

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

In the matter of:)
)
)
BARREN RESOURCES GROUP, LLC)
and GARY BYRON HOGAN) Docket No. 11 E 002
aka BYRON HOGAN) KSC No. 2009-5499
)
Respondents.)
_____)
A proceeding pursuant to K.S.A. 17-12a604(a)

**NOTICE OF INTENT TO INVOKE ADMINISTRATIVE SANCTIONS AND
STIPULATION FOR CONSENT ORDER**

This proceeding follows an investigation conducted by the Office of the Securities Commissioner of Kansas. As a result of this investigation, beginning on or about December 7, 2007, the following occurred:

Allegations of Fact

1. Respondent, Gary Byron Hogan (“Hogan”) operated Barren Resources Group LLC (“BRG”), a Nevada Limited Liability Company with a last known principal business address of 131 E. Court Avenue, Suite 302, Jeffersonville, Indiana 47130.

2. Respondent Hogan’s last known address is [REDACTED]
[REDACTED]

Transactions of [REDACTED]

Transaction A: \$15,000 loss

3. In late December 2007, [REDACTED] [REDACTED] (“[REDACTED]”), Glen Elder, Kansas, a lifelong area farmer in Mitchell County, Kansas, received an unsolicited telephone call from an individual that identified himself as Byron Hogan, the president of Barren Resources Group (BRG) located in Jeffersonville, Indiana. Hogan told [REDACTED] that BRG was a well-established

oil and gas exploration company in Indiana. Hogan further advised he had been in the oil and gas industry most of his life. Hogan told ██████ that BRG had recently acquired an excellent oil and gas lease in Overton County, Tennessee. The leases that surrounded the BRG lease already had wells producing 600 barrels per day.

4. Hogan said that the BRG geologist believed that each of the six new oil wells to be drilled would produce the same amount of oil. Hogan further told ██████ that BRG offered a “dry hole guarantee” to their investors. In the event the six wells drilled were unsuccessful in the BRG 2007-6 project, BRG would cover all the drilling costs on two additional wells at no cost to the investors. In an effort to create a sense of urgency, Hogan told ██████ that most of the units had been sold for this project. The drilling of these six wells was to commence in the very near future.

5. ██████ requested that Hogan mail out a private placement and he would take a look at the material. The following day, ██████ received a UPS overnight package from BRG, which contained the following items: (1) a BRG letter dated December 26, 2007 that thanked him for considering the BRG 2007-6 project, signed by a Brian K. Shaughnessy; (2) an 84-page BRG private placement memorandum for the BRG 2007-6 project, six oil well drilling programs, unit cost of \$30,000, with a total offering of \$2,160,000, dated June 13, 2007; (3) a BRG Executive Summary for the BRG 2007-6 project, which listed their address as 131 E. Court Ave., Suite 302, Jeffersonville, IN 47130. This printed document consisted of 14 pages pertaining to this investment; and (4) a prepaid UPS return envelope pre-addressed to the BRG office in Jeffersonville, IN.

6. ██████ made a cursory review of the materials sent to him from BRG. The next day he received another telephone call from Hogan. Hogan wanted to know if ██████ had

received the private placement and had any questions. Hogan assured [REDACTED] that this was going to be a great opportunity for him to make a lot of money. Most of the units were sold and he needed to act fast before they were all gone. The drilling was to commence very shortly and oil revenues would start flowing to the investors. [REDACTED] told Hogan that he didn't have \$30,000 available; he only had \$15,000 to invest. Hogan told [REDACTED] that since he had grown up on a farm, he would give [REDACTED] a full unit for just \$15,000, because he liked farmers. Based upon Hogan's statements to him, [REDACTED] agreed to invest because he trusted what Hogan had told him was truthful. Hogan told [REDACTED] to place his \$15,000 check into the enclosed UPS envelope and send it back to the BRG office in Indiana.

7. On January 1, 2008, [REDACTED] wrote out personal check #12444, drawn on his account at Central National Bank in Glen Elder, made payable to BRG 007-6 for \$15,000, and wrote "1 unit" on the memo line. [REDACTED] signed the subscription agreement and filled out an investor questionnaire. [REDACTED] placed all the items into the UPS envelope and it was picked up that same day by a UPS delivery driver.

