



State of Tennessee
Department of State
Administrative Procedures Division
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February 22, 2017

Commissioner Julie Mix McPeak
Tennessee Department of Commerce &
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12th Floor, Davy Crockett Tower
500 James Robertson Parkway
Nashville, Tennessee 37243-5065

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Rockwall, TX 75087-3624

Energy Revenue America, LLC
c/o Incorp. Registered Agent
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Ray Karl Hobbs
c/o Energy Revenue America, LLC
12160 Abrams Road, Suite #217
Dallas, TX 75243-4563

RE: In the Matter of: Domestic Development Corporation a/ka DDC O&G
a/k/a Energy Revenue America, LLC a/k/a Lenepah
Production Joint Venture, Ray Kary Hobbs, & Charles Havens
Docket No. 12.05-138816J

Enclosed is an Initial Order rendered in connection with the above-styled case.

Administrative Procedures Division
Tennessee Department of State
/aem
Enclosure

RECEIVED

FEB 27 2017

**DEPT. OF COMMERCE AND INSURANCE
LEGAL OFFICE**

BEFORE THE COMMISSIONER OF THE TENNESSEE
DEPARTMENT OF COMMERCE AND INSURANCE

IN THE MATTER OF:

DOMESTIC DEVELOPMENT
CORPORATION A/KA DDC O&G A/K/A
ENERGY REVENUE AMERICA, LLC A/K/A
LENPAH PRODUCTION JOINT VENTURE,
RAY KARY HOBBS, & CHARLES HAVENS

DOCKET NO. 12.05-138816J

NOTICE

ATTACHED IS AN INITIAL ORDER RENDERED BY AN ADMINISTRATIVE JUDGE WITH THE ADMINISTRATIVE PROCEDURES DIVISION.

THE INITIAL ORDER IS NOT A FINAL ORDER BUT SHALL BECOME A FINAL ORDER UNLESS:

1. THE ENROLLEE FILES A WRITTEN APPEAL, OR EITHER PARTY FILES A PETITION FOR RECONSIDERATION WITH THE ADMINISTRATIVE PROCEDURES DIVISION NO LATER THAN March 9, 2017.

YOU MUST FILE THE APPEAL, PETITION FOR RECONSIDERATION WITH THE ADMINISTRATIVE PROCEDURES DIVISION. THE ADDRESS OF THE ADMINISTRATIVE PROCEDURES DIVISION IS:

SECRETARY OF STATE
ADMINISTRATIVE PROCEDURES DIVISION
WILLIAM R. SNODGRASS TOWER
312 ROSA PARKS AVENUE, 8th FLOOR
NASHVILLE, TENNESSEE 37243-1102

IF YOU HAVE ANY FURTHER QUESTIONS, PLEASE CALL THE ADMINISTRATIVE PROCEDURES DIVISION, **615/741-7008 OR 741-5042, FAX 615/741-4472**. PLEASE CONSULT APPENDIX A AFFIXED TO THE INITIAL ORDER FOR NOTICE OF APPEAL PROCEDURES.

**BEFORE THE COMMISSIONER OF THE TENNESSEE
DEPARTMENT OF COMMERCE AND INSURANCE**

IN THE MATTER OF:

**TENNESSEE SECURITIES DIVISION,
Petitioner,**

DOCKET NO: 12.05-138816J

v.

**DOMESTIC DEVELOPMENT CO.,
a/k/a DDC O&G,
a/k/a ENERGY REVENUE AMERICA,
LLC,
a/k/a LENEPAH PRODUCTION JOINT
VENTURE,
RAY KARL HOBBS, and
CHARLES HAVENS, SR.,
Respondents.**

INITIAL ORDER

This contested case was heard on November 7, 2016, before Administrative Judge Elizabeth D. Cambron, assigned by the Secretary of State, Administrative Procedures Division, to sit for the Commissioner of the Tennessee Department of Commerce and Insurance. The Petitioner was represented by Assistant General Counsel Charles S. Herrell. None of the Respondents were present, nor was an attorney present on their behalf.

