

STATE OF ALABAMA
ALABAMA SECURITIES COMMISSION

IN THE MATTER OF:)
FUSION ENERGY, LLC)
RED RUBY #2 JOINT VENTURE)
WILLIAM SCOTT COURT)
PAT HUGHES)
RESPONDENTS)
ADMINISTRATIVE ORDER
NO.CD-2010- 0048

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. **FUSION ENERGY, LLC (FUSION ENERGY)** is a Texas limited liability company with offices and principal place of business at 6119 Greenville Avenue, Suite 386, Dallas, Texas 75206.
2. **RED RUBY #2 JOINT VENTURE (RED RUBY 2)** is a Texas Joint Venture whose address is in care of **FUSION ENERGY**, 6119 Greenville Avenue, Suite 386, Dallas, Texas 75206.
3. **WILLIAM SCOTT COURT (COURT)** is identified in **RED RUBY 2** documents as the President of **FUSION ENERGY** with offices and principal place of business at 6119 Greenville Avenue, Suite 386, Dallas Texas 75206.

4. **PAT HUGHES (HUGHES)** purports to be an agent of **FUSION ENERGY** with an office and principal place of business at 6119 Greenville Avenue, Suite 386, Dallas Texas 75206.

STATEMENT OF FACTS

5. On July 16, 2010, a resident of the State of Alabama was contacted telephonically by an individual who identified himself as **HUGHES**. The Alabama resident had no previous business relationship with **HUGHES**, **FUSION ENERGY**, or **RED RUBY 2**; however, **HUGHES** solicited the Alabama resident for an investment in **RED RUBY 2**. The Alabama resident requested information from **HUGHES** regarding **RED RUBY 2**.

6. On July 17, 2010, the Alabama resident received a "PRIORITY OVERNIGHT" package from **FUSION ENERGY** via FedEx Express. The package included a "CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM" re: **RED RUBY #2 JOINT VENTURE (PPM)**; a "JOINT VENTURE AGREEMENT OF **RED RUBY #2 JOINT VENTURE**" (**JOINT VENTURE AGREEMENT**) and related exhibits including an Execution Page and Power of Attorney, an Application Agreement, a Questionnaire, a Quality Control Questionnaire, a Red Ruby #2 Joint Venture Representative Questionnaire; a GEOLOGICAL REVIEW, Red Ruby 2; and Form W-9, Request for Taxpayer Identification Number and Certification.

7. The **PPM** identified **RED RUBY 2** as a Texas Joint Venture offering 14 units of joint venture interest at \$92,000.00 per unit, excluding up to \$50,000.00 per unit in Completion Assessments. The **PPM** states, "the venture will be formed under Texas partnership law to participate in the acquisition, drilling, testing, and if appropriate, completion of one (1) oil well located in Dawson County, Texas." The **PPM** identified **FUSION ENERGY** as the Managing Venturer of the joint venture.

8. On July 17, 2010, following the receipt of the "PRIORITY OVERNIGHT" package from **FUSION ENERGY**, the Alabama resident was contacted once again by **HUGHES**. The Alabama resident informed **HUGHES** that he had not had time to review the information received. On Monday, July 19, 2010, **HUGHES** once again contacted the Alabama resident regarding an investment in **RED RUBY 2**. The Alabama resident informed **HUGHES** that he had not had time to review the information received.

9. On July 27, 2010, a search of the United States Securities and Exchange Commission, EDGAR database, did not disclose a Form D filing by **FUSION ENERGY** for **RED RUBY 2**.

10. On July 27, 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.

CONCLUSIONS OF LAW

11. Section 8-6-2 (10), Code of Alabama, 1975, includes, in pertinent part, the definition of a security as 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 interest in **RED RUBY 2** via the **JOINT VENTURE AGREEMENT** offered by the **RESPONDENTS** constitute a security, to wit: certificates of interest or participation in an oil, gas or mining title lease or in payments out of production under such title or lease.

12. Section 8-6-2(2), Code of Alabama, 1975, defines an agent as any individual who represents a dealer or issuer in effecting or attempting to effect sales of securities. **HUGHES**, by soliciting an investment, to wit; units of interest in **RED RUBY 2** via the **JOINT VENTURE AGREEMENT**, from an Alabama resident, acted as an Agent of **FUSION ENERGY**.

13. Section 8-6-3(a), Code of Alabama, 1975, of the Alabama Securities Act states that it is unlawful for any person to transact business in this state as a Dealer or Agent for securities unless such person is registered with the Commission. As President of **FUSION ENERGY, COURT** allowed units of interest in **RED RUBY 2** via the **JOINT VENTURE AGREEMENT** to be offered in the State of Alabama without benefit of registration. **HUGHES** made said solicitation without being registered as an Agent with the Commission in violation of the Act.

14. Section 8-6-4, Code of Alabama, 1975, of the Alabama Securities Act states that it is unlawful for any person to offer or sell any security in this state unless: (1) it is registered under the Act; (2) the security is exempt from registration under section 8-6-10; or (3) the transaction is exempt under section 8-6-11. The security offered; to wit: units of interest in **RED RUBY 2** via the **JOINT VENTURE AGREEMENT** by the **RESPONDENTS**, was neither registered nor exempt from registration in Alabama in violation of the Act.

This Order is appropriate in the public interest for the protection of investors and is consistent with the purposes of the 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 administrative adjudication, failure of the **RESPONDENTS** to make a timely request for hearing, or default of the respondent, 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**, and additional administrative assessment for investigative cost arising from the investigation of the violations 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 FUSION ENERGY, LLC, RED RUBY #2 JOINT VENTURE, WILLIAM SCOTT COURT, and PAT HUGHES 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 24th day of August, 2010.



ALABAMA SECURITIES COMMISSION
401 Adams Avenue, Suite 280
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BY:

Joseph P. Borg
Director