

**BEFORE THE COMMISSIONER OF COMMERCE AND INSURANCE
OF THE STATE OF TENNESSEE AT NASHVILLE**

**IN THE MATTER OF
KEBLO ENERGY, LLC; and
LORI J. MOREL**

)
)
)

TSD Order No.: 13-001

CONSENT ORDER

The Tennessee Securities Division (“TSD”) of the Tennessee Department of Commerce and Insurance (“Department”), Respondents Keblo Energy, LLC and Ms. Lori J. Morel (collectively “Respondents”), agree to the entry of this Consent Order.

The parties as listed herein agree to the entry of this Consent Order in accordance with section 48-1-116 of the Tennessee Securities Act of 1980, as amended, TENN. CODE ANN. §§ 48-1-101 to 1-201 (2012) (“Act”), which states that the Commissioner of the Tennessee Department of Commerce and Insurance (“Commissioner”) may from time to time make such orders as are necessary to carry out the provisions of the Act.

GENERAL STIPULATIONS

1. It is expressly understood that this Consent Order is subject to the Commissioner’s acceptance and has no force and effect until such acceptance is evidenced by the entry of the Commissioner.

2. This Consent Order is executed by the Respondents for the purpose of avoiding further administrative action with respect to this cause. Furthermore, should this Consent Order not be accepted by the Commissioner, it is agreed that presentation to and consideration of this Consent Order by the Commissioner shall not unfairly or illegally prejudice the Commissioner from further participation or resolution of these proceedings.

3. Respondents fully understand that this Consent Order will in no way preclude additional proceedings by the Commissioner against Respondents for acts or omissions not specifically addressed in this Consent Order or for facts and/or omissions that do not arise from the facts or transactions herein addressed.

4. Respondents fully understand that this Consent Order will in no way preclude proceedings by state government representatives, other than the Commissioner for the violations of the Act addressed specifically in this Consent Order, against the Respondents for violations of law under statutes, rules, or regulations of the State of Tennessee, which may arise out of the facts, acts, or omissions contained in the Findings of Fact and Conclusions of Law stated herein, or which may arise as a result of the execution of this Consent Order by the Respondents.

5. Respondents expressly waive all further procedural steps, and expressly waive all rights to seek judicial review of or to otherwise challenge or contest the validity of this Consent Order, the stipulations and imposition of discipline contained herein, and the consideration and entry of said Consent Order by the Commissioner.

FACTUAL ALLEGATIONS

1. The Tennessee Securities Act of 1980, as amended, TENN. CODE ANN. §§ 48-1-101 to 1-201 (2012) ("Act") places the responsibility for the administration of the Act on the Commissioner. The TSD is the lawful agent through which the Commissioner discharges this responsibility. Sections 48-1-112 and 48-1-115 of the Act.

2. The TSD is authorized to bring this action based on a finding by the Commissioner that the action is in the public interest, necessary for the protection of investors

and consistent with the purposes fairly intended by the policy and provisions of the Act. Section 48-1-116(b) of the Act.

3. Respondent Keblo Energy, LLC (“Keblo”) is a Tennessee corporation that has never been registered as a broker-dealer, investment adviser, broker-dealer agent, investment adviser representative, or issuer-dealer of undivided fractional interests of oil, gas or other mineral interests in Tennessee. Keblo is located at 95 Edgehill Spur, Byrdstown, TN 38549.

4. Respondent Lori J. Morel (“Ms. Morel”) is a citizen and a resident of Kentucky. Her address is 186 Anthony Young Road Knob Lick, KY 42154. Morel has never been registered as a broker-dealer, broker-dealer agent, investment adviser, investment adviser representative, or issuer-dealer of undivided fractional interests of oil, gas or other mineral interests in Tennessee.

5. From September 2009 until August 2011, Keblo unlawfully made thirteen (13) issuances of securities in the form of undivided fractional interests in oil, gas or other mineral interests to ten (10) purchasers, all outside Tennessee. Neither Keblo nor Ms. Morel were registered as issuer-dealer(s) of undivided fractional interests in oil, gas or other mineral interests as required by law.

CONCLUSIONS OF LAW

Pertaining to the Commissioner’s Authority to Carry Out the Provisions of the Act

1. Section 48-1-116 of the Act provides that the Commissioner may make, promulgate, amend, and rescind such Orders as are necessary to carry out the provisions of the Act upon a finding that such Order is in the public interest, necessary for the protection of investors and consistent with the purposes fairly intended by the policy and provisions of the

Act.

Issuer-Dealer(s) of Securities in the form of Undivided Fractional Interests in Oil, Gas or Other Mineral Interests MUST Register with the TSD

2. Section 48-1-102 (13)(A)(iii) of the Act provides that

(13)(A) [i]ssuer means every person who issues any security, except that: ... (iii) [w]ith respect to a fractional undivided interest in oil, gas, or other mineral interests, "issuer" means the owner of such right or of an interest in such right (whether whole or fractional) who creates fractional interests therein for the purpose of sale.

3. Section 48-1-110(f)(1) of the Act provides in part that, "(1) [a]ny person who is included in the definition of "issuer" by virtue of § 48-1-102(13)(A)(iii) shall register as an issuer-dealer...."

4. The facts as stated above demonstrate that Keblo and Ms. Morel failed to register with the TSD as issuer-dealer(s) of undivided fractional interests in oil, gas or other mineral interests in Tennessee, as defined by section 48-1-102(13)(A)(iii) of the Act and required under section 48-1-110(f)(1) of the Act.

