

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

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In the Matter of  
AMERICAN ENERGY RESOURCES CORPORATON,  
H & M PETROLEUM, INC.,  
DON ALLEN, and  
ROBERT E. BANGS,

PETITION FOR ORDER

Respondents,

File No. S-05194(EX)

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

1. Upon information is belief, American Energy Resources Corporation ("American Energy") is a Delaware corporation with a last known business address of 1115 Elkton Drive, Suite 300, Colorado Springs, Colorado 80907;
2. Upon information is belief, H & M Petroleum, Inc., ("H & M") is a foreign business entity, and holding company of American Energy, with a last known business address of 1115 Elkton Drive, Suite 300, Colorado Springs, Colorado 80907;
3. Don Allen ("Allen") is the CEO, owner, and operator of American Energy, with a last known business address at that of American Energy;
4. Robert E. Bangs ("Bangs") is an individual who at all times material hereto has been an agent of American Energy, H & M, and Allen, with a last known business address at that of American Energy;
5. During the period of October 2005, Bangs on behalf of American Energy, H & M, and Allen, offered to at least one person in Wisconsin (Dorman) a four percent working interest in the oil and gas well of American Energy named Highball #2, located in Logan County, Colorado for an investment amount of \$37,000;
6. According to the offer of Bangs to the person in Wisconsin, investors can play a passive role in the venture with no duties and responsibilities;
7. Upon information and belief, each investor will not be involved in the day-to-day management of Highball #2, 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;
8. 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 "working 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.;
9. The American Energy investment contracts have never been registered for offer and sale in Wisconsin pursuant to Ch. 551, Wis. Stats.;

10. All Respondents have violated sec. 551.21(1), Wis. Stats., by offering unregistered securities to persons in Wisconsin;

11. In connection with the offers (and sales) of the securities described above, Bangs transacted business in Wisconsin as an "agent" for American Energy, H & M and Allen, as that term is defined by sec. 551.02(2), Wis. Stats.;

12. At no time has Bangs been licensed as a securities agent pursuant to Ch. 551, Wis. Stats.;

13. Bangs has violated sec. 551.31(1), Wis. Stats., by transacting business in Wisconsin as a securities agent without a license;

14. American Energy, H & M Petroleum and Allen have violated sec. 551.31(2), Wis. Stats., by employing an unlicensed agent to represent them in Wisconsin; and

15. Staff of the Division wrote to Bangs and American Energy requesting information and documents concerning their investment-related activities with persons in Wisconsin but to date have gotten no response.

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.

Mark E. Dorman 11-3-05  
Mark E. Dorman Date  
Examiner

David A. Cohen 11/4/05  
David A. Cohen Date  
Supervising Attorney