

COMMONWEALTH OF KENTUCKY
PUBLIC PROTECTION CABINET
DEPARTMENT OF FINANCIAL INSTITUTIONS
ADMINISTRATIVE AGENCY ACTION NO. 2009-AH-114

RECEIVED
FEB 19 2010
12/55 OFI
OGC

DEPARTMENT OF FINANCIAL INSTITUTIONS

COMPLAINANT

vs.

EAST FORK ENERGY PARTNERS, INC.,
E. GARY HOGAN, JOHN T. BROWN, and
ANDREW BOWLES

RESPONDENTS

AGREED ORDER

1. The Department of Financial Institutions ("DFI") is responsible for administering the provisions of Kentucky Revised Statutes ("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. On December 30, 2009, the Commissioner of the DFI entered a Summary Cease and Desist Order (the "C&D") against East Fork Energy Partners, Inc., E. Gary Hogan, John T. Brown, and Andrew Bowles (collectively "the Respondents"). The C&D was founded on the following facts:

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

b. Respondents and persons, directly or indirectly, controlling, or controlled by them, violated KRS 292.330 by acting as a broker-dealer, agent, investment adviser,

investment adviser representative in Kentucky without registration or exemption from registration.

3. In addition to the C&D, the DFI possesses a range of administrative authority in addressing violations of the Act, including the imposition of fines. *See* KRS §292.470; KRS §292.500.

4. The Respondents neither admit nor deny the allegations contained in the C&D, however, in the interest of economically and efficiently resolving the matter described herein, DFI and the Respondents agree as follows:

a. The Respondents agree to a fine assessment in the amount of five thousand dollars (\$5,000.00) for the violation(s) described herein;

b. The Respondents agrees to and shall pay the total fine assessed herein of five thousand dollars (\$5,000.00) prior to the entry of this Agreed Order, which shall be in the form of a certified check or money order made payable to "Kentucky State Treasurer" and mailed to the Department of Financial Institutions, Attn: Christine Lewis, 1025 Capital Center Drive, Suite 200, Frankfort, Kentucky 40601. The Respondents shall be jointly and severally liable for payment of this fine;

c. The Respondents shall: (i) implement internal controls to ensure full compliance with the Act and provide evidence of such internal controls and policies to the DFI within ten (10) days of entry of this Agreed Order; and (ii) provide the DFI with copies of any and all private placement memoranda ("PPM") it utilizes for two (2) years following the entry of this Agreed Order prior to distributing such PPM to any investor(s).

d. The Respondents shall devote the time and resources necessary to ensure continual and full compliance with all statutory requirements set forth in the Act and the regulations set forth in 808 KAR Chapter 10; and

e. For a minimum of one (1) year commencing upon the date of entry of this Agreed Order, Bowles, directly or indirectly, shall not engage in or participate in any activity which requires registration under the Act;

f. Bowles shall not apply to DFI for any license or registration required under the Act to practice or participate in the securities industry in this state in any manner for a period of not less than one (1) year from the date of entry of this Agreed Order. Bowles may so apply for licensure or registration after such time, however, Bowles understands that DFI is under no obligation whatsoever to grant such a license or registration, either conditionally or not.

g. Upon entry of this Agreed Order, the DFI shall cause the C&D to be set aside.

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

6. The parties agree and understand that a violation of this Agreed Order shall constitute a separate violation and shall not be construed as resolved by this Agreed Order. The parties agree that the penalty imposed shall be ten thousand dollar (\$10,000) fine for each such violation. If the parties appeal any such penalty assessment, the parties agree that the only issue which shall be considered on appeal shall be whether the

violation(s) occurred. The parties hereby waive the right to challenge the propriety of the penalty assessment.

7. The Respondents consent to and acknowledges the jurisdiction of the DFI over this matter and that this Agreed Order is a matter of public record and may be disseminated as such.

8. In consideration of execution of this Agreed Order, each Respondent, for itself, and for its successors and assigns, hereby releases and forever discharges the Commonwealth of Kentucky, 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 Multi-State ever had, now has, 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 investigation, this disciplinary action, this settlement or its administration.

9. 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.

