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2 **DEPARTMENT OF CONSUMER AND BUSINESS SERVICES**  
3 **DIVISION OF FINANCE AND CORPORATE SECURITIES**  
4 **SECURITIES SECTION**  
5 **BEFORE THE DIRECTOR OF THE DEPARTMENT OF CONSUMER AND**  
6 **BUSINESS SERVICES**

7 **In the Matter of:**

**A-01-0004**

8 **Charles Edward Pruitt, Energy**  
9 **Group International, Inc., Energy**  
10 **Group Company, Inc., and Energy**  
11 **Group Associates, Inc.,**

**ORDER TO CEASE AND DESIST**  
**ORDER ASSESSING CIVIL PENALTY**  
**AND**  
**CONSENT TO ENTRY OF ORDER**

12 **Respondents.**

13 **WHEREAS** the Director of the Department of Consumer and Business  
14 Services has conducted an investigation of certain business activities conducted by  
15 Charles Edward Pruitt, Energy Group International, Inc., Energy Group Company,  
16 Inc., and Energy Group Associates, Inc., and has determined that Charles Edward  
17 Pruitt, Energy Group International, Inc., Energy Group Company, Inc., and Energy  
18 Group Associates, Inc., have sold unregistered securities without a license and  
19 engaged in misrepresentations in connection with the sale of securities in Oregon, all  
20 in violation of the Oregon Securities Laws;

21 **WHEREAS** Charles Edward Pruitt, Energy Group International, Inc., Energy  
22 Group Company, Inc., and Energy Group Associates, Inc., wish to resolve and settle  
23 this matter with the **DIRECTOR**;

24 **NOW THEREFORE**, as evidenced by the authorized signature(s) subscribed  
25 on this Order, Charles Edward Pruitt, Energy Group International, Inc., Energy Group  
26 Company, Inc., and Energy Group Associates, Inc., hereby **CONSENT** to entry of this  
Order to Cease and Desist upon the Director's Findings of Fact and Conclusions of  
Law as stated hereinafter.



1 **FINDINGS OF FACT**

2 The Director **FINDS** that:

3 1. Energy Group Company, Inc., is a dissolved Colorado corporation, whose  
4 principal place of business is 303 17<sup>th</sup> Ave, Denver, CO 80203. Charles Edward  
5 Pruitt (“Pruitt”) is the Director of Energy Group Company, Inc., and a resident of the  
6 State of Colorado. Energy Group International, Inc., and Energy Group Associates,  
7 Inc., appear to be unregistered business names used by Pruitt in connection with  
8 Energy Group Company, Inc. (Energy Group Company, Inc., Energy Group  
9 International, Inc., and Energy Group Associates, Inc., are hereinafter referred to as  
10 the “Energy Group Companies”).

11 2. Pruitt and the Energy Group Companies are in the business of acquiring  
12 and offering working interests to investors in oil and gas producing properties.

13 3. At least one Oregon resident invested money with Pruitt and the Energy  
14 Group Companies for the purchase of working interests in oil and gas producing  
15 properties marketed by Pruitt and the Energy Group Companies.

16 4. To induce investment in the Energy Group Companies, Pruitt represented  
17 to at least one Oregon investor that investment in the oil and gas working interests  
18 would provide the investor with a double return of the amount invested.

19 5. Upon investing with the Energy Group Companies, the Oregon resident  
20 entered into an Acquisition Agreement with Pruitt and the Energy Group Companies.  
21 According to the terms of the Acquisition Agreement, the Oregon investor became a  
22 “participant” in a “joint effort” of the Energy Group Companies to acquire interests in  
23 oil and gas leases. As part of the joint effort, all participants’ investment were pooled  
24 together to be expended for the acquisition of oil and gas lease interests.

25 6. Pursuant to the terms of the Acquisition Agreement, the Energy Group  
26 Companies were designated as the agent to act on behalf of all participants in the

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1 joint effort. Such agency agreement provided the Energy Group Companies with  
2 authority to search for, evaluate and acquire oil and gas interests, as well as to  
3 negotiate with third parties for productions of such oil and gas interests.

4 7. At least one Oregon resident invested with Pruitt and the Energy Group  
5 Companies based on Pruitt's representations of knowledge and expertise in  
6 acquiring oil and gas producing properties. The Oregon resident has no personal  
7 knowledge or expertise in this area and the success of the investment was solely  
8 dependent upon the efforts of Pruitt and the Energy Group Companies.

