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**STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
SECURITIES DIVISION**

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IN THE MATTER OF DETERMINING
whether there has been a violation
of the Securities Act of Washington by:

Wayne K. West;
Paul A. Burns;
Wortham Oil & Gas Enterprises, LLC;
Wortham Oil & Gas aka Wortham Realty Inc.;
WOGE/WOG Ellison Well #1 Joint Venture,

Respondents.

Order Number S-07-256-07-SC01

STATEMENT OF CHARGES AND
NOTICE OF INTENT TO ISSUE AN
ORDER TO CEASE AND DESIST,
IMPOSE FINES, AND CHARGE
COSTS

THE STATE OF WASHINGTON TO:

Wayne K. West
Paul A. Burns
Wortham Oil & Gas Enterprises, LLC
Wortham Oil & Gas aka Wortham Realty Inc.
WOGE/WOG Ellison Well #1 Joint Venture

STATEMENT OF CHARGES

Please take notice that the Securities Administrator of the State of Washington has reason to believe that Respondents, Wayne K. West, Paul A. Burns, Wortham Oil & Gas Enterprises, LLC, Wortham Oil & Gas aka Wortham Realty Inc. and WOGE/WOG Ellison Well #1 Joint Venture have each violated the Securities Act of Washington and that their violations justify the entry of an order of the Securities Administrator under RCW 21.20.390 against each to cease and desist from such violations.

The Securities Administrator finds as follows:

TENTATIVE FINDINGS OF FACT

STATEMENT OF CHARGES AND NOTICE OF
INTENT TO ISSUE AN ORDER TO CEASE AND
DESIST, IMPOSE FINES, AND CHARGE COSTS

1 Respondents

2 1. Wortham Oil & Gas Enterprises, LLC (“WOG”) is a Texas limited liability company
3 established on January 24, 2006, with its principal place of business at 410 N. Loop 336 West, Conroe,
4 Texas 77301. WOG is a privately owned development and management company that purportedly
5 specializes in oil and gas exploration in Texas.

6 2. Wortham Oil & Gas aka Wortham Realty Inc. (“WOG”) is a Texas corporation
7 established on July 7, 2003. WOG is believed to be currently conducting business at 410 N. Loop 336
8 West, Conroe, Texas 77301.

9 3. WOG/WOG Ellison Well #1 Joint Venture is a partnership formed for the purpose of
10 oil and gas development in Texas. WOG is the Joint Venture Manager for the WOG/WOG Ellison
11 Well #1 Joint Venture. WOG is the Joint Venture Operator for the WOG/WOG Ellison Well #1 Joint
12 Venture.

13 4. Wayne K. West (“West”) is the Vice President of Operations of WOG. West is a
14 resident of Texas.

15 5. Paul A. Burns (“Burns”) is the President of both WOG and WOG. Burns is a resident
16 of Texas.

17 Nature of the Offering

18 6. WOG offered for sale 25 units in the WOG/WOG Ellison Well #1 Joint Venture, an
19 oil well drilling project located in Leon County, Texas, for the purpose of raising \$1.25 million dollars.
20 Investors nationwide found out about the investment through radio advertisements, including
21 advertisements broadcast over Washington radio stations. From January 2006 to August 2006, WOG
22 solicited Washington residents via advertisements on KTTH-770 AM and KVI-570 AM, Seattle-based
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1 radio stations. At least two Washington residents responded to the advertisements and purchased
2 units; at least \$98,000 of the money raised for the venture came from Washington residents. At least
3 one investor was neither accredited nor experienced in oil and gas investments.

4 7. WOGЕ's pattern of solicitation began with radio advertisements for investments in oil
5 and gas. The advertisements provided a phone number to call for additional information. Upon
6 calling the phone number provided, potential investors had their contact information collected and
7 were told they would receive a telephone call by West, the Vice President of Operations of WOGЕ.
8 Potential investors were also told an information package would be sent to them. Subsequently,
9 potential investors received an information package from WOGЕ and a telephone call from West to
10 further solicit the investment.

11 8. The information package sent to potential investors contained a Subscription Agreement,
12 a Private Placement Memorandum dated December 12, 2005, and a booklet containing information
13 about WOGЕ's management, associates and the geology of the target area. The booklet lists Burns as
14 the President and West as the Vice President of Operations of WOGЕ.

15 9. According to the Private Placement Memorandum sent to potential investors, 25 units in
16 the WOGЕ/WOG Ellison Well #1 Joint Venture were being offered for \$49,000 each, with each unit
17 having a 1.68% working interest. The working interest was further defined in the memorandum as an
18 interest in the oil and gas lease.

