

STATE OF OKLAHOMA
DEPARTMENT OF SECURITIES
FIRST NATIONAL CENTER, SUITE 860
120 NORTH ROBINSON
OKLAHOMA CITY, OKLAHOMA 73102



In the Matter of:

Ray Karl Hobbs (CRD 2628053),
Jim M. Rios,
Charles H. Havens, Sr.,
Domestic Development Company,
DDC O&G Corporation, and
Energy Revenue America, LLC,

Respondents.

ODS File No. 12-053

ORDER TO CEASE AND DESIST
AND
NOTICE OF OPPORTUNITY FOR HEARING

ORDER TO CEASE AND DESIST

Pursuant to Section 1-602 of the Oklahoma Uniform Securities Act of 2004 ("Act"), Okla. Stat. tit. 71, §§ 1-101 through 1-701 (2011), an investigation was conducted by the Oklahoma Department of Securities ("Department") into the activities of Ray Karl Hobbs ("Hobbs"), Jim M. Rios ("Rios"), Charles H. Havens, Sr. ("Havens"), Domestic Development Company ("DDC"), DDC O&G Corporation ("DDC O&G"), and Energy Revenue America, LLC, ("ERA") (collectively, "Respondents").

Findings of Fact

1. Hobbs is an individual who currently resides in Kaufman, Texas. Hobbs is not, and at all times material hereto was not, registered in any capacity under the Act or with the Financial Industry Regulatory Authority ("FINRA").
2. Rios is an individual who currently resides in Fort Worth, Texas. Rios is not, and at all times material hereto was not, registered in any capacity under the Act or with FINRA.
3. Havens is an individual who currently resides in Rockwall, Texas. Havens is not, and at all times material hereto was not, registered in any capacity under the Act or with FINRA.

4. DDC is a corporation registered in Texas. DDC is not, and at all times material hereto was not, registered in any capacity under the Act or with FINRA. Havens is the Registered Agent, Director, CEO, Secretary and Treasurer of DDC. Rios is an Executive Vice President of DDC. Hobbs is an employee of DDC.

5. DDC O&G is a corporation registered in Texas. Havens is the Registered Agent and Director of DDC O&G.

6. ERA is a limited liability company registered in Texas. Havens is the Registered Agent and Manager of ERA.

7. In November 2011, Hobbs, on behalf of DDC, left an unsolicited voicemail with an individual in Oklahoma (the "Potential Investor"). In the voicemail, Hobbs offered the sale of "144 founder stock" in ERA (the "ERA Stock") prior to a planned reverse merger. Hobbs offered the ERA Stock to the Potential Investor at three dollars (\$3) per share. Hobbs represented that once "it goes public" it should be worth approximately seven dollars (\$7) per share and that the ultimate "goal" was to have the "big boys" buy "us out" when, in three to four years' time, the ERA Stock would be worth fifty to seventy dollars (\$50 to \$70) per share.

8. Hobbs, in the November 2011 call, disclosed neither the lack of registration under the Act or federal securities laws nor any risk related to the ERA Stock.

9. In December 2011, Hobbs, without having spoken with the Potential Investor, mailed a follow-up information package to the Potential Investor at his Oklahoma residence. The package contained information and a blank "Participation Agreement" regarding the offer of a fractional undivided oil and gas interest in the "Looney Moore Lease" issued by DDC O&G (the "Looney Interest"), a convertible promissory note¹ (the "Note"), with ERA as the maker, along with information regarding the offer of the ERA Stock.

10. The December 2011 information package contained no disclosure regarding the Looney Interest's lack of registration under state or federal securities laws or of any risks related to the ERA Stock or the Note.

11. Subsequent to the mailing and also in December 2011, Hobbs left an unsolicited second voicemail with the Potential Investor. In the voicemail Hobbs stated that the ERA reverse merger should be complete in 45 days; that the ERA stock would "come out" at seven to eight dollars (\$7 to \$8) per share; and that the ERA stock was currently being offered to the Potential Investor at three dollars (\$3) per share.

