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**STATE OF OREGON
DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
DIVISION OF FINANCE AND CORPORATE SECURITIES**

**BEFORE THE DIRECTOR OF THE DEPARTMENT OF CONSUMER AND
BUSINESS SERVICES**

In the Matter of:) **Case No. S-12-0066**
)
Jimmy Ray Kelly and The Roje') **ORDER TO CEASE AND DESIST,**
Corporation,) **ORDER DENYING EXEMPTIONS,**
) **ORDER ASSESSING CIVIL**
) **PENALTY, AND CONSENT TO**
) **ENTRY OF ORDER**
)
Respondents.)

WHEREAS, the Director of the Department of Consumer and Business Services for the State of Oregon (hereinafter "the Director"), acting by the authority of the Oregon Securities Law, Oregon Revised Statutes Chapter 59, has conducted an investigation of Jimmy Ray Kelly and The Roje' Corporation (hereinafter "Respondents") and concluded that violations of Oregon law had been committed; and

WHEREAS the Respondents, without admitting or denying the Findings of Fact and Conclusions of Law stated hereinafter, wish to resolve this matter with the Director;

NOW THEREFORE, as evidenced by the signature(s) subscribed on this Order, the Respondents hereby CONSENT to entry of this Order upon the Director's Findings of Fact and Conclusions of Law as stated hereinafter.

**I.
FINDINGS OF FACT**

The Director FINDS that:

1. Jimmy Ray Kelly's ("Kelly") current address is 741 Livingstone Ave., Shreveport, Louisiana 71107.

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350 Winter Street NE, Suite 410
Salem, OR 97301-3881
Telephone: (503) 378-4387





1 2. The Roje' Corporation ("Roje") was incorporated in Oregon on or about March 7,
2 2007. According to documents filed with the Oregon Secretary of State, Roje's principal
3 place of business is 15450 Boones Ferry Rd, Ste. 9315, Lake Oswego, Oregon 97035.
4 Kelly held himself out as the secretary of Roje. On or about May 8, 2009, Roje was
5 administratively dissolved by the Oregon Secretary of State.

6 3. At all times relevant to this matter, Respondents collectively transacted the
7 activities set forth herein in the State of Oregon.

8 4. At all times relevant to the matter herein, "MA" and "VA" were residents of the
9 State of Oregon. MA and VA are husband and wife.

10 5. In December 2007, Kelly solicited VA to invest \$50,000 in an oil and gas venture
11 in Texas which, according to Kelly, would provide a high dollar/low risk return on VA's
12 investment.

13 6. On or about January 8, 2008, Kelly met MA and VA at their home to further
14 discuss the investment opportunity. During this meeting, MA and VA provided Kelly
15 with a check for \$25,000. During this meeting Kelly informed MA and VA that neither
16 he nor Roje were required to be licensed to sell this investment in Oregon since the oil
17 wells were physically located in Texas.

18 7. According to a "Non-Participating Oil, Gas and Mineral Agreement" (the
19 "Agreement") signed by MA, VA, and Kelly, as the secretary of Roje, Roje "will execute
20 a Non-Participating Oil, Gas and Mineral Royalty agreement on . . . 5000 +/- acres within
21 the Franke Ranch of Maverick County, Texas." It does not appear as though Roje ever
22 executed a Non-Participating Oil, Gas and Mineral Royalty agreement on land within the
23 Franke Ranch of Maverick County, Texas.

24 8. The Agreement also notes that in exchange for their \$25,000 investment, MA and
25 VA were to receive one quarter of one percent of net revenues from the minerals on
26 Roje's land within the Franke Ranch.



1 9. Approximately two months after providing Kelly with \$25,000, MA and VA
2 received information from Kelly indicating that their funds had been invested with TXCO
3 Resources, Inc. (“TXCO”). However, according to TXCO’s records, no investment
4 funds were ever received from MA or VA, or from Roje or Kelly on behalf of MA and
5 VA. Additionally, TXCO has no record of Roje or Kelly being connected to TXCO in
6 any manner.

7 10. To date, MA and VA have not received the promised return or the return of their
8 \$25,000 investment.