19 10. According to the Private Placement Memorandum and the booklet, the objective of the
20 venture was to re-enter the Ellison well, a well that had previously been drilled, using a horizontal
21 drilling technique. Using this drilling technique, oil could be produced from wells that had previously
22 been drilled but that had stopped producing much oil due to the limitations of older technology.

1 11. On or about January 2006, two Washington residents heard a radio advertisement on
2 KTTH-770 AM regarding an oil and gas investment. According to the advertisement, with a \$49,000
3 minimum investment in oil and gas, investors could earn up to \$4,800 per month for the next 30 years.
4 Two Washington residents responded by calling the number provided in the advertisement, and upon
5 calling the number had their contact information collected, were told they would receive a telephone
6 call by West, and were told an information package would be sent to them. Subsequently, two
7 Washington residents received an information package from WOG E.

8 12. West contacted two Washington residents via telephone to further solicit an investment in
9 the WOG E/WOG Ellison Well #1 Joint Venture. During a conversation, West represented that the
10 WOG E/WOG Ellison Well #1 Joint Venture was a turnkey business and there would be no additional
11 funds needed to complete the project, he was confident they would hit oil, and investors would start
12 receiving a return on the investment in one month. West told two Washington residents that there was
13 little risk in this investment because the company had insurance and 150 years of experience.

14 13. West represented to one Washington resident via telephone that oil wells in proximity to
15 the Ellison well were being drilled using the horizontal drilling technique and were producing
16 approximately 400 barrels of oil a day. Thus, the Ellison well was expected to produce approximately
17 400 barrels of oil a day.

18 14. West represented to one Washington resident via telephone that a \$49,000 initial
19 investment in the WOG E/WOG Ellison Well #1 Joint Venture could result in a profit of 2.5 million
20 dollars within twenty years.

21 15. In February 2006, two Washington residents purchased units in the WOG E/WOG Ellison
22 Well #1 Joint Venture.

1 16. In July 2006, one Washington resident traveled to Texas for the purpose of meeting with
2 other investors and visiting the site of the Ellison well. While in Texas, the resident met with West
3 and Burns. West took the resident to visit the drill site.

4 17. In November 2006, two Washington residents received a letter from Burns, stating that
5 the attempt to complete the horizontal drilling had failed due to formation integrity. The letter stated
6 that an additional \$10,000 was needed from each investor in order to gain production from a vertical
7 portion of the well. Payment was needed within ten days. One Washington resident decided not to
8 invest additional funds.

9 Misrepresentations and Omissions

10 18. Respondents failed to provide material information regarding the companies and the
11 WOG/ WOG Ellison Well #1 Joint Venture, including, but not limited to: financial statements,
12 operational history, risks, full representation of the company history and prior performance
13 information.

14 19. West's projection that a \$49,000 initial investment could result in a profit of 2.5 million
15 dollars within twenty years was misleading. West failed to provide a reasonable basis for this
16 projection and failed to disclose the limitations on the projection.

17 20. After May 12, 2006, Respondents' radio advertisements for the WOG/ WOG Ellison
18 Well #1 Joint Venture failed to disclose that Wortham Oil & Gas Enterprises, LLC a/k/a Wortham Oil
19 & Gas Exploration, Wayne K. West and Paul Burns were Respondents in a Summary Order to Cease
20 and Desist issued by the State of Maryland.

21 Registration Status

1 21. WOG/WOG Ellison Well #1 Joint Venture is currently not registered to sell its
2 securities in the State of Washington and has not previously been so registered. In addition, there is no
3 notice of a claim of exemption on file with the Securities Administrator.

4 22. Wortham Oil & Gas Enterprises, LLC is not currently registered as a broker-dealer in the
5 State of Washington and has not previously been so registered.

6 23. Wortham Oil & Gas aka Wortham Realty Inc. is not currently registered as a broker-
7 dealer in the State of Washington and has not previously been so registered.

8 24. Wayne K. West is not currently registered as a securities salesperson or broker-dealer in
9 the State of Washington and has not previously been so registered.

10 25. Paul A. Burns is not currently registered as a securities salesperson or broker-dealer in
11 the State of Washington and has not previously been so registered.

12 Other Actions

13 26. On May 12, 2006, the State of Maryland, Office of the Attorney General, Securities
14 Division, issued a Summary Order to Cease and Desist against Wortham Oil & Gas Enterprises, LLC
15 a/k/a Wortham Oil & Gas Exploration, Wayne K. West and Paul Burns for the offer and sale of
16 unregistered securities, use of unregistered broker-dealers and/or agents, employment of unregistered
17 agents for the sale of securities, and material misrepresentations or omissions in the sale of securities.

