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

In the Matter of

RUSSEL L. VERA and FORTUNE OIL & GAS, LTD.,	SUMMARY ORDER TO CEASE & DESIST
Respondents.	DFI Case No. S-220109 (EX)

I.

The Administrator of the State of Wisconsin, Department of Financial Institutions, Division of Securities ("Division"), having legal authority and jurisdiction to administer and enforce the Wisconsin Uniform Securities Law, Wis. Stats. Ch. 551 ("Ch. 551") and rules and orders promulgated thereunder, and having determined that this action is necessary and appropriate in the public interest and for the protection of investors, hereby enters this Order as follows:

II.

Division staff have presented evidence sufficient for the Administrator to make the following findings of fact and conclusions of law:

A. Findings of Fact

Respondent

1. Russel L. Vera ("Vera") is an adult male resident of Texas born in April 1962. Vera has a last known address of 14875 Oak Shores Drive, Willis, Texas 77318.

2. Fortune Oil & Gas, Ltd. ("Fortune Oil") was a limited partnership formed in the State of Texas on or about April 4, 2008. Fortune Oil has a last known business address of 12275 W. FM 1097, Willis, Texas 77318. Vera was the president and control person of Fortune Oil at all times material.

Conduct

3. Vera has never been registered with the Division in any capacity.

4. At no time was Fortune Oil registered with the Division in any capacity.

5. Fortune-Edwards Three Well Limited Partnership, LTD ("3 Well LP") is a Texas limited partnership organized on May 5, 2010, which operated as an oil and gas program offered by Fortune Oil and Gas, Ltd., its managing general partner. At no time was 3 Well LP registered with the Division.

6. On or about July 5, 2007, a civil judgment in the amount of $177,000 was filed against Vera and Fortune Operating Company by A. Haeglin Charles.

7. On or about March 14, 2008, a federal tax lien in the amount of $60,692 was filed against Vera and his wife.

8. On or about January 15, 2009, a civil judgment in the amount of $8,623 was filed against Vera by Bentwater POA.

9. On or about April 27, 2009, a civil judgment in the amount of $28,900 was filed against Vera and Fortune Operating Company by Basic Energy Services.

10. On or about January 27, 2010, a federal tax lien in the amount of $62,889 was filed against Vera and his wife.

11. On or about May 17, 2010, the State of Texas filed a tax lien in the amount of $6,798 against Vera and Fortune Exploration of Kentucky.

12. In late 2010, Vera offered units of partnership interests of 3 Well LP to an adult male resident of Baraboo, Wisconsin ("Investor TS").

13. Vera and Fortune oil represented to Investor TS that in exchange for $149,700, Investor TS would receive one unit of the 3 Well LP offering, which would entitle him to one percent (1.0%) working interest and seven tenths percent (0.7%) net revenue interest in the three wells.

14. Between November 11, 2010 and December 23, 2010, Vera and Fortune Oil sold a unit of a limited partnership interest issued by 3 Well LP to the Investor TS in exchange for $149,700.

15. At no time did Vera or any person on behalf of Fortune Oil or 3 Well LP inform the Wisconsin investor of the civil judgments and tax liens filed against Vera described in ¶¶ 6-11.

B. Conclusions of Law

<u>Legal Authority and Jurisdiction</u>

16. The Administrator has legal authority and jurisdiction over the conduct described above, pursuant to Ch. 551 and the rules and orders promulgated thereunder.

17. Pursuant to Wis. Stat. § 551.102(28), the limited partnership interests issued by 3 Well LP are securities.

18. Pursuant to Wis. Stat. 551.102(17), Fortune Oil and Vera are issuers of securities.

19. Pursuant to Wis. Stat. § 551.501(2), it is unlawful for a person, in connection with the offer, sale, or purchase of a security, directly or indirectly, to make an untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

Violations

20. Through the conduct described above in ¶¶ 3-15, Vera and Fortune Oil violated Wis. Stat. § 551.501(2) when they failed to inform the Wisconsin resident of the numerous tax liens and civil judgments filed against Vera described in ¶¶ 6-11.

III.

In view of the above findings of fact and conclusions of law, the Administrator deems it necessary and appropriate in the public interest and for the protection of investors, and pursuant to its legal authority and jurisdiction under Ch. 551, to wit Wis. Stat. § 551.604, to issue the following orders and notices:

A. Summary Orders issued pursuant to Wis. Stat. § 551.604(2)

(a) IT IS ORDERED that RESPONDENTS, their agents, servants, officers, employees, successors, affiliates, and every entity and person directly or indirectly controlled or organized by or on behalf of RESPONDENTS, shall cease and desist from making or causing to be made to any person or entity in Wisconsin any further offers or sales of securities unless and until such securities qualify as covered securities or are registered under Ch. 551 or successor statute, pursuant to Wis. Stats. §§ 551.604(1)(a) and (2).

(b) IT IS FURTHER ORDERED that all exemptions from registration set forth in Ch. 551 or successor statute that might otherwise apply to any offer or sale of any security of or by RESPONDENTS, their agents, servants, officers, employees, successors, affiliates, and every entity and person directly or indirectly controlled or organized by or on behalf of RESPONDENTS, are hereby revoked, pursuant to Wis. Stats. §§ 551.604(1)(b) and (2).

