



STATE OF MISSOURI  
OFFICE OF SECRETARY OF STATE

IN THE MATTER OF: )  
 )  
PHARYN RESOURCES, INC.; and )  
PHILLIP M. HUDNALL ) Case No. AP-17-17  
 )  
 Respondents. )

**CONSENT ORDER**

**SUMMARY OF ENFORCEMENT SECTION’S ALLEGATIONS**

1. The Enforcement Section of the Missouri Securities Division of the Office of Secretary of State (“Enforcement Section”), through Enforcement Counsel Claire Noland, has alleged that Pharyn Resources, Inc. and Phillip Hudnall (“Respondents”), offered and sold unregistered, non-exempt securities in violation of Section 409.3-301, RSMo 2016)<sup>1</sup>, and that Respondent Phillip Hudnall transacted business in the state of Missouri as an unregistered agent in violation of Section 409.4-402(a), and that Respondent Pharyn Resources, Inc. employed an unregistered agent in violation of Section 409.4-402(d), and that these violations constitute grounds to issue an order pursuant to Section 409.6-604.
2. Respondents and the Enforcement Section desire to settle the allegations and the matters raised by the Enforcement Section relating to the Respondents’ alleged violations of Sections 409.3-301, and 409.4-402.

**CONSENT TO JURISDICTION**

3. Respondents and the Enforcement Section stipulate and agree that the Missouri Commissioner of Securities (“Commissioner”) has jurisdiction over the Respondents and these matters pursuant to the Missouri Securities Act of 2003, Chapter 409, *et seq.*
4. Respondents and the Enforcement Section stipulate and agree that the Commissioner has authority to enter this Order pursuant to Section 409.6-604(h), which provides:

“The commissioner is authorized to issue administrative consent orders in the settlement of any proceeding in the public interest under this act.”

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<sup>1</sup> Unless otherwise specified, all statutory references are to the 2016 Revised Statutes of Missouri.

### WAIVER AND EXCEPTION

5. Respondents' waive Respondents' rights to a hearing with respect to this matter.
6. Respondents' waive any rights that Respondents may have to seek judicial review or otherwise challenge or contest the terms and conditions of this Order. Respondents specifically forever release and hold harmless the Missouri Office of Secretary of State, Secretary of State, Commissioner, and their respective representatives and agents from any and all liability and claims arising out of, pertaining to, or relating to this matter.
7. Respondents stipulate and agree with the Enforcement Section that, should the facts contained herein prove to be false or incomplete in a material way, the Enforcement Section reserves the right to pursue any and all legal or administrative remedies at its disposal.

### CONSENT TO COMMISSIONER'S ORDER

8. Respondents and the Enforcement Section stipulate and agree to the issuance of this Consent Order without further proceedings in this matter, agreeing to be fully bound by the terms and conditions specified herein.
9. Respondents agree not to take any action or to make or permit to be made any public statement creating the impression that this Order is without factual basis. Nothing in this paragraph affects Respondents' (a) testimonial obligations; (b) right to take legal or factual positions in connection with litigation, arbitration, or other legal proceeding in which the Commissioner is not a party; or (c) right to make public statements that are factual.
10. Respondents agree that Respondents are not the prevailing party in this action since the parties have reached a good faith settlement.
11. Respondents neither admit nor deny the allegations made by the Enforcement Section, but consent to the Commissioner's Findings of Fact, Conclusions of Law, and Order as set forth below solely for the purposes of resolving this proceeding and any proceeding that may be brought to enforce the terms of this Consent Order.