9 8. Pruitt represented to the Oregon resident that the Energy Group  
10 Companies had acquired oil and gas producing properties in Texas and Colorado,  
11 when, in fact, neither Pruitt nor the Energy Group Companies had acquired such  
12 interests.

13 9. Pruitt holds no securities license in Oregon or in any other state authorizing  
14 his sale of interests in the Energy Group Companies.

15 10. The interests in the Energy Group Companies have not been registered for  
16 sale as securities under Oregon Securities Laws.

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### CONCLUSIONS OF LAW

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The Director **CONCLUDES** that:

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1. The working interests in oil and gas producing properties marketed by  
Pruitt and the Energy Group Companies constitute securities as defined in ORS  
59.015(7).

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2. Pruitt sold securities in Oregon without a valid securities license, in  
violation of ORS 59.165.

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3. Pruitt and the Energy Group Companies sold unregistered securities in  
Oregon in violation of ORS 59.055.



1 4. Pruitt engaged in fraud in connection with the sale of securities in Oregon  
2 in violation of ORS 59.135.

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4 **ORDER**

5 The Director, pursuant to ORS 59.245 hereby **ORDERS** that Respondents,  
6 Charles Edward Pruitt, Energy Group Company, Inc., Energy Group International,  
7 Inc., and Energy Group Associates, Inc., and any successor business or  
8 corporation, shall **CEASE and DESIST** from:

9 1. Selling securities without a license in violation of Oregon Securities  
10 Laws;

11 2. Selling unregistered securities in the State of Oregon in violation of  
12 Oregon Securities Laws;

13 3. Violating any provision of the Oregon Securities Laws, including ORS  
14 Chapter 59 and OAR Chapter 441.

15 The Director, pursuant to ORS 59.995, **HEREBY ORDERS** the following **CIVIL**  
16 **PENALTIES:**

17 1. Respondents Charles Edward Pruitt, Energy Group Company, Inc., Energy  
18 Group International, Inc., and Energy Group Associates, Inc., and any successor  
19 business or corporation, shall be denied the use of any securities licensing or  
20 registration exemptions contained in the Oregon Securities Laws, including ORS  
21 Chapter 59 and OAR Chapter 441.

22 2. Respondent Charles Edward Pruitt shall pay civil penalties in the following  
23 amounts, in accordance with the payment terms set forth in Section 4 below:

24 A. \$5,000 for violation of ORS 59.165 (sale of securities by unlicensed  
25 person);

26 B. \$5,000 for violation of ORS 59.135 (fraud).

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1           3.    Respondents Charles Edward Pruitt, Energy Group Company, Inc., Energy  
2 Group International, Inc., and Energy Group Associates, Inc., jointly and severally,  
3 shall pay a civil penalty in the amount of \$5,000, in accordance with the payment  
4 terms set forth in Section 4 below, for violation of ORS 59.055 (sale of unregistered  
5 securities).

6           4.    Respondents Charles Edward Pruitt, Energy Group Company, Inc., Energy  
7 Group International, Inc., and Energy Group Associates, Inc., shall make payment of  
8 the civil penalty amounts assessed herein within sixty (60) days of the date of  
9 execution of this Order by the Director. Failure of any Respondent to make any  
10 required payment shall constitute a further violation of the Oregon Securities Laws  
11 and shall subject that Respondent to such additional Orders and penalties as may be  
12 available to the Director for violation of an Order of the Director.

13                   The entry of this Order in no way limits further remedies which may be  
14 available to the Director under Oregon Law.