8. In mid-January 2008, Hogan called [REDACTED] and said he was traveling to Oklahoma and wanted to stop by [REDACTED] home in Glen Elder and meet him personally. Hogan asked [REDACTED] if his farm land had been leased out to any oil and gas company. [REDACTED] told him it was not. Hogan told him that his company BRG would like to lease the land from him. They would then drill oil and gas wells on his property. The great part of this deal, according to Hogan, was that [REDACTED] wouldn't have to pay any drilling expenses and would receive the free overriding royalty interest in the wells. [REDACTED] was excited about Hogan's upcoming visit and that BRG was going to lease his farm land for oil and gas exploration.

9. Mr. Gary Fulton (“Fulton”), Special Investigator for the Office of the Kansas Securities Commissioner, has reviewed the BRG bank account records in which [REDACTED] investment was deposited. The records disclose that [REDACTED] funds were not used for investment in drilling the wells as represented by Hogan. They were used to pay debts of the company that were in the form of insufficient funds (bounced) checks.

Transaction B: \$30,000 Loss

10. Sometime in early January 2008, [REDACTED] received several letters from BRG. One letter was titled “January 2008 Partners Letter” to all BRG 2007-6 project partners. The letter wished him a Happy New Year and discussed development of the BRG website. The letter was signed by Byron Hogan. [REDACTED] also received during the month of January another BRG letter titled “BRG 2007-6 Project Dry-Hole Guarantee.” It stated that BRG would assume the full drilling costs for two additional wells if the BRG 2007-6 project resulted in six dry holes. The letter was signed by William Moore, Vice President of BRG.

11. In early February 2008, Hogan again called [REDACTED]. During this conversation, Hogan said that a large investor had backed out of a \$400,000 investment in the project. That BRG now needed to sell these remaining units, before they could commence the drilling. Hogan told [REDACTED] that if he would make a second investment of \$30,000, he would give him another unit free of charge. Hogan further talked about leasing [REDACTED] land and hoped to make the Kansas trip shortly. Because [REDACTED] completely trusted Hogan and was led to believe the quicker the units were sold, the quicker the wells would be drilled, [REDACTED] told Hogan that he would make the second investment for \$30,000. Hogan requested that [REDACTED] make the check payable to Barren Resources Group. On or about February 4, 2008, [REDACTED] issued personal check #101, drawn on his H&R Block Brokerage Account for \$30,000 and

made it payable to BRG. On the memo line he wrote “2 units.” Hogan had previously sent [REDACTED] another subscription agreement and a prepaid UPS mailing envelope to [REDACTED] home in Glen Elder to send the check and documents back to BRG. [REDACTED] placed the subscription agreement and check into the UPS envelope and sent it to BRG that same day.

12. Several days later, [REDACTED] received a UPS envelope from BRG that contained the several documents. The first was a six-page BRG document entitled, Subscription Process, which was signed by both [REDACTED] and William Moore on behalf of BRG. This document indicated that [REDACTED] owned three units, for an investment of \$45,000 and 2.1% was gifted and initialed “GBH,” Hogan’s initials. The document was post-dated to January 1, 2008. Also enclosed was a BRG certificate #7108 that listed [REDACTED] as owning three units of interest as a partner in the BRG 2007-6 project, signed by William Moore and dated January 3, 2008.

13. Sometime in mid-February 2008, [REDACTED] received a mailing from BRG, which contained a one-page letter that was signed by Hogan. The letter was titled, “February 2008 Partners Letter.” It spoke of bad weather, the price of oil being over \$100 per barrel, and that BRG was having web site problems.

14. In the weeks that followed [REDACTED] second investment, he called the BRG office and left messages for Hogan to call him back. On one occasion in late February or early March 2008, Moore called [REDACTED]. Moore advised [REDACTED] that he was the vice president of BRG and Hogan’s brother-in-law. Moore told [REDACTED] that Hogan was having some personal problems and couldn’t return phone calls.

15. In the next few months, [REDACTED] continually placed calls to the BRG office in Jeffersonville, Indiana, to find out the progress of the six oil wells being drilled. No calls

were ever returned by anyone at BRG. By mid-2008, the BRG phone number had been disconnected.

16. ██████ called Rick Neff at the Indiana Division of Securities. Neff visited the BRG office at 131 E. Court Ave., Suite 302, in Jeffersonville, Indiana, and found the office vacant, with no forwarding address found or listed.

17. Fulton interviewed Moore, vice president of BRG, by telephone on August 17, 2009. Moore advised that his nephew was Hogan and that Hogan's family asked him to be involved in the company to monitor him in operating the oil and gas business. He stated that Hogan had an agreement with a Tennessee landowner to drill six wells but none were ever drilled and no investor funds were used to purchase the leases. Up to five employees were hired by Hogan to call investors all across the country from a purchased list of potential investors.