COMMISSIONER'S FINDINGS OF FACT,  
CONCLUSIONS OF LAW, AND ORDER

I. FINDINGS OF FACT

12. Pharyn Resources, Inc. ("Pharyn") is a Colorado corporation, formed on November 1, 2005, whose registered agent is Matthew J. Zendejas, with a mailing address of PO Box 1435, Colorado Springs, Colorado 80901. Pharyn registered to do business as a Foreign for Profit corporation in Kansas on December 20, 2007. The registered agent is Aaron C. McKee, Esq. with a mailing address of 13970 Santa Fe Trail Drive, Lenexa, Kansas, 66215. Phillip Hudnall is listed as the President and Director on Pharyn's Kansas registration with a mailing address of 15621 West 87<sup>th</sup> Street, Suite 262, Lenexa, Kansas 66219.
13. Phillip M. Hudnall ("Hudnall") is 46 years-old and resides at 9706 Wild Rose Lane, Lenexa, Kansas 66227. Hudnall is the only member and owner of Pharyn.
14. Unity Oil & Gas, LLC ("Unity") is an alleged Texas limited liability company with a last known address of 5724 Forest Bend Drive, C3, Arlington, Texas 76017. A search of Texas Secretary of States' Business Organization registration database found no record of Unity.
15. David Roper ("Roper") is 43 years-old with a last known address of 416 Holly Bark Drive, Apt. 1117, Arlington, Texas 76014. Roper is the purported owner of Unity.
16. Hudnall has never been registered with the State of Missouri as an investment adviser representative, broker-dealer agent, or issuer agent.
17. There has never been a registration, granted exemption, or a notice filing indicating status as a "federal covered security" for securities offered and/or sold by Respondents.
18. In or around July 2012, Respondents solicited an investment in oil and gas wells from 76 year-old resident of Manchester, Missouri ("MR").
19. MR received a brochure from Respondents regarding the investment with charts showing the amount of oil being produced from wells located in Kansas.
20. Prior to the investing, MR drove to Lenexa Kansas to meet with Hudnall. MR went to see the leased oil fields in person, and discuss the investment being offered by Respondents.
21. Hudnall told MR the investment was not risky because the oil field was already producing oil.

22. On or about September 1, 2012, MR invested \$40,000 with Respondents via Roper d/b/a Unity.
23. Hudnall instructed MR to write the investment check to Unity because Roper and Unity acted like “the bank” for Respondents.
24. MR was also to receive monthly revenue payments from the investment with Respondents via Roper and Unity.
25. Hudnall told MR that Pharyn would send the appropriate percentage of profit from the oil wells to Roper/Unity, who would then send MR’s portion of the monthly revenue distribution to MR.
26. Hudnall told MR the \$40,000 would purchase 1/6 of a leased oil field that was already producing oil, and would supply MR with monthly payments of approximately \$1,100.
27. In the 12 months after MR invested, MR received approximately nine monthly payments, averaging \$428, and then the payments stopped.
28. After the payments stopped, MR began complaining to Hudnall about not receiving the monthly payments as promised.
29. MR then received one check from Pharyn, dated October 5, 2013, for \$475.52, but MR was unable to cash the check due to insufficient funds in Pharyn’s bank account.
30. MR has not received any payments or been in contact with Hudnall since October of 2013.

## II. CONCLUSIONS OF LAW

31. The Commissioner finds that: (a) Respondents Pharyn and Hudnall offered and sold unregistered, non-exempt securities; and (b) Respondent Hudnall transacted business in the state of Missouri as an unregistered agent, and (c) Respondent Pharyn employed an unregistered agent who transacted business in the state of Missouri, and that this conduct constitutes grounds to issue an order pursuant to Section 409.6-604.
32. The Commissioner, after consideration of the stipulations set forth above and on the consent of Respondents and the Enforcement Section, finds and concludes that the Commissioner has jurisdiction over Respondents and this matter and that the following Order is in the public interest, necessary for the protection of public investors and consistent with the purposes intended by Chapter 409.