10. This Agreed Order shall constitute the Final Order in this matter.

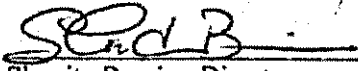
IT IS SO ORDERED on this the 19th day of February, 2010.




CHARLES A. VICE
COMMISSIONER

Consented to:

This 19 day of FEBRUARY, 2010


Shonita Bossier, Director
Division of Financial Institutions
Department of Financial Institutions

This 18 day of July, 2010


E. Gary Hogan
President
East Fork Energy Partners, Inc.

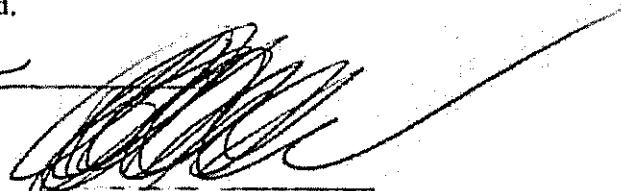
ACKNOWLEDGEMENT

STATE OF Kentucky)
COUNTY OF Barren)

On this the 18 day of July, 2010, before me Hunter Durham, the undersigned, E. Gary Hogan, did personally appear and acknowledge himself to me as the President of East Fork Energy Partners, Inc., and that being authorized to do so, entered into and executed the foregoing instrument for the purposes therein contained.

In witness whereof I hereunto set my hand.

My Commission Expires: 6/16/12


Notary Public

This 18th day of July, 2010

E. Gary Hogan
E. Gary Hogan
Individually

ACKNOWLEDGEMENT

STATE OF Kentucky)
COUNTY OF Boone)

On this the 18th day of July, 2010, before me Hunter D. Clark, the undersigned, E. Gary Hogan, did personally appear and acknowledge himself to me, and that being authorized to do so, entered into and executed the foregoing instrument for the purposes therein contained.

In witness whereof I hereunto set my hand.

My Commission Expires: 6/16/12

[Signature]
Notary Public

This 18th day of July, 2010

John T. Brown
John T. Brown
Chairman
East Fork Energy Partners, Inc.

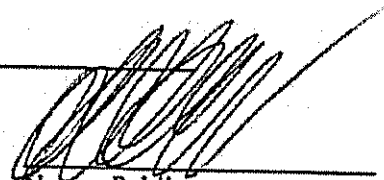
ACKNOWLEDGEMENT

STATE OF Kentucky)
COUNTY OF Barren)

On this the 18th day of July, 2009, before me Hunter Durham, the undersigned, **John T. Brown**, did personally appear and acknowledge himself to me as Chairman of East Fork Energy Partners, Inc., and that being authorized to do so, entered into and executed the foregoing instrument for the purposes therein contained.


In witness whereof I hereunto set my hand.

My Commission Expires: 6/16/12



Notary Public

This 18th day of July, 2010



Andrew Bowles
Individually

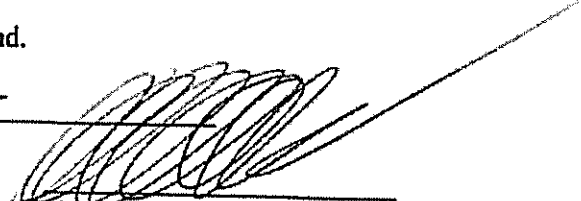
ACKNOWLEDGEMENT

STATE OF Kentucky)
COUNTY OF Barren)

On this the 18th day of July, 2009, before me Hunter Durham, the undersigned, **Andrew Bowles**, did personally appear and acknowledge himself to me, and that being authorized to do so, entered into and executed the foregoing instrument for the purposes therein contained.

In witness whereof I hereunto set my hand.

My Commission Expires: 6/16/12



Notary Public

Certificate of Service

I hereby certify that a copy of the foregoing Agreed Order was sent by certified mail, return receipt requested, on this the 22 day of February, 2010, to the following:

Hunter Durham, Attorney
130 Public Square
Columbia, Kentucky 42728



Christine Lewis
Legal Counsel
Department of Financial Institutions
1025 Capital Center Drive, Suite 200
Frankfort, Kentucky 40601
(502) 573-3390 Ext. 240
(502) 573-2183 (facsimile)