12. Hobbs, in the December 2011 call, disclosed neither the lack of registration under the Act or federal securities laws nor any risk related to the ERA Stock.

¹ At the payee's option, any outstanding principal on the Note could be converted into shares of ERA common stock with a par value of \$.001 and conversion price of \$3.

13. In January 2012, Rios, on behalf of DDC, contacted the Potential Investor in Oklahoma, via email, in response to his request for information on oil and gas investment webinars sent to DDC via their website. In lieu of a webinar, a phone call between Rios and the Potential Investor was scheduled.

14. In the February 2012 call, Rios re-offered the Looney Interest and stated that even if the price of oil dropped to \$40 per barrel the investor would still be "making good money"; that even if the price of oil per barrel was at either \$40 or \$60 an investor would still make money; that even in a "worst case scenario" the investor would make a "fair" or "decent" return; that the investor would not lose money in the investment; that the investment would make money on a monthly basis; and that the investment would have immediate liquidity if the investor chose to later sell it. In addition, Rios reiterated information regarding the ERA Stock.

15. Rios, in the February 2012 call, disclosed neither the lack of registration under the Act or federal securities laws for the Looney Interest or the ERA Stock nor any risk related to the ERA Stock.

16. In February 2012, Rios mailed a follow-up information package to the Potential Investor at his Oklahoma residence. The package contained information and a blank "Participation Agreement" regarding the Looney Interest.

17. Neither the ERA Stock nor the Looney Interest nor the Note are registered in any capacity under the Act or federal securities laws.

To the extent any of these Findings of Fact are more properly characterized as Conclusions of Law, they should be so considered.

Authorities

1. Section 1-102 of the Act provides in pertinent part:

2. "Agent" means an individual, other than a broker-dealer, who represents a broker-dealer in effecting or attempting to effect purchases or sales of securities[.] A partner, officer, or director of a broker-dealer . . . or an individual having a similar status or performing similar functions is an agent only if the individual otherwise comes within the term.

* * *

4. "Broker-dealer" means a person engaged in the business of effecting transactions in securities for the account of others or for the person's own account.

* * *

19. "Issuer" means a person that issues or proposes to issue a security[.]

* * *

32. "Security" means a note; stock; . . . fractional undivided interest in oil, gas, or other mineral rights; . . . or, in general, an interest or instrument commonly known as a "security"[.]

2. Section 1-301 of the Act provides in pertinent part:

It is unlawful for a person to offer or sell a security in this state unless:

1. The security is a federal covered security;
2. The security, transaction, or offer is exempted from registration under [Sections 1-201 through 1-203]; or
3. The security is registered under this act.

3. Section 1-401 of the Act provides in pertinent part:

A. It is unlawful for a person to transact business in this state as a broker-dealer, unless the person is registered under this act as a broker-dealer[.]

4. Section 1-402 of the Act provides in pertinent part:

A. It is unlawful for an individual to transact business in this state as an agent unless the individual is registered under this act as an agent[.]

* * *

D. It is unlawful for a broker-dealer, or an issuer engaged in offering, selling, or purchasing securities in this state, to employ or associate with an agent who transacts business in this state on behalf of broker-dealers or issuers unless the agent is registered under subsection A of this section[.]

5. Section 1-501 of the Act provides in pertinent part:

It is unlawful for a person, in connection with the offer, sale, or purchase of a security, directly or indirectly:

* * *

2. To make an untrue statement of a material fact or to omit to state a material fact necessary in order to make the statement made, in the light of the circumstances under which it is made, not misleading; or

3. To engage in an act, practice, or course of business that operates or would operate as a fraud or deceit upon another person.

6. Section 1-604 of the Act provides in pertinent part:

A. If the Administrator determines that a person has engaged, is engaging, or is about to engage in an act, practice, or course of business constituting a violation of this act or a rule adopted or order issued under this act or constituting a dishonest or unethical practice or that a person has materially aided, is materially aiding, or is about to materially aid an act, practice, or course of business constituting a violation of this act or a rule adopted or order issued under this act or constituting a dishonest or unethical practice, the Administrator may:

1. Issue an order directing the person to cease and desist from engaging in the act, practice, or course of business or to take other action necessary or appropriate to comply with this act;

* * *

D. In a final order . . . the Administrator may impose a civil penalty up to a maximum of Five Thousand Dollars (\$5,000.00) for a single violation or up to Two Hundred Fifty Thousand Dollars (\$250,000.00) for multiple violations in a single proceeding or a series of related proceedings.