15                   Dated this \_\_\_\_ day of \_\_\_\_\_, 2001, at Salem, Oregon.

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MARY NEIDIG, DIRECTOR  
DEPARTMENT OF CONSUMER AND  
BUSINESS SERVICES

APPROVED AS TO FORM:

Dated: \_\_\_\_\_

\_\_\_\_\_  
Robert Laskowski  
Attorney for Respondent

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1 **CONSENT TO ENTRY OF ORDER**

2 I, Charles Edward Pruitt, state that I am a resident of the State of Colorado,  
3 that I have read the foregoing Order and that I know and fully understand the  
4 contents hereof; that I make no admission of liability with respect to the Findings of  
5 Fact in the foregoing Order; that I execute this consent as a settlement of the matter  
6 referred to in the Order; that I have been advised of my right to a hearing, and that I  
7 have been represented by counsel in this matter; that I voluntarily consent to the  
8 entry of this Order without any force or duress, expressly waiving any right to a  
9 hearing in this matter; that I understand that the Director reserves the right to take  
10 further actions against me to enforce this Order or to take appropriate action upon  
11 discovery of other violations of the Oregon Securities Law by me; and that I will fully  
12 comply with the terms and conditions stated herein.

13 I further assure the Director that I will not engage in the activities of a  
14 broker-dealer, investment adviser, or mortgage broker, or act as a salesperson for  
15 any of these unless such activities are in full compliance with Chapter 59 of the  
16 Oregon Revised Statutes.

17 I understand that this Consent Order is a public document.

18 Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2001.

19 \_\_\_\_\_  
20 Charles Edward Pruitt

21 SUBSCRIBED AND SWORN to before me this \_\_\_ day of \_\_\_\_\_,

22 2001.

23 \_\_\_\_\_  
24 (Printed Name of Notary Public)  
25 Notary Public  
26 for the State of: \_\_\_\_\_  
My commission expires: \_\_\_\_\_

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1 **CORPORATE CONSENT TO ENTRY OF ORDER**

2 for Charles Edward Pruitt on behalf of Energy Group International, Inc.

3 I, Charles Edward Pruitt, state that I am an officer of Energy Group  
4 International, Inc., and I am authorized to act on its behalf; that I have read the  
5 foregoing Order and that I know and fully understand the contents hereof; that I and  
6 this entity have been advised of the right to a hearing and of the right to be  
7 represented by counsel in this matter; that Energy Group International, Inc.,  
8 voluntarily and without any force or duress, consents to the entry of this Order,  
9 expressly waiving any right to a hearing in this matter; that Energy Group  
10 International, Inc., makes no admission of liability with respect to the Findings of Fact  
11 in the foregoing Order; that Energy Group International, Inc., executes this Consent  
12 as a settlement of the matters referred to in the foregoing Order; that Energy Group  
13 International, Inc., understands that the Director reserves the right to take further  
14 actions to enforce this Order or to take appropriate action upon discovery of other  
15 violations of the Oregon Securities Law; and that Energy Group International, Inc.,  
16 will fully comply with the terms and conditions stated herein.

17 Energy Group International, Inc., further assures the Director that neither  
18 Energy Group International, Inc., nor its officers, directors, employees or agents will  
19 effect securities transactions in Oregon unless such activities are in full compliance  
20 with Chapter 59 of the Oregon Securities Revised Statutes.

21 Energy Group International, Inc., understands that this Consent Order is a  
22 public document.

23 Dated this \_\_\_\_ day of \_\_\_\_\_, 2001.

24 By \_\_\_\_\_  
Charles Edward Pruitt

25 \_\_\_\_\_  
(Office Held)

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1 **CORPORATE ACKNOWLEDGMENT**

2  
3 There appeared before me this \_\_\_\_ day of \_\_\_\_\_, 2001, Charles Edward  
4 Pruitt, who was first duly sworn on oath, and stated that he was and is  
5 \_\_\_\_\_ (office held) of Energy Group International, Inc., and that he is  
6 authorized and empowered to sign this Consent to Entry of Order on behalf of Energy  
7 Group International, Inc., and to bind Energy Group International, Inc. to the terms  
8 hereof.

9 \_\_\_\_\_

10 Charles Edward Pruitt

11 \_\_\_\_\_  
12 (Printed Name of Notary Public)

13 Notary Public

14 for the State of: \_\_\_\_\_

15 My commission expires: \_\_\_\_\_

16 **CORPORATE CONSENT TO ENTRY OF ORDER**

17 for Charles Edward Pruitt on behalf of Energy Group Company, Inc.