ENTRY OF DEFAULT

Pursuant to TENN. CODE ANN. § 4-5-307, on August 11, 2016, the Petitioner filed a Notice of Hearing and Charges, setting this matter for hearing on November 7, 2016. The named Respondents in the Notice of Hearing and Charges are Domestic Development Company, a/k/a

Energy Revenue America, LLC, a/k/a Lenepah Production Joint Venture (the “Business Entities”); Ray Karl Hobbs (“Hobbs”); and Charles Havens (“Havens”). At the hearing, the Petitioner moved for a default against all Respondents pursuant to TENN. CODE ANN. § 4-5-309.

In support of the motion for default, the Petitioner presented evidence demonstrating that the Respondents Hobbs, Havens, and the Business Entities were on notice of the proceedings against them and were served with copies of the Notice of Hearing and Charges, based on the following exhibits admitted into evidence and representations of counsel for the Petitioner:

1. A copy of the United States Postal Service certified mail return receipt cards for the letter from counsel for the Petitioner and sent to addresses for the Respondents notifying Hobbs (receipt no. 7004 1350 0002 6148 2045), Havens (receipt no. 7004 1350 0002 6148 2045), and the Business Entities (receipt no. 7015 0640 0003 9607 2738) of this administrative action, issued pursuant to TENN. CODE ANN. § 4-5-320(c).
2. A copy of the United States Postal Service certified mail return receipt cards for the Notice of Hearing and Charges sent to Havens (receipt no. 7004 1350 0002 6148 2120), and to the Business Entities (receipt no. 7004 1350 0002 6148 2182).
3. A copy of the United States Postal Service certified mail return receipt cards for the Notice of Affidavits and Witness and Exhibit Disclosures sent to Havens (receipt no. 7013 2630 0001 4740 0093), and to the Business Entities (receipt no. 7013 2630 0001 4740 0062).
4. The affirmative representations of counsel for the Petitioner that additional copies of all documents were mailed to all Respondents by first-class United States Mail, and that, with one exception, the first-class mail was delivered to Hobbs at the 117 Cates Drive, Kaufman TX 75142 address where the first notice letter was successfully delivered.

Service upon all Respondents was legally sufficient in accordance with TENN. CODE ANN. § 4-5-307 and TENN. COMP. R. & REGS. (“RULE”) 1360-04-01-.06.

It is determined that the Petitioner has properly served the Notice of Hearing and Charges on the Respondents Hobbs, Havens, and the Business Entities in accordance with RULE 1360-04-01-.06. Based on the failure of these Respondents to appear for the hearing, pursuant to TENN.

CODE ANN. § 4-5-309 and RULE 1360-04-01-.15, these Respondents were held in default. Pursuant to RULE 1360-04-01-.15(2)(b), the hearing was held on an uncontested basis.

FINDINGS OF FACT

1. Business Entity Respondents Domestic Development Company, a/k/a Energy Revenue America, LLC, a/k/a Lenepah Production Joint Venture are Texas-based businesses with a last known business address of 12160 North Abrams Road, Suite 220, Dallas TX 75240. Domestic Development Company is a Texas Corporation whose registered agent listed with the Texas Secretary of State is Charles Havens, Sr., 12160 North Abrams Road, Suite 220, Dallas TX 75240. Energy Revenue America, LLC, is a Nevada Limited Liability Company whose registered agent listed with the Nevada Secretary of State is Incorp, P.O. Box 94438, Las Vegas, NV 89193- 4438. (Collective Exhibit 1.)

2. Respondent Charles Havens, Sr., (“Havens”) is a resident of Rockwall, Texas, as of the time of the filing of the Notice of Hearing and Charges, and is a director of, and registered agent for, Domestic Development Company. His last known mailing address is 709B West Rusk Street, Rockwall, TX 75087. (Collective Exhibit 1.)

3. Respondent Ray Karl Hobbs (“Hobbs”) is a resident of Kaufman, Texas, as of the time of the filing of the Notice of Hearing and Charges. His last known mailing address is 117 Cates Drive, Kaufman, TX 75142. (Collective Exhibit 1.)

4. The Respondents are not presently nor have they been registered with the Financial Industry Regulatory Agency (“FINRA”) or with the TSD as broker-dealers, broker-dealer agents, investment advisers, or investment adviser representatives within the last ten years. (Collective Exhibit 10., Tr., p. 29, l. 20-24.)