E. In a final order, the Administrator may charge the actual cost of an investigation or proceeding for a violation of this act or a rule adopted or order issued under this act.

Conclusions of Law

1. The ERA Stock, Looney Interest, and Note are securities, as defined in the Act, in the nature of shares of stock, fractional undivided interests in oil and gas and a note, respectively.

2. DDC O&G and ERA are issuers as defined in the Act.

3. DDC is a broker-dealer as defined in the Act.
4. Hobbs and Rios are agents as defined in the Act.
5. DDC, Hobbs and Rios offered unregistered securities in this state in violation of Section 1-301 of the Act.
6. DDC transacted business in this state as an unregistered broker-dealer in violation of Section 1-401 of the Act.
7. Hobbs and Rios transacted business in this state as unregistered agents in violation of Section 1-402 of the Act.
8. DDC employed or associated with unregistered agents who transacted business in this state on its behalf in violation of Section 1-402 of the Act.
9. DDC, Hobbs and Rios, in connection with the offer of a security, omitted to state material facts necessary in order to make statements made, in the light of the circumstances under which they were made, not misleading by failing to disclose the ERA Stock and the Looney Interest's lack of registration under state or federal securities laws and the risks relating to the ERA Stock including, but not limited to, the risk of loss of principal, to the Potential Investor in violation of Section 1-501 of the Act.
10. DDC and Hobbs, in connection with the offer of a security, omitted to state material facts necessary in order to make statements made, in the light of the circumstances under which they were made, not misleading by failing to disclose the risks relating to the Note to the Potential Investor in violation of Section 1-501 of the Act.
11. DDC and Rios, in connection with the offer of a security, omitted to state a material fact necessary in order to make statements made, in the light of the circumstances under which they were made, not misleading by failing to disclose the potential unavailability of a secondary market for the Looney Interest to the Potential Investor in violation of Section 1-501 of the Act.
12. DDC, Hobbs, and Rios, in connection with the offer of a security, engaged in an act, practice, or course of business that operates or would operate as a fraud or deceit, in violation of Section 1-501 of the Act, by omitting statements of material fact, as described herein.
13. Havens, as Director, CEO, Secretary and Treasurer of DDC, Director of DDC O&G, and Manager of ERA, has materially aided the other Respondents in the acts, practices, or course of business, constituting a violation of the Act as described herein.

14. Pursuant to Section 1-604 of the Act, the Administrator has the authority to order Respondents to cease and desist from engaging in acts, practices, or a course of business constituting a violation of the Act.

15. It is in the public interest to order Respondents to cease and desist from engaging in acts, practices, or a course of business constituting a violation of the Act.

To the extent any of these Conclusions of Law are more properly characterized as Findings of Fact, they should be so considered.

Order

Based on Section 1-604 of the Act and the Findings of Fact, Authorities, and Conclusions of Law set forth above, **IT IS HEREBY ORDERED** that Respondents immediately cease and desist from engaging in acts, practices or a course of business constituting a violation of the Act.

Witness my Hand and the Official Seal of the Oklahoma Department of Securities this 30th of August, 2012.

(SEAL)



IRVING L. FAUGHT, ADMINISTRATOR OF THE
OKLAHOMA DEPARTMENT OF SECURITIES

NOTICE OF OPPORTUNITY FOR HEARING

Pursuant to Section 1-604 of the Act and the Rules of the Oklahoma Securities Commission and the Administrator of the Oklahoma Department of Securities ("Rules"), Okla. Admin. Code, 660:1-1-1 through 660:25-7-1, the Administrator hereby gives notice to Respondents of their right to request a hearing. Each Respondent's request for hearing must be received by the Administrator within thirty (30) days after service of the *Order to Cease and Desist* ("Order"). The request for hearing must be in writing and Respondents shall specifically admit or deny each allegation that is contained in the Order.