18. Moore indicated to Fulton that he owned a company called Automotive Specialties, LLC. Due to shortfalls in the BRG account, Automotive Specialties placed monies in the account until operating expenses were paid. When investor checks finally posted to the BRG account, rather than investing in purchasing the leases and drilling the wells, Automotive Specialties received some of the payments.

19. Moore indicated that in March or April 2009, he left BRG as a result of the second transaction with Mr. ██████. Although the check was made to BRG, rather than depositing it in the BRG account, Hogan cashed the check for his personal use at a check cashing business. Upon discovery of this fact, Moore contacted Hogan's mother, Freda Hogan, and related the situation. She visited the BRG office and made Hogan place the remaining unspent funds of ██████ investment back into the BRG account. After a check cashing fee of \$1,170.99,

payment to his girlfriend and other expenses for his own personal use, Moore advised that approximately \$18,000 was placed back in the BRG account.

20. Fulton contacted the check cashing business and confirmed with records provided to him that [REDACTED] check was negotiated and the substantial check cashing fee was incurred. BRG bank records did not disclose any deposit of [REDACTED] funds.

21. Moore further advised that while Hogan's mother invested \$10,000 and he invested approximately \$5,000, Hogan had not invested any money in BRG.

22. As a result of Hogan actions, Mr. [REDACTED] has not received his principle or any profit from his investment. Had [REDACTED] known his investment was to be used for Hogan's personal use he would not have invested with BRG and Hogan.

Allegations of Law

23. The oil and gas investments offered and sold by respondents in Kansas are securities pursuant to K.S.A. 17-12a102(28).

24. Respondent Hogan made untrue statements of material fact, or omitted to state material facts necessary in order to make a statement, in the light of the circumstances under which it was made, not misleading or engaged in an act, practice or course of business which operated or would operate as a fraud or deceit upon another person, in violation of K.S.A. 17-12a501.

IT IS, THEREFORE, STIPULATED AND AGREED by and between Respondents Gary Byron Hogan and Barren Recourses Group, LLC and the staff of the Office of the Kansas Securities Commissioner that:

1. The attached Consent Order may be issued by the Securities Commissioner of Kansas without further proceedings;

2. The attached Consent Order shall constitute neither an admission nor a denial that the allegations serving as a basis for the Consent Order are true;

3. Respondents Gary Byron Hogan and Barren Recourses Group, LLC waived their right to any hearing prior to the issuance of the attached Consent Order on the basis of the allegations herein contained;

4. Respondents Gary Byron Hogan and Barren Recourses Group, LLC agree to cease and desist from violations of the Kansas Uniform Securities Act;

5. Respondents Gary Byron Hogan and Barren Recourses Group, LLC agree to pay restitution in the amount of \$45,000. Any monies paid in by Respondents and credited to Mitchell County, Kansas, criminal case 09 CR 152, shall be credited to Respondents in this matter and satisfy their obligation to pay such restitution hereunder. Those investors listed in the Order of Restitution in the criminal case shall constitute the individuals due restitution in this matter. See Attachment 1;

6. Respondents Gary Byron Hogan and Barren Recourses Group, LLC are barred from association with any broker-dealer or investment adviser registered in this state; and

7. The Office of the Kansas Securities Commissioner shall take no further action regarding the violations alleged herein unless new information of a material nature that was not known and could not reasonably have been known at the time of execution of this Stipulation is discovered.

Approved:

/s/ Gary Byron Hogan
Gary Byron Hogan
as an individual

August 17, 2010
Date

This instrument was signed before me on this 17th day of August, 2010, by Gary Byron Hogan as an individual.

(seal)

/s/ Yvonne Melton
Notary Public

My appointment expires: July 5, 2011

Office of the Securities Commissioner of Kansas:

/s/ Scott M. Schultz
Scott M. Schultz #16629
Associate General Counsel

August 17, 2010
Date

/s/ Gary Byron Hogan

Gary Byron Hogan

On Behalf of Respondent Barren Resources Group, LLC

October 6, 2010

Date

This instrument was signed before me on this 6th day of October, 2010, by Gary Byron Hogan on behalf of Respondent Barren Resources Group, LLC.

(seal)

/s/ Kristi Hillman

Notary Public

My appointment expires: May 2, 2012