

STATE OF ALABAMA  
ALABAMA SECURITIES COMMISSION

IN THE MATTER OF:	)	
	)	
NORTHSTAR ENERGY, INC.	)	
LARRY M. KOONCE	)	ADMINISTRATIVE ORDER
PAUL M. ESPOSITO	)	NO. CD-2005-0053
TEXAS SECURITIES PARTNERS, INC.	)	
BRIAN ALAN GUINN	)	
TONY EUGENE MORRISON	)	
JAMES GREGORY RICE	)	
CHRISTOPHER R. MADRID	)	
	)	
<u>RESPONDENTS</u>	)	

CEASE AND DESIST ORDER

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

RESPONDENTS

1. NORTHSTAR ENERGY, INC ("NORTHSTAR") is a Texas corporation with a business address of 740 Lexington Drive, Plano, Texas 75075.
2. LARRY M. KOONCE (KOONCE), at all times relevant, was President of NORTHSTAR, with a business address of 740 Lexington Drive, Plano, Texas 75075.
3. PAUL M. ESPOSITO ("ESPOSITO"), at all times relevant, was the Chief Executive Officer of NORTHSTAR, NORTHSTAR, with a business address of 740 Lexington Drive, Plano, Texas 75075.

4. TEXAS SECURITIES PARTNERS, INC. (TSPI), is a Texas Corporation and Alabama registered broker dealer, CRD# 46247, with a business address of 740 Lexington Drive, Plano, Texas 75075.

5. BRIAN ALAN GUINN ("GUINN"), at all times relevant, was the Chief Executive Officer AND Designated Principal, CRD# 2805926, of TSPI, with a business address of 740 Lexington Drive, Plano, Texas 75075.

6. TONY EUGENE MORRISON ("MORRISON"), at all times relevant, was the President and Registered Principal, CRD# 4362545, TSPI, with a business address of 740 Lexington Drive, Plano, Texas 75075.

7. JAMES GREGORY RICE ("RICE"), at all times relevant, was a TSPI Alabama registered broker dealer agent, CRD# 4804281, with a business address of 740 Lexington Drive, Plano, Texas 75075.

8. CHRISTOPHER RENE MADRID ("MADRID"), at all times relevant, was a TSPI Alabama registered broker dealer agent, CRD# 4598127, with a business address of 740 Lexington Drive, Plano, Texas 75075.

#### STATEMENT OF FACTS

9. On August 18, 2004, NORTHSTAR filed a notice of offering pursuant to Regulation, Rule 506 with the Commission for a private placement of securities for the Northstar Wallis Prospect #1 Joint Venture.

10. In October of 2004, an Alabama resident visited the NORTHSTAR web site and, following the instructions on the web site, completed a questionnaire regarding current and future offering.

11. Subsequent to the Alabama resident's completion of the questionnaire RICE called offered and sold the Alabama resident interests in the Northstar Wallis Prospect #1 Joint venture.

12. In November of 2004, Rice called the Alabama resident offered and sold interests in the Northstar Exxon-Will O Joint Venture.

13. On January 6, 2005, NORTHSTAR filed a notice of offering pursuant to Regulation D, Rule 506 with the Commission for a private placement of securities for the Northstar Exxon-Will O Joint Venture.

14. In March of 2005 MADRID called the Alabama resident and offered and sold interests in the Northstar Davis #5-B Joint Venture.

#### CONCLUSIONS OF LAW

15. To qualify for an exemption from registration under Rule 506 of the Securities Act of 1933, offers and sales of securities must satisfy all terms and conditions of Rules 501 and 502. Rule 502(c) of the 1933 Act states "neither the issuer nor any person acting on its behalf shall offer or sale the securities by any form of general solicitation or general advertising." Pursuant to SEC Release No 33-7856, an issuer's use of an Internet web site in connection with a purported private offering would constitute a "general solicitation" and therefore disqualify the offering as "private". Both Northstar Wallis Prospect #1 and Northstar Exxon-Will O Joint Venture were offered via internet solicitation and therefore did not qualify for Regulation D, Rule 506 exemption.

16. A review of the registration files of the Commission revealed no other registration filings or exemptions for the securities of NORTHSTAR. The securities offered and sold by the RESPONDENTS were neither registered nor exempt from registration in Alabama. Sale of securities in the state of Alabama, without benefit of registration or exemption from registration, is a violation of Section 8-6-4, Code of

Alabama 1975.

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

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

**ACCORDINGLY, IT IS HEREBY ORDERED** that RESPONDENTS immediately **CEASE AND DESIST** from further offers or sales of any security into, within or from the state of Alabama.

Entered at Montgomery, Alabama, this 14<sup>th</sup> day of December, 2005.



ALABAMA SECURITIES COMMISSION  
770 Washington Avenue, Suite 570  
Montgomery, AL 36130-4700  
(334) 242-2984

BY:

A handwritten signature in black ink, appearing to read "J. Randall McNeill", written over a circular stamp.

J. RANDALL McNEILL  
DEPUTY DIRECTOR