STATE OF ALABAMA
ALABAMA SECURITIES COMMISSION

IN THE MATTER OF:

GULF COAST WESTERN LLC
CHARLES REED CAGLE
MATTHEW HARRIS FLEEGER
DANIEL LAMONTAGNE

RESPONDENTS

ADMINISTRATIVE ORDER
NO. CD-2010-00 13

CEASE AND DESIST ORDER

The Alabama Securities Commission ("Commission"), having authority 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. GULF COAST WESTERN, LLC ("GCW") is a Texas Corporation having a commercial address of 12750 Merit Drive, Park Central VII, Suite 770, Dallas, Texas 75251.

2. CHARLES REED CAGLE ("CAGLE"), at all times relevant, acted as Co-Chief Executive Officer of GCW, with a business address of 12750 Merit Drive, Park Central VII, Suite 770, Dallas, Texas 75251.

3. MATTHEW HARRIS FLEEGER ("FLEEGER"), at all times relevant, acted as Co-Chief Executive Officer of GCW, with a business address of 12750 Merit Drive, Park Central VII, Suite 770, Dallas, Texas 75251.
4. DANIEL LAMONTAGNE ("LAMONTAGNE"), at all times relevant, acted as Associate Vice President of GCW, with a business address of 12750 Merit Drive, Park Central VII, Suite 770, Dallas, Texas 75251.

STATEMENT OF FACTS

5. The Commission is in receipt of information that on or about January 22, 2009, a representative of GCW engaged in the offer and sale of unregistered securities, to wit: units of general partnership interests [Joint Venture] in the VACHERIE II JOINT VENTURE, to an Alabama resident.

6. Information made available to the Commission indicates that LAMONTAGNE made a general solicitation ("cold call") to an Alabama resident. The following day offering documents, entitled Confidential Information Memorandum, were mailed by representatives of GCW to the same Alabama resident. The offering materials represented CAGLE and FLEEGER as the Co-Chief Executive Officers of GCW.

7. The offering memorandum describes the investment offered to the Alabama resident as the participation in units of general partnership interest in a joint venture to be formed under Texas partnership law to engage primarily in the business of exploration, production from, and operation of an oil and gas well (the "prospect well") in St. James Parish, Louisiana. The investment objectives are stated to be to (1) acquire the Prospect Wellbore acreage and participate in operations thereon to drill, test and, if appropriate, Complete a Well; (2) provide cash distributions from Operations; and (3) in its initial year(s) of operation, provide current tax benefits to Venturers to offset income from any source.

8. Annex B of the same offering memorandum states a material misrepresentation which cites the following: "... in a state administrative proceeding in Alabama, which essentially dismissed that state's claim that similar joint venture interests were securities." There have been no administrative proceedings involving the RESPONDENTS, which resulted in a decision by the Commission that joint venture interests were not securities.
9. A review of the files of the Commission conducted on November 19, 2009, disclosed that **RESPONDENTS** were neither registered nor exempt from registration to offer and sell securities in Alabama.

10. A review of the Commission’s files, performed on November 19, 2009, disclosed no record of registration or any perfected exemption from registration for the securities, to wit: units of interest in the Vacherie II Joint Venture, offered to Alabama residents.

11. Federal Express shipping documents received by the Commission disclosed that between the dates of October 2008 and April 2009, **RESPONDENTS** mailed approximately 100 or more parcels to Alabama residents, potentially representing numerous offers or sales of investment opportunities in oil and gas ventures.

12. A further review of the Commission files disclosed that between the dates of October 2008 and April 2009, **RESPONDENT CAGLE** was subject to Administrative Cease and Desist Order 2007-0036, in a matter of similar oil and gas Joint Venture offers.

13. The **GCW** Offering Memorandum delivered to the Alabama resident fails to disclose the referenced Administrative Order, which constitutes an omission of material fact.

**CONCLUSIONS OF LAW**

14. The units of interest in the Vacherie II Joint Venture offered by **RESPONDENTS** represent certificates of interest or participation in an oil, gas, or mining title or lease or in payments out of production under such title or lease. Alabama's statutory definition of security pursuant to Section 8-6-2(10), Code of Alabama 1975, includes any certificate of interest or participation in an oil, gas, or mining title or lease or in payments out of production under such title or lease. The interests offered by **RESPONDENTS** and specifically identified as “units of general partnership interests” in the Vacherie II Joint Venture are securities under the Act.
15. Pursuant to Section 8-6-3(a), Code of Alabama 1975, it is unlawful for any person to transact business in this state as a dealer or agent for securities unless he is registered under this article. The definition of agent under Section 8-6-2(2), Code of Alabama 1975, includes any individual who represents a dealer or an issuer in effecting or attempting to effect sales of securities. LAMONTAGNE acted as an agent of GCW and transacted business in Alabama without benefit of registration in violation of Section 8-6-3(a) of the Act.

16. Pursuant to Section 8-6-3(a), it is unlawful for any dealer or issuer to employ an agent unless the agent is registered. GCW, CAGLE, and FLEEGER employed LAMONTAGNE, who acted as their agent, while not being properly registered in violation of the Act.

17. Pursuant to Section 8-6-4, Code of Alabama 1975, it is unlawful to offer or sell any security in this state unless it is registered under the Act, the security is exempt from registration pursuant to Section 8-6-10, or the transaction is exempt under Section 8-6-11. The securities offered to the Alabama residents, to wit: units of interest in the Vacherie II Joint Venture were neither registered nor exempt from registration in violation of the Act.

18. Pursuant to Section 8-6-17(a)(2), Code of Alabama 1975, it is unlawful for a person to omit to state a material fact, in light of the circumstances under which they are made, in connection with the offer, sale or purchase of a security. The fact that CAGLE was subject to an Alabama Administrative Order to Cease and Desist in the offer and sale of securities in the state of Alabama and this order was never conveyed to the Alabama resident during the general solicitation nor in the offering materials, represents an omission of a material fact.

19. Pursuant to Section 8-6-17(a)(2), Code of Alabama 1975, it is unlawful for a person to make any untrue statement of material fact in connection with the offer, sale or purchase of a security. GCW, CAGLE and FLEEGER caused offering documents to be distributed to Alabama residents which contained a flagrant material misrepresentation, to
wit: "... in a state administrative proceeding in Alabama, which essentially dismissed that state's claim that similar joint venture interests were securities," in violation of the Act.

This Order does not prevent the Alabama Securities Commission from seeking such other administrative, 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.

Additionally, if the allegations set forth herein are found to be true, through either administrative adjudication, failure of the RESPONDENTS to make a timely request for hearing, or default of the respondents, it is the intention of the Commission to impose sanctions upon the RESPONDENTS. Such sanctions may include, inter alia, an administrative assessment imposed on RESPONDENTS, an additional administrative assessment for investigative costs arising from the investigation of the violation(s) described herein against RESPONDENTS, and a permanent order to bar RESPONDENTS from participation in any securities related industry in the state of Alabama.

ACCORDINGLY, IT IS HEREBY ORDERED that the 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 3rd day of March, 2010.

ALABAMA SECURITIES COMMISSION
401 Adams Avenue, Suite 280
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(334) 242-2984

BY:

Joseph P. Borg
Director