

**STATE OF ALABAMA
ALABAMA SECURITIES COMMISSION**

IN THE MATTER OF:)	
)	
ALLIED ENERGY GROUP)	
ALLIED SYNDICATIONS, INC.)	ADMINISTRATIVE ORDER
RICHARD PAUL UNDERWOOD)	NO. CD-2007-0015
STEVE STENGELL)	
AARON GROGAN)	
)	
<u>RESPONDENTS</u>)	

CEASE AND DESIST ORDER

The Alabama Securities Commission ("Commission"), having the authority to administer and provide for the enforcement of all provisions of Title 8, Chapter 6, Code of Alabama 1975, the Alabama Securities Act, upon due consideration of the subject matter hereof, and having confirmed information of the offer and/or sale of securities into, within, or from the State of Alabama, has determined as follows:

RESPONDENTS

1. ALLIED ENERGY GROUP, ("AEG") is represented to be a Texas corporation, with a business address of 2800 Griffin Drive, Columbia, KY 42101.

2. ALLIED SYNDICATIONS, INC. ("ASI") is represented to be a Texas corporation, with a business address of 2800 Griffin Drive, Columbia, KY 42101.

3. RICHARD PAUL UNDERWOOD, ("UNDERWOOD") CRD #2459270, aka "RIC" is identified by records maintained in the Office of the Kentucky Secretary of State as the President of AEG and AIS with a business address of 2800 Griffin Drive, Columbia, KY 42101. At all times relevant to the violations set forth

herein, UNDERWOOD acted as an agent of AEG and AIS in the state of Alabama.

4. STEVE STENGELL, ("STENGELL") is identified in records maintained in the Office of Kentucky's Secretary of State as an Executive Vice President of AEG and ASI with a business address of 2800 Griffin Drive, Columbia, KY 42101. At all times relevant to the violations set forth herein, STENGELL acted as an agent of AEG and ASI in the state of Alabama.

5. AARON GROGAN, ("GROGAN") is identified as a sales representative of AEG and ASI with a business address of 2800 Griffin Drive, Columbia, KY 42101. At all times relevant to the violations set forth herein, GROGAN acted as an agent of AEG and ASI in the state of Alabama.

STATEMENT OF FACTS

6. Information made available to the Commission indicates that in the summer of 2004, GROGAN "Cold Called" a resident in Alabama and made an offer of an investment in stock/shares in AEG and ASI through a Regulation D, Rule 506 private placement offering.

7. A review of the Commission records disclosed that on October 7, 2003, AEG and ASI filed a notice of offering with the Commission for a private placement of securities in AEG and ASI pursuant to the exemption from registration provided by Regulation D, Rule 506.

8. A review of the files of the Alabama Securities Commission Registration Division disclosed no record of current registration, nor exemption from registration, for GROGAN as a Securities Agent or Dealer in the state of Alabama. Further review also disclosed that GROGAN's registration as a

broker/dealer terminated in March of 2002.

9. A review of the files of the Commission shows that AEG and ASI filed a Regulation D, Rule 506 notice filing in October 2003 which expired in October 2004. However, Grogan's summer 2004 cold call to an Alabama resident voided the exemption. At all times relevant from the cold call forward to the violations set forth herein, AEG and ASI acted as an unregistered securities dealer in the state of Alabama.

10. Information also made available to the Commission indicates that the Alabama resident had previously received a "Cold Called" solicitation by GROGAN and subsequently invested in a separate company named OTR Media ("OTR"), GROGAN's former employer. However, the Alabama resident had no previous relationship with AEG or ASI. Both AEG and OTR used the same business address.

11. A review of the files of the Registration Division of the Commission was conducted and disclosed that STENGELL's registration as a broker/dealer terminated in November of 2001.

12. A review of the files of the Registration Division of the Commission was conducted and disclosed that UNDERWOOD's registration as a broker/dealer terminated in June of 1997.