18 27. On September 13, 2007, the State of Colorado, Department of Regulatory Agencies,
19 Division of Securities, issued a Final Cease and Desist Order against Wortham Oil & Gas Enterprises,
20 LLC, Paul A. Burns and Wayne K. West for the offer and sale of unregistered securities.

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22 Based upon the above Tentative Findings of Fact, the following Conclusions of Law are made:

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2 **CONCLUSIONS OF LAW**

3 28. The offer and/or sale of interests in the WOG/WOG Ellison Well #1 Joint Venture
4 described above constitutes the offer and/or sale of a security as defined in RCW 21.20.005(10) and
5 (12).

6 29. The offer and/or sale of said securities were in violation of RCW 21.20.140 because
7 WOG/WOG Ellison Well #1 Joint Venture offering was not registered in the State of Washington.

8 30. The offer and/or sale of said securities were in violation of RCW 21.20.040 because
9 Wortham Oil & Gas Enterprises, LLC and Wortham Oil & Gas aka Wortham Realty Inc. offered and
10 sold said securities while not registered as broker-dealers in the State of Washington.

11 31. The offer and/or sale of said securities were in violation of RCW 21.20.040 because Paul
12 A. Burns and Wayne K. West offered and sold said securities while not registered as securities
13 salespersons or broker-dealers in the State of Washington.

14 32. The offer and/or sale of the WOG/WOG Ellison Well #1 Joint Venture securities were
15 made in violation of RCW 21.20.010 because, as set forth in the Tentative Findings of Fact,
16 Respondents made misstatements of material fact or omitted to state material facts necessary in order
17 to make the statements made, in light of the circumstances under which they were made, not
18 misleading.

19 **NOTICE OF INTENT TO ISSUE AN ORDER TO CEASE AND DESIST**

20 Based upon the above Tentative Findings of Fact and Conclusions of Law, the Securities
21 Administrator intends to order that Respondents, Wayne K. West, Paul A. Burns, Wortham Oil & Gas
22 Enterprises, LLC, Wortham Oil & Gas aka Wortham Realty Inc. and WOG/WOG Ellison Well #1

1 Joint Venture, and their agents and employees, shall each cease and desist from violations of RCW
2 21.20.140, RCW 21.20.040 and RCW 21.20.010.

3 **NOTICE OF INTENT TO IMPOSE FINES**

4 Pursuant to RCW 21.20.395, and based upon the above Tentative Findings of Fact and Conclusions
5 of Law, the Securities Administrator intends to order that the Respondents, Wayne K. West, Paul A.
6 Burns, Wortham Oil & Gas Enterprises, LLC, Wortham Oil & Gas aka Wortham Realty Inc. and
7 WOG/WOG Ellison Well #1 Joint Venture shall each be liable for and pay a fine of \$5,000.

8 **NOTICE OF INTENT TO CHARGE COSTS**

9 Pursuant to RCW 21.20.390(5), and based upon the above Tentative Findings of Fact and
10 Conclusions of Law, the Securities Administrator intends to order that the Respondents, Wayne K. West,
11 Paul A. Burns, Wortham Oil & Gas Enterprises, LLC, Wortham Oil & Gas aka Wortham Realty Inc. and
12 WOG/WOG Ellison Well #1 Joint Venture shall be liable for and pay the Securities Division the costs,
13 fees and other expenses incurred in the conduct of the investigation of this matter in an amount not less
14 than \$5,000.

15 **AUTHORITY AND PROCEDURE**

16 This Statement of Charges is entered pursuant to the provisions of RCW 21.20.390 and RCW
17 21.20.395, and is subject to the provisions of RCW 34.05. The Respondents may each make a written
18 request for a hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND
19 OPPORTUNITY FOR HEARING accompanying this Statement of Charges.

20 If a Respondent does not request a hearing, the Securities Administrator intends to adopt the above
21 Tentative Findings of Fact and Conclusions of Law as final, enter a permanent cease and desist order as to
22 that Respondent, and impose the fines and costs sought.

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DATED AND ENTERED this 3rd day of December, 2007.

Michael E. Stevenson

MICHAEL E. STEVENSON
Securities Administrator

Approved by:

Suzanne Sarason

Suzanne Sarason
Chief of Compliance & Examinations

Presented by:

Bridgett Fisher

Bridgett Fisher
Enforcement Attorney