

**COMMONWEALTH OF KENTUCKY
ENVIRONMENTAL AND PUBLIC PROTECTION CABINET
OFFICE OF FINANCIAL INSTITUTIONS
AGENCY CASE NO. 2007-AH-907**

Office of Financial Institutions

PETITIONER

vs.

Mid-America Energy, Inc.
Gary M. Milby
James E. Simpson

RESPONDENTS

**AGREED ORDER DISMISSING JAMES E. SIMPSON AND
ORDERING HIM TO CEASE AND DESIST**

* * * * *

1. On October 21, 2007, counsel for the Petitioner filed an Administrative Complaint against the Respondents alleging violations of the Securities Act of Kentucky (Act). Respondent James E. Simpson (Simpson) filed a response to the Petitioner's Complaint on November 26, 2007, and requested a hearing in the matter.

2. In his response, Simpson states that he checked out Milby and Mid-America prior to selling securities for Milby and found nothing negative. He indicates he spoke with Milby's attorney who assured him that he did not need to register in Kentucky in order to sell the securities.

3. Simpson further states in his response that he provided \$3,000 to the legal fund of investors who sought recovery from Milby and he testified on behalf of investors in an arbitration proceeding against Milby.

4. Simpson has produced satisfactory evidence that he has insufficient assets to pay a monetary fine.

STIPULATED FACT

5. Simpson admits that for approximately five months in 2005, he sold units in oil and gas drilling programs issued by Mid-America Energy, Inc. and Gary M. Milby and received compensation for those sales. He further admits that during this period he sold units to two Kentucky investors.

FINDINGS OF FACT AND CONCLUSIONS OF LAW

Respondent Simpson neither admits nor denies the following findings of fact and conclusions of law made by Executive Director of the Office of Financial Institutions:

6. The units in oil and gas drilling programs sold by Simpson are securities.
7. In violation of KRS 292.340, Simpson sold securities that were not registered under the Act nor were they exempt from registration or covered securities.
8. In violation of KRS 292.330, Simpson transacted business in Kentucky as an unregistered agent.

AGREEMENT AND ORDER

To avoid the time and expense of a hearing, the Petitioner and Simpson have agreed to settle the allegations in the Complaint upon the following terms:

9. Respondent Simpson shall cease and desist from violating the Securities Act of Kentucky.
10. Respondent Simpson shall not violate the Securities Act of Kentucky in the future.
11. Respondent Simpson agrees to cooperate with the Office of Financial Institutions in the on-going proceeding against Respondents Milby and Mid-America and agrees to testify in any hearing that may take place in the proceeding.


12. Respondent Simpson agrees to pay a fine of two thousand five hundred dollars (\$2,500). This fine shall be suspended indefinitely unless the Respondent is found to have violated a state or federal securities law based upon facts other than those alleged in the Administrative Complaint in this matter.

13. If Respondent Simpson is found to have violated ~~a~~ ^{violated} a state or federal securities law, then the suspended fine shall become immediately due and payable to the Kentucky State Treasurer. At that time, Respondent Simpson shall submit payment of the fine to Petitioner.

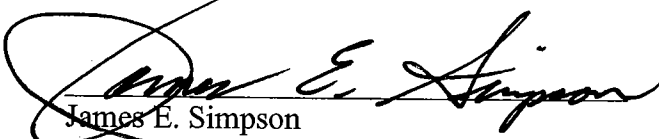
THEREFORE, THE EXECUTIVE DIRECTOR ORDERS that James E. Simpson shall cease and desist violations of the Securities Act of Kentucky and shall pay a fine two thousand five hundred dollars (\$2,500) which shall be suspended indefinitely unless the Respondent is found to have violated a state or federal securities law based upon facts other than those alleged in the Administrative Complaint in this matter.

IT IS FURTHER ORDERED that James E. Simpson is dismissed as a party to this action and the Petitioner will take no further administrative action against Respondent Simpson so long as he fully complies with the terms of this Agreed Order.

Executed this 16th day of JANUARY, 2008.


Cordell Lawrence, Executive Director
Office of Financial Institutions
Commonwealth of Kentucky

Have Seen and Agreed to:


James E. Simpson
Respondent