9 11. The Oregon Department of Consumer and Business Services’ Division of Finance
10 and Corporate Securities (“DFCS”) has no records of any licenses issued to any of the
11 Respondents to sell securities in Oregon.

12 12. DFCS has no records of any securities offering ever being registered in the name
13 of either of the Respondents.

14 **II.**

15 **CONCLUSIONS OF LAW**

16 The Director CONCLUDES that:

17 13. The investment sold by the Respondents constitutes an investment contract, and
18 therefore a security as defined by ORS 59.015(19)(a).

19 14. The Respondents sold an unregistered security in Oregon in violation of ORS
20 59.055.

21 15. The Respondents sold a security in Oregon without a license in violation of ORS
22 59.165(1).

23 16. The Respondents made untrue statements of material fact in connection with the
24 sale of a security in violation of ORS 59.135(2) by: (1) informing MA and VA that Roje
25 would “execute a Non-Participating Oil, Gas and Mineral Royalty agreement on . . . 5000
26 +/- acres within the Franke Ranch of Maverick County, Texas”; (2) providing

1 information to MA and VA indicating that their \$25,000 had been invested with TXCO;
2 (3) informing MA and VA that no Oregon securities licenses were needed to sell this
3 investment in Oregon since the oil wells were physically located in Texas.

4 **III.**

5 **ORDERS**

6 NOW, THEREFORE, THE DIRECTOR ISSUES THE FOLLOWING ORDERS:

7 Order to Cease and Desist

8 17. Pursuant to the authority of ORS 59.245, the Director hereby ORDERS the
9 Respondents to CEASE AND DESIST from:

- 10 a. Selling securities without a license in violation of ORS 59.165;
- 11 b. Selling unregistered securities in the State of Oregon in violation ORS
12 59.055;
- 13 c. Violating any provision of the Oregon Securities Laws, including ORS
14 Chapter 59 and OAR Chapter 441.

15 Order Denying Exemptions

16 18. Pursuant to the authority of ORS 59.045, the Director ORDERS that the
17 Respondents and any entities owned or affiliated with the Respondents or otherwise
18 utilizing the Respondents' services be DENIED THE USE OF ANY EXEMPTIONS, that
19 would otherwise be available to them under ORS 59.025 and ORS 59.035, to securities
20 registration requirements.

21 Order Assessing Civil Penalty

22 19. Pursuant to the authority of ORS 59.995, the Director may assess a CIVIL
23 PENALTY in any amount determined by the Director of not more than \$20,000 for each
24 violation of the Oregon Securities Law. Pursuant to this provision, the Director hereby
25 assesses the Respondents, jointly and severally, a CIVIL PENALTY in the amount of
26 \$60,000 for the following violations:





- 1 a. A CIVIL PENALTY of \$20,000 for selling an unregistered security in
2 violation of ORS 59.055.
3 b. A CIVIL PENALTY of \$20,000 for selling a security without a license in
4 violation of ORS 59.165(1).
5 c. A CIVIL PENALTY of \$20,000 for the untrue statements of material facts
6 made in connection with the sale of securities in violation of ORS
7 59.135(2).

8 Suspension of Civil Penalty

9 20. The Director agrees to SUSPEND the collection of the \$60,000 CIVIL
10 PENALTY assessed herein provided that the Respondents comply with all of the
11 following terms and conditions:

12 A. Respondents must refund a total of \$25,000 to MA and VA. Respondents may
13 make payments to MA and VA in any manner they choose, however, Respondents must
14 make a minimum of five annual payments of \$5,000 by December 31 of each calendar
15 year, beginning December 31, 2013. The final payment must be made no later than
16 December 31, 2017. Failure to timely make the minimum annual payments, or to pay the
17 full amount by the final deadline, will be considered a violation of this Order.

18 B. By December 31 of each calendar year, Respondents must provide proof
19 satisfactory to DFCS that MA and VA have received the minimum annual payment of
20 \$5,000. Failure to provide the satisfactory proof of the annual payment will be
21 considered a violation of this Order.