5. On or about March 30, 2010, Tennessee Investor Gaylen Scott (“Scott”) received an unsolicited telephone call from Hobbs proposing that he invest in the Lenepah Production Joint Venture (“Lenepah Project”) which was being offered by Domestic Development Company. (Exhibit 10, Scott Affidavit, ¶ 3.)

6. After conversations with both Hobbs and Havens, Scott invested a total of fifteen thousand dollars (\$15,000.00) in the Lenepah Project on or about April 10, 2010. (Exhibit 10, Scott Affidavit, ¶ 4.)

7. At no time during the transaction involving the Lenepah Project did Havens or Hobbs inform Scott that the Lenepah Project was not registered as a security with the TSD, or that Domestic Development Company, Havens, and Hobbs were not registered with the TSD. (Exhibit 10, Scott Affidavit, ¶ 8, 9.)

8. Scott has not received a return of his invested capital in the Lenepah Project, and has been issued dividend checks in nominal amounts only. (Exhibit 10, Scott Affidavit, ¶ 10.)

9. In or around July 2010, Scott received an unsolicited telephone call from Hobbs and Havens proposing that he invest in a “Coal Bed Methane Gas” project which was being offered by Energy Revenue America, LLC. (Exhibit 10, Scott Affidavit, ¶ 11.)

10. Scott made a total investment of twelve thousand, five hundred dollars (\$12,500.00) in promissory notes related to the Coal Bed Gas Project. (Exhibit 10, Scott Affidavit, ¶ 12.)

11. The nature of the investment offered to Scott through Hobbs, Havens, and Energy Revenue America, LLC, was a “convertible promissory note” that was represented to yield a fifteen percent (15%) return. (Exhibit 10, Scott Affidavit, ¶ 14.)

12. At no time during the transaction involving the Coal Bed Gas Project did Havens or Hobbs inform Scott that the Coal Bed Gas Project was not registered as a security with the TSD, or that Energy Revenue America, LLC, Havens, and Hobbs were not registered with the TSD. (Exhibit 10, Scott Affidavit, ¶ 16.)

13. At no time in either transaction was inquiry made by any Respondent as to the status of Scott as a “qualified investor.” (Exhibit 10, Scott Affidavit, ¶ 17.)

14. Scott has not received a return of his invested capital in the Coal Bed Gas Project (Exhibit 10, Scott Affidavit, ¶ 18.)

15. The TSD has no record of any Notice filing made by Havens, Hobbs, or any of the Business Entities of any claim of exemption from registration for the Lenepah Project of the Coal Bed Gas project interests that the Respondents offered and sold in Tennessee. (Exhibit 10, Conners Affidavit, ¶ 4.)

16. Business Entity Respondents Domestic Development Company a/k/a Energy Revenue America, LLC, were operated in a manner that renders them effectively one and the same business. (Tr. 22, l. 16-18.)

17. Business Entity Respondents Domestic Development Company, a/k/a Energy Revenue America, LLC, as well as Havens, Hobbs, and a third individual who is not before this tribunal were the subject of a Cease and Desist Order issued by the Oklahoma Department of Securities on November 16, 2012, that was related to oil and gas securities. (Exhibit 9.)

CONCLUSIONS OF LAW

1. In accordance with RULES 1360-04-01-.02(7) and 1360-04-01-.15(3), the Petitioner bears the burden of proving by a preponderance of evidence that the facts alleged in the Notice

of Hearing and Charges pertaining to Respondents Domestic Development Company a/k/a Energy Revenue America, LLC, as well as Charles Havens, Sr., and Ray Karl Hobbs are true and that the issues raised therein should be resolved in its favor.

2. The oil and gas investment opportunities offered and sold by Respondents Havens and Hobbs on behalf of the Business Entities are investment contracts which meet the definition of “security” pursuant to TENN. CODE ANN. § 48-1-102(17)(a), were not registered with the TSD as required by TENN. CODE ANN. § 48-1-104, and were not subject to any exemption under TENN. CODE ANN. § 48-1-103. (Exhibit 10; Tr. 76-77; *King v. Pope*, 91 S.W. 3d 314, 322 (Tenn. 2002).)

