

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

In the Matter of

RUSSEL L. VERA,
AMIDEE A. VERA, and
LT OIL, LLC,

SUMMARY ORDER TO CEASE
AND DESIST

Respondents.

DFI Case No. S-240018 (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 (“R. Vera”) is an adult male resident of Texas born in April, 1962. R. Vera has a last known address of 756 Saengerhalle Road, New Braunfels, Texas 78130-2702. R. Vera was Vice-President-Development of LT Oil, LLC at all material times.
2. Amidee A. Vera (“A. Vera”) is an adult female resident of Texas born in December, 1982. A. Vera is the daughter of R. Vera, and has a last known address of 402 W. Davis Street, Luling Texas 78648-2254. Another address associated with A. Vera is 181 Middle Creek, Buda, Texas 78610-2761.
3. LT Oil, LLC (“LT Oil”) is a limited liability company formed in the State of Texas on or about June 7, 2012. Effective June 28, 2017, the sole owner and registered agent of LT Oil is A. Vera. The last known address of LT Oil and the address of its registered agent is 402 W. Davis Street, Luling, Texas 78648-2254.

Conduct

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

5. A. Vera has never been registered with the Division in any capacity.
6. At no time was LT Oil registered with the Division in any capacity.
7. On or about July 5, 2007, a civil judgment in the amount of \$177,000 was filed against R. Vera and Fortune Operating Company by A. Haeglin Charles.
8. On or about January 15, 2009, a civil judgment in the amount of \$8,623 was filed against R. Vera by Bentwater POA.
9. On or about April 27, 2009, a civil judgment in the amount of \$28,900 was filed against R. 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 R. 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 R. Vera and Fortune Exploration of Kentucky.
12. On or about June 3, 2013, a federal tax lien in the amount of \$10,171 was filed against R. Vera and his wife.
13. On January 7, 2014, a civil judgment in the amount of \$10,180 was filed against R. Vera and Fortune Oil and Gas Ltd. by Luling Perforators, Inc.
14. State securities regulators issued the following orders against R. Vera for selling unregistered securities:
 - a) On February 3, 2014, the State of Alaska, Division of Banking and Securities, issued a Final Cease and Desist Order Assessing Civil Penalties against Fortune Oil and Gas Ltd., R. Vera, and R. Gerald Bailey, for the offer and sale of unregistered securities to persons in Alaska;
 - b) On August 22, 2014, the State of California, Business, Consumer Services and Housing Agency, Department of Business Oversight, issued a Desist and Refrain Order against Fortune Oil and Gas Ltd. and R. Vera for the offer and sale of unregistered securities to persons in California.
15. More recently, on May 16, 2019, the Wisconsin Department of Financial Institutions, Division of Securities, issued a Summary Order to Cease and Desist against Fortune Oil and Gas Ltd. and R. Vera for violations of the anti-fraud provisions of Ch. 551.

16. In 2018, R. Vera offered to Investor KGH of Sheboygan Falls, Wisconsin an opportunity to invest in a package of oil and gas wells located in or around Bee and Wilson Counties, Texas.
17. R. Vera and LT Oil represented to Investor KGH that in exchange for \$30,000, Investor KGH would receive a 3% working interest and 2.25% net revenue interest in the following three oil and gas leases: WE ERP Lease; WE ERP Lease, Well 1C; and WE ERP Lease, Well 6. Under the Agreement dated 10/15/2018, Investor KGH would have a 16-month option to receive back his original funds of \$30,000 less any production distribution he received. The 16-month option would expire in February 2020.
18. On or about October 15, 2018, after talking with R. Vera over the telephone about the investment from his home in Sheboygan Falls, Investor KGH transferred \$30,000 by check to LT Oil for the investment in the ERP Leases.
19. At no time did R. Vera, A. Vera, or any person on behalf of LT Oil inform the Wisconsin investor of the civil judgments and tax liens filed against R. Vera described in paragraphs 7-13 above.
20. At no time did R. Vera, A. Vera, or any person on behalf of LT Oil inform the Wisconsin investor of the state regulatory orders against R. Vera described in paragraph 14 above.

B. Conclusions of Law

Legal Authority and Jurisdiction

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 fractional undivided interests in the oil and gas leases offered and sold to Investor KGH are securities.
18. Pursuant to Wis. Stat. § 551.102(17), LT Oil and Amidee Vera are issuers of securities.
19. Pursuant to Wis. Stat. § 551.102(2), Russell Vera is an agent of an issuer.
20. 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

21. Through the conduct described above, R. Vera, A. Vera and LT Oil violated Wis. Stat. § 551.501(2) when they failed to inform the Wisconsin resident of the numerous tax liens, civil judgments and regulatory orders filed against R. Vera described in paragraphs 7-14.

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 written petition filed with the Division, pursuant to Wis. Admin. Code § DFI-Sec. 8.01 and Wis. Stat. § 227.42. 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 you may file your written petition:

- (1) By mailing the written petition to:

Division of Securities
Wisconsin Department of Financial Institutions
P.O. Box 1768
Madison, Wisconsin 53701-1768

- (2) By delivering the written petition in person to:

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

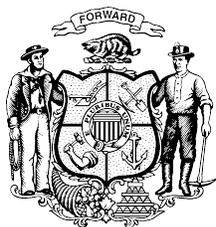
(3) By emailing the written petition to Attorney Supervisor Robin Jacobs at robin.jacobs@dfi.wisconsin.gov.

(j) PLEASE TAKE FURTHER NOTICE that the petition for hearing must be filed with the Division. Pursuant to Wis. Stat. § 551.102(8), "filing" means "receipt." Therefore, a petition is not "filed" with the Division until it is actually "received" by the Division. If the Division does not receive your written petition before midnight on the 30th day after the date of service of this order, your right to a hearing will be waived and the Summary Order shall become final by operation of law.

(k) 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).

(l) 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). 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.

EXECUTED at Madison, Wisconsin this 16th day of July, 2020.



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 Russel L. Vera at his last known address of 756 Saengerhalle Road, New Braunfels, Texas 78130-2702:
i. A copy of the Summary Order to Cease and Desist, DFI Case No. S-240018 (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 17th day of July, 2020.

[Signature]
Notary Public, State of Wisconsin

(Notary Seal)

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)
) 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 Amidee A. Vera at her last known address of 181 Middle Creek, Buda, Texas 78610-2761:
i. A copy of the Summary Order to Cease and Desist, DFI Case No. S-240018 (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 17th day of July, 2020.

Ravi Jais
Notary Public, State of Wisconsin

(Notary Seal)

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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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 Registered Agent Amidee A. Vera on behalf of LT Oil, LLC at its business known address of 402 West Davis Street, Luling, Texas 78648-2254:
i. A copy of the Summary Order to Cease and Desist, DFI Case No. S-240018 (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

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This 17th day of July, 2020.

[Signature]
Notary Public, State of Wisconsin

(Notary Seal)

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