

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

In the matter of:

ISREAL OWEN HAWKINS JR., and
PETRO AMERICA CORPORATION,

Docket No. 10 E 016
KSC No. 2009-5512

Respondents.

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

**STIPULATION FOR CONSENT ORDER FOR RESPONDENTS ISREAL OWEN
HAWKINS JR., AND PETRO AMERICA CORPORATION.**

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 allege that:

Allegations of Fact

1. Respondent Petro America Corp, is a corporation registered with the Kansas Office of the Secretary of State. The registered address is 1333 Meadowlark Lane, Suite 203, Kansas City, KS 66102. Petro America Corp registered on April 13, 2007.
2. Respondent Isreal Owen Hawkins Jr. (Hawkins) is the Chief Executive Officer/Secretary of Petro America Corp. His address is [REDACTED].
3. Respondents Hawkins and Petro America Corp have never been registered as broker-dealers and/or agents with the Office of the Kansas Securities Commissioner.

4. On October 8, 2008, Petro America Corp submitted a filing with the U. S. Securities and Exchange Commission requesting an exemption under SEC Regulation D Rule 504(b)(1)(ii).
5. In September 2008, the Respondents began sale of a single issuance stock offering of Petro America Corp.
6. Promotion of the sale of shares of Petro America Corp stock was made through several methods: friend to friend sales, inner city church congregations of Kansas City churches, e-mail solicitations, website promotions, and telephone conference calls.
7. Shares of stock in Petro America Corp were in denominations of 100,000 shares for each \$100.00.
8. Respondent Hawkins established several banking accounts, listing the account name as "Petro America Corp," with the Bank of America and U. S. Bank. Respondent Hawkins was the signatory on the accounts.
9. Funds for purchase of the stock shares in Petro America Corp were requested in money orders and cashier checks; however some purchases were made by personal and business checks.
10. On November 14, 2008, Respondent Hawkins submitted an affidavit indicating no more than twenty-four Kansas residents purchased stock in Petro America Corp.
11. On November 11, 2008, Missouri Secretary of State, Division of Securities, issued a Cease and Desist Order against Petro America Corp, Owen Hawkins, and Martin Roper. An administrative hearing on the Order is still pending action.

12. In February 2009, Petro America Corp and American Southwest Music Distribution engaged in a reverse merger.
13. On March 3, 2009, Respondent Hawkins amended his affidavit of November 14, 2008, and stated the records were inaccurate and more than twenty-five Kansas residents had invested in Petro America Corp.
14. On June 18, 2009, the Securities and Exchange Commission issued a temporary suspension of trading of the stock of Petro America Corp.
15. Funds for the purchase of Petro America Corp stock was endorsed with the stamp “Petro America Corp” and “Owen Hawkins Jr.”
16. In July 2009, two hundred forty-eight (248) Kansas residents and (16) Kansas businesses were identified as shareholders of Petro America Corp stock. The businesses and residents invested a total of approximately \$34,000.00 in the stock.
17. Certificates of stock shares bear the signature of “Owen Hawkins, CEO.”

Allegations of Law

1. The shares of stock in Petro America Corp are securities as defined in K.S.A. 17-12a102(28).
2. Respondents Hawkins and Petro America Corp offered a security for sale in the State of Kansas at a time when the security was not registered under the Kansas Uniform Securities Act, in violation of K.S.A. 17-12a301.
3. Respondent Hawkins transacted business in the State of Kansas as an agent at a time when he was not registered under the Kansas Uniform Securities Act, in violation of K.S.A. 17-12a402(a).

4. Respondent Petro America Corp employed an agent who was not registered under the Kansas Uniform Securities Act, in violation of K.S.A. 17-12a402(d).

IT IS, THEREFORE, STIPULATED AND AGREED, BY AND BETWEEN
Respondents Isreal Owen Hawkins Jr., and Petro America Corporation, and the staff for
the Securities Commissioner of Kansas that:

1. The Consent Order attached hereto may be issued by the Kansas Securities
Commissioner without further proceedings in this matter.
2. Respondents Hawkins and Petro America neither admit nor deny the allegations
of the Commissioner's staff.
3. Respondents Hawkins and Petro America agree to the terms of the attached
Consent Order that includes the following sanctions:

A permanent order to cease and desist from (1) transacting business in the State of
Kansas as broker-dealers or agents, as defined in K.S.A. 17-12a102, unless the
persons engaged in such business are registered under the Kansas Uniform
Securities Act or exempt from registration; (2) employing or associating with any
agent transacting business in the State of Kansas unless the agent is registered
under the Kansas Uniform Securities Act; (3) offering or selling any security in
the State of Kansas unless the security is registered under the Kansas Uniform
Securities Act or exempt from registration; and (4) engaging in any other acts or
practices which constitute violations of the Kansas Uniform Securities Act.

5. Respondents Hawkins and Petro America hereby waive the right to any hearing
before the Commissioner or his designee with respect to this matter, the issuance

