

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

In the matter of:

REB Refining LLC,

Docket No. 12 E 020

KSC No. 2011-5805

and

Russell E. Hutchison,

Respondents.

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

**STIPULATION FOR CONSENT ORDER FOR RESPONDENTS RUSSELL E.  
HUTCHISON AND REB REFINING LLC**

This proceeding follows an investigation conducted by the staff of the Office of the Securities Commissioner of Kansas pursuant to K.S.A. 17-12a602. As a result of the investigation, Staff for the Office of the Securities Commissioner (“Staff”) allege that:

**Allegations of Fact**

1. Respondent REB Refining LLC is a Kansas limited liability company formed April 5, 2004. The company is currently forfeited for failure to file an annual report. The last known address for the company is P.O. Box 4722, Topeka, Kansas 66604.
2. Respondent Russell E. Hutchison (“Hutchison”) is the owner, operator, and agent of REB Refining LLC, with the last known address of [REDACTED]  
[REDACTED]
3. In late 2010, Staff conducted a search of the records of the Kansas Securities Commissioner and found that the agency had received several complaints about a web site, owned and operated by Hutchinson and/or REB Refining LLC, [www.rebrefining.com](http://www.rebrefining.com), offering investment advice and soliciting for investors.

4. On or about December 29, 2010, Staff reviewed the website and observed an internet posting posted for the general public, in which Hutchison and REB Refining LLC made an investment offering.
5. On the website, Hutchison was offering two types of investment platforms. The first was a trading account opened by the investor typically through an online trading firm with Hutchison having trading authority. Hutchison proposed to then buy and sell selected securities on behalf of the investor. Hutchison stated that he was to receive no compensation until he showed a profit on the trades, but after the trades showed a profit, he was then to receive twenty-five percent of the profits after payment of all trading fees.
6. The second platform was for the investor to purchase a Corporate Mortgage Bond through Hutchison at a minimum amount of \$50,000. Hutchison claimed the funds were backed by real estate purchases to be made or real estate already owned by Hutchison.
7. Staff conducted a search of the records of the Kansas Securities Commissioner and found that the securities being offered through REB by Hutchison were not registered under the Kansas Uniform Securities Act, as required under K.S.A. 17-12a301.
8. Staff conducted a search of the records of the Kansas Securities Commissioner and found that Hutchison was not registered to offer or sell securities under the Kansas Uniform Securities Act, as required under K.S.A. 17-12a401 and/or K.S.A 17-12a402.
9. Staff contacted and interviewed Hutchison in late 2010 and early 2011. Hutchison stated all current trading accounts he controlled were only for family members. Hutchison stated he never received any response to his general solicitation web site. Hutchison also stated that due to his personal financial difficulties, the website was taken down.

10. Hutchison stated he never sold any Corporate Mortgage bonds. Hutchison did state that he owned several properties in Shawnee County, Kansas that he was currently in the process of rehabilitating for re-sale. Hutchison stated none of these properties were involved in his investment offerings.
11. Hutchison stated that he is no longer operating REB Refining LLC nor soliciting any persons for investment purposes.

### **Allegations of Law**

12. By and through the website, [www.rebrefining.com](http://www.rebrefining.com), operated by Hutchison constituted an offer for sale or sale of securities.
13. REB Refining and Hutchison were offering unregistered securities to the general public, in violation of 17-12a301.
14. The website was operating as a general solicitation or general advertisement, as defined in K.A.R. 81-1-1(n).
15. Hutchison offered securities for sale in Kansas while not registered as either a broker/dealer or an agent to offer or sell securities in Kansas, in violation of K.S.A. 17-12a401 and 17-12a402.

**IT IS, THEREFORE, STIPULATED AND AGREED**, by and between Respondents Hutchison and REB Refining LLC, and Staff for the Securities Commissioner of Kansas that:

16. The Consent Order attached hereto may be issued by the Kansas Securities Commissioner without further proceedings in this matter.
17. Respondents Hutchison and REB Refining LLC agree that they will comply with all applicable provisions of the Kansas Uniform Securities Act and all regulations of the Commissioner in connection with any future offer or sale of securities in or from Kansas.

18. Staff for the Commissioner agrees that no further action will be taken by the Commissioner with respect to the alleged registration violations referenced in this Stipulation, unless or until, the Commissioner or his staff becomes aware of new facts of a material nature which are not referenced in this Stipulation, were not known to the Commissioner or his staff under its current investigation at the time this agreement is signed, and could not have been reasonably inferred therefrom.
19. Respondents Hutchison and REB Refining LLC neither admit nor deny the allegations of the Commissioner's staff.
20. Respondents Hutchison and REB Refining LLC hereby represent under penalty as provided by K.S.A. 17-12a505(a) that there are and were no other Kansas investors participating in their business, other than those listed in paragraph ten above.
21. Respondents Hutchison and REB Refining LLC agree to the terms of the attached Consent Order.
22. Respondents Hutchison and REB Refining LLC hereby waive the right to any hearing before the Commissioner or his designee with respect to this matter, the issuance of the attached Consent Order, and the allegations above.
23. Respondents Hutchison and REB Refining LLC also waive the right to seek judicial review of this proceeding.

APPROVED BY:

s/ Russell E. Hutchison  
Russell E. Hutchison, individually and for  
REB Refining LLC

February 28, 2012  
Date

State of Kansas )  
 ) ss.  
County of Shawnee )

This instrument was signed before me on this, the 28 day of February, 2012, by Russell E . Hutchison, individually and for REB Refining LLC.

(seal)

s/ Courtney Coverdale  
Notary Public  
My appointment expires: December 13, 2015.

APPROVED BY:

s/ Joshua Ney  
Joshua A. Ney #24077  
Staff Attorney  
Office of the Kansas Securities Commissioner

March 8, 2012  
Date