

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
DEPARTMENT OF BUSINESS REGULATION
DIVISION OF SECURITIES
233 RICHMOND STREET
PROVIDENCE, RHODE ISLAND 02903-4232

IN THE MATTER OF	:	<u>CONSENT ORDER</u>
	:	<u>MAKING FINDINGS</u>
YOUNG OIL CORPORATION,	:	<u>AND IMPOSING</u>
ANTHONY YOUNG,	:	<u>REMEDIAL SANCTIONS</u>
AND STEVE GARMON	:	
INDIVIDUALLY	:	
	:	
Respondents	:	

I.

The Director ("Director") of the Rhode Island Department of Business Regulation ("Department") enters into this Consent Order Making Findings and Imposing Remedial Sanctions ("Order") pursuant to Section 602 of the Rhode Island Uniform Securities Act of 1990 ("RIUSA"), Section 7-11-101 *et seq.* of the Rhode Island General Laws, 1989, as amended, with regard to the above-referenced Respondents. The Director has determined to resolve this matter, after instituting administrative proceedings, by accepting Respondents' executed Offer Of Settlement attached hereto as Exhibit A, and entering this Order, making the findings and imposing the remedial measures set forth below.

II.

On the basis of this Order and the Offer, the Director finds that:

1. Respondent Young Oil Corporation. (“Respondent Young Oil Corp”) is a foreign business entity located at 154 A. Young Road, Knob Lick, Kentucky, 42154.
2. Respondent Anthony Young (“Respondent Young”) is the President of Young Oil Corp.
3. Respondent Steve Garmon (“Respondent Garmon”) is an employee of Young Oil Corp.
4. On April 3, 2006 the Rhode Island Department of Business Regulation, Securities Division, (the “Division”) received a complaint from James L. Ramsey (“Complainant Ramsey”) a resident of Newport, Rhode Island.
5. On April 3, 2006 the Rhode Island Department of Business Regulation, Securities Division, (the “Division”) received a complaint from Christopher L. Vlangas (“Complainant Vlangas”) a resident of Tiverton, Rhode Island.
6. In their separate complaints, Complainant Ramsey and Complainant Vlangas reported that in December, 2005, Steve Garmon, representing Respondent Young Oil Corp. individually solicited the Complainants, telephonically, to invest in an Oil and Gas Partnership sponsored by Respondent Young Oil Corp.
7. Respondent Garmon subsequently sent to Complainant Ramsey and Complainant Vlangas, individually at their respective addresses via the U. S. Mails, a package of materials describing the Offering in the Oil and Gas Partnership identified as Young Oil Prospect No. 41. Included with this material was an Investor Questionnaire used to identify Accredited Investors.

8. Subsequently, in individual telephone conversations, Respondent Garmon instructed both Complainant Ramsey and Complainant Vlangas to complete this Investor Questionnaire answering all questions except Questions 11 and 12 pertaining to Gross Income. Respondent Garmon indicated that this information would be completed at a later time.
9. Respondent Garmon then instructed both Complainant Ramsey and Complainant Vlangas to return the Investor Questionnaire along with an individual check for \$15,000 from each of them, payable to Respondent Young Oil Corp, to the Respondent at 154 A. Young Road, Knob Lick, Kentucky 42154. Both Complainants complied with Respondent Garmons instructions.
10. In March, 2006, Complainant Ramsey contacted Respondent Garmon at telephone number 270-453-3208 and was told the four wells drilled produced no oil. At this time Complainant Ramsey was solicited by Respondent Garmon to invest in another Oil and Gas Partnership being formed.
11. On February 15, 2006, sixty-two days after the sale of the security to the Complainant, Respondent Young Oil Corp. filed a Reg D Offering with the Securities Division, Department of Business Regulation State of Rhode Island.
12. The solicitation and sale to the Complainant of a fractional undivided interest in an oil, gas or other mineral lease is a Security as that term is defined in R.I. Gen. Laws § 7-11-101 (22) et seq.

13. At the time of the solicitation and sale to the Complainants the securities offered by Respondent Young Oil Corp. were not, nor had they ever been, registered with the State of Rhode Island in violation with R.I. Gen. Laws § 7-11-301 et seq.
14. At the time of the offer to sell, and sale, of the securities to the Complainants the Respondents engaged in a course of business that operated as a fraud or deceit in violation with R.I. Gen. Laws § 7-11-501 et seq.

III.

Based upon the foregoing, the Director finds that the following is in the public interest, appropriate for the protection of investors, and consistent with the purposes fairly intended by the policy and provisions of RIUSA.

