

**BEFORE THE SECURITIES COMMISSIONER  
OF THE STATE OF KANSAS**

In the matter of: )  
 )  
 )  
 RICKY KNOWLES, )  
 )  
 Respondent. )  
 )

Docket No. 10 E 104  
KSC No. 2008-5414

\_\_\_\_\_ )  
A proceeding pursuant to K.S.A. 17-12a604(a)

**CEASE AND DESIST ORDER**

**COMES NOW** the above-entitled matter for consideration by the Securities Commissioner of Kansas.

Pursuant to K.S.A. 17-12a602, staff for the Office of the Securities Commissioner has conducted an investigation to determine whether the Respondent has violated or is about to violate the Kansas Uniform Securities Act, K.S.A. 17-12a101, *et seq.* The Commissioner finds that sufficient evidence exists to provide cause under K.S.A. 17-12a604 to take administrative action against the Respondent.

Having been apprised of the facts revealed in that investigation, the Commissioner finds as follows:

**Findings of Fact**

1. Respondent Ricky Knowles is the President of Knowles Consulting, LLC and has a present address of [REDACTED].
2. Knowles Consultants, LLC is involved in the oil industry in Plano, Texas.
3. On or about October 17, 2007, Respondent Knowles made an unsolicited phone call to [REDACTED] of Eureka, Kansas, in order to solicit Mr. [REDACTED] to invest in the Spruill Lease Project Joint Venture.

4. Mr. ██████████ contacted the Office of the Kansas Securities Commissioner and an investigation ensued.
5. Knowles Consulting, LLC solicited seven Kansans to invest in 2006 Knowles Drilling Fund I, a six Texas well project intended to raise \$675,000 through the sales of ten units for \$67,500 each.
6. One Kansas resident invested in two \$5,000 transactions on November 27, 2006 and March 20, 2007, respectively.
7. Respondent Knowles and Knowles Consulting, LLC failed to file an application for registration of securities with the Office of the Kansas Securities Commissioner.
8. Respondent Knowles and Knowles Consulting, LLC failed to file notice claiming any exemption from registration of securities pursuant to the Kansas Uniform Securities Act.

#### **Conclusions of Law**

9. The units in 2006 Knowles Drilling Fund I are securities as defined by K.S.A. 17-12a102(28).
10. Respondent Knowles' sale, via Knowles Consulting, LLC, of a partial unit in 2006 Knowles Drilling Fund I to a Kansas resident was made in violation of K.S.A. 17-12a301.

#### **Cease and Desist Order**

**IT IS, THEREFORE, ORDERED** by the Commissioner that the Respondent and their officers, agents, servants, employees, and any person in concert or participation with them who receives actual notice of this Order, shall immediately **CEASE AND**

DESIST in the State of Kansas from soliciting offers to buy or making offers to sell, or effecting or transacting sales of securities, or the securities of any other person or issuer, or directly or indirectly aiding and assisting in the same or attempting to do the same, unless and until (1) such securities have been registered for offer and sale pursuant to the provisions of the Kansas Uniform Securities Act, or unless and until such securities are specifically exempt from the registration requirements of the Kansas Uniform Securities Act; (2) the Respondent and all other affiliates, employees or contractors of the Respondent who are to be engaged in such solicitations, offers and sales first become registered as broker-dealers or agents pursuant to the provisions of the Kansas Uniform Securities Act, or unless and until such persons are specifically exempt from such registration requirements of the Kansas Uniform Securities Act; and (3) the Respondent refrain from all acts and practices which constitute violations or are about to constitute violations of the Kansas Uniform Securities Act.

### **Opportunity for Hearing**

If the Respondent wishes to contest the issuance of this order, then the Respondent must file a request for hearing. The request for hearing must be in the manner and form prescribed by K.A.R. 81-11-5, and it must be filed with the Office of the Securities Commissioner, 618 S. Kansas Avenue, Topeka, Kansas 66603-3804. The request for hearing must be verified under oath by the Respondent, and if the Respondent disputes any of the Findings of Fact or Conclusions of Law set forth above, the Respondent shall specifically deny them or they will be deemed admitted. In addition, the Respondent may offer evidence and argument to mitigate the allegations. If the allegations are properly disputed, the matter will be set for a hearing which shall be

conducted in accordance with the provisions of the Kansas Administrative Procedures Act. If no request for hearing is filed within 33 days after the date of mailing shown on the Certificate of Service for this order, the order will become final without further proceedings.

The Office of the Securities Commissioner shall be represented in this matter by Wiley Kannarr, Associate General Counsel, 618 S. Kansas Ave., Topeka, Kansas, 66603, (785) 296-5215.

**IT IS SO ORDERED BY THE COMMISSIONER** this 19th day of August, 2009.

/s/ Chris Biggs  
CHRIS BIGGS  
Securities Commissioner

**NOTICE:**

**(1) Pursuant to K.S.A. 17-12a508(a), any intentional violation of an order issued under the Kansas Uniform Securities Act is a felony criminal offense.**

**(2) This decision may constitute final agency action that is subject to judicial review. The agency officer to receive service of a petition for judicial review on behalf of the Office of the Kansas Securities Commissioner is Chris Biggs, Securities Commissioner, at 618 South Kansas Avenue, Topeka, Kansas, 66603.**