13. Further investigation disclosed that on March 5, 2004, the Texas State Securities Board filed a Cease and Desist Order #ENF-04-CDO-1562 ("the Texas Order") against Allied Energy Group, Allied Syndications, Inc., and Richard Underwood. The Texas Order alleged that AEG, ASI and UNDERWOOD (the "Texas respondents") offered unregistered securities to Texas residents through unregistered agents and dealers and made an offer

containing statements that are materially misleading or otherwise likely to deceive the public. The Texas Order alleges that the Texas respondents' conduct, acts and practices threaten immediate and irreparable public harm. The Texas respondents were ordered to cease and desist from offering unregistered securities in Texas, from acting as securities dealers or agents until registered in Texas or exempt from registration, and from engaging in conduct that is materially misleading or is otherwise likely to deceive the public in connection with the offer for sale of securities in Texas. The Texas respondents paid an assessed administrative fine in the amount of \$8,000 (eight thousand dollars).

CONCLUSIONS OF LAW

14. Section 8-6-2 (10), Code of Alabama 1975, defines a certificate of interest or participation in an oil, gas, or mining title or lease or in payments out of production under such a title or lease, or any right to subscribe to any of the foregoing, as a security. The Participation Agreements offered by the RESPONDENTS to the Alabama resident are securities.

15. Section 8-6-4, Code of Alabama 1975 states: "It is unlawful for any person to offer or sell any security in this state unless it is registered under this article; the security is exempt from registration under Section 8-6-10; or the transaction is exempt under Section 8-6-11." The securities offered and sold by the RESPONDENTS were neither registered nor exempt from registration in Alabama at the time of solicitation or sale, in violation of Section 8-6-4.

16. Pursuant to Section 8-6-3, Code of Alabama 1975, it is unlawful for any person to transact business in this state as a Dealer, Agent, Investment Advisor, or Investment Advisor Representative unless he is registered under this article. RESPONDENTS are not registered as a Dealer, Agent, Investments Advisor, or Investment Advisor Representative the State of Alabama, and have effected

security transactions with Alabama residents in violation of the Act.

17. Under Section 8-6-2(2), Code of Alabama 1975, the definition of "agent" includes any individual who represents an issuer in effecting sales of securities. RESPONDENT GROGAN's actions described in paragraphs 6, 7, and 8 establish that GROGAN acted as an agent of AEG and ASI under the Act.

18. Pursuant to Section 8-6-17(a)(2) Code of Alabama 1975, prohibited acts include making an untrue statement of a material fact or omitting to state a material fact necessary in order to make the statements made, in light of the circumstances under which they are made, not misleading. RESPONDENTS omitted to inform the Alabama investors of the Cease and Desist Order that was issued on March 5, 2004, that the securities offered and sold by the RESPONDENTS were neither registered nor exempt from registration in Alabama at the time of solicitation or sale.

19. The violation committed by GROGAN voids any exemption claimed by AEG or ASI concerning the offering of common stock in the private placement memorandum issued by the company. This conduct is in violation of the United States Securities and Exchange Regulation 230.502(c), regarding Limitation on Manner of Offering. The exemption for registration concerning Reg. D 506 filing (Limited Offering) is conditional to the issuer abiding by the rules against general solicitation.

This Order does not prevent the Alabama Securities Commission from seeking such other civil or criminal remedies that are available to it under the Alabama Securities Act.

This Order is appropriate in the public interest for the protection of investors and consistent with the purpose of the Alabama Securities Act.

ACCORDINGLY, IT IS HEREBY ORDERED that AEG, AIS, GROGAN, STENGELL, and UNDERWOOD, CEASE AND DESIST from further offers or sales of any security into, within, or from the State of Alabama.

Entered at Montgomery, Alabama, this 29th day of May, 2007.



ALABAMA SECURITIES COMMISSION
770 Washington Street, Suite 570
Montgomery, Alabama 36130-4700
BY:

A handwritten signature in black ink, appearing to read "Joseph P. Borg", is written over a horizontal line. The signature is stylized and somewhat cursive.

JOSEPH P. BORG
Director

JPB/ndw