3. In this case, Gaylen Scott, the offeree, relied on recommendations and representations made by Havens and Hobbs of substantial returns in deciding to invest the cumulative amount of twenty-seven thousand, five hundred dollars (\$27,500.00) in what was represented to be investment opportunities offered by Domestic Development Company a/k/a Energy Revenue America, LLC. This initial value given by Scott was subject to the risks of the investment strategy of Domestic Development Company a/k/a Energy Revenue America, LLC, over which the offeree had no control. Therefore, the oil and gas interests recommended, offered for sale, and sold by Respondents Havens and Hobbs were securities.

4. It is unlawful for any person to sell any security unless it is registered under the Act, the security or transaction is exempt under the Act, or the security is a covered security. TENN. CODE ANN. §§ 48-1-102(17)(A), 48-1-103, 48-1-104(a).

5. The Petitioner has shown by a preponderance of the evidence that the Respondents sold securities in Tennessee that were not registered with the TSD to be sold in Tennessee.

6. TENN. CODE ANN. § 48-1-104(b) provides:

The commissioner may, after notice and opportunity for a hearing under the Uniform Administrative Procedures Act, compiled in title 4, chapter 5, impose a civil penalty against any person found to be in violation of this section, or any regulation, rule or order adopted or issued under this section, in an amount not to exceed ten thousand dollars (\$10,000) per violation.

7. It is determined that the proof adduced at trial provides adequate grounds for the imposition of a civil penalty on Respondents Domestic Development Company a/k/a Energy Revenue America, LLC, Charles Havens, Sr., and Ray Karl Hobbs in the amount of twenty thousand dollars (\$20,000.00) for their two (2) sales of unregistered securities in violation of TENN. CODE ANN. § 48-1-104(a) to Tennessee resident Gaylen Scott, or ten thousand dollars (\$10,000.00) for each violation.

8. It is unlawful for any person to transact business from or in this state as a broker-dealer or agent unless such person is registered as a broker-dealer or agent under the Act. TENN. CODE ANN. § 48-1-109(a). In addition, it is unlawful for any person to transact business from or in this state as an investment adviser or investment adviser representative unless such person is registered as an investment adviser or investment adviser representative under the Act. TENN. CODE ANN. § 48-1-109(c).

9. The Petitioner has shown by a preponderance of the evidence that Respondents Domestic Development Company a/k/a Energy Revenue America, LLC, Charles Havens, Sr., and Ray Karl Hobbs recommended for sale, offered to sell, and sold securities in Tennessee without being registered under the Act to recommend, offer to sell, or to sell securities in Tennessee.

10. These Respondents' offers to sell and their sales of securities without being registered in Tennessee to engage in the offering and sale of securities from, in, or into

Tennessee, provide adequate grounds for the imposition of a civil penalty on these Respondents not to exceed ten thousand dollars (\$10,000.00) per violation under TENN. CODE ANN. § 48-1-109(e). It is determined that the proof adduced at trial provides adequate grounds for the imposition of a civil penalty on Respondents Domestic Development Company a/k/a Energy Revenue America, LLC, Charles Havens, Sr., and Ray Karl Hobbs in the amount of twenty thousand dollars (\$20,000.00) for their two (2) sales of securities to Tennessee resident Gaylen Scott without being registered at the time of the sales in violation of TENN. CODE ANN. § 48-1-109(a), or ten thousand dollars (\$10,000.00) for each violation.

11. TENN. CODE ANN. § 48-1-121(a) provides:

It is unlawful for any person, in connection with the offer, sale or purchase of any security in this state, directly or indirectly, to:

(1) Employ any device, scheme, or artifice to defraud;

(2) Make any untrue statement of a material fact or omit 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; or

(3) Engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person.