Accordingly, IT IS HEREBY ORDERED THAT:

1. Respondents shall immediately cease and desist from any further violations of Sections 301 AND 501 of RIUSA.
2. Respondents' request for a Hearing is hereby withdrawn.
3. The Emergency Order to Cease and Desist issued by the Director on April 27, 2006 is hereby vacated.
4. Respondent Young Oil Corporation will, within sixty days of the date of this Consent Order, reimburse James L. Ramsey, Newport, RI the sum of fifteen thousand dollars ("\$15,000.") and provide evidence of that reimbursement to the Division.
5. Respondent Young Oil Corporation will, within sixty days of the date of this Consent Order, reimburse Christopher L. Vlangas, Tiverton, RI the

sum of fifteen thousand dollars (“\$15,000.”) and provide evidence of that reimbursement to the Division.

6. Respondent Young Oil Corporation will ensure that any future securities offerings shall be in full compliance with the Rhode Island Uniform Securities Act and the Rules promulgated thereunder, or in accordance with the appropriate exemptions therein with proper notification to the Division of any claim to that exemption.
7. Respondents shall pay the sum of one-thousand dollars (“1,000.”) for administrative costs in this matter.
8. If Respondents fail to abide by any of the requirements of this Consent Order the Director may initiate further administrative proceedings and impose penalties against Respondents including such additional administrative penalties as deemed appropriate by the Director. Respondents shall be provided with notice and opportunity of hearing should the Director deem to take such further action.

Dated as of the 6th day of September 2006.


A. Michael Marques, Director
Rhode Island Department of Business Regulation

Order No. 06-237

THIS CONSENT ORDER CONSTITUTES A FINAL ORDER OF THE DEPARTMENT OF BUSINESS REGULATION PURSUANT TO RHODE ISLAND GENERAL LAWS TITLE 42, CHAPTER 35. AS SUCH, THIS ORDER MAY BE APPEALED TO THE SUPERIOR COURT SITTING IN AND FOR THE COUNTY OF PROVIDENCE WITHIN THIRTY (30) DAYS OF THE DATE OF THIS DECISION. SUCH APPEAL, IF TAKEN, MAY BE COMPLETED BY FILING A

PETITION FOR REVIEW IN SAID COURT. HOWEVER, RESPONDENT UNDERSTANDS THAT BY WAIVING ITS RIGHTS TO A COMPLETE HEARING AND AGREEING TO THIS CONSENT ORDER, THE ABOVE RIGHTS ARE WAIVED AND IF ANY TERMS OF THIS CONSENT ORDER ARE VIOLATED, RESPONDENT'S LICENSES ARE SUBJECT TO REVOCATION.

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DEPARTMENT OF BUSINESS REGULATION
DIVISION OF SECURITIES
233 RICHMOND STREET, SUITE 232
PROVIDENCE, RI 02903-4232

IN THE MATTER OF	:	
	:	
YOUNG OIL CORPORATION,	:	OFFER
ANTHONY YOUNG, and	:	OF
STEVE GARMOM, INDIVIDUALLY	:	SETTLEMENT
	:	
Respondents.	:	

The above-named Respondents submit this Offer of Settlement ("Offer") consenting to entry of a Consent Order making certain findings and imposing remedial sanctions ("Order") to the Director of the Rhode Island Department of Business Regulation ("Director") with respect to the matters set forth in the Order.

Respondents submit this Offer for the purposes of settlement only with the express understanding that this does not constitute an admission of guilt or wrongdoing or admitting the facts as alleged in said Order.

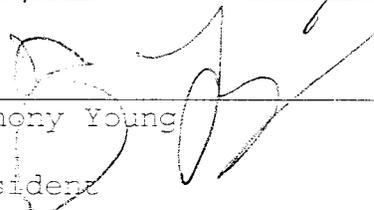
Respondents hereby waive all rights to a hearing, further administrative proceedings and/or judicial review with respect to entry of the Order.

Respondents understand that a failure to comply with the terms of the Order is a violation of law and will cause the Director to take appropriate regulatory action.

Respondents represent that the undersigned is duly authorized

to enter into this Offer of Settlement on behalf of Respondent.

Respectfully submitted this 11th day of August, 2006.

By: 
Anthony Young
Its: President

County of Metcalf
State of Kentucky

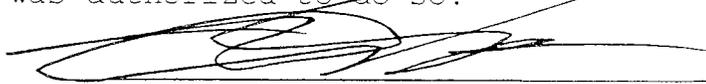
On this 11th day of August, 2006 appeared before me , Anthony Young, President, who executed the foregoing Offer of Settlement and who duly acknowledged to me that he was authorized to do so.


NOTARY PUBLIC
My Commission Expires on 6-6-08

By: 
Steve Garmon

County of Metcalf
State of Kentucky

On this 10th day of Sept, 2006 appeared before me , who executed the foregoing Offer of Settlement and who duly acknowledged to me that he was authorized to do so.


NOTARY PUBLIC
My Commission Expires on 6-6-08

Young.off
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