5. Keblo and Ms. Morel's failures to register as issuer-dealer(s) of undivided fractional interests in oil, gas or other mineral interests in Tennessee and thirteen (13) issuances of securities in the form of undivided fractional interests in oil, gas or other mineral interests to ten (10) purchasers, all outside Tennessee, provide adequate grounds under the Act for the entry of an Order imposing sanctions against Keblo and Ms. Morel by the Commissioner.

ORDER

NOW, THEREFORE, on the basis of the foregoing, and Respondents' waiver of the right to a hearing and appeal under the Act and the Uniform Administrative Procedures Act,

TENN. CODE ANN. §§ 4-5-101 to 4-5-404 (2011 & 2012 Supp.), and Respondents' admission of jurisdiction of the Commissioner, the Commissioner finds that Respondents, for the purpose of settling this matter, admit the Findings of Fact and Conclusions of Law, agree to the entry of this Order and agree that this Order is in the public interest, necessary for the protection of investors and consistent with the purposes fairly intended by the policy and provisions of the Act.

IT IS ORDERED, pursuant to section 48-1-116(a) of the Act, that Respondent Keblo Energy, LLC:

1. **COMPLY** with the provisions of the Act, and the rules promulgated thereunder;
2. **CEASE AND DESIST** in any conduct requiring prior registration with the TSD as an issuer-dealer of undivided fractional interests in oil, gas or other mineral interests in Tennessee, as defined by section 48-1-102(13)(A)(iii) of the Act and required under section 48-1-110(f)(1) of the Act, beginning on the date this Order is executed by the Commissioner for the Department of Commerce and Insurance.

IT IS FURTHER ORDERED, pursuant to section 48-1-116(a) of the Act, that Respondent Lori J. Morel;

1. **COMPLY** with the provisions of the Act, and the rules promulgated thereunder;
2. **CEASE AND DESIST** in any conduct requiring prior registration with the TSD as an issuer-dealer of undivided fractional interests in oil, gas or other mineral interests in Tennessee (as defined by section 48-1-102(13)(A)(iii) of the Act) and required under section 48-1-110(f)(1) of the Act, beginning on the date this Order is executed by the Commissioner for the Department of Commerce and Insurance.

3. **PAY** five thousand dollars (\$5,000). Payment shall be made within thirty (30) days of the date this agreement is executed by the Commissioner, and payment shall be mailed

to:

**State of Tennessee
Department of Commerce and Insurance
Securities Division - Registration Section
8th Floor, Davy Crockett Tower
500 James Robertson Parkway
Nashville, Tennessee 37243**

IT IS FURTHER ORDERED that all persons in any way assisting, aiding, or helping Respondents Keblo Energy, LLC or Respondent Lori J. Morel in any of the aforementioned violations of the Act, shall **CEASE AND DESIST** from all such activities in violation of the Act.

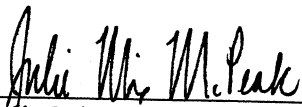
IT IS ORDERED that this Consent Order represents the complete and final resolution of, and discharge with respect to all administrative and civil, claims, demands, actions and causes of action by the Commissioner against Respondent Keblo Energy, LLC and Respondent Lori J. Morel for violations of the Act alleged by the TSD to have occurred with respect to the transactions involving the above referenced offerings and the facts contained herein.

In connection with any future application for registration as an issuer-dealer of undivided fractional interests in oil, gas or other mineral interests by Respondent Keblo Energy, LLC or Ms. Lori J. Morel, the TSD will not consider the facts, activities and conduct contained in this Consent Order as a basis for denial when making its determination as to the evaluation of any such registration.

This Consent Order is in the public interest and in the best interests of the parties, and represents a compromise and settlement of the controversy between the parties and is for settlement purposes only. By the signatures affixed below, Respondent Keblo Energy, LLC and Respondent Lori J. Morel, affirmatively state that they have freely agreed to the entry of this

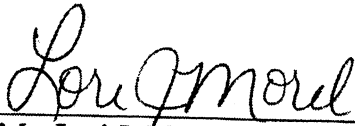
Consent Order, that they waive the right to a hearing on the matters underlying this Consent Order and to a review of the Findings of Fact and Conclusions of Law contained herein, and that no threats or promises of any kind have been made to them by the Commissioner, the TSD, or any agent or representative thereof. The parties, by signing this Consent Order, affirmatively state their agreement to be bound by the terms of this Consent Order and aver that no promises or offers relating to the circumstances described herein, other than the terms of settlement as set forth in this Consent Order, are binding upon them.

ENTERED this 20th day of February, 2013.

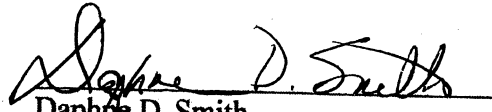


Julie Mix McPeak, Commissioner
Department of Commerce and Insurance

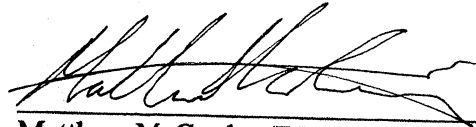
APPROVED FOR ENTRY:



Ms. Lori J. Morel, both individually,
and as a representative of
Keblo Energy, LLC



Daphne D. Smith,
Assistant Commissioner for Securities
Department of Commerce and Insurance



Matthew McCarthy (BPR # 025550)
Assistant General Counsel
500 James Robertson Parkway
Davy Crockett Tower
Nashville, Tennessee 37243