12. The Petitioner has shown, by a preponderance of the evidence, that Respondents Domestic Development Company a/k/a Energy Revenue America, LLC, Charles Havens, Sr., and Ray Karl Hobbs have engaged in a scheme or artifice to defraud a Tennessee investor in violation of TENN. CODE ANN. § 48-1-121(a)(1) due to the intentional failure of Havens and Hobbs to inform this investor that they were not registered by the TSD to offer and sell securities, and that the oil and gas opportunities were unregistered securities in Tennessee. The

Respondents omitted to state material facts necessary to make the statements made to the Tennessee investor not misleading, in violation of TENN. CODE ANN. § 48-1-121(a)(2).

13. TENN. CODE ANN. § 48-1-121(d) provides:

The commissioner may, after notice and opportunity for a hearing under the Uniform Administrative Procedures Act, compiled in title 4, chapter 5, impose a civil penalty against any person found to be in violation of this section, or any regulation, rule or order adopted or issued under this section, in an amount not to exceed five thousand dollars (\$5,000) per violation.

14. The Petitioner has shown, by a preponderance of the evidence, that there are adequate grounds for the imposition of a civil penalty on these Respondents not to exceed five thousand dollars (\$5,000.00) per violation. It is determined that the proof adduced at trial provides adequate grounds for the imposition of a civil penalty on Respondents Domestic Development Company a/k/a Energy Revenue America, LLC, Charles Havens, Sr., and Ray Karl Hobbs in the amount of ten thousand dollars (\$10,000.00), for the two (2) instances detailed above in which they committed securities fraud in violation of TENN. CODE ANN. §§ 48-1-121(a)(1), (2), and (3).

JUDGMENT

Wherefore, it is hereby **ORDERED, ADJUDGED and DECREED** as follows:

1. Respondents Domestic Development Company a/k/a Energy Revenue America, LLC, Charles Havens, Sr., and Ray Karl Hobbs shall fully **COMPLY** with the Act, and all rules promulgated thereunder.

2. Respondents Domestic Development Company a/k/a Energy Revenue America, LLC, Charles Havens, Sr., and Ray Karl Hobbs shall **BE PERMANENTLY BARRED** from any further conduct as a broker-dealer, agent of a broker-dealer, investment adviser, or

investment adviser representative from or in the State of Tennessee.

3. Respondents Domestic Development Company a/k/a Energy Revenue America, LLC, Charles Havens, Sr., and Ray Karl Hobbs shall **BE PERMANENTLY BARRED** from conducting securities transactions on behalf of others from, in, or into the State of Tennessee.

4. All persons in any way assisting, aiding, or helping the aforementioned Respondents in any of the aforementioned violations of the Act shall **CEASE AND DESIST** all such activities in violation of the Act.

5. Respondents Domestic Development Company a/k/a Energy Revenue America, LLC, Charles Havens, Sr., and Ray Karl Hobbs, jointly and severally, are assessed and shall pay **a total of fifty thousand dollars (\$50,000.00) in CIVIL PENALTIES** pursuant to TENN. CODE ANN. §§ 48-1-104(b), 48-1-109(e) and 48-1-121(d), calculated as follows:

a) for the two (2) sales of unregistered securities to Gaylen Scott in April 2010 and July 2010 in violation of TENN. CODE ANN. § 48-1-104(a), as set forth in Count One of the Notice of Hearing and Charges, **a civil penalty of ten thousand dollars (\$10,000.00) for each such violation, or a subtotal of twenty thousand dollars (\$20,000.00)** as to this Count, pursuant to TENN. CODE ANN. § 48-1-104(b);

b) for the two (2) Respondents' actions in transacting securities business in Tennessee as a broker-dealer or agent of a broker dealer without either Respondent being registered in violation of TENN. CODE ANN. § 48-1-109(a), as set forth in Count Two of the Notice of Hearing and Charges, **a civil penalty of ten thousand dollars (\$10,000.00) for each of these two (2) separate violations, or a subtotal of twenty thousand dollars (\$20,000.00)** as to this Count, pursuant to TENN. CODE ANN. § 48-1-109(e); and

c) for the two (2) instances in which Respondents engaged in securities fraud in violation of TENN. CODE ANN. §§ 48-1-121(a)(1), (2), and (3), as set forth in Count Three of the Notice of Hearing and Charges, **a civil penalty of five thousand dollars (\$5,000.00) for each of these two (2) violations, or a subtotal of ten thousand dollars (\$10,000.00)** as to this Count, pursuant to

TENN. CODE ANN. § 48-1-121(d).

