

BEFORE THE  
STATE OF WISCONSIN  
DEPARTMENT OF FINANCIAL INSTITUTIONS  
DIVISION OF SECURITIES

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In the Matter of  
NORTH TEXAS EXPLORATION, LLC.,  
NTE VALENTINE #1 JOINT VENTURE,  
LARRY W. SHOPHER, JEFFREY S. GOERGES,  
ANDERS TYREMAN, and JAMES T. GURGAINERS,

PETITION FOR ORDER

Respondent.

File No. S-04098(EX)

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The staff of the State of Wisconsin Department of Financial Institutions, Division of Securities, Bureau of Registration & Enforcement has conducted an investigation in this matter pursuant to sec. 551.56, Wis. Stats., and as a result thereof alleges as follows:

1. North Texas Exploration, LLC ("NTE") is a foreign business entity with a last known business address of 1475 Richardson Dr., Ste. 230, Richardson, TX 75080.
2. NTE Valentine #1 Joint Venture ("Valentine") is a foreign business entity with a last known business address at that of NTE.
3. Larry W. Shopher (DOB 7/4/57) ("Shopher") is an individual who at all times material hereto has been President and CEO of NTE, with a last known business address at that of NTE.
4. Jeffrey S. Goerges (DOB 12/10/71; CRD #4552501)("Goerges") is an individual who at all times material hereto has been COO of NTE, with a last known business address at that of NTE.
5. Anders Tyreman ("Tyreman") is an individual who at all times material hereto has been CFO of NTE, with a last known business address at that of NTE.
6. James T. Gurgainers (DOB 6/16/66) ("Gurgainers") is an individual who at all times material hereto has been an agent of NTE, Valentine, Shopher, Goerges and Tyreman, with a last known business address at that of NTE.
7. During the period of April 2004, Gurgainers, on behalf of NTE, Shopher, Goerges and Tyreman, offered to at least one person in Wisconsin "joint venture interests" in an oil and gas well deal entitled "NTE Valentine #1 Joint Venture ("Valentine").
8. The person in Wisconsin referred to above had no pre-existing relationship with any of the Respondents.
9. Upon information and belief, investors can play a passive role in the venture with no duties and responsibilities.
10. Upon information and belief, each investor will not be involved in the day-to-day management of Valentine, since there are too many investors for them to each have any meaningful input, and they do not have the expertise or experience necessary to perform its duties.
11. Since the investors will be involved in a common enterprise with the expectation of profits to be derived from the essential managerial efforts of others, the "interests" offered by the

respondents are investment contracts as defined by section DFI-Sec. 1.02(6)(a), Wis. Adm. Code, and are therefore securities as defined by sec. 551.02(13), Wis. Stats.

12. The NTE/Valentine investment contracts have never been registered for offer and sale in Wisconsin pursuant to Ch. 551, Wis. Stats.
13. In a letter dated May 26, 2004 ("the 5/26 letter"), the attorney representing NTE in this matter stated his opinion to the staff that the offer of the NTE securities in Wisconsin is a transaction exempt from registration pursuant to the provisions of Rule 506 of Regulation D promulgated pursuant to Section 4(2) of the Securities Act of 1933, as amended by adoption of the National Securities Markets Improvement Act of 1996 ("section 4(2)").
14. Gurgainers' only duty at NTE is that of a salesman.
15. Lead lists purchased by telemarketers for the purpose of making unsolicited offerings of securities oftentimes contain the name and phone number of the person in Wisconsin referred to above.
16. Upon information and belief, the Wisconsin offeree was cold-called by a person with whom they had no preexisting relationship, in violation of section 4(2)'s ban on general solicitation.
17. All Respondents have violated sec. 551.21(1), Wis. Stats., by offering unregistered securities in Wisconsin.
18. In connection with the offers of the securities described above, Gurgainers transacted business in Wisconsin as an "agent" for NTE, Valentine, Shopher, Goerges and Tyreman, as that term is defined by sec. 551.02(2), Wis. Stats.
19. At no time has Gurgainers been licensed as a securities agent pursuant to Ch. 551, Wis. Stats.
20. Gurgainers has violated sec. 551.31(1), Wis. Stats., by transacting business in Wisconsin as a securities agent without a license.
21. NTE, Valentine, Shopher, Goerges and Tyreman have violated sec. 551.31(2), Wis. Stats., by employing an unlicensed agent to represent them in Wisconsin.
22. On August 8, 2000, the State of Pennsylvania, issued an Administrative Order against Goerges, based on allegations of securities law violations.
23. In connection with the offer of the securities described in Paragraph 7, the Respondents omitted to disclose the issuance of the Order referred to in Paragraph 22.
24. All Respondents have violated sec. 551.41(2), Wis. Stats., by omitting to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading, in connection with the offer and sale of securities to persons in Wisconsin.
25. After two requests by staff for the names and titles of all officers and directors of NTE, neither the firm nor its attorney has provided this information.
26. On June 4, 2004, staff sent an electronic mail message to the U.S. Securities & Exchange Commission's Public Reference Branch at [publicinfo@sec.gov](mailto:publicinfo@sec.gov) asking if NTE had filed a Form D.

27. On June 10, 2004, staff received an electronic mail reply from [publicinfo@sec.gov](mailto:publicinfo@sec.gov) stating, "We are unable to find a record of any filings having been made by North Texas Exploration LLC under any of the Acts administered by this commission."

Therefore, the staff of the Bureau of Registration & Enforcement petitions the Administrator of the Division of Securities for the issuance of the attached Order pursuant to Ch. 551, Wis. Stats.

Susan A. Kittel Moore 7/9/04  
Susan A. Kittel Moore                      Date  
Securities Examiner  
Bureau of Registration & Enforcement

David A. Cohen 7/22/04  
David A. Cohen                                      Date  
Supervising Attorney  
Bureau of Registration & Enforcement