(c) IT IS FURTHER ORDERED that REPSONDENTS, their successors, affiliates, controlling persons, officers, agents, servants, employees, and every entity and person directly or indirectly controlled or hereafter organized by or on behalf of the RESPONDENTS are prohibited from violating Wis. Stat. § 551.501 or successor statute.

(d) IT IS FURTHER ORDERED that the RESPONDENTS, their successors, affiliates, controlling persons, officers, agents, servants, employees, and every entity and person directly or indirectly controlled or hereafter organized by or on behalf of the

RESPONDENTS, are prohibited from offering or selling securities without first disclosing this Order to prospective investors.

(e) PLEASE TAKE NOTICE that the summary orders of the Administrator are effective as of the date of issuance of this order, pursuant to Wis. Stat. § 551.604(2). You are advised that any willful violation of an Order issued by the Division under Ch. 551 is a criminal offense punishable under the provisions of Wis. Stat. § 551.508.

B. Service of Order

(f) IT IS FURTHER ORDERED that this order shall be sent promptly by certified mail to each party named in the order at his or her last known address or to the party's attorney of record, or shall be personally served upon the party or the party's attorney of record, pursuant to Wis. Admin. Code § DFI-Sec 8.06. This order shall also be served upon the office of the administrator pursuant to Wis. Stat. § 551.611.

(g) PLEASE TAKE NOTICE that the date of service of this order is the date it is placed in the mail if the order is sent by certified mail. If the order is personally served, the date of service is the date the order is personally served on the party or the party's attorney of record.

C. Notice of Hearing Rights

(h) PLEASE TAKE NOTICE that you have the right to request a hearing. Every request for a hearing shall be in the form of a petition with the Division, pursuant to Wis. Admin. Code § DFI-Sec. 8.01. A petition for a hearing to review the order shall:

(1) Plainly admit or deny each specific allegation, finding or conclusion in the order and incorporated papers. However, if the petitioner lacks sufficient knowledge or information to permit an admission or denial, the petition shall so state, and that statement shall have the effect of a denial; and

(2) State all affirmative defenses. Affirmative defenses not raised in the request for hearing may be deemed waived.

(i) PLEASE TAKE FURTHER NOTICE that, within 15 days after receipt of a request in a record from you, the matter will be scheduled for hearing or other public administrative proceedings, pursuant to Wis. Stat. §§ 551.412(6), 551.604(2) and (3).

(j) PLEASE TAKE FURTHER NOTICE that if you do not request a hearing and none is ordered by the Administrator within 30 days after the date of service of this order, the findings of fact, conclusions of law, and summary orders become final as by operation of law, pursuant to Wis. Stat. §§ 551.412(6) and 551.604(2).

EXECUTED at Madison, Wisconsin this 16th day of May, 2019.

Leslie M. Van Buskirk

Leslie M. Van Buskirk
Administrator

Division of Securities
State of Wisconsin
Department of Financial Institutions
4822 Madison Yards Way, 4th Floor
Madison, WI 53705

State of Wisconsin

Department of Financial Institutions

Tony Evers, **Governor** | Kathy Blumenfeld, **Secretary**

AFFIDAVIT OF SERVICE
AND COMPLIANCE WITH WIS. STAT. § 551.611

STATE OF WISCONSIN)
) ss.
COUNTY OF DANE)

I, KATHERINE CLEMENTI, first being duly sworn, depose and state:

1. I am employed with the State of Wisconsin, Department of Financial Institutions, Division of Securities.

2. On the date of this Affidavit and in the course of regularly conducted activity, I have caused to be served by certified mail upon Respondent Russel L. Vera at his last known address of 14875 Oak Shores Drive, Willis, Texas 77318:

   i. A copy of the Summary Order to Cease and Desist, DFI Case No. S-220109 (EX); and

   ii. A copy of this Affidavit of Service.

3. In compliance with Wis. Stat. §§ 227.48, 551.611, and 891.46; and Wis. Admin. Code. §§ DFI-Sec 8.06 and 8.07, I have also caused to be served copies of those same documents upon the Administrator for the Division of Securities.

I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge and belief.

Katherine Clementi
KATHERINE CLEMENTI

State of Wisconsin
Department of Financial Institutions
Division of Securities

Subscribed and sworn to before me

This 16th day of May, 2019.

Lindsay Fedler

Notary Public, State of Wisconsin

(Notary Seal)

LINDSAY FEDLER
NOTARY PUBLIC
STATE OF WISCONSIN

My commission is permanent.

State of Wisconsin

Department of Financial Institutions

Tony Evers, **Governor** | Kathy Blumenfeld, **Secretary**

AFFIDAVIT OF SERVICE
AND COMPLIANCE WITH WIS. STAT. § 551.611

STATE OF WISCONSIN)
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Katherine Clementi
KATHERINE CLEMENTI

State of Wisconsin
Department of Financial Institutions
Division of Securities

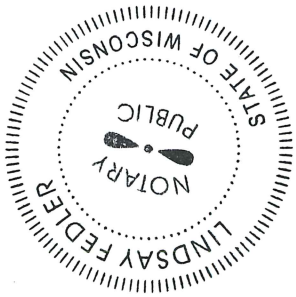
Subscribed and sworn to before me

This 16th day of May, 2019.

Lindsay Feller

Notary Public, State of Wisconsin

(Notary Seal)



My commission is permanent.

Division of Securities
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Courier: 4822 Madison Yards Way, Madison, WI 53705
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