

COMMONWEALTH OF KENTUCKY
PUBLIC PROTECTION CABINET
DEPARTMENT OF FINANCIAL INSTITUTIONS
AGENCY CASE NO. 2014-AH-0021 **B**



DEPARTMENT OF FINANCIAL INSTITUTIONS

PETITIONER

v.

AGREED ORDER

JMACK ENERGY, LLC and

MARK CORNELL, Individually

RESPONDENTS

BACKGROUND AND FACTUAL FINDINGS

1. The Department of Financial Institutions (“DFI”) is the agency of Kentucky State Government charged with the administration provisions of KRS Chapter 292, the Securities Act of Kentucky (the “Act”) in the rules and regulations promulgated under the act.

2. The Respondent, JMack Energy, LLC. (“JMack”) is a Kentucky corporation licensed with the Kentucky Secretary of State. Its principal office address is 2341 Glasgow Road, Bowling Green, Kentucky, 42101. The registered agent for service of process is Mark Cornell, 2341 Glasgow Road, Bowling Green, Kentucky, 42101.

3. JMack Energy, LLC is not registered to engage in the securities business in the Commonwealth of Kentucky.

4. DFI has received no filings from JMack to register any securities, no claim of exemptions for any securities and not filings claiming their securities are covered securities.

5. On or about February 6, 2014, DFI took a screen shot of JMack's Facebook page. The page was not password protected and was visible to the general public which discussed oil and gas ventures by JMack.

6. DFI caused an Administrative Complaint to be filed on September 9, 2014 alleging that such a Facebook posting was in violation of the provisions of KRS Chapter 292 and specifically KRS 292.320(1) and KRS 292.340 and KRS 292.470.

STATUTORY AUTHORITY

7. No person shall offer or sell any security in Kentucky unless that security is registered or exempt from registration. *See* KRS 292.340.

8. Respondent never registered any of his oil and gas drilling ventures as securities with the DFI. None of the offerings were registered as securities with the Securities & Exchange Commission; none of the offerings were exempt from registration, nor were they federal covered securities. All of the investments qualify for registration as securities as that term is defined by KRS 292.310(19) and other authority.

9. KRS 292.340 provides that, "It is unlawful for any person to offer or sell any security in this state, unless the security is registered under this chapter, or the security or transaction is exempt under this chapter, or the security is a covered security."

10. Pursuant to KRS 292.320(1), it is unlawful for any person in connection with the offer, sale, or purchase of any security, directly or indirectly, to make any untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they are made, not misleading.

11. Respondents are in violation of KRS 292.320(1), and KRS 292.340 by reason of the matters stated above.

12. Pursuant to KRS 292.470, whenever it appears to the Commissioner of the DFI that any person has engaged or is about to engage in any act or practice constituting a violation of any provision of KRS Chapter 292, the Commissioner may issue a final order after notice and an opportunity for hearing directing any person or persons found to have engaged in activity that constitutes a violation of the Securities Act or any rule or order under the Act to cease and desist from such activity, to pay fines or perform any other reasonable mandates directed by the Commissioner and reasonably calculated to carry out the provisions of the Securities Act.

AGREEMENT AND ORDER

13. The DFI and JMack Energy, LLC, and Mark Cornell, Individually, in the interest of economically and efficiently resolving the violation described in the foregoing background and factual findings, agree as follows:

14. JMack Energy, LLC and Mark Cornell, Individually, shall immediately remove from the Facebook posting and any and all language which would violate any provision of KRS Chapter 292.

15. JMack Energy, LLC and Mark Cornell, their affiliates, agents, employees and all other entities in active concert with them shall **CEASE AND DESIST** from all offering to sell or selling securities in violation of the provisions of KRS Chapter 292, the Securities Act of Kentucky, and from any and all activities that mislead potential investors and shall **CEASE AND DESIST** committing any other violations of the Act.

16. The terms of this Agreed Order do not constitute an admission of wrong doing or deficiency on the part of JMack Energy, LLC or Mark Cornell, Individually.

17. In regards to this matter, JMack Energy, LLC and Mark Cornell, Individually, waive their rights to demand a hearing at which JMack Energy, LLC and Mark Cornell, Individually, to confront and cross examine witnesses for the Department of Financial Institutions and to present evidence on their own behalf and any right to an appeal. Further, JMack Energy, LLC and Mark Cornell consent to and acknowledge the jurisdiction of the Department of Financial Institutions over this matter and that this Agreed Order is a matter of public record and may be disseminated as such.

18. In consideration of the execution of this Agreed Order, JMack Energy, LLC, for itself and for its successors and assigns and Mark Cornell, Individually, his heirs 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 actions, suits, debts, judgments, executions, claims, and demands whatsoever, known and unknown, in law or equity, that JMack Energy, LLC and/or Mark Cornell, ever had, now has, may have, or claim to have against any and all of the persons or entities named in this paragraph arising out of or by reason of this examination or this order.

19. By signing below, the parties acknowledge that they have read the foregoing Agreed Order, know and understand its contents, and that they are authorized to enter into and execute this Agreed Order and legally bind their respective parties.

20. This Agreed Order shall constitute the final order in this matter.

Certificate of Service

I, Christina Hayden, hereby certify that a copy of the foregoing **Agreed Order** was sent on this the 12 day of November, 2014, by certified mail, return receipt requested, to the following:

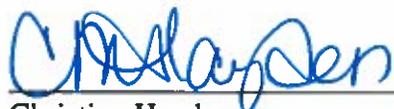
JMACK Energy
2341 Glasgow Rd
Bowling Green, KY 42101
Attn: Mark Cornell

Courtesy copy first-class mail:

Lanphear & Walton, PLLC
PO Box 128
Bowling Green KY 42102-0128
Attn: D. Bailey Walton

Via hand-delivery to:

Walker C. Cunningham
1025 Capital Center Drive
Suite 200
Frankfort, Kentucky 40601



Christina Hayden
Department of Financial Institutions
1025 Capital Center Drive
Suite 200
Frankfort, Kentucky 40601
502-573-3390