### III. ORDER

**NOW, THEREFORE**, it is hereby Ordered that:

1. Respondents, their agents, employees and servants, and all other persons participating in the above-described violations with knowledge of this order are permanently enjoined and restrained from engaging in violations of Sections 409.3-301, 409.4-402 (a) and (d), specifically, offering and selling unregistered, non-exempt securities, employing unregistered agents, and can no longer offer or sell a security in this state.
2. Respondents are ordered to pay \$33,000 in restitution. Of this amount, \$21,000 shall be sent within sixty (60) days of the effective date of this Consent Order to the Securities Division at 600 W. Main Street, Jefferson City, Missouri 65101, and shall be payable to the Missouri Secretary of State's Investor Restitution Fund. This payment shall be distributed by that Fund to the investor. The remaining \$12,000 shall be made in three installments of \$4,000 each, every four-month period, to be satisfied in full, within 14 months of the effective date of this Consent Order.
3. Respondents shall pay a civil penalty of \$15,000 for violations committed against an elderly or disabled person. This payment shall be suspended for three (3) years. All suspended payments shall become due immediately upon the sooner of (1) Respondent's noncompliance with the terms of this Consent Order, or (2) a finding, after notice and opportunity for a hearing, by the Commissioner or a court of competent jurisdiction that Respondent has violated the Missouri Securities Act. Such immediately due payments shall be in addition to all other penalties then available under the law.
4. Respondents shall pay \$3,500 to the Missouri Secretary of State's Investor Education and Protection Fund. This amount shall be suspended provided Respondents comply with the terms of this Consent Order and do not violate the Missouri Securities Act for a period of three (3) years from the date of execution of this Consent Order. The suspended amount shall become due immediately upon the sooner of (1) Respondent's noncompliance with the terms of this Consent Order, or (2) a finding, after notice and opportunity for a hearing, by the Commissioner or a court of competent jurisdiction that Respondents have violated the Missouri Securities Act. Such immediately due payments shall be in addition to all other penalties then available under the law.
5. Respondents shall pay \$5,000 as the cost of this investigation. This amount shall be suspended provided Respondents comply with the terms of the Consent Order and do not violate the Missouri Securities Act for a period of three (3) years from the date of execution of this Consent Order. This suspended amount shall become due immediately upon the sooner of (1) Respondents' noncompliance with the terms of this Consent Order, or (2) a finding, after notice and opportunity for a hearing, by the Commissioner or a court of competent jurisdiction that Respondent has violated the Missouri Securities

Act. Such immediately due payments shall be in addition to all other penalties then available under the law.

6. After three (3) years from the date of this Consent Order, provided Respondents have complied with all terms of this Consent Order, all suspended payments referenced herein, shall be waived.
7. Respondents are hereby barred from registering as a broker-dealer, a broker-dealer agent, an investment adviser, or an investment adviser representative or agent in the State of Missouri.
8. Respondents shall pay their own costs and attorneys' fees with respect to this matter.

**SO ORDERED:**

WITNESS MY HAND AND OFFICIAL SEAL OF MY OFFICE AT JEFFERSON CITY,  
MISSOURI THIS 10th DAY OF August, 2017.

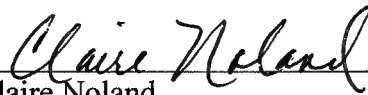


JOHN R. ASHCROFT  
SECRETARY OF STATE


  
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DAVID M. MINNICK  
COMMISSIONER OF SECURITIES

Consented to by:

THE ENFORCEMENT SECTION OF THE  
MISSOURI SECURITIES DIVISION

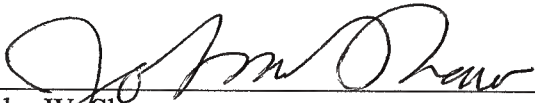
  
\_\_\_\_\_  
Claire Noland  
Enforcement Counsel  
Securities Division

Pharyn Resources, Inc.

By:  
NAME:   
\_\_\_\_\_  
Phillip M. Hudnall

TITLE:     *Receipt*    

Approved as to Form:

  
\_\_\_\_\_  
John W. Shaw  
Berkowitz Oliver  
Attorney for Respondents