6. All costs associated with the investigation and hearing of this matter shall be assessed against the Respondents Domestic Development Company a/k/a Energy Revenue America, LLC, Charles Havens, Sr., and Ray Karl Hobbs.

7. This Initial Order, imposing sanctions against Respondents Domestic Development Company a/k/a Energy Revenue America, LLC, Charles Havens, Sr., and Ray Karl Hobbs, is entered to protect the public and investors in the State of Tennessee, consistent with the purposes fairly intended by policy and provisions of the Act.

It is so ORDERED.

Entered and effective this the 22ND day of FEBRUARY, 2017.


ELIZABETH D. CAMBRON
ADMINISTRATIVE JUDGE
ADMINISTRATIVE PROCEDURES DIVISION
OFFICE OF THE SECRETARY OF STATE

Filed in the Administrative Procedures Division, Office of the Secretary of State, this the 22ND day of FEBRUARY, 2017.


J. RICHARD COLLIER, DIRECTOR
ADMINISTRATIVE PROCEDURES DIVISION
OFFICE OF THE SECRETARY OF STATE

APPENDIX A TO INITIAL ORDER
NOTICE OF APPEAL PROCEDURES

Review of Initial Order

This Initial Order shall become a Final Order (reviewable as set forth below) fifteen (15) days after the entry date of this Initial Order, unless either or both of the following actions are taken:

(1) A party files a petition for appeal to the agency, stating the basis of the appeal, or the agency on its own motion gives written notice of its intention to review the Initial Order, within fifteen (15) days after the entry date of the Initial Order. If either of these actions occurs, there is no Final Order until review by the agency and entry of a new Final Order or adoption and entry of the Initial Order, in whole or in part, as the Final Order. A petition for appeal to the agency must be filed within the proper time period with the Administrative Procedures Division of the Office of the Secretary of State, 8th Floor, William R. Snodgrass Tower, 312 Rosa L. Parks Avenue, Nashville, Tennessee, 37243-1102. (Telephone No. (615) 741-7008). See Tennessee Code Annotated, Section (T.C.A. §) 4-5-315, on review of initial orders by the agency.

(2) A party files a petition for reconsideration of this Initial Order, stating the specific reasons why the Initial Order was in error within fifteen (15) days after the entry date of the Initial Order. This petition must be filed with the Administrative Procedures Division at the above address. A petition for reconsideration is deemed denied if no action is taken within twenty (20) days of filing. A new fifteen (15) day period for the filing of an appeal to the agency (as set forth in paragraph (1) above) starts to run from the entry date of an order disposing of a petition for reconsideration, or from the twentieth day after filing of the petition, if no order is issued. See T.C.A. §4-5-317 on petitions for reconsideration.

A party may petition the agency for a stay of the Initial Order within seven (7) days after the entry date of the order. See T.C.A. §4-5-316.

Review of Final Order

Within fifteen (15) days after the Initial Order becomes a Final Order, a party may file a petition for reconsideration of the Final Order, in which petitioner shall state the specific reasons why the Initial Order was in error. If no action is taken within twenty (20) days of filing of the petition, it is deemed denied. See T.C.A. §4-5-317 on petitions for reconsideration.

A party may petition the agency for a stay of the Final Order within seven (7) days after the entry date of the order. See T.C.A. §4-5-316.

YOU WILL NOT RECEIVE FURTHER NOTICE OF THE INITIAL ORDER BECOMING A FINAL ORDER

A person who is aggrieved by a final decision in a contested case may seek judicial review of the Final Order by filing a petition for review in a Chancery Court having jurisdiction (generally, Davidson County Chancery Court) within sixty (60) days after the entry date of a Final Order or, if a petition for reconsideration is granted, within sixty (60) days of the entry date of the Final Order disposing of the petition. (However, the filing of a petition for reconsideration does not itself act to extend the sixty day period, if the petition is not granted.) A reviewing court also may order a stay of the Final Order upon appropriate terms. See T.C.A. §4-5-322 and §4-5-317.