Within fifteen (15) days after receipt of a request for hearing, this matter will be scheduled for hearing. The hearing shall commence within fifteen (15) days of the matter being set for hearing. Notice of the date, time and location of the hearing shall be given to Respondents. If a hearing is requested or ordered, the Administrator, after notice of and opportunity for hearing, may modify or vacate the Order or extend it until final determination.

If the Respondents do not request a hearing within thirty (30) days after the date of service of the Order and none is ordered by the Administrator, the Order becomes final by operation of law as to the Respondents.

Witness my Hand and the Official Seal of the Oklahoma Department of Securities this 30th day of August, 2012.

(SEAL)



IRVING L. FAUGHT, ADMINISTRATOR OF THE
OKLAHOMA DEPARTMENT OF SECURITIES

CERTIFICATE OF MAILING

The undersigned hereby certifies that on the 30th day of August, 2012, a true and correct copy of the above and foregoing *Order to Cease and Desist and Notice of Opportunity for Hearing* was mailed by certified mail, return receipt requested, delivery restricted, with postage prepaid thereon, addressed to:

Ray Karl Hobbs
117 Cates Drive
Kaufman, TX 75142

Ray Karl Hobbs
5116 Glover Valley
The Colony, TX 75056

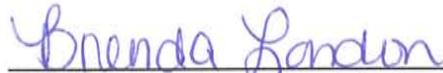
Jim M. Rios
7383 Greenacres Drive
Fort Worth, TX 76112

Charles H. Havens, Sr.
2942 Clear Creek Drive
Rockwall, TX 75032

DDC O&G Corp
c/o Charles Havens Sr.
12160 N. Abrams Rd Suite 220
Dallas, TX 75243

Domestic Development Co
c/o Charles Havens, Sr.
12160 N. Abrams Rd Suite 220
Dallas, TX 75243

Energy Revenue America, LLC
c/o Charles Havens, Sr.
12160 N. Abrams Rd Suite 220
Dallas, TX 75243



Brenda London, Paralegal

STATE OF OKLAHOMA
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ODS File No. 12-053

NOTICE OF SERVICE ON THE ADMINISTRATOR
AND
AFFIDAVIT OF COMPLIANCE

STATE OF OKLAHOMA)
)
COUNTY OF OKLAHOMA) ss.

The undersigned affiant, of lawful age, being first duly sworn upon oath deposes and states:

1. That he is the Administrator of the Oklahoma Department of Securities ("Administrator").
2. That a copy of the *Order to Cease and Desist and Notice of Opportunity for Hearing*, ("Order and Notice") was delivered to Affiant in the office of the Administrator on the 29th day of August, 2012, pursuant to Section 1-611 of the Oklahoma Uniform Securities Act of 2004 ("Act"), Okla. Stat. tit. 71, §§ 1-101 through 1-701 (2011).
3. That the Administrator has received service of process on behalf of Respondents, pursuant to Section 1-611 of the Act.
4. That a copy of the Order and Notice and a copy of this *Notice of Service on the Administrator and Affidavit of Compliance* are being sent this 30th day of August, 2012, by certified mail, return receipt requested,

delivery restricted to the addressees, to the last known addresses of Respondents, in compliance with Section 1-611 of the Act.

5. That this Affidavit of Compliance is declared filed of record as of the date set forth below in compliance with Section 1-611 of the Act.

FURTHER AFFIANT SAYETH NOT.

Dated this 30th day of August, 2012.

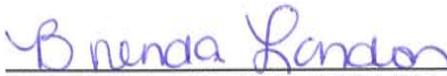
(SEAL)



IRVING L. FAUGHT, ADMINISTRATOR OF THE
OKLAHOMA DEPARTMENT OF SECURITIES

Subscribed and sworn to before me this 30th day of August, 2012.

(SEAL)



BRENDA LONDON, NOTARY PUBLIC

