

**STATE OF ALABAMA
ALABAMA SECURITIES COMMISSION**

IN THE MATTER OF:

**OKLAHOMA FORCE POOL JOINT VENTURE #3
BLUEPAC MANAGEMENT LLC
STANLEY ROSE
JEFF QUIANE**

RESPONDENTS

**ADMINISTRATIVE ORDER
NO. CD 2010- 00 25**

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 ("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. **OKLAHOMA FORCE POOL JOINT VENTURE #3 ("OFPJV")** is a Colorado joint venture with a principle business address of 6455 North Union Boulevard, Suite 200, Colorado Springs, Colorado 80918.

2. **BLUEPAC MANAGEMENT LLC ("BLUEPAC")** is a Colorado corporation with a principle business address of 6455 North Union Boulevard, Suite 200, Colorado Springs, Colorado 80918. **BLUEPAC** is the Managing Venturer of **OFPJV**.

3. **STANLEY ROSE ("ROSE")** during all times relevant was represented in **BLUEPAC** documents to be CEO and President of **BLUEPAC** with a principle business address of 6455 North Union Boulevard, Suite 200, Colorado Springs, Colorado 80918.

4. **JEFF QUIANE** ("**QUIANE**") during all times relevant was represented in **BLUEPAC** documents to be Associate Vice President of **BLUEPAC** with a principle business address of 6455 North Union Boulevard, Suite 200, Colorado Springs, Colorado 80918.

STATEMENT OF FACTS

5. The Commission received information that in or about January 2009, **QUIANE**, representing **BLUEPAC**, cold called an Alabama resident, with whom neither **QUIANE** nor any other **RESPONDENT** had a previous business relationship, to offer an investment in a joint venture called Oklahoma Force Pool JV #3 (**OFPJV**). **QUIANE** also sent a letter, dated January 13, 2009 with a confidential private placement memorandum ("**PPM**") and subscription documents to the Alabama resident. The letter identifies **QUIANE** as Associate Vice President of **BLUEPAC**. The letter states, "*I am excited to be able to put this project in front of you. Per our conversation, I will only require ten to fifteen minutes of your time to step you through the highlights of this package and show you how you can benefit from our drilling program.*" The subscription documents included a joint venture agreement, an application agreement and a confidential questionnaire.

6. The **PPM** identified **OFPJV** as a "Colorado Joint Venture". The total offering was \$1,600,000, which involved 16 Units of Joint Venture Interest at \$100,000 per Unit. The minimum participation was ½ Unit at \$50,000, which included a "completion assessment" of \$12,500.

7. The **PPM** stated, in part, "The purposes for which the Joint Venture is organized are: (a) to acquire all or part of the working interest in those certain oil/gas prospects more fully described in the Memorandum and relating to this Joint Venture..."

8. The **PPM** identified **BLUEPAC** as the Managing Venturer of the joint venture.

9. The **PPM** identified **ROSE** as the majority shareholder, CEO and President of

BLUEPAC.

10. On January 10, 2010, a review of the Commission's registration files disclosed no record of registration nor any perfected exemption from registration for the **OFPJV** Units of Joint Venture Interest in the State of Alabama.

11. On January 10, 2010, a review of the Commission's registration files disclosed no record of registration for the **RESPONDENTS** as a Dealer or Agent for securities in the state of Alabama.

12. On February 8, 2010, a search of the United States Securities and Exchange Commission, EDGAR database website, did not locate a Form D filing by **OFPJV** or **BLUEPAC** for the Units of Joint Venture Interest.

13. On February 9, 2010, the Oklahoma Corporations Commission, Oil and Gas Complaints and Information Section, reported no listing for **BLUEPAC** or **ROSE** in their oil and gas operator and purchaser database.

CONCLUSIONS OF LAW

14. Pursuant to Section 8-6-2(10), Code of Alabama 1975, Alabama's statutory definition of a security 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 Units of Joint Venture Interest in **OFPJV** offered by **RESPONDENTS** constitute certificates of interest or participation in an oil, gas or mining title lease or in payments out of production under such title or lease. The investments offered by **RESPONDENTS** as units of interest in **OFPJV** are securities under the Act.

15. Pursuant to Section 8-6-2(2), Code of Alabama 1975, the definition of "agent" includes any individual who represents a dealer or an issuer in effecting or attempting to effect sales of securities. **QUIANE** by soliciting the sale of securities, to wit; the Units of Joint Venture Interest in **OFPJV**, to an Alabama resident is an

"Agent" as defined by the Act. **QUIANE** was not registered as an agent in the state of Alabama.

16. Pursuant to Section 8-6-3(a), Code of Alabama 1975, it is unlawful for a person to transact business in this state as a dealer or agent for securities unless such person is registered under the Act. **BLUEPAC** acted in the capacity of a broker dealer. **BLUEPAC** was not registered as a broker dealer in the state of Alabama.

17. 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 the Act; 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, to wit; the Units of Joint Venture Interest in **OFPJV** by the **RESPONDENTS** were neither registered nor exempt from registration in Alabama in violation of the Act.

18. Pursuant to Section 8-6-3(a), Code of Alabama, 1975, it is unlawful for any dealer or issuer to employ an agent unless the agent is registered. **BLUEPAC** and **ROSE** unlawfully employed an agent, **QUIANE**, who was not registered under the Act.

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

This Order does not prevent the Commission from seeking such other civil or criminal remedies that may be available to it under the Alabama Securities 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 **RESPONDENTS** immediately **CEASE AND DESIST** from further offers or sales of any security into, within or from the state of Alabama.

Entered at Montgomery, AL, this 21st day of May, 2010.



ALABAMA SECURITIES COMMISSION

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BY:

A handwritten signature in black ink, appearing to read "Joseph P. Borg", is written over the printed name and title. The signature is stylized with large, sweeping loops and a long, trailing flourish that extends downwards and to the right.

Joseph P. Borg
Director