22 C. Within 12 months from the effective date of this Order, Respondents shall pay
23 \$2,500 to the Oregon Department of Consumer and Business Services' Consumer
24 Financial Education Account.

25 D. Respondents shall comply with all terms and conditions set out in this Order
26 and commit no new violations of the Oregon statutes regulating securities, Oregon

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1 Revised Statutes Chapter 59, and Oregon Administrative Rules Chapter 441.
2 21. If the Respondents comply with all of the terms and conditions set out in this
3 Order and commit no new violations of the Oregon statutes regulating securities during
4 the seven-year period from the effective date of this Order, the Director WAIVES the
5 collection of the suspended CIVIL PENALTY assessed herein.
6 22. The Director reserves the right to immediately impose the suspended CIVIL
7 PENALTY upon a determination that the Respondents have violated any term of this
8 Order; provided, however, Respondents shall be allowed a credit for payments made to
9 MA and VA in according with paragraph 20.A. above.
10 20. The entry of this Order in no way limits further remedies which may be available
11 to the Director under the Oregon Law.

12 IT IS SO ORDERED.

13 Dated this 18th day of January, 2013, at Salem, Oregon.
14 PATRICK M. ALLEN, Director
15 Department of Consumer and Business Services
16 /s/ David Tatman
17 David C. Tatman, Administrator
18 Division of Finance and Corporate Securities

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CONSENT TO ENTRY OF ORDER

I, Jimmy Ray Kelly, state that I have read the foregoing Order and that I know and fully understand the contents hereof; that I have been advised of the right to a hearing and of the right to be represented by counsel in this matter; and that I desire to resolve and settle this matter with the Director without admitting or denying the findings or conclusions set for herein, that I voluntarily and without any force or duress, consent to the entry of this Order, expressly waiving any right to a hearing in this matter; that I understand 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 I will fully comply with the terms and conditions stated herein.

I understand that this Order is a public document.

By: /s/ Jimmy R Kelly
Signature

By: Jimmy R Kelly
Printed Name

ACKNOWLEDGMENT

State of Louisiana

County of Bossier

Signed or attested before me on Dec. 11, 2012 by Jimmy R. Kelly.

/s/ Leslie W Kelly

Signature of Notary Public

LSB # 27249

Approved as to form:
/s/ John Gutbezahl
Attorney for Jimmy Ray Kelly

12/14/12
Date

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1 **CONSENT TO ENTRY OF ORDER**

2
3 I, Jimmy R. Kelly, state that I am an officer of The Roje'
4 Corporation ("Roje"), 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 Roje
6 have been advised of the right to a hearing and of the right to be represented by counsel
7 in this matter; that Roje, voluntarily and without any force or duress, consents to the entry
8 of this Order, expressly waiving any right to a hearing in this matter; that Roje, executes
9 this Order as a settlement of the matters referred to in the foregoing Order; that Roje
10 understands that the Director reserves the right to take further actions to enforce this
11 Order or to take appropriate action upon discovery of other violations of the Oregon
12 statutes regulating securities, Oregon Revised Statutes Chapter 59, and Oregon
13 Administrative Rules Chapter 441, and that Roje will fully comply with the terms and
14 conditions stated herein.

15 Roje further assures the Director that neither Roje, nor its officers, directors,
16 employees or agents, will offer or provide securities in Oregon unless such activities are
17 in full compliance with Chapter 59 of the Oregon Revised Statutes.

18 Roje understands that this Order is a public document.

19 By: /s/ Jimmy R Kelly
20 Signature

21 By: Jimmy R Kelly
22 Printed Name

23 Office Held: Secretary

24 **ACKNOWLEDGMENT**

25 State of Louisiana

26 County of Bossier

27 There appeared before me this 11 day of December, 2012,
28 Jimmy R. Kelly, who was first duly sworn on oath, and
29 stated that he/she was and is an officer of Roje, and that he/she is authorized and
30 empowered to sign this Order on behalf of Roje, and to bind it to the terms hereof.

31 /s/ Leslie W Kelly
32 Signature of Notary Public

33 Approved as to form:
34 /s/ John Gutbezahl
35 Attorney for Roje

36 _____
Date

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