

**STATE OF ALABAMA
ALABAMA SECURITIES COMMISSION**

IN THE MATTER OF:

K-SAM OIL COMPANY, LLC
OLD TOWN BAY DRILLING VENTURE
MICHAEL P. KRASNER

RESPONDENTS

)
)
)
)
)
)
)

ADMINISTRATIVE ORDER
NO.CD-2011-0014

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. **K-SAM OIL COMPANY, LLC. (K-SAM)** is a Texas limited liability company with offices and principal place of business at 5844 Norway Road; Dallas, Texas 75230.
2. **OLD TOWN BAY DRILLING VENTURE (OLD TOWN)** is a drilling venture being marketed by **K-SAM** whose business address is 5844 Norway Road; Dallas, Texas 75230.
3. **MICHAEL P. KRASNER (KRASNER)** has been identified as the President and Managing Member of **K-SAM** with offices and principal place of business at 5844 Norway Road; Dallas, Texas 75230.

STATEMENT OF FACTS

4. On or about November 18, 2010, a Special Agent employed by the Commission received a telephone call from **KRASNER**. **KRASNER** was referred to the agent by a resident of the State of Alabama who **KRASNER** had cold called. In referring **KRASNER** to the agent, the Alabama resident represented to **KRASNER** that the agent was the resident's brother-in-law who managed their joint investments.

5. **KRASNER** represented to the agent that he was calling on behalf of **K-SAM** of Dallas, Texas. **KRASNER** further noted that he has been in the oil business for approximately thirty (30) years. **KRASNER** represented that **K-SAM** was embarking on a new drilling venture by the name of **OLD TOWN**. **KRASNER** further represented that he could let the Commission Agent and his brother-in-law join the venture for a \$15,000.00 to \$30,000.00 investment.

6. The Commission Agent asked **KRASNER** if he was registered with the Alabama Securities Commission relative to the **OLD TOWN** offering. **KRASNER** stated that he was not registered with the Commission.

7. On November 22, 2010, a search of the United States Securities and Exchange Commission, EDGAR database, did not disclose a Regulation D, Rule 506 filing by **K-SAM** or **OLD TOWN**.

8. On November 22, 2010, a review of the Commission's registration files confirmed that neither **K-SAM**, **OLD TOWN**, nor **KRASNER** were registered as a Dealer, Agent, Investment Advisor, or Investment Advisor Representative for securities in the State of Alabama. Additionally, no notice filing was perfected for **KRASNER**, **K-SAM**, or **OLD TOWN** relative to a Form D filing for the subject offering.

CONCLUSIONS OF LAW

9. Pursuant to Section 8-6-2 (10), Code of Alabama, 1975, the definition of a security includes, in pertinent part, “. . . any 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 . . .” The interest in **OLD TOWN** offered by the **RESPONDENTS** is a security under the Act.

10. 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. **KRASNER**, by soliciting an investment, to wit; interest in **OLD TOWN**, from an Alabama resident, acted as an Agent of **K-SAM** and is an agent under the Act.

11. 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 such person is registered with the Commission. As President and Managing Member of **K-SAM**, **KRASNER** offered interest in **OLD TOWN** to an Alabama resident without benefit of registration. **KRASNER** made said solicitation without being registered as an Agent with the State of Alabama, in violation of the Act.

12. Pursuant to Section 8-6-4, Code of Alabama, 1975, 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: an interest in **OLD TOWN** was neither registered nor exempt from registration in Alabama in violation of the Act.

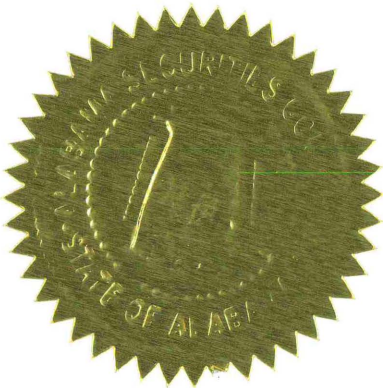
This Order is appropriate in the public interest for the protection of investors and is consistent with the purposes of the Act.

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.

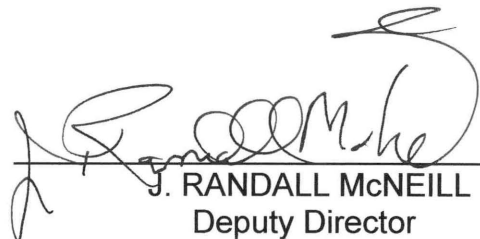
Additionally, if the allegations set forth herein are found to be true, though administrative adjudication, failure of the **RESPONDENTS** to make a timely request for hearing, or default of the respondent, it is the intention of the Commission to impose sanctions upon the **RESPONDENTS**. Such sanctions 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 **K-SAM OIL COMPANY, LLC; OLD TOWN BAY DRILLING VENTURE;** and **MICHAEL P. KRASNER** 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 19th day of May, 2011.



ALABAMA SECURITIES COMMISSION
401 Adams Avenue, Suite 280
Montgomery, AL 36104
(334) 242-2984
BY:


J. RANDALL McNEILL
Deputy Director