. DFI immediately opened an investigation into Respondents' securities activities. On September 16, 2019, Charles Vice, Commissioner of DFI, entered an Emergency Cease and Desist Order against Respondents, ordering them to cease and desist from offering unregistered securities.

7. During the course of the investigation, DFI discovered that, while Respondents primarily offered working interests in oil wells to foreign investors, they also sold interests to three Kentucky residents in 2012.

8. Respondents contend that the current securities investments were offered exclusively to foreign investors and that, pursuant to SEC Regulation S, the securities were not required to be registered. Respondents also deny that the individual referenced in the TSSB referral had any authority to act on its behalf. The TSSB Emergency Cease and Desist Order was dismissed after Kelcas filed an Undertaking resolving the claims raised in the Order.

ACTIONS FOR COMPLIANCE AND SETTLEMENT

The DFI and Respondents, collectively, in the interest of economically and efficiently resolving this matter, agree as follows:

9. Respondents waive their right to a hearing at which they would be entitled to legal representation, to confront and cross-examine witnesses, and to present evidence on their behalf, or to otherwise appeal or set aside this Agreed Order.

10. Respondents consent to and acknowledge the jurisdiction of the DFI over this matter. This Order is a matter of public record and may be disseminated as such.

11. Respondents neither admit nor deny violating any provision of KRS 292.

12. In consideration of the execution of this Agreed Order, Respondents, for themselves, and for their successors and assigns, hereby release and forever discharge the Commonwealth of Kentucky, the DFI, Office of Legal Services, and each of their members, agents, and employees in their individual capacities, from any and all manner of actions, causes of action, suits, debts, judgments, executions, claims and demands whatsoever, known and unknown, in law or equity, that Respondents ever had, now have, may have or claim to have against any or all of the persons or entities named in this paragraph arising out of or by reason of this settlement.

13. Respondents agree not to offer or sell securities to or from Kentucky to any U.S. person, including entities organized in the U.S., unless the securities are registered under KRS 292 or the offerings are covered by valid exemptions or involve covered securities, including SEC regulation S.

14. Respondents agree to pay to DFI the amount of Five Thousand dollars (\$5,000.00) as full settlement of this matter.

15. Respondents agree to pay the above referenced amount in the form of a certified check or money order made payable to the "Kentucky State Treasurer" and mailed to the "Department of Financial Institutions, Securities Division, 500 Mero Street, 2SW19, Frankfort, KY 40601 re: Kelcas Agreed Order". The payment shall be due upon entry of the Agreed Order.

16. Respondents agree to continue to take measures to ensure compliance with all securities statutes and regulations, including enhancing their compliance program to ensure that

employees, agents, or anyone purporting to act on behalf of Respondents, do not engage in unauthorized securities activity to or from Kentucky to any person, as defined in KRS 292. Respondents agree to submit the enhancements made to their compliance program to DFI prior to offering any securities.

17. Upon entry of this Agreed Order, the Emergency Cease and Desist Order entered on September 16, 2019 shall be set aside, and removed from DFI's website. This Agreed Order shall be posted on the DFI's website with a notation that it replaces the Cease and Desist Order.

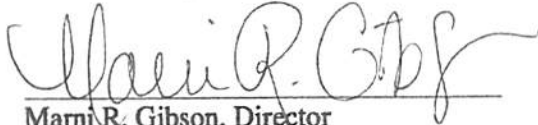
18. By signing below, the parties acknowledge they have read the foregoing Agreed Order, know and fully understand its contents, and that they are authorized to enter into and execute this Agreed Order and legally bind their respective parties. This Agreed Order shall constitute the final resolution of this matter.

AGREED on this the 25th day of June, 2020.


Justin Buse Deputy CHARLES A. VICE
COMMISSIONER

Consented to:

This 17th day of June, 2020



Marni R. Gibson, Director
Division of Securities
Department of Financial Institutions

AND

This 11 day of June, 2020



Wilhelm Lilliehook
Kelcas Corporation
Kelcas Ohio River Oil, LLC

ACKNOWLEDGEMENT

STATE OF FL)
)
COUNTY OF Lee)

On this the 11th day of June, 2020, before me Wilhelm Lilliehook, the undersigned, Kristen Flora, did personally appear and acknowledge himself/herself to be the authorized representative of Kelcas Corporation and Kelcas Ohio River Oil, LLC and that being authorized to do so did enter into and execute the foregoing instrument, for himself and for Kelcas Corporation and Kelcas Ohio River Oil, LLC, for the purposes therein contained.

In witness whereof I hereunto set my hand.

My Commission Expires: _____




Notary Public

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing **Agreed Order** was sent on this the 28 of June, 2020, by certified mail, return receipt requested, or hand-delivery, to the following:

Wilhelm Lilliehook
Kelcas Corporation
Kelcas Ohio River Oil, LLC
3520 New Hartford Road, Suite 100
P.O. Box 21345
Owensboro, Kentucky 42303

Michael A. Valenti
Valenti Hanley PLLC
One Riverfront Plaza, Suite 1950
401 West Main Street
Louisville, Kentucky 40202

VIA HAND DELIVERY OF ORIGINAL FILED WITH:

Office of the Commissioner
Department of Financial Institutions
Attn: Allison Reed
500 Mero Street 2SW19
Frankfort, KY 40601

Department of Financial Institutions

Name: Allison Reed

Title: Executive Staff Advisor