18 I, Charles Edward Pruitt, state that I am an officer of Energy Group Company,  
19 Inc., and I am authorized to act on its behalf; that I have read the foregoing Order  
20 and that I know and fully understand the contents hereof; that I and this entity have  
21 been advised of the right to a hearing and of the right to be represented by counsel in  
22 this matter; that Energy Group Company, Inc., voluntarily and without any force or  
23 duress, consents to the entry of this Order, expressly waiving any right to a hearing in  
24 this matter; that Energy Group Company, makes no admission of liability with respect  
25 to the Findings of Fact in the foregoing Order; that Energy Group Company, executes  
26 this Consent as a settlement of the matters referred to in the foregoing Order; that  
Energy Group Company, Inc., understands that the Director reserves the right to take  
further actions to enforce this Order or to take appropriate action upon discovery of

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1 other violations of the Oregon Securities Law; and that Energy Group Company, Inc.,  
2 will fully comply with the terms and conditions stated herein.

3 Energy Group Company, Inc., further assures the Director that neither Energy  
4 Group Company, Inc., nor its officers, directors, employees or agents will effect  
5 securities transactions in Oregon unless such activities are in full compliance with  
6 Chapter 59 of the Oregon Securities Revised Statutes.

7 Energy Group Company, Inc., understands that this Consent Order is a public  
8 document.

9 Dated this \_\_\_\_ day of \_\_\_\_\_, 2001.

10 By \_\_\_\_\_  
11 Charles Edward Pruitt

12 \_\_\_\_\_  
13 (Office Held)

14 **CORPORATE ACKNOWLEDGMENT**

15 There appeared before me this \_\_\_\_ day of \_\_\_\_\_, 2001, Charles Edward  
16 Pruitt, who was first duly sworn on oath, and stated that he was and is  
17 \_\_\_\_\_ (office held) of Energy Group Company, Inc., and that he is  
18 authorized and empowered to sign this Consent to Entry of Order on behalf of Energy  
19 Group Company, Inc., and to bind Energy Group Company, Inc. to the terms hereof.

20 \_\_\_\_\_  
21 \_\_\_\_\_  
22 Charles Edward Pruitt

23 \_\_\_\_\_  
24 (Printed Name of Notary Public)  
25 Notary Public  
26 for the State of: \_\_\_\_\_  
My commission expires: \_\_\_\_\_

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**CORPORATE CONSENT TO ENTRY OF ORDER**

for Charles Edward Pruitt on behalf of Energy Group Associates, Inc.

I, Charles Edward Pruitt, state that I am an officer of Energy Group Associates, Inc., and I am authorized to act on its behalf; that I have read the foregoing Order and that I know and fully understand the contents hereof; that I and this entity have been advised of the right to a hearing and of the right to be represented by counsel in this matter; that Energy Group Associates, Inc., voluntarily and without any force or duress, consents to the entry of this Order, expressly waiving any right to a hearing in this matter; that Energy Group Associates, Inc., makes no admission of liability with respect to the Findings of Fact in the foregoing Order; that Energy Group Associates, Inc., executes this Consent as a settlement of the matters referred to in the foregoing Order; that Energy Group Associates, Inc., understands that the Director reserves the right to take further actions to enforce this Order or to take appropriate action upon discovery of other violations of the Oregon Securities Law; and that Energy Group Associates, Inc., will fully comply with the terms and conditions stated herein.

Energy Group Associates, Inc., further assures the Director that neither Energy Group Associates, Inc., nor its officers, directors, employees or agents will effect securities transactions in Oregon unless such activities are in full compliance with Chapter 59 of the Oregon Securities Revised Statutes.

Energy Group Associates, Inc., understands that this Consent Order is a public document.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2001.

By \_\_\_\_\_  
Charles Edward Pruitt

\_\_\_\_\_  
(Office Held)

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**CORPORATE ACKNOWLEDGMENT**

There appeared before me this \_\_\_\_ day of \_\_\_\_\_, 2001, Charles Edward Pruitt, who was first duly sworn on oath, and stated that he was and is \_\_\_\_\_ (office held) of Energy Group Associates, Inc., and that he is authorized and empowered to sign this Consent to Entry of Order on behalf of Energy Group Associates, Inc., and to bind Energy Group Associates, Inc. to the terms hereof.

\_\_\_\_\_

\_\_\_\_\_  
Charles Edward Pruitt

\_\_\_\_\_  
(Printed Name of Notary Public)  
Notary Public  
for the State of: \_\_\_\_\_  
My commission expires: \_\_\_\_\_

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