

State of Missouri  
Office of Secretary of State

Case No. AP-06-14

IN THE MATTER OF:

EASTERDAY EXPLORATION, INC.

Respondent.

**CONSENT ORDER**

**WHEREAS**, the Missouri Securities Division alleges Respondent Easterday Exploration, Inc. ("Easterday Exploration") offered unregistered, nonexempt securities in the form of investment contracts in Missouri in violation of § 409.3-301, RSMo Cum. Supp. 2005.

**WHEREAS**, Respondent and the Securities Division desire to settle this allegation and the matters raised by the staff of the Securities Division relating to Respondent's alleged unregistered investment activities.

**WHEREAS**, Respondent stipulates and agrees 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 and it waives its right to a hearing with respect to this matter and further stipulates and agrees that it waives any right it may have to seek judicial review or otherwise challenge or contest the terms and conditions of this Consent Order.

**WHEREAS**, Respondent forever releases and agrees to hold harmless the Missouri Office of Secretary of State, Securities Division and its respective representatives and agents from any and all liability and claims arising out of, pertaining to or relating to this matter.

**WHEREAS**, Respondent stipulates and agrees that, should the facts contained herein prove to be false or incomplete, the Missouri Division of Securities preserves the right to pursue any and all legal or administrative remedies at its disposal.

**WHEREAS**, Respondent and the Securities Division stipulate and agree to the following facts.

**STIPULATION OF FACTS**

1. Respondent Easterday Exploration, Inc. ("Easterday Exploration") is a Nevada corporation operating in the State of Nevada with a business address of 1520 Bryn Mawr Avenue, Las Vegas, Nevada 89102. Easterday Exploration attempts to raise funds for the purpose of drilling natural gas wells in the State of California.
2. In September and October 2005, Respondent ran advertisements in the Wall Street Journal. One of the advertisements stated:

**SWING FOR THE FENCE**

**Geologist and geophysicist** seek funding to drill shallow, wildcat natural gas well in California. Leases secured. Several development wells possible. High risk/Bonanza reward if it hits. Need \$550,000. \$5,500 minimum  
*Serious principals only...*  
[telephone and email information provided].

(Emphasis in Original.)

3. A check of the records maintained by the Missouri Commissioner of Securities contained no registration, granted exemption or notice filing indicating status as a "federal covered security" for the security being offered by Respondent.
4. On November 15, 2005, the Division of Securities mailed a letter of inquiry via certified mail to Easterday Exploration in Las Vegas, Nevada. That letter requested a claim of exemption from registration or exception from definition upon which Respondent relied in allegedly offering unregistered securities or any claim that the security was a federal covered securities.
5. On December 1, 2005, Respondent, through its president, mailed a response to the Securities Division's letter wherein he state, in part:

I used some old forms from a drilling venture in which I had invested years ago as the template for the enclosed Subscription Application, Partnership Agreement, and Risk Factors ... In August and September I sent or gave the booklet to 33 friends, one of whom... [name]... is a Missouri resident. In early September I ran an ad in the Wall Street Journal for a few days. I have sent out 42 packages as a result of the ad, two of which were to

Missouri resident . . .

6. Also included in this response was a package of materials that were provided to all potential investors.
7. The evidence of a "partnership agreement" in Easterday Exploration is an investment contract that constitutes a security pursuant to § 409.1-102 (28), RSMo, Supp. 2005.
8. This Order is in the public interest.

### **JURISDICTIONAL BASIS**

9. Respondent and the Securities Division stipulate and agree that the Commissioner has jurisdiction over these matters pursuant to Chapter 409, RSMo., Cum. Supp. 2005.
10. Respondents and the Securities Division stipulate and agree that the Commissioner has authority to enter this Consent Order pursuant to § 409.6-604 (h), RSMo., Cum. Supp. 2005, which provides:

[T]he commissioner shall have full power in each case to make such order or orders under this section as he may deem just and he may either prohibit the further sale by such persons of any securities connected with or related to said fraudulent or illegal practices or transaction, or he may fix the terms and conditions on which the sale of such securities may be made . . . and it is hereby made unlawful for any person having been served with any such order, or having knowledge of the issuance of said order, while said order remains in effect, either as originally issued or as modified, to violate any provisions thereof.

### **ORDER**

**WHEREAS**, the Commissioner, after consideration of the stipulations set forth above and on the consent of Respondent and the Securities Division, finds the following Order to be in the public interest and necessary for the protection of public investors and consistent with the provisions of Chapter 409, RSMo., Cum. Supp. 2005.

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

1. Respondent, its agents, employees and servants are prohibited from violating § 409.3-301, RSMo., Supp. 2005, by offering or selling securities in Missouri without registering or qualifying for an applicable exemption.
2. Upon execution of this Order, Respondent shall pay a civil penalty of five thousand dollars (\$5,000) made payable to "The Missouri Secretary of State" and the Secretary of State shall forward these funds to the State treasury for the benefit of county and township school funds as provided in Article IX, Section 7 of the Constitution of Missouri.
3. Respondent shall make said payment by cashier's check or money order and must deliver or mail payment to the Securities Division, 600 W. Main Street, P.O. Box 1276, Jefferson City, Missouri 65102.
4. Respondent will pay its 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 17TH DAY OF APRIL, 2006.

ROBIN CARNAHAN  
SECRETARY OF STATE

(Signed/Sealed)  
MATTHEW D. KITZI  
COMMISSIONER OF SECURITIES

Consented to by:

Missouri Securities Division  
Mary S. Hosmer  
Assistant Commissioner of Securities

EASTERDAY EXPLORATION, INC.  
Roger Easterday, President